HOUSE AMENDED

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL No. 1071 ^{Session of} 2015

INTRODUCED BY BROWNE, CORMAN, SCARNATI, GORDNER AND EICHELBERGER, NOVEMBER 17, 2015

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 13, 2016

AN ACT

1	Amending Titles 24 (Education), 51 (Military Affairs) and 71 <
2	(State Government) of the Pennsylvania Consolidated Statutes,
3	extensively revising pension provisions: for the Public
4	School Employees' Retirement System, in the areas of
5	preliminary provisions, of membership, contributions and
6	benefits, of School Employee's Defined Contribution Plan and
7	of administration and miscellaneous provisions; for health
8	insurance for retired school employees, in the area of
9	preliminary provisions; for military pensions, in the area of
10	military leave of absence; for boards and offices, in the
11	area of Independent Fiscal Office; for the State Employees'
12	Retirement System, in the areas of preliminary provisions, of
13	membership, credited service, classes of service and
14	eligibility for benefits, of State Employees' Defined
15	Contribution Plan, of contributions, of benefits and of
16	administration, funds, accounts, general provisions; and
17	providing, as to the revisions, for construction and
18	administration, for applicability, for funding, for
19	liability, for State Employee member statements and for State-
20	Employees Retirement Board obligations.
21	AMENDING TITLES 24 (EDUCATION), 51 (MILITARY AFFAIRS) AND 71 <
22	(STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES,
23	EXTENSIVELY REVISING PENSION PROVISIONS AS FOLLOWS:
24	IN TITLE 24:
25	FOR RETIREMENT FOR SCHOOL EMPLOYEES, IN THE AREAS OF
26	PRELIMINARY PROVISIONS, OF MEMBERSHIP, CONTRIBUTIONS AND
27	BENEFITS, OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN
28	AND OF ADMINISTRATION AND MISCELLANEOUS PROVISIONS; AND
29	FOR HEALTH INSURANCE FOR RETIRED SCHOOL EMPLOYEES, IN
30	THE AREA OF PRELIMINARY PROVISIONS.
31	IN TITLE 51:

1	FOR EMPLOYMENT PREFERENCES AND PENSIONS, IN THE AREA	
2	OF MILITARY LEAVE OF ABSENCE.	
3	IN TITLE 71:	
4	FOR BOARDS AND OFFICES, IN THE AREA OF INDEPENDENT	
5	FISCAL OFFICE; AND	
6	FOR RETIREMENT FOR STATE EMPLOYEES AND OFFICERS, IN-	
7	THE AREAS OF PRELIMINARY PROVISIONS, OF MEMBERSHIP,	
8	CREDITED SERVICE, CLASSES OF SERVICE AND ELIGIBILITY FOR-	
9	BENEFITS, OF CONTRIBUTIONS, OF BENEFITS, OF STATE	
10	EMPLOYEES' DEFINED CONTRIBUTION PLAN AND OF	
11	ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS.	
12	PROVIDING, AS TO THE REVISIONS:	
13	FOR CONSTRUCTION AND ADMINISTRATION, FOR	
14	APPLICABILITY, FOR LIABILITY, FOR MEMBER STATEMENTS AND	
15	FOR SUSPENSION OF PROVISIONS OF THE PUBLIC EMPLOYEE	
16	RETIREMENT STUDY COMMISSION ACT.	
17	AMENDING TITLES 24 (EDUCATION), 51 (MILITARY AFFAIRS) AND 71	<
18	(STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES,	
19	EXTENSIVELY REVISING PENSION PROVISIONS: FOR THE PUBLIC	
20	SCHOOL EMPLOYEES' RETIREMENT SYSTEM, IN THE AREAS OF	
21	PRELIMINARY PROVISIONS, OF MEMBERSHIP, CONTRIBUTIONS AND	
22	BENEFITS, OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN, OF	
23	ADMINISTRATION AND MISCELLANEOUS PROVISIONS AND OF HEALTH	
24	INSURANCE FOR RETIRED SCHOOL EMPLOYEES; FOR MILITARY	
25	PENSIONS, IN THE AREA OF MILITARY LEAVE OF ABSENCE; FOR THE	
26	STATE EMPLOYEES' RETIREMENT SYSTEM, IN THE AREAS OF	
27	PRELIMINARY PROVISIONS, OF MEMBERSHIP, CREDITED SERVICE,	
28	CLASSES OF SERVICE AND ELIGIBILITY FOR BENEFITS, OF	
29	CONTRIBUTIONS, OF BENEFITS, OF STATE EMPLOYEES' DEFINED	
30	CONTRIBUTION PLAN, OF ADMINISTRATION, FUNDS, ACCOUNTS,	
31	GENERAL PROVISIONS; PROVIDING, AS TO THE REVISIONS, FOR	
32	RESERVATION OF LEGISLATIVE AUTHORITY, FOR CONSTRUCTION, FOR	
33	ACCRUED LIABILITY, FOR CONSTRUCTION RELATED TO FEDERAL LAW,	
34	FOR IMMUNITY FROM PERSONAL LIABILITY, FOR RESTORATION OF	
35	SERVICE CREDIT OR A RETIREMENT BENEFIT, FOR RECERTIFICATION	
36	OF CONTRIBUTION RATES, FOR TRANSFER OF ASSETS AND FOR	
37	SEVERABILITY; AND MAKING EDITORIAL CHANGES.	
57	SEVERADEETT, THE TRACING EDITORIAL CHARGES.	
38	The General Assembly of the Commonwealth of Pennsylvania	
39	hereby enacts as follows:	
40	ARTICLE I	<
41	Section 101. The General Assembly finds and declares as	
42	follows:	
43	(1) It is the intent of the General Assembly to ensure	
44	the financial health of the Commonwealth and its school-	
45	districts by adopting reforms to provide for the	

1 sustainability of our public retirement system.

2 (2) Pennsylvania's retirement systems, SERS for State-3 employees and PSERS for school employees, together have anunfunded liability of \$60,121,184,000. The level of payment 4 5 by the Commonwealth and school districts required to annually address these amounts is staggering, particularly when other 6 7 state revenues are reduced due to a struggling economy. The 8 current condition of Pennsylvania's unfunded system combined 9 with the State's structural deficit threaten the financial well-being of current and future public employees. 10

11 (3) In order to fully fund State pensions systems, 12 economists estimate that contributions will continue to 13 require a significant portion of state revenues. In fiscal 14 year 2015-2016, pension expenditures are expected to exceed 15 \$4,800,000,000 and \$7,300,000,000 by 2025.

16 (4) The tax increases that would be required to address 17 increasing pension obligations would place a heavy burden on 18 the citizens of this Commonwealth and hamper the ability to 19 provide them with services vital to the public's health, 20 safety and welfare. Therefore, it is imperative that the 21 Commonwealth adopt reforms that will maintain the financial 22 health of the Commonwealth and its school districts.

(5) Therefore, the reforms contained in this legislation
 are intended to use resources judiciously and enable the
 Commonwealth to provide retirement security for Commonwealth
 and school employees while reducing the burden on taxpayers.
 (6) The reforms of the retirement benefits of
 Commonwealth and school district employees contained in this

act are prospective and will not impact benefits earned from
services rendered prior to the effective date of this act.

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1	(7) The General Assembly finds that it is necessary to
2	advance and maintain the long term stability of public
3	employee pension systems by adopting reform relating to
4	current and to future employees in order to:
5	(i) Ensure that the Commonwealth and its school
-	
6	districts will have adequate funds to continue to be able-
7	to provide retirement benefits for their employees.
8	(ii) To ensure that the cost of current and future-
9	benefits does not jeopardize the ability and obligation-
10	to provide for public education, infrastructure, programs-
11	for the elderly and other vulnerable populations and
12	public safety.
13	(8) The General Assembly expressly finds and declares
14	that the situation confronting our pensions systems has
15	reached a critical state and that enactment of this act is
16	reasonable and necessary to achieve and protect the public
17	interests. Further, the General Assembly finds that
18	protecting benefits for services already rendered meets all
19	legal standards relating to changes in benefits.
20	ARTICLE II
21	Section 201. Section 8102 of Title 24 of the Pennsylvania
22	Consolidated Statutes is amended to read:
23	§ 8102. Definitions.
24	The following words and phrases when used in this part shall
25	have, unless the context clearly indicates otherwise, the
26	meanings given to them in this section:
27	"Accumulated deductions." The total of pickup contributions
28	<pre>[and], eligible roll-ins made under section 8507(l) (relating to</pre>
29	rights and duties of school employees, members and
30	participants), the contributions paid into the fund by the

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1	member on account of current school service, previous school
2	service, or creditable nonschool service, excess interest
3	awarded under section 8523(d) (relating to members' savings
4	account and cash balance account) on member contributions, and
5	the statutory interest credited on all such contributions.
6	"Accumulated employer defined contributions." The total of
7	the employer defined contributions paid into the trust on
8	account of a participant's school service together with any
9	investment earnings and losses and adjustments for fees, costs
10	and expenses credited or charged thereon.
11	"Accumulated mandatory participant contributions." The total
12	of the mandatory pickup participant contributions paid into the
13	trust on account of a participant's school service together with
14	any investment earnings and losses and adjustments for fees,
15	costs and expenses credited or charged thereon.
16	"Accumulated total defined contributions." The total of the
17	accumulated mandatory participant contributions, accumulated
18	employer defined contributions and accumulated voluntary
19	contributions, reduced by any distributions, standing to the
20	<u>credit of a participant in an individual investment account in</u>
21	<u>the trust.</u>
22	"Accumulated voluntary contributions." The total of
23	voluntary contributions paid into the trust by a participant and
24	any amounts rolled over by a participant or transferred by a
25	<u>direct trustee to trustee transfer into the trust together with</u>
26	any investment earnings and losses and adjustments for fees,
27	costs and expenses credited or charged thereon.
28	"Activated military service." Military service by a member
29	of a reserve component of the armed forces, pursuant to an order
30	on or after July 1, 1990, and prior to July 1, 2013, to enter

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1	into active military service, other than an order to enter into
2	active duty to meet periodic training requirements, who was an-
3	active member of the system immediately preceding the order into-
4	active military service and to whom the military leave-
5	provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of
6	absence) do not apply.
7	"Active member." A school employee for whom pickup-
8	contributions are being made to the fund or for whom such
9	contributions otherwise required for current school service are
10	not being made solely by reason of any provision of this part
11	limiting compensation or relating to the limitations under
12	section 401(a)(17) or 415(b) of the Internal Revenue Code of
13	1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)).
14	"Active participant." A school employee for whom mandatory
15	pickup participant contributions are being made to the trust or
16	for whom such contributions otherwise required for current
17	school service are not being made solely by reason of any
18	provision of this part relating to the limitations under section
19	<u>401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public</u>
20	Law 99 514, 26 U.S.C. § 401(a)(17) or 415) or any provision of
21	this part limiting compensation.
22	"Actuarially equivalent." Equal present values, computed on
23	the basis of statutory interest and the mortality tables adopted
24	by the board.
25	"Actuary." The consultant to the board who shall be:
26	(1) a member of the American Academy of Actuaries;
27	(2) an individual who has demonstrated to the
28	satisfaction of the Insurance Commissioner of Pennsylvania
29	that he has the educational background necessary for the-
30	practice of actuarial science and has had at least seven-
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1 years of actuarial experience; or

2	(3) a firm, partnership, or corporation of which at-
3	least one member meets the requirements of paragraph (1) or
4	(2).
5	"Alternate payee." Any spouse, former spouse, child or
6	dependent of a member <u>or participant</u> who is recognized by a
7	domestic relations order as having a right to receive all or a
8	portion of the moneys payable to that member or participant
9	under this part.
10	"Alternative investment." An investment in a private equity
11	fund, private debt fund, venture fund, real estate fund, hedge-
12	fund or absolute return fund.
13	"Alternative investment vehicle." A limited partnership,-
14	limited liability company or any other legal vehicle for
15	authorized investments under section 8521(i) (relating to-
16	management of fund and accounts) through which the system makes
17	an alternative investment.
18	"Annuitant." Any member on or after the effective date of
19	retirement until his annuity is terminated.
20	"Approved domestic relations order." Any domestic relations
21	order which has been determined to be approved in accordance
22	with section 8533.1 (relating to approval of domestic relations
23	orders).
24	"Approved leave of absence." [A] <u>As applied to all classes</u>
25	<u>of membership except Class T-I, a leave of absence for activated</u>
26	military service or which has been approved by the employer for
27	sabbatical leave, service as an exchange teacher, service with a
28	collective bargaining organization or professional study. <u>As</u>
29	applied to Class T-I members, a leave of absence that has been
30	approved as a contributory leave by the employer for sabbatical
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1	leave, service as an exchange teacher, service with a collective
2	bargaining organization or professional study.
3	"Basic contribution rate." For Class T-A, T-B and T-C-
4	service, the rate of 6 1/4%. For Class T-D service, the rate of
5	7 1/2%. For all active members on the effective date of this
6	provision who are currently paying 5 1/4% and elect Class T-D
7	service, the rate of 6 1/2%. For Class T-E service, the rate of
8	7 1/2%. For Class T-F service, the rate of 10.30%. For Class T-I-
9	service, the rate of 3%.
10	"Beneficiary." [The] In the case of the system, the person
11	or persons last designated in writing to the board by a member-
12	to receive his accumulated deductions or a lump sum benefit upon-
13	the death of such member. In the case of the plan, the person or
14	persons last designated in writing to the board by a participant
15	to receive the participant's vested accumulated total defined
16	contributions upon the death of the participant.
17	"Board." The Public School Employees' Retirement Board or-
18	the Public School Employes' Retirement Board.
19	"Cash balance account." The ledger account into which
20	members contribute cash balance member contributions, together
21	with employer contributions, interest and excess interest, as
22	provided in this part.
23	"Cash balance member contributions." For members in a class
24	other than Class T-I, the amount voluntarily contributed by such
25	member and eligible amounts rolled in to the cash balance
26	account, as provided in this part.
27	"Class of service multiplier."
28	Class of service Multiplier
29	T-A
30	T-B .625

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1	1 T-C 1.00	θ
2	2 T-D 1.00	θ
3	3 т-Е 1.00	θ
4	1 T-F 1.00	θ
5	5 <u>"Combined service employee." A c</u>	urrent or former school_
6	6 <u>employee who is both a member of the</u>	system and a participant in _
7	7 <u>the plan.</u>	
8	B "Commissioner." The Commissioner	of the Internal Revenue
9	9 Service.	
10) "Compensation." Pickup contribut	ions and mandatory pickup
11	l <u>participant contributions</u> plus any r	emuneration received as a
12	2 school employee excluding reimbursem	ents for expenses incidental
13	3 to employment and excluding any bonu	s, severance payments, any
14	1 other remuneration or other emolumer	t received by a school
15	5 employee during his school service w	which is not based on the
16	5 standard salary schedule under which	he is rendering service,
17	7 payments for unused sick leave or va	cation leave, bonuses or
18	3 other compensation for attending sch	ool seminars and
19	econventions, payments under health a	nd welfare plans based on
20) hours of employment or any other pay	ment or emolument which may-
21	l be provided for in a collective barg	aining agreement which may-
22	2 be determined by the Public School E	mployees' Retirement Board-
23	3 to be for the purpose of enhancing c	compensation as a factor in-
24	1 the determination of final average s	alary, and <u>, for</u>
25	5 <u>participants,</u> excluding payments for	military leave and any
26	o other payments made by an employer w	hile on USERRA leave, leave-
27	7 of absence granted under 51 Pa.C.S.	§ 4102 (relating to leaves-
28	3 of absence for certain government em	ployees), military leave of
29	absence granted under 51 Pa.C.S. § 7	302 (relating to granting
30) military leaves of absence), leave g	ranted under section 1178 of
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the act of March 10, 1949 (P.L.30, No.14), known as the Public-1 School Code of 1949, or other types of military leave, including 2 3 other types of leave payments, stipends, differential wagepayments as defined in IRC § 414(u)(12) and any other payments, 4 provided, however, that the limitation under section 401(a)(17) 5 of the Internal Revenue Code of 1986 (Public Law 99-514, 26-6 7 U.S.C. § 401(a)(17)) taken into account for the purpose of 8 member contributions, including regular or joint coverage membercontributions, regardless of class of service, shall apply to-9 10 each member who first became a member of the Public School Employes' Retirement System on or after July 1, 1996, and who by 11 reason of such fact is a noneligible member subject to the-12 13 application of the provisions of section 8325.1 (relating toannual compensation limit under IRC § 401(a)(17))[.] and shall_ 14 15 apply to each participant. Notwithstanding the above, for Class 16 T E and Class T F service performed on or after July 1, 2016, compensation for each fiscal year, for purposes of determining_ 17 final average salary and applying the basic contribution rate, 18 19 shall not exceed the Social Security taxable wage base in effect at the beginning of the fiscal year. The limit shall be applied 20 separately to each employer of a member. 21 22 "Concurrent service." Simultaneously credited school and 23 State service. 24 "Creditable nonschool service." Service other than service-25 as a school employee for which an active member may obtain 26 credit in the system. 27 "Credited service." School or creditable nonschool service-28 for which the required contributions have been made to the fund, 29 or for which the contributions otherwise required for such-30 service were not made solely by reason of any provision of this 20150SB1071PN1913 - 10 -

1	part <u>limiting compensation or</u> relating to the limitations under-
2	section 401(a)(17) or 415(b) of the Internal Revenue Code of
3	1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)), or
4	for which salary deductions <u>to the system</u> or lump sum payments
5	have been agreed upon in writing.
6	"Date of termination of service." The <u>latest of the</u>
7	following dates:
8	<u>(1) the last [date] day of service for which pickup</u>
9	contributions are made for an active member or[,] <u>for which</u>
10	the contributions otherwise required for such service were
11	not made solely by reason of any provision of this part
12	limiting compensation or relating to the limitations under
13	section 401(a)(17) or 415 of the Internal Revenue Code of
14	<u>1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415;</u>
15	(2) in the case of an inactive member or an inactive
16	participant, the effective date of his resignation or the
17	date his employment is formally discontinued by his employer-
18	or two years following the last day of service for which
19	<pre>contributions were made, whichever is earliest[.]; or</pre>
20	(3) in the case of a combined service employee, the
21	latest of the dates in paragraph (1) or (2).
22	"Disability annuitant." A member on or after the effective
23	date of disability until his disability annuity or the portion-
24	of his disability annuity payments in excess of any annuity to
25	which he may otherwise be entitled is terminated.
26	"Distribution." Payment of all or any portion of a person's
27	interest in <u>either</u> the Public School Employees' Retirement Fund-
28	or the School Employees' Defined Contribution Trust, or both,
29	which is payable under this part.
30	"Domestic relations order." Any judgment, decree or order,

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1	including approval of a property settlement agreement, entered
2	on or after the effective date of this definition by a court of
3	competent jurisdiction pursuant to a domestic relations law-
4	which relates to the marital property rights of the spouse or
5	former spouse of a member or participant, including the right to
6	receive all or a portion of the moneys payable to that member <u>or</u>
7	<u>participant</u> under this part in furtherance of the equitable-
8	distribution of marital assets. The term includes orders of
9	support as that term is defined by 23 Pa.C.S. § 4302 (relating-
10	to definitions) and orders for the enforcement of arrearages as
11	provided in 23 Pa.C.S. § 3703 (relating to enforcement of
12	arrearages).
13	"Effective date of retirement." The first day following the
14	date of termination of service of a member if he has properly-
15	filed an application for an annuity within 90 days of such date
16	or:
16 17	or: (1) In the case of a member who applies for an annuity
17	(1) In the case of a member who applies for an annuity
17 18	(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date
17 18 19	(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the
17 18 19 20	(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later.
17 18 19 20 21	(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later. (2) In the case of a vestee who files an application for
17 18 19 20 21 22	(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later. (2) In the case of a vestee who files an application for an annuity within 90 days of his superannuation age, the
17 18 19 20 21 22 23	(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later. (2) In the case of a vestee who files an application for an annuity within 90 days of his superannuation age, the attainment of such age.
17 18 19 20 21 22 23 24	(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later. (2) In the case of a vestee who files an application for an annuity within 90 days of his superannuation age, the attainment of such age. (3) In the case of a vestee who defers the filing of an
17 18 19 20 21 22 23 24 25	 (1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later. (2) In the case of a vestee who files an application for an annuity within 90 days of his superannuation age, the attainment of such age. (3) In the case of a vestee who defers the filing of an application for an annuity to a date later than 90 days
17 18 19 20 21 22 23 24 25 26	(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later. (2) In the case of a vestee who files an application for an annuity within 90 days of his superannuation age, the attainment of such age. (3) In the case of a vestee who defers the filing of an application for an annuity to a date later than 90 days following attainment of superannuation age, the date of
17 18 19 20 21 22 23 24 25 26 27	 (1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later. (2) In the case of a vestee who files an application for an annuity within 90 days of his superannuation age, the attainment of such age. (3) In the case of a vestee who defers the filing of an application for an annuity to a date later than 90 days following attainment of superannuation age, the date of filing or the date specified on the application, whichever is

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1 "Eligible annuitants." All current and prospectiveannuitants with 24 1/2 or more eligibility points and all-2 3 current and prospective disability annuitants. Beginning January-1, 1995, "eligible annuitants" shall include members other than_ 4 Class T-I members with 15 or more eligibility points who 5 terminated or who terminate school service on or after attaining 6 7 superannuation retirement age and who are annuitants with an 8 effective date of retirement after superannuation age. 9 "Eligibility points." Points which are accrued by an active-10 member, a multiple service member who is an active member of the-State Employees' Retirement System for credited service or by a-11 12 member who has been reemployed from USERRA leave or dies while 13 performing USERRA leave and are used in the determination of 14 eligibility for benefits as provided in section 8306 (relatingto eligibility points). Class T-I members shall be deemed to-15 accrue one eligibility point for each fiscal year in which 16 17 contributions have been made to the fund. 18 "Employer." Any governmental entity directly responsible for 19 the employment and payment of the school employee and charged 20 with the responsibility of providing public education within-21 this Commonwealth, including but not limited to: State-owned-22 colleges and universities, the Pennsylvania State University, 23 community colleges, area vocational-technical schools,-24 intermediate units, the State Board of Education, Scotland School for Veterans' Children, Thaddeus Stevens College of-25 26 Technology, and the Western Pennsylvania School for the Deaf. 27 "Employer defined contributions." Contributions equal to 2.59% of an active participant's compensation that are made by 28 29 an employer for current service to the trust to be credited inthe active participant's individual investment account. 30

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1	"Excess interest." The investment earnings of the fund
2	attributable to Class T-I members and members who have elected
3	to contribute to the cash balance account, calculated in
4	accordance with section 8523(d) (relating to members' savings
5	account and cash balance account).
6	"Final average salary." The highest average compensation
7	received as an active member during any three nonoverlapping
8	periods of 12 consecutive months with the compensation for part-
9	time service being annualized on the basis of the fractional
10	portion of the school year for which credit is received; except,
11	if the employee was not a member for three such periods, the
12	total compensation received as an active member annualized in
13	the case of part time service divided by the number of such-
14	periods of membership; in the case of a member with multiple-
15	service credit, the final average salary shall be determined by
16	reference to compensation received by him as a school employee
17	or a State employee or both; and, in the case of a noneligible-
18	member, subject to the application of the provisions of section-
19	8325.1 (relating to annual compensation limit under IRC § 401(a)
20	(17)). Final average salary shall be determined by including in-
21	compensation, payments deemed to have been made to a member-
22	reemployed from USERRA leave to the extent member contributions-
23	have been made as provided in section 8302(d)(2) (relating to
24	credited school service) and payments made to a member on leave-
25	of absence under 51 Pa.C.S. § 4102 (relating to leaves of
26	absence for certain government employees) as provided in section
27	8302(d)(6). Notwithstanding the above, for Class T-E and Class
28	<u>T-F service performed on or after July 1, 2016, compensation to</u>
29	be used for final average salary calculation shall not exceed
30	the Social Security taxable wage base in effect at the beginning
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1 of the fiscal year.

2 "Full coverage member." Any member for whom regular member-3 pickup contributions are being picked up or who has paid or hasagreed 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 7 "Fund." The Public School Employees' Retirement Fund. 8 "Governmental entity." Board of school directors, board of 9 public education, intermediate unit board of directors, area 10 vocational-technical board, any governing board of any agency orauthority created by them, and the Commonwealth. 11 12 "Inactive member." A member for whom no pickup contributions-13 are being made to the fund, except in the case of an active member for whom such contributions otherwise required for-14 15 current school service are not being made solely by reason of 16 any provision of this part relating to the limitations undersection 401(a)(17) or 415(b) of the Internal Revenue Code of 17 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)) or 18 because the member is on USERRA leave, who has accumulated 19 20 deductions standing to his credit in the fund and for whomcontributions have been made within the last two school years or 21 a multiple service member who is active in the State Employees' 22 23 Retirement System. 24 "Inactive participant." A participant for whom no mandatory 25 pickup participant contributions are being made to the trust, 26 except in the case of an active participant for whom such contributions otherwise required for current school service are_ 27 28 not being made solely by reason of any provision of this part 29 relating to limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 30

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1	401(a)(17) or 415), who has vested accumulated total defined
2	contributions standing to his credit in the trust and who has
3	not filed an application for a distribution.
4	"Individual investment account." The account in the trust to
5	which are credited the amounts of the contributions made by a
6	participant and the participant's employer in accordance with
7	the provisions of this part, together with all investment
8	earnings after deduction for fees, costs and expenses,
9	investment losses and charges for distributions.
10	"Intervening military service." Active military service of a
11	member who was a school employee and an active member of the
12	system immediately preceding his induction into the armed
13	services or forces of the United States in order to meet a draft
14	obligation excluding any voluntary extension of such
15	obligational service and who becomes a school employee and an
16	active member of the system within 90 days of the expiration of
17	such service.
18	"IRC." The Internal Revenue Code of 1986, as designated and
19	referred to in section 2 of the Tax Reform Act of 1986 (Public-
20	Law 99-514, 100 Stat. 2085, 2095). A reference in this part to
21	"IRC § " shall be deemed to refer to the identically numbered
22	section and subsection or other subdivision of such section in-
23	26 United States Code (relating to Internal Revenue Code).
24	"Irrevocable beneficiary." The person or persons permanently-
25	designated by a member or participant in writing to the board
26	pursuant to an approved domestic relations order to receive all
27	or a portion of the accumulated deductions, vested accumulated
28	total defined contributions or lump sum benefit payable upon the
29	death of such member <u>or participant</u> .
30	"Irrevocable successor payee." The person permanently

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1	designated in writing by a participant to the board pursuant to
2	an approved domestic relations order to receive one or more
3	distributions from the plan upon the death of such participant.
4	"Irrevocable survivor annuitant." The person permanently
5	designated by a member in writing to the board pursuant to an
6	approved domestic relations order to receive an annuity upon the
7	death of such member.
8	"Joint coverage member." Any member who agreed prior to-
9	January 1, 1966 to make joint coverage member contributions to
10	the fund and has not elected to become a full coverage member.
11	"Joint coverage member contributions." Regular member-
12	contributions reduced for a joint coverage member.
13	"Leave for service with a collective bargaining-
14	organization." Paid leave granted to an active member or active
15	participant by an employer for purposes of working full time for-
16	or serving full time as an officer of a Statewide employee-
17	organization or a local collective bargaining representative
18	under the act of July 23, 1970 (P.L.563, No.195), known as the
19	Public Employe Relations Act: Provided, That greater than one-
20	half of the members of the employee organization are active-
21	members of the system or active participants of the plan; that
22	the employer shall fully compensate the member <u>or active</u>
23	participant, including, but not limited to, salary, wages,-
24	pension and retirement contributions and benefits, other-
25	benefits and seniority, as if he were in full-time active
26	service; and that the employee organization shall fully-
27	reimburse the employer for such salary, wages, pension and
28	retirement contributions and benefits and other benefits and
29	seniority.
30	"Mandatory pickup participant contributions." Contributions

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1	equal to 3% of compensation that are made by the employer for
2	active participants for current service that are picked up by
3	the employer and credited in the trust.
4	"Maternity leave of absence." An involuntary leave of
5	absence required by the employer because of the pregnancy of the
6	member and commencing prior to May 17, 1975.
7	"Member." Active member, inactive member, annuitant, or-
8	vestee.
9	"Member's annuity." The single life annuity which is
10	actuarially equivalent on the effective date of retirement to
11	the sum of the accumulated deductions and the shared-risk member-
12	contributions and statutory interest credited on the deductions
13	and contributions standing to the member's credit in the
14	members' savings account.
15	"Military service." All active military service for which a
16	member has received a discharge other than an undesirable, bad-
17	conduct, or dishonorable discharge.
18	"Multiple service." Credited service of a member other than
19	<u>a Class T-I member or Class TDB member in the State Employees'</u>
20	Retirement System who has elected to combine his credited
21	service in both the Public School Employees' Retirement System-
22	and the State Employees' Retirement System.
23	"Noneligible member." For the purposes of section 8325.1
24	(relating to annual compensation limit under IRC § 401(a)(17)),
25	a member who first became a member on or after July 1, 1996.
26	"Participant." An active participant, inactive participant
27	or participant receiving distributions.
28	"Participating eligible annuitants." All eligible annuitants-
29	who are enrolled or elect to enroll in a health insurance-
30	program approved by the Public School Employees' Retirement-
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2	"Participant receiving distributions." A participant in the
3	plan who has commenced receiving distributions from his
4	individual investment account but who has not received a total
5	distribution of his vested interest in the individual investment
6	account.
7	"Pickup contributions." Regular or joint coverage member-
8	contributions and shared-risk member contributions and mandatory
9	cash balance account contributions which are made by the
10	employer for active members for current service on and after-
11	January 1, 1983.
12	"Plan." The School Employees' Defined Contribution Plan as
13	established by the provisions of this part and the board.
14	"Plan document." The documents created by the board under
15	section 8402 (relating to plan document) that contain the terms
16	and provisions of the plan and trust as established by the board
17	regarding the establishment, administration and investment of
18	the plan and trust.
19	"Previous school service." Service [rendered] as a school
20	employee including service in any summer school conducted by a
21	school district of the Commonwealth, but excluding service
22	rendered during which the school employee was or could have been
23	a participant in the plan, prior to the member's most recent-
24	entrance in the system.
25	"Public school." Any or all classes or schools within this
26	Commonwealth conducted under the order and superintendence of
27	the Department of Education including, but not limited to: all
28	educational classes of any employer charged with the-
29	responsibility of public education within this Commonwealth as
30	well as those classes financed wholly or in part by the Federal
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1	Government, State-owned colleges and universities, the-
2	Pennsylvania State University, community colleges, area
3	vocational-technical schools, intermediate units, the State-
4	Board of Education, Scotland School for Veterans' Children,
5	Thaddeus Stevens State School of Technology, and the
6	Pennsylvania State Oral School for the Deaf.
7	"Public School Code." The act of March 10, 1949 (P.L.30,
8	No.14), known as the Public School Code of 1949.
9	"Reemployed from USERRA leave." Resumption of active
10	membership <u>or active participation</u> as a school employee after a
11	period of USERRA leave, if the resumption of active membership
12	or active participation was within the time period and under
13	conditions and circumstances such that the school employee was
14	entitled to reemployment rights under 38 U.S.C. Ch. 43 (relating-
15	to employment and reemployment rights of members of the
16	uniformed services).
17	"Regular member contributions." The product of the basic
18	contribution rate and the compensation of the member.
19	
	<u>"Required beginning date." The latest date by which</u>
20	<u>"Required beginning date." The latest date by which</u> <u>distributions of a participant's interest in his individual</u>
20 21	
	distributions of a participant's interest in his individual
21	distributions of a participant's interest in his individual
21 22	distributions of a participant's interest in his individual investment account must commence under the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).
21 22 23	distributions of a participant's interest in his individual <u>investment account must commence under the Internal Revenue Code</u> <u>of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).</u> "Reserve component of the armed forces." The United States
21 22 23 24	distributions of a participant's interest in his individual <u>investment account must commence under the Internal Revenue Code</u> <u>of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(9)).</u> "Reserve component of the armed forces." The United States Army Reserve, United States Navy Reserve, United States Marine
21 22 23 24 25	distributions of a participant's interest in his individual investment account must commence under the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(9)). "Reserve component of the armed forces." The United States Army Reserve, United States Navy Reserve, United States Marine Corps Reserve, United States Coast Guard Reserve, United States
21 22 23 24 25 26	distributions of a participant's interest in his individual investment account must commence under the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)). "Reserve component of the armed forces." The United States Army Reserve, United States Navy Reserve, United States Marine Corps Reserve, United States Coast Guard Reserve, United States Air Force Reserve, Pennsylvania Army National Guard and
21 22 23 24 25 26 27	distributions of a participant's interest in his individual investment account must commence under the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)). "Reserve component of the armed forces." The United States Army Reserve, United States Navy Reserve, United States Marine- Corps Reserve, United States Coast Guard Reserve, United States Air Force Reserve, Pennsylvania Army National Guard and- Pennsylvania Air National Guard.
21 22 23 24 25 26 27 28	distributions of a participant's interest in his individual investment account must commence under the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(9)). "Reserve component of the armed forces." The United States Army Reserve, United States Navy Reserve, United States Marine Corps Reserve, United States Coast Guard Reserve, United States Air Force Reserve, Pennsylvania Army National Guard and Pennsylvania Air National Guard. "Salaried employee." A school employee who is compensated on

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deducted from the compensation of an active member or active 1 2 participant or the State service compensation of a multiple-3 service member who is an active member of the State Employees' Retirement System or active participant of the School Employees' 4 Defined Contribution Plan and paid into the fund or trust. 5 "School employee." Any person engaged in work relating to a 6 7 public school for any governmental entity and for which work he-8 is receiving regular remuneration as an officer, administrator or employee excluding, however, any independent contractor or a-9 10 person compensated on a fee basis. "School entity." A school district of any class, 11 12 intermediate unit or an area vocational technical school, as-13 provided for under the act of March 10, 1949 (P.L.30, No.14), 14 known as the Public School Code of 1949. 15 "School service." Service rendered as a school employee. 16 "School year." The 12 month period which the governmental entity uses for purposes of administration regardless of the-17 18 actual time during which a member renders service. 19 "Severance payments." Any payments for unused vacation or-20 sick leave and any additional compensation contingent uponretirement including payments in excess of the scheduled or-21 customary salaries provided for members within the same-22 23 governmental entity with the same educational and experience-24 qualifications who are not terminating service. 25 "Shared-risk contribution rate." The [additional]-26 contribution rate that is [added] applied to the basic contribution rate for Class <u>T-D,</u> <u>T-E and T-F members</u>, as 27 28 provided for in section 8321(b) and (c) (relating to regular-29 member contributions for current service). 30 "Standard single life annuity." For Class T-A, T-B and T-C-20150SB1071PN1913

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1	credited service of a member, an annuity equal to 2% of the
2	final average salary, multiplied by the total number of years
3	and fractional part of a year of credited service of a member <u>in</u>
4	that class. For Class T-D credited service of a member, an-
5	annuity equal to 2.5% of the final average salary, multiplied by
6	the total number of years and fractional part of a year of
7	credited service in that class. For Class T-E credited service
8	of a member, an annuity equal to 2% of the final average salary,
9	multiplied by the total number of years and fractional part of a
10	year of credited service of a member. For Class T F credited
11	service of a member, an annuity equal to 2.5% of the final-
12	average salary, multiplied by the total number of years and
13	fractional part of a year of credited service of a member. For
14	<u>Class T I members, and for monies in the cash balance account of</u>
15	members of other classes, an annuity that is actuarially
16	equivalent to the balance of the member's savings account or the
17	cash balance account, as applicable, calculated using 120% of
18	the mid term Treasury note rate in effect on the effective date
19	of retirement of the member.
20	"State Employees' Defined Contribution Plan." The defined
21	contribution plan for State employees established by 71 Pa.C.S.
22	Pt. XXV (relating to retirement for State employees and
23	<u>officers).</u>
24	"State Employees' Retirement System." The retirement system-
25	established by the act of June 27, 1923 (P.L.858, No.331) and
26	codified by the act of June 1, 1959 (P.L.392, No.78) and by Part-
27	XXV of Title 71 (relating to retirement for State employees and
28	officers), added March 1, 1974 (P.L.125, No.31).
29	"State service." Service rendered as a State employee and
30	credited as service in the State Employees' Retirement System.
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1	"Statutory interest." Int	erest at 4% per annum, compounded
2	annually.	
3	"Successor payee." The pe	erson or persons last designated in
4	writing by a participant to t	he board to receive one or more
5	<u>distributions upon the death</u>	<u>of such participant.</u>
6	"Superannuation annuitant.	" An annuitant whose annuity first-
7	became payable on or after th	e attainment of superannuation age-
8	and who is not a disability a	nnuitant.
9	"Superannuation or normal	retirement age."
10	Class of service	Age
11	T-A	62 or any age upon accrual of
12	-	35 eligibility points
13	T-B	62
14	T-C-and T-D	62 or age 60 provided the
15	-	member has at least 30-
16	-	eligibility points or any
17	_	age upon accrual of 35
18		eligibility points
19	T-E and T-F	65 with accrual of at least
20	_	three eligibility points-
21	_	or a combination of age-
22	_	and eligibility points
23	_	totaling 92, provided the
24	_	member has accrued at
25	_	least 35 eligibility -
26	_	points
27	"Survivor annuitant." The	person or persons last designated
28	by a member <u>or participant</u> un	der a joint and survivor annuity-
29	option to receive an annuity	upon the death of such member. <u>A</u>
30	<u>combined service employee may</u>	<u>designate different persons to be</u>

1	survivor annuitants for the benefits from the system and
2	beneficiaries or successor payees for the benefits from the
3	plan.
4	"System." The Public School Employes' Retirement System of
5	Pennsylvania as established by the act of July 18, 1917-
6	(P.L.1043, No.343), and codified by the act of June 1, 1959
7	(P.L.350, No.77).
8	"Total member contribution rate." The sum of the basic-
9	contribution rate and the shared-risk contribution rate.
10	"Trust." The School Employees' Defined Contribution Trust
11	established under Chapter 84 (relating to School Employees'
12	Defined Contribution Plan).
13	"USERRA." The Uniformed Services Employment and Reemployment-
14	Rights Act, 38 U.S.C. Ch. 43 (relating to employment and
15	reemployment rights of members of the uniformed services).
16	"USERRA leave." Any period of time for service in the
17	uniformed services as defined in 38 U.S.C. Ch. 43 (relating to-
18	employment and reemployment rights of members of the uniformed
19	services) by a school employee or former school employee <u>or</u>
20	participant who terminated school service to perform the service
21	in the uniformed services, if the current or former school-
22	employee or participant is entitled to reemployment rights under-
23	38 U.S.C. Ch. 43 with respect to the uniformed service.
24	"Valuation interest." Interest at 5 1/2% per annum,-
25	compounded annually and applied to all accounts of the fund
26	other than the members' savings account.
27	"Vestee." A member with five or more eligibility points <u>in a</u>
28	<u>class of service other than Class T-E, Class T F or Class T I</u>
29	who has terminated school service, has left his accumulated
30	deductions in the fund and is deferring filing of an application-
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1	for receipt of an annuity. For Class T-E and Class T-F members,
2	a member with ten or more eligibility points who has terminated
3	school service, has left his accumulated deductions in the fund-
4	and is deferring filing of an application for receipt of an
5	annuity. For Class T-I members, a member who has terminated
6	school service, has left his accumulated deductions in the fund
7	and is deferring filing of an application for receipt of
8	annuity.
9	"Voluntary contributions." Contributions made by a
10	participant to the trust and credited to his individual
11	investment account in excess of his mandatory pickup participant
12	contributions, and contributions made by a member to the system
13	and credited to his cash balance account in excess of his
14	mandatory pickup contributions, either by salary deductions paid
15	through the employer or by an eligible rollover or direct
16	trustee-to-trustee-transfers.
17	Section 202. Section 8103 of Title 24 is amended by adding
18	subsections to read:
19	
	§ 8103. Construction of part.
20	<pre>§ 8103. Construction of part.</pre>
20 21	-
	<u>* * *</u>
21	* * * (c) Construction regarding inactive member and inactive
21 22	* * * <u>(c) Construction regarding inactive member and inactive</u> <u>participant. As used in this part:</u>
21 22 23	* * * <u>(c) Construction regarding inactive member and inactive</u> <u>participant. As used in this part:</u> <u>(1) The term "inactive member" does not include a</u>
21 22 23 24	* * * (c) Construction regarding inactive member and inactive participant. As used in this part: (1) The term "inactive member" does not include a combined service employee who is an "inactive participant,"
21 22 23 24 25	* * * (c) Construction regarding inactive member and inactive participant. As used in this part: (1) The term "inactive member" does not include a combined service employee who is an "inactive participant," unless the combined service employee is concurrently employed
21 22 23 24 25 26	<pre>* * * <u>(c) Construction regarding inactive member and inactive</u> <u>participant. As used in this part:</u> <u>(1) The term "inactive member" does not include a</u> <u>combined service employee who is an "inactive participant," unless the combined service employee is concurrently employed <u>in a position in which such employee is a member of the</u></u></pre>
21 22 23 24 25 26 27	<pre>* * *</pre>
21 22 23 24 25 26 27 28	<pre>* * * (c) Construction regarding inactive member and inactive participant. As used in this part: (1) The term "inactive member" does not include a (1) The term "inactive member" does not include a combined service employee who is an "inactive participant," unless the combined service employee is concurrently employed in a position in which such employee is a member of the system. (2) The term "inactive participant" does not include a </pre>

1	position in which such employee is a participant in the plan.
2	(d) Provisions severable. The provisions of this part are
3	severable and if any of its provisions shall be held to be
4	unconstitutional, the decision of the court shall not affect or
5	impair any of the remaining provisions. It is hereby declared to
6	be the legislative intent that this part would have been adopted
7	had such unconstitutional provisions not been included.
8	(e) References to certain Federal statutes. References in
9	this part to the IRC or the Uniformed Services Employment and
10	Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat.
11	3149), including administrative regulations promulgated under
12	the IRC or the Uniformed Services Employment and Reemployment
13	Rights Act of 1994, are intended to include laws and regulations
14	in effect on the effective date of this section and amended,
15	supplemented or supplanted on and after the effective date of
16	this section.
16 17	<u>this section.</u> (f) Construction
-	
17	(f) Construction
17 18	<u>(f) Construction</u> <u>(1) This part may not be construed to mean that the</u>
17 18 19	<u>(f) Construction.</u> <u>(1) This part may not be construed to mean that the</u> <u>limitations on benefits or other requirements under IRC §</u>
17 18 19 20	(f) Construction (1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are
17 18 19 20 21	(f) Construction. (1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the
17 18 19 20 21 22	(f) Construction. (1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits
17 18 19 20 21 22 23	(f) Construction. (1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits payable under Part IV.
17 18 19 20 21 22 23 24	(f) Construction. (1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits payable under Part IV. (2) This part may not be construed to mean that an
17 18 19 20 21 22 23 24 25	<pre>(f) Construction. (1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits payable under Part IV. (2) This part may not be construed to mean that an interpretation or application of the provisions of Part IV or</pre>
17 18 19 20 21 22 23 24 25 26	(f) <u>Construction.</u> (1) <u>This part may not be construed to mean that the</u> <u>limitations on benefits or other requirements under IRC §</u> <u>401(a) or other applicable provisions of the IRC that are</u> <u>applicable to participants in the plan do not apply to the</u> <u>participants or to the members of the system and the benefits</u> <u>payable under Part IV.</u> (2) <u>This part may not be construed to mean that an</u> <u>interpretation or application of the provisions of Part IV or</u> <u>benefits available to members of the Public School Employees'</u>
17 18 19 20 21 22 23 24 25 26 27	<pre>(f) Construction. (1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC \$ 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits payable under Part IV. (2) This part may not be construed to mean that an interpretation or application of the provisions of Part IV or benefits available to members of the Public School Employees' Retirement System was not in accordance with the provisions</pre>
17 18 19 20 21 22 23 24 25 26 27 28	(f) Construction. (1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits payable under Part IV. (2) This part may not be construed to mean that an interpretation or application of the provisions of Part IV or benefits available to members of the Public School Employees' Retirement System was not in accordance with the provisions of Part IV or other applicable law, including the IRC and the

1	(3) This part may not be construed to mean that the
2	release or publicizing of a record, material or data that
3	<u>would not constitute a public record under section 8502(e)(2)</u>
4	(relating to administrative duties of board) is a violation
5	of the fiduciary duties of the board.
6	(g) Applicability. This part shall apply to a record,
7	<u>material or data under section 8502(e)(2) notwithstanding</u>
8	whether:
9	(1) the record, material or data was created, generated
10	or stored before the effective date of this section;
11	(2) the record, material or data was previously released
12	<u>or made public; or</u>
13	(3) a request for the record, material or data was made
14	or is pending final response under the former act of June 21,
15	1957 (P.L.390, No.212), referred to as the Right-to-Know Law,
16	or the act of February 14, 2008 (P.L.6, No. 3), known as the
17	Right-to-Know Law.
18	(h) Pension rights. Notwithstanding any other provision of
19	law, no collective bargaining agreement nor any arbitration
20	award between the school employer and its employees or their
21	collective bargaining representatives shall be construed to
22	change any of the provisions in this part, to require the board
23	to administer pension or retirement benefits not set forth under
24	this part or to require action by any other government body
25	pertaining to pension or retirement benefits or rights of school
26	<u>employees.</u>
27	Section 203. Title 24 is amended by adding sections to read:
28	<u>§ 8103.1. Reference to Public School Employees' Retirement</u>
29	System.
30	As of the effective date of this section, unless the context
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1	clearly indicates otherwise, a reference to the Public School
2	Employees' Retirement System in a statutory provision, other
3	than this part and 71 Pa.C.S. Pt. XXV (relating to retirement
4	for State employees and officers), shall include a reference to
5	the plan, and a reference to the Public School Employees'
6	Retirement Fund shall include a reference to the trust.
7	<u>§ 8103.2. Notice to members and participants.</u>
8	Notice by publication, including, without being limited to,
9	newsletters, newspapers, forms, first class mail, letters,
10	manuals, and electronic notice, including, but not limited to,
11	e-mail or internet websites distributed or made available to
12	members and participants in a manner reasonably calculated to
13	give actual notice of the provisions of this part that require
14	notice to members and participants shall be deemed sufficient
15	notice for all purposes.
16	Section 204. Sections 8301, 8302, 8303, 8303.1 and 8304(a)
17	of Title 24 are amended to read:
18	§ 8301. Mandatory and optional membership.
19	(a) Mandatory membershipMembership in the system shall be-
20	mandatory as of the effective date of employment for all school-
21	employees except the following:
22	(1) Any officer or employee of the [Department of
23	Education] department, State-owned educational institutions,
24	community colleges, area vocational technical schools,
25	technical institutes, or [the] <u>The</u> Pennsylvania State
26	University and who is a member of the State Employees'
27	Retirement System or a member of another retirement program-
28	approved by the employer.
29	(2) Any school employee, other than a school employee
30	eligible for Class T-I membership, who is not a member of the

1 system and who is employed on a per diem or hourly basis for 2 less than 80 full day sessions or 500 hours in any fiscal-3 year or annuitant who returns to school service under the-4 provisions of section 8346(b) (relating to termination of-5 annuities).

6 (3) Any officer or employee of a governmental entity who 7 subsequent to December 22, 1965 and prior to July 1, 1975-8 administers, supervises, or teaches classes financed wholly 9 or in part by the Federal Government so long as he continues-10 in such service.

11(4) Any part-time school employee, other than a school12employee eligible for Class T I membership, who has an

13 individual retirement account pursuant to the Federal act of

September 2, 1974 (Public Law 93-406, 88 Stat. 829), known as the Employee Retirement Income Security Act of 1974.

16 (b) Prohibited membership. The school employees categorized 17 in subsection (a)(1) and (2) shall not have the right to elect

18 membership in the system.

19 (c) Optional membership. The school employees categorized 20 in subsection (a) (3) and, if otherwise eligible, subsection 21 (a) (4) shall have the right to elect membership in the system. 22 Once such election is exercised, membership shall commence from 23 the original date of eligibility and shall continue until the 24 termination of such service.

25 (d) Mandatory participation in the plan. A school employee
 26 who is a mandatory member of Class T-I shall also be a mandatory
 27 participant in the plan as of the effective date of membership

28 <u>in the system.</u>

29 (e) Optional participation in the plan. Class T E and Class
 30 T F members may participate in the plan on or after July 1,

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1	2016, to the extent that the compensation of the participant		
2	exceeds the Social Security taxable wage base in effect at the		
3	beginning of the fiscal year, as provided in section 8404(b)		
4	<u>(relating to participant contributions).</u>		
5	(f) Optional contributions to the cash balance account		
6	<u>Class T-C members may contribute to the cash balance account up</u>		
7	to 3% of compensation, as provided in this part. Class T-D,		
8	<u>Class T-E and Class T-F members may contribute to the cash</u>		
9	balance account up to 3% of compensation, but limited to the		
10	Social Security taxable wage base in effect at the beginning of		
11	the fiscal year, as provided in this part. Contributions may be		
12	changed as provided in this part or as set forth in board		
13	policy.		
14	(g) Certain agreements. The agreement of an employer to		
15	make contributions to the fund or to enroll its employees as		
16	members in the system shall be deemed to be an agreement to make		
17	contributions to the trust or to enroll its employees in the		
18	plan.		
19	§ 8302. Credited school service.		
20	(a) Computation of credited service. In computing credited		
21	school service of a member for the determination of benefits, a-		
22	full-time salaried school employee shall receive one year of		
23	credit for each school year or the corresponding fraction		
24	thereof, in accordance with the proportion of the full school		
25	year for which the required regular member contributions have		
26	been made to the fund, or for which such contributions otherwise		
27	required for such service were not made to the fund solely by		
28	reason of any provision of this part relating to the limitations-		
29	under IRC § 401(a)(17) or 415(b) <u>or another provision of this</u>		
30	part limiting compensation. A per diem or hourly school employee		
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shall receive one year of credited service for each-1 nonoverlapping period of 12 consecutive months in which he is 2 3 employed and for which contributions are made to the fund, or would have been made to the fund but for such limitations under-4 the IRC, or another provision of this part limiting compensation-5 for at least 180 full-day sessions or 1,100 hours of employment. 6 7 If such member was employed and contributions were made to the 8 fund for less than 180 full day sessions or 1,100 hours, he-9 shall be credited with a fractional portion of a year determined 10 by the ratio of the number of full-day sessions or hours ofservice actually rendered and for which contributions are made 11 12 to the fund to 180 full-day sessions or 1,100 hours, as the case-13 may be. A part time salaried employee shall be credited with the 14 fractional portion of the year which corresponds to the serviceactually rendered and for which contributions are or would have 15 been made to the fund in relation to the service required as a 16 comparable full-time salaried employee. In no case shall a 17 18 member receive more than one year of credited service for any 12-19 consecutive months or a member who has elected multiple service-20 receive an aggregate in the two systems of more than one year of credited service for any 12 consecutive months. 21 22 (b) Approved leaves of absence. An active member shall-23 receive credit or vesting credit, as applicable, and an active 24 participant shall receive vesting credit, for an approved leave-25 of absence provided that: 26 (1) the member returns for a period at least equal to 27 the length of the leave or one year as a member of the system 28 or the participant returns to school service as an active 29 participant in the plan, whichever is less, to the school-30 district which granted his leave, unless such condition is 20150SB1071PN1913 - 31 -

1 waived by the employer; and

2	(2) the proper contributions are made by the member and
3	the employer[.] or by the active participant and the
4	employer. In the case of a Class T-I member, the proper
5	contributions must be made during the leave except for USERRA
6	leave.
7	* * *
8	(c) Cancellation of credited service. All credited service
9	<u>in the system shall be cancelled if a member withdraws his</u>
10	accumulated deductions.
11	(d) Credit for military service <u>A school employee who has</u>
12	performed USERRA leave may receive credit in the system as
13	follows:
14	(1) For purposes of determining whether a member is
15	eligible to receive credited service in the system for a
16	period of active military service, other than active duty-
17	service to meet periodic training requirements, rendered
18	after August 5, 1991, and that began before the effective-
19	date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73
20	(relating to military leave of absence) shall apply to all
21	individuals who were active members of the system when the
22	period of military service began, notwithstanding if the
23	member is not defined as an employee under 51 Pa.C.S. § 7301-
24	(relating to definitions). School employees may not receive
25	service credit or exercise the options under 51 Pa.C.S. §-
26	7306(a), (b) and (c) (relating to retirement rights) for
27	military leaves that begin on or after the effective date of
28	this subsection, except otherwise provided under this
29	subsection.
30	(2) A school employee who has performed USERRA leave may

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2 (i) A school employee who is reemployed from USERRA 3 leave as an active member of the system shall be treated as not having incurred a break in school service by 4 reason of the USERRA leave and shall be granted 5 6 eligibility points as if the school employee had not been 7 on the USERRA leave. If a school employee who is 8 reemployed from USERRA leave as an active member of the 9 system subsequently makes regular member contributions, 10 shared risk member contributions and any other membercontributions in the amounts and in the time periods 11 12 required by 38 U.S.C. Ch. 43 (relating to employment and 13 reemployment rights of members of the uniformed services) 14 and IRC § 414(u) as if the school employee had continued 15 in his school office or employment and performed school 16 service and been compensated during the period of USERRAleave, then the school employee shall be granted school-17 18 service credit for the period of USERRA leave. The-19 employee shall have his benefits, rights and obligations-20 determined under this part as if he was an active memberwho performed creditable school service during the USERRA-21 22 leave in the job position that he would have held had henot been on USERRA leave and received the compensation on-23 24 which the member contributions to receive school service 25 credit for the USERRA leave were determined.

26 (ii) For purposes of determining whether a school
 27 employee has made the required employee contributions for
 28 school service credit for USERRA leave, if an employee
 29 who is reemployed from USERRA leave <u>as an active member</u>
 30 terminates school service or dies in school service

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1	before the expiration of the allowed payment period,
2	school service credit for the USERRA leave shall be
3	granted as if the required member contributions were paid-
4	the day before termination or death. The amount of the
5	required member contributions shall be treated as an-
6	incomplete payment subject to the provisions of section-
7	8325 (relating to incomplete payments). Upon a subsequent-
8	return to school service or to State service as a
9	multiple service member, the required member-
10	contributions treated as incomplete payments shall be
11	treated as member contributions that were either
12	withdrawn in a lump sum at termination or paid as a lump-
13	sum under section 8345(a)(4) (relating to member's
14	options). For this purpose, the exclusion of Class T-E-
15	and Class T-F members from electing a form of payment
16	under section 8345(a)(4)(iii) shall be ignored.
17	(iii) A school employee who is reemployed from
18	USERRA leave as an active member of the system and who
19	does not make the required member contributions or makes
20	only part of the required member contributions within the-
21	allowed payment period shall not be:
22	(A) Granted credited service for the period of
23	USERRA leave for which the required member-
24	contributions were not timely made.
25	(B) Eligible to subsequently make contributions.
26	(C) Granted either school service credit or
27	nonschool service credit for the period of USERRA
28	leave for which the required member contributions
29	were not timely made.
30	(3) A school employee who is a member of the system and

1 performs USERRA leave from which the employee could have been 2 reemployed from USERRA leave had the school employee returned 3 to school service in the time frames required by 38 U.S.C. Ch. 43 for reemployment rights, but did not do so, shall be 4 able to receive creditable nonschool service as-5 nonintervening military service for the period of USERRA-6 7 leave if the employee later returns to school service and is 8 otherwise eligible to purchase the service as nonintervening 9 military service.

(4) [A school employee] An active or inactive member 10 who, on or after the effective date of this subsection, is 11 granted a leave of absence under section 1178 of the Public-12 13 School Code, a leave of absence under 51 Pa.C.S. § 4102 14 (relating to leaves of absence for certain government-15 employees) or a military leave under 51 Pa.C.S. Ch. 73, that is not USERRA leave shall be able to receive creditable 16 nonschool service as nonintervening military service should 17 18 the employee return to school service as an active member of 19 the system and is otherwise eligible to purchase the service 20 as nonintervening military service.

21 (5) If a member dies while performing USERRA leave, the 22 beneficiaries or survivor annuitants of the deceased member 23 shall be entitled to any additional benefits, including 24 eligibility points, other than benefit accruals relating to 25 the period of qualified military service, provided under this 26 part as if the member resumed and then terminated employment 27 on account of death.

(6) A school employee who is on a leave of absence from
 his duties as a school employee and for which 51 Pa.C.S. §
 4102 provides that he is not to suffer a loss of pay, time or

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1	efficiency shall not be an active member, receive service-
2	credit or make member contributions for the leave of absence-
3	except as provided for in this part. Notwithstanding this-
4	paragraph, any pay the member receives under section 1178 of
5	the Public School Code or 51 Pa.C.S. § 4102 shall be included
6	in the determination of final average salary and other
7	calculations in the system utilizing compensation as if the
8	payments were compensation under this part.
9	(e) <u>Military service by a participant. A participant who</u>
10	has performed USERRA leave shall be treated and may make
11	contributions as follows:
12	(1) A participant who is reemployed from USERRA leave
13	shall be treated as not having incurred a break in school
14	service by reason of the USERRA leave and shall be granted
15	vesting credit as if the participant had not been on USERRA
16	leave. If a participant who is reemployed from USERRA leave
17	subsequently makes mandatory pickup participant contributions
18	in the amounts and in the time periods required by 38 U.S.C.
19	<u>Ch. 43 (relating to employment and reemployment rights of</u>
20	<pre>members of the uniformed services) and IRC § 414(u) as if the</pre>
21	participant had continued in his school employment and
22	performed school service and been compensated during the
23	period of USERRA leave, then the participant's employer shall
24	make the corresponding employer defined contributions. Such
25	an employee shall have his contributions, benefits, rights
26	and obligations determined under this part as if he was an
27	active participant who performed school service during the
28	<u>USERRA leave in the job position that he would have held had</u>
29	he not been on USERRA leave and received the compensation on
30	which the mandatory pickup participant contributions to

1	receive school service credit for the USERRA leave were
2	determined, including the right to make voluntary
3	contributions on such compensation as permitted by law.
4	(2) A participant who is reemployed from USERRA leave
5	and does not make the mandatory pickup participant
6	contributions or makes only part of the mandatory pickup
7	participant contributions within the allowed payment period
8	shall not be eligible to make mandatory pickup participant
9	contributions and voluntary contributions at a later date for
10	the period of USERRA leave for which the mandatory pickup
11	participant contributions were not timely made.
12	(3) A participant who performs USERRA leave from which
13	the employee could have been reemployed from USERRA leave had
14	the school employee returned to school service in the time
15	frames required by 38 U.S.C. Ch. 43 for reemployment rights,
16	but did not do so, shall not be eligible to make mandatory
17	pickup participant contributions or voluntary contributions
18	for the period of USERRA leave should the employee later
19	return to school service and be a participant in the plan.
20	(4) An active participant or inactive participant who,
21	on or after the effective date of this subsection, is granted
22	<u>a leave of absence under 51 Pa.C.S. § 4102 (relating to</u>
23	<u>leaves of absence for certain government employees) or a</u>
24	<u>military leave under 51 Pa.C.S. Ch. 73 (relating to military</u>
25	leave of absence) that is not USERRA leave shall not be
26	eligible to make mandatory pickup participant contributions
27	or voluntary contributions during or for the leave of absence
28	or military leave, and shall not have employer defined
29	contributions made during such leave, without regard to
30	whether or not the participant received salary, wages,
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1 stipends, differential wage payments or other payments from his employer during the leave, notwithstanding any provision 2 to the contrary in 51 Pa.C.S. § 4102 or Ch. 73. 3 (5) If a participant_dies_while_performing_USERRA_leave,-4 then the beneficiaries or successor pavees, as the case may 5 be, of the deceased participant are entitled to any 6 additional benefits, other than benefit accruals relating to 7 8 the period of qualified military service, provided under this part had the participant resumed and then terminated 9 10 employment on account of death. § 8303. Eligibility points for retention and reinstatement of 11 12 service credits. 13 (a) Accrued credited service. -- Eligibility points shall becomputed in accordance with section 8306 (relating to-14 15 eligibility points) with respect to all credited service accrued as of the effective date of this part. 16 17 (b) Future school service. -- Every active member of thesystem other than a Class T-I member shall accrue an eligibility-18 19 point for each year of school service rendered subsequent to theeffective date of this part. Class T-I members shall be deemed 20 to accrue one eligibility point for each fiscal year in which 21 22 contributions have been made to the fund. 23 (b.1) USERRA leave. -- A member who is reemployed from USERRA-24 leave or who dies while performing USERRA leave shall receive 25 eligibility points in accordance with section 8306 for the 26 school service that would have been performed had the member notperformed USERRA leave. 27 28 (c) Purchase of previous creditable service. - Every active-29 member of the system other than a Class T-I member or a multipleservice member who is an active member of the State Employees' 30

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1 Retirement System on or after the effective date of this part
2 may purchase credit and receive eligibility points:

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

6 (2) as a member of Class T D for previous creditable
7 school service, provided the member elects to become a Class
8 T D member pursuant to section 8305.1 (relating to election
9 to become a Class T D member);

10 upon written agreement by the member and the board as to the 11 manner of payment of the amount due for credit for such service; 12 except, that any purchase for reinstatement of service credit 13 shall be for all service previously credited.

14 (d) Purchase of previous noncreditable service. Class T C
15 and Class T D members who are active members on the effective
16 date of this subsection shall have three years from the

17 effective date of this subsection to file a written application-

18 with the board to purchase any previous noncreditable school-

19 service. Class T-C and Class T-D members who are not active

20 members on the effective date of this subsection but who become-

21 active members after the effective date of this subsection and

22 Class T-E and class T-F members shall have 365 days from entry-

23 into the system to file a written application with the board to-

24 purchase any previous noncreditable school service. <u>Class T-I</u>

25 members shall not be eligible to purchase previous noncreditable_

26 <u>school service.</u>

27 (e) Limitations.--Notwithstanding any other provision of

28 this part, a Class T I member shall be permitted to receive

29 vesting credit or eligibility points, as applicable, for:

30 (1) USERRA leave; and

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1	(2) an approved leave of absence, provided such approved
2	leaves of absence leaves are contributory leaves.
3	§ 8303.1. Waiver of adjustments.
4	(a) Allowance. Upon appeal by an affected member,
5	participant, beneficiary or survivor annuitant, the board may
6	waive an adjustment or any portion of an adjustment made under-
7	section 8534(b) (relating to fraud and adjustment of errors) if
8	in the opinion of the board or the board's designated
9	representative:
10	(1) the adjustment or portion of the adjustment will
11	cause undue hardship to the member, participant, beneficiary
12	or survivor annuitant;
13	(2) the adjustment was not the result of erroneous
14	information supplied by the member, participant, beneficiary
15	or survivor annuitant;
16	(3) the member <u>or participant</u> had no knowledge or notice-
17	of the error before adjustment was made, and the member,-
18	participant, beneficiary or survivor annuitant took action
19	with respect to their benefits based on erroneous information-
20	provided by the system or plan; and
21	(4) the member, participant, beneficiary or survivor
22	annuitant had no reasonable grounds to believe the erroneous
23	information was incorrect before the adjustment was made.
24	(b) Time period
25	(1) In order to obtain consideration of a waiver under
26	this section, the affected member, participant, beneficiary
27	or survivor annuitant must appeal to the board in writing
28	within 30 days after receipt of notice that benefits have
29	been adjusted or, if no notice was given, within 30 days
30	after the adjustment was known or should have been known to
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1 the affected member, <u>participant</u>, beneficiary or survivor-

2 annuitant.

3 (2) For any adjustments made prior to the effective date of this subsection for which the member, participant, 4 beneficiary or survivor annuitant appealed to the board and 5 was denied, an appeal under this section must be filed within-6 7 90 days of the effective date of this subsection. Section 2. Section 8304(a) of Title 24 is amended to read: 8 9 § 8304. Creditable nonschool service. 10 (a) Eligibility. An active member, other than a Class T I member, or a multiple service member who is an active member of-11 the State Employees' Retirement System shall be eligible to-12 13 receive Class T-C, Class T-E or Class T-F service credit for-14 creditable nonschool service and Class T D, Class T E or Class 15 T F service for intervening military service, provided the member becomes a Class T-D member pursuant to section 8305.1 16 (relating to election to become a Class T-D member) or Class T-F-17 18 member pursuant to section 8305.2 (relating to election to-19 become a Class T-F member) or 8305 (relating to classes of service), as set forth in subsection (b) provided that he is not-20 entitled to receive, eligible to receive now or in the future, 21 or is receiving retirement benefits for such service under a 22 23 retirement system administered and wholly or partially paid for-24 by any other governmental agency or by any private employer, or-25 a retirement program approved by the employer in accordance with-26 section 8301(a)(1) (relating to mandatory and optional-27 membership), and further provided that such service is certified 28 by the previous employer and the manner of payment of the amount-29 due is agreed upon by the member, the employer, and the board. * * * 30

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Section 205. Section 8305(b) of Title 24 is amended and the 1 section is amended by adding a subsection to read: 2 3 § 8305. Classes of service. * * * 4 (b) Other class membership. A school employee who is a 5 member of a class of service other than Class T-C on the-6 effective date of this part may elect to become a member of 7 8 Class T C or Class T D or may retain his membership in suchother class until the service is discontinued or he elects to 9 become a full coverage member or elects to purchase credit for-10 previous school or creditable nonschool service. Any service 11 [thereafter] as a member of the system shall be credited as 12 13 Class T-C [or T-D], Class T-D or Class T-I service asapplicable. 14 15 * * * 16 (f) Class T I membership. Notwithstanding any other provision, a person who first becomes a school employee and an 17 18 active member and active participant, or a person who first becomes a multiple service member or participant who is a State 19 employee and a member of the State Employees' Retirement System, 20 on or after July 1, 2016, shall be classified as a Class T-I_ 21 member upon payment of regular member contributions and 22 participant contributions, as applicable. 23 24 Section 206. Section 8305.1(c) of Title 24 is amended to 25 read: § 8305.1. Election to become a Class T-D member. 26 * * * 27 28 (c) Effect of election. An election to become a Class T D member shall remain in effect until the termination of 29 employment except as otherwise provided in this part. Those 30

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1	members who, on the effective date of this section, contribute
2	at the rate of 5 1/4% shall be deemed to have accepted the basic-
3	contribution rate of 6 1/2% for all Class T-D service performed
4	on or after January 1, 2002. Those members who, on the effective-
5	date of this section, contribute at the rate of 6 1/4% shall be-
6	deemed to have accepted the basic contribution rate of 7 1/2%
7	for all Class T-D service performed on or after January 1, 2002.
8	<u>Upon termination and a subsequent reemployment that occurs</u>
9	before July 1, 2016, the class of service of the school employee
10	shall be credited in the class of service otherwise provided for
11	in this part. If the reemployment occurs on or after July 1,
12	2016, the school employee's eligibility for membership in the
13	system or participation in the plan shall be as provided in this
14	<u>part.</u>
15	* * *
16	Section 207. (Reserved).
16 17	Section 207. (Reserved). Section 208. Section 8306 of Title 24 is amended to read:
17	Section 208. Section 8306 of Title 24 is amended to read:
17 18	Section 208. Section 8306 of Title 24 is amended to read: § 8306. Eligibility points.
17 18 19	Section 208. Section 8306 of Title 24 is amended to read: § 8306. Eligibility points. (a) General rule. An active member of the system other than
17 18 19 20	Section 208. Section 8306 of Title 24 is amended to read: \$ 8306. Eligibility points. (a) General rule. An active member of the system other than <u>a Class T I member</u> shall accrue one eligibility point for each
17 18 19 20 21	Section 208. Section 8306 of Title 24 is amended to read: 5 8306. Eligibility points. (a) General rule. An active member of the system other than <u>a Class T I member</u> shall accrue one eligibility point for each year of credited service as a member of the school or State
17 18 19 20 21 22	Section 208. Section 8306 of Title 24 is amended to read: \$ 8306. Eligibility points. (a) General rule. An active member of the system other than <u>a Class T I member</u> shall accrue one eligibility point for each year of credited service as a member of the school or State retirement system. A member shall accrue an additional two-
17 18 19 20 21 22 23	Section 208. Section 8306 of Title 24 is amended to read: 5 8306. Eligibility points. (a) General rule. An active member of the system other than <u>a Class T I member</u> shall accrue one eligibility point for each year of credited service as a member of the school or State retirement system. A member shall accrue an additional two thirds of an eligibility point for each year of Class D-3-
17 18 19 20 21 22 23 24	Section 208. Section 8306 of Title 24 is amended to read: \$ 8306. Eligibility points. (a) General rule. An active member of the system other than <u>a Class T I member</u> shall accrue one eligibility point for each year of credited service as a member of the school or State retirement system. A member shall accrue an additional two- thirds of an eligibility point for each year of Class D-3- credited service under the State Employees' Retirement System.
17 18 19 20 21 22 23 24 25	Section 208. Section 8306 of Title 24 is amended to read: 5 8306. Eligibility points. (a) General rule. An active member of the system other than a Class T I member shall accrue one eligibility point for each year of credited service as a member of the school or State retirement system. A member shall accrue an additional two- thirds of an eligibility point for each year of Class D 3- credited service under the State Employees' Retirement System. In the case of a fractional part of a year of credited service,
17 18 19 20 21 22 23 24 25 26	Section 208. Section 8306 of Title 24 is amended to read: 5 8306. Eligibility points. (a) General rule. An active member of the system <u>other than</u> <u>a Class T I member</u> shall accrue one eligibility point for each year of credited service as a member of the school or State- retirement system. A member shall accrue an additional two- thirds of an eligibility point for each year of Class D-3- credited service under the State Employees' Retirement System. In the case of a fractional part of a year of credited service, a member shall accrue the corresponding fractional portion of an
17 18 19 20 21 22 23 24 25 26 27	Section 208. Section 8306 of Title 24 is amended to read: (a) General rule. An active member of the system other than a Class T I member shall accrue one eligibility point for each- year of credited service as a member of the school or State- retirement system. A member shall accrue an additional two- thirds of an eligibility point for each year of Class D 3- credited service under the State Employees' Retirement System. In the case of a fractional part of a year of credited service, a member shall accrue the corresponding fractional portion of an eligibility point. <u>Class T I members shall be deemed to accrue</u>

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reemployed from USERRA leave or who dies while performing USERRA 1 leave shall be granted the eligibility points that he would have-2 3 accrued had he continued in his school office or employment instead of performing USERRA leave. If a school employee who is 4 reemployed from USERRA leave makes the member or mandatory 5 pickup participant contributions to be granted school service 6 credit for the USERRA leave, no additional eligibility points 7 8 may be granted.

9

(b) Transitional rule. For the purposes of the transition: 10 (1) In determining whether a member, other than a 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 14 and July 1, 2001, and who has previous school service, has 15 the five eligibility points required by the definition of "vestee" in sections 8102 (relating to definitions), 8307-16 17 (relating to eligibility for annuities), 8308 (relating to 18 eligibility for vesting) and 8345 (relating to member'soptions), only eligibility points earned by performing 19 20 credited school service as an active member of the system, USERRA leave or credited State service as an active member of 21 the State Employee's Retirement System after June 30, 2001, 22 shall be counted until such member earns one eligibility-23 24 point by performing credited school service or credited State-25 service after June 30, 2001, at which time all eligibility points as determined under subsection (a) shall be counted. 26 27 (2) A member subject to paragraph (1) shall be 28 considered to have satisfied any requirement for five-29 eligibility points contained in this part if the member has 30 at least ten eligibility points determined under subsection

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1 (a).

2 Section 209. Section 8307 of Title 24 is amended and the

3 section is amended by adding subsections to read:

4 § 8307. Eligibility for annuities.

(a) Superannuation annuity. -- An active or an inactive-5 member, other than a Class T-I member, who attains 6 superannuation age shall be entitled to receive a superannuation-7 8 annuity upon termination of service and filing of a properapplication. A combined service employee who is an active or_ 9 inactive participant and attains superannuation age in the 10 system shall be entitled to receive a superannuation annuity 11 upon termination of service and filing of a proper application. 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 Class T-C or Class T-D member who terminates school service-15 16 having five or more eligibility points shall, upon filing a proper application, be entitled to receive an early annuity. A 17 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 memberwho terminates school service having ten or more eligibility 20 points shall, upon filing a proper application, be entitled to-21 22 receive an early annuity. 23 (c) Disability annuity .-- An active or inactive member, other_ 24 than a Class T I member, who has credit for at least five years 25 of service shall, upon filing of a proper application, be-26 entitled to a disability annuity if he becomes mentally orphysically incapable of continuing to perform the duties for-27 28 which he is employed and qualifies for an annuity in accordance-29 with the provisions of section 8505(c)(1) (relating to duties of-30 board regarding applications and elections of members).

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1	(d) Class T-I membersA Class T-I member who terminates
2	school service shall, upon filing of a proper application, be
3	entitled to receive an annuity.
4	(e) Multiple classes of service. A member with more than
5	one class of service who vests his retirement benefits in any
6	class of service may not receive distributions from other
7	classes of service until his effective date of retirement,
8	regardless of whether his benefits resulting from such other
9	classes of service are vested or he is eligible to receive an
10	annuity. A member with service credited in more than one class
11	of service may not separately vest those benefits and receive
12	annuities from different classes of service with different
13	<u>effective dates.</u>
14	Section 210. Sections 8308, 8310, 8321, 8322.1(a), 8323(a)
15	and (d), 8324(b), (c) and (d), 8325, 8325.1 and 8326(a) and (c)-
16	of Title 24 are amended to read:
ΤŪ	of fitte 21 die dichaed to fedd.
17	§ 8308. Eligibility for vesting.
17	§ 8308. Eligibility for vesting.
17 18	§ 8308. Eligibility for vesting. <u>(a) General rule. Any Class T C or Class T D member who</u>
17 18 19	<pre>§ 8308. Eligibility for vesting. <u>(a) General rule. Any Class T C or Class T D member who- terminates school service, or if a multiple service member and</u></pre>
17 18 19 20	§ 8308. Eligibility for vesting. <u>(a) General rule.</u> Any Class T C or Class T D member who- terminates school service, or if a multiple service member and <u>an active member of the State Employees Retirement System</u> ,
17 18 19 20 21	§ 8308. Eligibility for vesting. <u>(a) General rule.</u> Any Class T C or Class T D member who terminates school service, or if a multiple service member and <u>an active member of the State Employees Retirement System,</u> <u>terminates State service</u> , with five or more eligibility points
17 18 19 20 21 22	§ 8308. Eligibility for vesting. <u>(a) General rule.</u> Any Class T C or Class T D member who terminates school service, or if a multiple service member and <u>an active member of the State Employees Retirement System</u> , <u>terminates State service</u> , with five or more eligibility points shall be entitled to vest his retirement benefits until
17 18 19 20 21 22 23	§ 8308. Eligibility for vesting. (a) General rule. Any Class T C or Class T D member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement System, terminates State service, with five or more eligibility points shall be entitled to vest his retirement benefits until- attainment of superannuation age. Any Class T E or Class T F
17 18 19 20 21 22 23 24	<pre>\$ 8308. Eligibility for vesting. (a) General rule. Any Class T C or Class T D member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement System, terminates State service, with five or more eligibility points shall be entitled to vest his retirement benefits until attainment of superannuation age. Any Class T E or Class T F member who terminates school service, or if a multiple service</pre>
17 18 19 20 21 22 23 24 25	<pre>\$ 8308. Eligibility for vesting. (a) General rule. Any Class T C or Class T D member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement System, terminates State service, with five or more eligibility points shall be entitled to vest his retirement benefits until- attainment of superannuation age. Any Class T E or Class T F member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement</pre>
17 18 19 20 21 22 23 24 25 26	<pre>\$ 8308. Eligibility for vesting. <u>(a) General rule.</u> Any Class T C or Class T D member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement System, terminates State service, with five or more eligibility points shall be entitled to vest his retirement benefits until attainment of superannuation age. Any Class T E or Class T F member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement System, terminates State service, with ten or more eligibility</pre>
17 18 19 20 21 22 23 24 25 26 27	<pre>\$ 8308. Eligibility for vesting. (a) General rule. Any Class T C or Class T D member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement System, terminates State service, with five or more eligibility points shall be entitled to vest his retirement benefits until attainment of superannuation age. Any Class T E or Class T F member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement System, terminates State service, with ten or more eligibility points shall be entitled to vest his retirement benefits until</pre>
17 18 19 20 21 22 23 24 25 26 27 28	\$ 8308. Eligibility for vesting. (a) General rule. Any Class T C or Class T D member who terminates school service, or if a multiple service member and an active member of the State Employees Retirement System, terminates State service, with five or more eligibility points shall be entitled to vest his retirement benefits until attainment of superannuation age. Any Class T E or Class T F member and an active member of the State Employees Retirement System, terminates State service, with ten or more eligibility points shall be entitled to vest his retirement benefits until

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1	provided the balance of his members' savings account and cash
2	balance account exceeds the requirements of a de minimis account
3	under section 8349(d) (relating to payment of benefits).
4	(b) Multiple classes of service. A member with more than
5	one class of service who vests his retirement benefits in any
6	class of service may not receive distributions from other
7	classes of service until his effective date of retirement,
8	regardless of whether his benefits resulting from such other
9	classes of service are vested or he is eligible to receive an
10	annuity. A member with service credited in more than one class
11	of service may not separately vest those benefits and receive
12	annuities from different classes of service with different
13	effective dates.
14	§ 8310. Eligibility for refunds.
15	Upon termination of service any active member, regardless of
16	eligibility for benefits, may elect to receive his accumulated
17	deductions in lieu of any benefit <u>from the system</u> to which he is
18	entitled.
19	§ 8321. Regular member contributions and cash balance member
20	contributions for current service.
21	
	(a) GeneralRegular member contributions and cash balance
22	
22 23	(a) General. Regular member contributions and cash balance
	(a) GeneralRegular member contributions <u>and cash balance</u> <u>member contributions</u> shall be made to the fund on behalf of each-
23	(a) GeneralRegular member contributions <u>and cash balance</u> <u>member contributions</u> shall be made to the fund on behalf of each- active member for current service except for any period of
23 24	(a) GeneralRegular member contributions <u>and cash balance</u> <u>member contributions</u> shall be made to the fund on behalf of each active member for current service except for any period of current service in which the making of such contributions has
23 24 25	(a) GeneralRegular member contributions <u>and cash balance</u> <u>member contributions</u> shall be made to the fund on behalf of each active member for current service except for any period of current service in which the making of such contributions has ceased solely by reason of any provision of this part <u>limiting</u>
23 24 25 26	(a) GeneralRegular member contributions <u>and cash balance</u> <u>member contributions</u> shall be made to the fund on behalf of each active member for current service except for any period of- current service in which the making of such contributions has ceased solely by reason of any provision of this part <u>limiting</u> <u>such contributions, or</u> relating to the limitations under IRC §
23 24 25 26 27	(a) General. Regular member contributions <u>and cash balance</u> <u>member contributions</u> shall be made to the fund on behalf of each- active member for current service except for any period of- current service in which the making of such contributions has ceased solely by reason of any provision of this part <u>limiting</u> <u>such contributions, or</u> relating to the limitations under IRC § 401(a)(17) or 415(b).
23 24 25 26 27 28	 (a) General. Regular member contributions <u>and cash balance</u> <u>member contributions</u> shall be made to the fund on behalf of each- active member for current service except for any period of- current service in which the making of such contributions has- ceased solely by reason of any provision of this part <u>limiting</u> <u>such contributions</u>, or relating to the limitations under IRC § 401(a) (17) or 415(b). (b) Class T-E and Class T-F shared risk contributions.

duties of board), for the period ending June 30, 2014, and 1 2 every three years thereafter, the board shall compare the 3 actual investment rate of return, net of fees, to the annual interest rate adopted by the board for the calculation of the 4 normal contribution rate, based on the market value of 5 6 assets, for the prior ten year period. If the actual 7 investment rate of return, net of fees, is less than the 8 annual interest rate adopted by the board by an amount of 1%-9 or more, the shared risk contribution rate of Class T-D, T-Eand T-F members will increase by .5%. If the actual-10 11 investment rate of return, net of fees, is equal to or 12 exceeds the annual interest rate adopted by the board, the shared-risk contributions rate of Class T-D, T-E and T-F-13 14 members will decrease by .5%[.], provided the total member contribution rate on the date of the actuarial valuation is 15 above the member's total contribution rate in effect on the 16 effective date of this paragraph. If the actual investment 17 18 rate of return, net of fees, is more than the annual interest rate adopted by the board by an amount of 1% or more, the 19 shared risk contribution rate of Class T D, T E and T F 20 members will decrease by .5%. If the actual investment rate 21 of return, net of fees, is equal to or below the annual 22 23 interest rate adopted by the board, the shared risk 24 contribution rate of Class T D, T E and T F members will 25 increase by .5%, provided the total member contribution rate 26 on the date of the actuarial valuation is below the member's total contribution rate in effect on the effective date of 27 this paragraph. Class T-D, T-E and T-F members will-28 29 contribute at the total member contribution rate in effect 30 when they are hired. [The]

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1	(2) Notwithstanding paragraph (1), the total member-
2	contribution rate for Class <u>T-D and</u> T-E members <u>who are</u>
3	currently paying 7.5% on the effective date of this paragraph
4	shall not be less than [7.5%] <u>5.5%</u> , nor more than 9.5%. The
5	total member contribution rate for Class T-F members shall
6	not be less than [10.3%] <u>8.3%</u> , nor more than 12.3%. <u>The total</u>
7	member contribution rate for Class T-D members who are
8	currently paying 6.5% on the effective date of this paragraph
9	shall not be less than 4.5%, nor more than 8.5%.
10	(3) Notwithstanding this subsection, if the system's
11	actuarial funded status is 100% or more as of the date used-
12	for the comparison required under this subsection, as
13	determined in the current annual actuarial valuation, and the
14	total contribution rate of the member is above the basic
15	contribution rate, the shared-risk contribution rate shall be-
16	zero.
17	(4) In the event that the annual interest rate adopted
18	by the board for the calculation of the normal contribution
19	rate is changed during the period used to determine the
20	shared-risk contribution rate, the board, with the advice of
21	the actuary, shall determine the applicable rate during the
22	entire period, expressed as an annual rate.
23	<pre>[(1)] (5) Until the system has a ten year period of</pre>
24	investment rate of return experience following the effective
25	date of this subsection, the look-back period shall begin not-
26	earlier than the effective date of this subsection.
27	[(2)] <u>(6)</u> For any fiscal year in which the employer
28	contribution rate is lower than the final contribution rate
29	under section 8328(h) (relating to actuarial cost method),-
30	the total member contribution rate for Class <u>T-D</u> , T-E and T-F-
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1	members shall be prospectively reset to the basic-
2	contribution rate.
3	[(3)] (7) There shall be no increase in the member-
4	contribution rate if there has not been an equivalent
5	increase to the employer contribution rate over the previous
6	three year period.
7	§ 8322.1. Pickup contributions.
8	(a) Treatment for purposes of IRC § 414(h). All
9	contributions required to be made to the fund under sections
10	8321 (relating to regular member contributions for current
11	service) and 8322 (relating to joint coverage member-
12	contributions), with respect to current school service rendered
13	by an active member on or after January 1, 1983, shall be picked-
14	up by the employer and shall be treated as the employer's
15	contribution for purposes of IRC § 414(h).
16	* * *
17	§ 8323. Member contributions for creditable school service.
18	(a) Previous school service, sabbatical leave and full
19	coverageThe contributions to be paid by an active member or-
20	an eligible State employee for credit <u>in the system</u> for
21	reinstatement of all previously credited school service, school-
22	service not previously credited, sabbatical leave as if he had-
23	been in full-time daily attendance, or full-coverage membership-
24	shall be sufficient to provide an amount equal to the
25	accumulated deductions which would have been standing to the
26	credit of the member for such service had regular member-
27	contributions been made with full coverage at the rate of
28	contribution necessary to be credited as Class T-C service,-
29	Class T-D service if the member is a Class T-D member, Class T-E-
30	service if the member is a Class T-E member or Class T-F service-
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1 if the member is a Class T-F member and had such contributions
2 been credited with statutory interest during the period the
3 contributions would have been made and during all periods of
4 subsequent school service as an active member or inactive member
5 and State service <u>as an active member or inactive member on</u>

6 <u>leave without pay</u> up to the date of purchase.

7 <u>* * *</u>

8

(d) Certification and payment of contributions.--

9 (1) In all cases other than for the purchase of credit 10 for sabbatical leave and activated military service leavebeginning before the effective date of paragraph (2), the-11 12 amount payable shall be certified by the board in accordance 13 with methods approved by the actuary and may be paid in a 14 lump sum within 90 days or in the case of an active member or-15 an eligible State employee who is an active member of the-State Employees' Retirement System it may be amortized with 16 statutory interest through salary deductions to the system in-17 18 amounts agreed upon by the member and the board. The salary 19 deduction amortization plans agreed to by members and the-20 board may include a deferral of payment amounts and statutoryinterest until the termination of school service or State 21 service as the board in its sole discretion decides to allow. 22 23 The board may limit salary deduction amortization plans to 24 such terms as the board in its sole discretion determines. In-25 the case of an eligible State employee who is an active-26 member of the State Employees' Retirement System, the agreed 27 upon salary deductions shall be remitted to the State-Employees' Retirement Board, which shall certify and transfer-28 29 to the board the amounts paid. 30 (2) In the case of activated military service leave

(2) In the case of activated military service

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beginning before the effective date of this paragraph, the amount payable may be paid according to this subsection or subsection (c.1), but all lump sum payments must be made within one year of the termination of activated military service leave.

6 § 8324. Contributions for purchase of credit for creditable
7 nonschool service and noncreditable school service.
8 * * *

(b) Nonintervening military service. -- The amount due for the-9 10 purchase of credit for military service other than interveningmilitary service shall be determined by applying the member's 11 basic contribution rate plus the normal contribution rate as-12 13 provided in section 8328 (relating to actuarial cost method) at-14 the time of entry of the member into school service subsequent-15 to such military service to one third of his total compensation received during the first three years of such subsequent 16 credited school service and multiplying the product by the-17 18 number of years and fractional part of a year of creditable 19 nonintervening military service being purchased together with 20 statutory interest during all periods of subsequent school-21 service as an active member or inactive member and State service-22 as an active member or inactive member on leave without pay to-23 date of purchase. Upon certification of the amount due, payment-24 may be made in a lump sum within 90 days or in the case of an 25 active member or an eligible State employee who is an active-26 member of the State Employees' Retirement System it may beamortized with statutory interest through salary deductions to 27 28 the system in amounts agreed upon by the member and the board. 29 The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and 30

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statutory interest until the termination of school service or 1 State service or becoming a participant and a combined service 2 employee as the board in its sole discretion decides to allow. 3 The board may limit salary deduction amortization plans to such 4 terms as the board in its sole discretion determines. In the 5 case of an eligible State employee who is an active member of 6 7 the State Employees' Retirement System, the agreed upon salary-8 deductions shall be remitted to the State Employees' Retirement-Board, which shall certify and transfer to the board the amounts-9 paid. Application may be filed for all such military service-10 credit upon completion of three years of subsequent credited 11 school service and shall be credited as Class T C service. In-12 13 the event that a Class T-E member makes a purchase of credit for-14 such military service, then such service shall be credited as Class T-E service. In the event that a Class T-F member makes a-15 purchase of credit for such military service, then such service-16 shall be credited as Class T-F service. 17 18 (c) Intervening military service. -- Contributions on account-19 of credit for intervening military service shall be determined by the member's basic contribution rate and compensation at the-20 time of entry of the member into active military service, 21 together with statutory interest during all periods of-22 subsequent school service as an active member or inactive member-23 24 and State service as an active member or inactive member on 25 leave without pay to date of purchase. Upon application for such 26 credit the amount due shall be certified in the case of eachmember by the board, in accordance with methods approved by the-27 28 actuary, and contributions may be made by one of the following-29 methods: (1) Regular monthly payments during active military-30

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1 service.

2	(2)	A lump	sum	pavment	within	90	davs	of	-certification-
_	(-)			1					
3	of the a	mount di	le.						

(3) Salary deductions to the system in amounts agreed 4 upon by the member and the board. The salary deduction 5 amortization plans agreed to by the members and the board may-6 include a deferral of payment amounts and statutory interest 7 8 until the termination of school service or State service or 9 becoming a participant and a combined service employee as the board in its sole discretion decides to allow. The board may 10 limit salary deduction amortization plans to such terms as 11 the board in its sole discretion determines. In the case of 12 13 an eligible State employee who is an active member of the-State Employees' Retirement System, the agreed upon salary 14 15 deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the 16 board the amounts paid. 17 18 (d) Other creditable nonschool service and noncreditable 19 school service .---20 (1) Contributions on account of Class T C credit for creditable nonschool service other than military service-21 22 shall be determined by applying the member's basiccontribution rate plus the normal contribution rate as-23 24 provided in section 8328 at the time of the member's entry-25 into school service subsequent to such creditable nonschool 26 service to his total compensation received during the firstyear of subsequent credited school service and multiplying 27 28 the product by the number of years and fractional part of a 29 year of creditable nonschool service being purchased together 30 with statutory interest during all periods of subsequent-

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1 school service as an active member or inactive member or State service as an active member or inactive member on leave 2 3 without pay to the date of purchase, except that in the case of purchase of credit for creditable nonschool service as set 4 5 forth in section 8304(b)(5) (relating to creditable nonschoolservice) the member shall pay only the employee's share-6 7 unless otherwise provided by law. Upon certification of the 8 amount due, payment may be made in a lump sum within 90 days 9 or in the case of an active member or an eligible State-10 employee who is an active member of the State Employees' Retirement System it may be amortized with statutory interest-11 12 through salary deductions to the system in amounts agreed 13 upon by the member and the board. The salary deduction 14 amortization plans agreed to by the members and the board may-15 include a deferral of payment amounts and statutory interest until the termination of school service or State service or 16 becoming a participant and a combined service employee as the-17 18 board in its sole discretion decides to allow. The board may 19 limit salary deduction amortization plans to such terms as 20 the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the-21 22 State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' 23 24 Retirement Board, which shall certify and transfer to the 25 board the amounts paid. (2) Contributions on account of Class T E or Class T F 26 27 credit for creditable nonschool service other than military service shall be the present value of the full actuarial cost-28 29 of the increase in the projected superannuation annuity caused by the additional service credited on account of the 30 20150SB1071PN1913 - 55 -

1 purchase. Upon certification of the amount due, payment may be made in a lump sum within 90 days or, in the case of an-2 3 active member or an eligible State employee who is an activemember of the State Employees' Retirement System, it may be-4 5 amortized with statutory interest through salary deductions-6 to the system in amounts agreed upon by the member and the 7 board. The salary deduction amortization plans agreed to by 8 the members and the board may include a deferral of payment-9 amounts and statutory interest until the termination of 10 school service or State service or becoming a participant and combined service employee as the board in its sole discretion-11 decides to allow. The board may limit salary deduction 12 13 amortization plans to the terms as the board in its sole-14 discretion determines. In the case of an eligible State-15 employee who is an active member of the State Employees' 16 Retirement System, the agreed upon salary deductions shall beremitted to the State Employees' Retirement Board, which 17 18 shall certify and transfer to the board the amounts paid. 19 (3) Contributions on account of Class T-E or Class T-F-20 credit for noncreditable school service other than military service shall be the present value of the full actuarial cost-21 22 of the increase in the projected superannuation annuity-23 caused by the additional service credited on account of the 24 purchase. Upon certification of the amount due, payment may 25 be made in a lump sum within 90 days or, in the case of an-26 active member or an eligible State employee who is an active-27 member of the State Employees' Retirement System, it may be 28 amortized with statutory interest through salary deductions-29 to the system in amounts agreed upon by the member and the 30 board. The salary deduction amortization plans agreed to by

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1 the members and the board may include a deferral of paymentamounts and statutory interest until the termination of 2 3 school service or State service or becoming a participant and combined service employee as the board in its sole discretion-4 decides to allow. The board may limit salary deduction 5 amortization plans to the terms as the board in its sole-6 discretion determines. In the case of an eligible State 7 8 employee who is an active member of the State Employees' 9 Retirement System, the agreed upon salary deductions shall beremitted to the State Employees' Retirement Board, which-10 11 shall certify and transfer to the board the amounts paid. * * * 12 13 § 8325. Incomplete payments. 14 (a) Right to pay balance due. In the event that a memberterminates school service or becomes a participant or a multiple-15 service member who is an active member of the State Employees' 16 Retirement System terminates State service before any agreed 17 18 upon payments, including USERRA leave, or return of benefits on-19 account of returning to school service or entering State service-20 and electing multiple service have been completed, the member or multiple service member who is an active member of the State-21 Employees' Retirement System shall have the right to pay within-22 23 30 days of termination of school service or State service or 24 becoming a participant the balance due, including interest, in a 25 lump sum, and the annuity shall be calculated including full-26 credit for the previous school service, creditable nonschool 27 service, or full-coverage membership. 28 (b) Effect of failure to pay balance due. In the event a 29 member does not pay the balance due within 30 days of

30 termination of school service or becoming a participant or in-

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1	the event a member dies in school service or within 30 days of
2	termination of school service or in the case of a multiple-
3	service member who is an active member of the State Employees'
4	Retirement System does not pay the balance due within 30 days of
5	termination of State service or dies in State service or within
6	30 days of termination of State service or becoming a
7	participant and before the agreed upon payments have been
8	completed, the present value of the benefit otherwise payable
9	shall be reduced by the balance due, including interest, and the
10	benefit payable shall be calculated as the actuarial equivalent
11	of such reduced present value.
12	§ 8325.1. Annual compensation limit under IRC § 401(a)(17).
13	(a) General ruleIn addition to other applicable-
14	limitations set forth in this part, and notwithstanding any-
15	provision of this part to the contrary, the annual compensation
16	of each noneligible member and each participant taken into-
17	account for benefit purposes under this subchapter shall not-
18	exceed the limitation under IRC § 401(a)(17). On and after July-
19	1, 1996, any reference in this part to the limitation under IRC-
20	§ 401(a)(17) shall mean the Omnibus Budget Reconciliation Act of
21	1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual -
22	compensation limit set forth in this subsection. The OBRA '93-
23	annual compensation limit is \$150,000, as adjusted by the-
24	commissioner for increases in the cost of living in accordance-
25	with IRC § 401(a)(17)(B). The cost-of-living adjustment in-
26	effect for a calendar year applies to any determination period-
27	which is a period, not exceeding 12 months, over which
28	compensation is determined, beginning in such calendar year. If
29	a determination period consists of fewer than 12 months, the-
30	OBRA '93 compensation limit will be multiplied by a fraction,
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1	the numerator of which is the number of months in the
2	determination period and the denominator of which is 12.
3	* * *
4	§ 8326. Contributions by the Commonwealth.
5	(a) Contributions on behalf of active members and
6	participants. The Commonwealth shall make contributions into
7	the fund on behalf of all active members and participants,
8	including members and participants on activated military service
9	leave, in an amount equal to one-half the amount certified by-
10	the board as necessary to provide, together with the members'
11	contributions, annuity reserves on account of prospective-
12	annuities as provided in this part in accordance with section
13	8328 (relating to actuarial cost method). In case a school-
14	employee has elected membership in a retirement program approved
15	by the employer, the Commonwealth shall contribute to such-
16	program on account of his membership an amount no greater than
17	the amount it would have contributed had the employee been a
18	member of the Public School Employees' Retirement System.
19	* * *
20	(c) Contributions after June 30, 1995
21	(1) The Commonwealth shall make contributions into the
22	fund on behalf of all active members and participants,
23	including members on activated military service leave, for
24	service performed after June 30, 1995, in the following
25	manner:
26	(i) For members and participants who are employees
27	of employers that are school entities, no Commonwealth-
28	contributions shall be made.
29	(ii) For members and participants who are employees
30	of employers that are not school entities, the amount-

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1	computed under subsection (a).
2	(2) The Commonwealth shall make contributions into the
3	fund on behalf of annuitants for all amounts due to the fund-
4	after June 30, 1995, including, but not limited to, amounts
5	due pursuant to section 8328(d) and (f), in the following-
6	manner:
7	(i) For members and participants who are employees
8	of employers who are school entities, no Commonwealth
9	contributions shall be made.
10	(ii) For members <u>and participants</u> who are employees
11	of employers who are not school entities, the amount-
12	computed under subsection (b).
13	* * *
14	Section 211. Section 8327(a), (b) and (c) of Title 24 are
15	amended and the section is amended by adding subsections to
16	read:
. –	§ 8327. Payments by employers.
17	
17	(a) General rule [Each]
	(a) General rule. [Each] (1) For payments before June 30, 2016, each employer,
18	
18 19	(1) For payments before June 30, 2016, each employer,
18 19 20	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the
18 19 20 21	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the Department of Education, State-owned colleges and
18 19 20 21 22	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the Department of Education, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western
18 19 20 21 22 23	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the Department of Education, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf, Scotland School for
18 19 20 21 22 23 24	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the Department of Education, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf, Scotland School for Veterans' Children[,] and [the] <u>The</u> Pennsylvania State
18 19 20 21 22 23 24 25	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the Department of Education, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf, Scotland School for Veterans' Children[,] and [the] <u>The</u> Pennsylvania State University, shall make payments to the fund each quarter in-
18 19 20 21 22 23 24 25 26	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the Department of Education, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf, Scotland School for Veterans' Children[,] and [the] <u>The</u> Pennsylvania State University, shall make payments to the fund each quarter in an amount equal to one half the sum of the percentages, as
18 19 20 21 22 23 24 25 26 27	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the Department of Education, State owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf, Scotland School for Veterans' Children[,] and [the] <u>The</u> Pennsylvania State University, shall make payments to the fund each quarter in an amount equal to one half the sum of the percentages, as determined under section 8328 (relating to actuarial cost
18 19 20 21 22 23 24 25 26 27 28	(1) For payments before June 30, 2016, each employer, including the Commonwealth as employer of employees of the Department of Education, State owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf, Scotland School for Veterans' Children[,] and [the] <u>The</u> Pennsylvania State University, shall make payments to the fund each quarter in an amount equal to one half the sum of the percentages, as determined under section 8328 (relating to actuarial cost method), applied to the total compensation during the pay

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1	members on activated military service leave. In the event a
2	member on activated military service leave does not return to-
3	service for the necessary time or receives an undesirable,
4	bad conduct or dishonorable discharge or does not elect to
5	receive credit for activated military service under section-
6	8302(b.1)(3) (relating to credited school service), the
7	contributions made by the employer on behalf of such member-
8	shall be returned with valuation interest upon application by
9	the employer.
10	(2) For payments after June 30, 2016, each employer,
11	including the Commonwealth as employer of employees of the
12	Department of Education, State owned colleges and
13	universities, Thaddeus Stevens College of Technology, Western
14	Pennsylvania School for the Deaf, Scotland School for
15	Veterans' Children and The Pennsylvania State University,
16	shall make payments to the fund each quarter in an amount
17	equal to one-half the sum of the percentages, as determined
18	under section 8328, applied to the total compensation during
19	the pay periods in the preceding quarter of all its employees
20	who were members of the system during such period, including
21	members on activated military service leave or USERRA leave,
22	plus the accrued liability contribution rate applied to the
23	total compensation of all active participants in the plan. In
24	the event a member on activated military service leave or
25	<u>USERRA leave does not return to service for the necessary</u>
26	time or receives an undesirable, bad conduct or dishonorable
27	discharge or does not elect to receive credit for activated
28	military service under section 8302(b.1)(3), the
29	contributions made by the employer on behalf of such member
30	shall be returned with valuation interest upon application by
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1 <u>the employer.</u>

2

(b) Deduction from appropriations.

3 (1) To facilitate the payment of amounts due from any employer to the fund and the trust through the State 4 5 Treasurer and to permit the exchange of credits between the State Treasurer and any employer, the Secretary of Education-6 7 and the State Treasurer shall cause to be deducted and paid 8 into the fund and the trust from the amount of any moneys due-9 to any employer on account of any appropriation for schools 10 or other purposes amounts equal to the employer and pickup-11 contributions which an employer is required to pay to the 12 fund and the trust, as certified by the board, and as remainsunpaid on the date such appropriations would otherwise be-13 14 paid to the employer. Such amount shall be credited to the 15 appropriate accounts in the fund and the trust.

(2) To facilitate the payments of amounts due from any 16 17 charter school, as defined in Article XVII-A of the act of 18 March 10, 1949 (P.L.30, No.14), known as the Public School 19 Code of 1949, to the fund and the trust through the State-20 Treasurer and to permit the exchange of credits between the 21 State Treasurer and any employer, the Secretary of Education-22 and the State Treasurer shall cause to be deducted and paid 23 into the fund and the trust from any funds appropriated to-24 the Department of Education for basic education of the 25 chartering school district of a charter school and public-26 school employees' retirement contributions amounts equal to 27 the employer and pickup contributions which a charter school-28 is required to pay to the fund and the trust, as certified by-29 the board, and as remains unpaid on the date such 30 appropriations would otherwise be paid to the chartering-

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1 school district or charter school. Such amounts shall be 2 credited to the appropriate accounts in the fund and the 3 trust. Any reduction in payments to a chartering school district made pursuant to this section shall be deducted from-4 5 the amount due to the charter school district pursuant to the Public School Code of 1949. 6 (c) Payments by employers after June 30, 1995, and before 7 8 July 1, 2016. After June 30, 1995, and before July 1, 2016, each employer, including the Commonwealth as employer of 9 10 employees of the Department of Education, State-owned collegesand universities, Thaddeus Stevens College of Technology, 11 12 Western Pennsylvania School for the Deaf, Scotland School for 13 Veterans' Children and The Pennsylvania State University, shall 14 make payments to the fund and the trust each quarter in an-15 amount computed in the following manner: (1) For an employer that is a school entity, the amount-16 17 shall be the sum of the percentages as determined under-18 section 8328 applied to the total compensation during the pay-19 periods in the preceding quarter of all employees who were-20 active members of the system or active participants of the 21 plan during such period, including members or active 22 participants on activated military service leave. In the 23 event a member on activated military service leave does not-24 return to service for the necessary time or receives an-25 undesirable, bad conduct or dishonorable discharge or does not elect to receive credit for activated military service-26 27 under section 8302 (b.1) (3), the contribution made by the employer on behalf of such member shall be returned with 28 29 valuation interest upon application by the employer. 30 (2) For an employer that is not a school entity, the

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1 amount computed under subsection (a).

2	(3) For any employer, whether or not a school entity, in
3	computing the amount of payment due each quarter, there shall-
4	be excluded from the total compensation referred to in this
5	subsection and subsection (a) any amount of compensation of a
6	noneligible member on the basis of which member or
7	participant contributions have not been made by reason of the
8	limitation under IRC § 401(a)(17), except as otherwise
9	provided in this part. Any amount of contribution to the fund
10	or trust paid by the employer on behalf of a noneligible
11	member or participant on the basis of compensation which was
12	subject to exclusion from total compensation in accordance
13	with the provisions of this paragraph shall, upon the board's-
14	determination or upon application by the employer, be-
15	returned to the employer with valuation interest.
16	(d) Payments by employers after June 30, 2016. After June
17	30, 2016, each employer, including the Commonwealth as employer
18	of employees of the Department of Education, State-owned
19	colleges and universities, Thaddeus Stevens College of
20	Technology, Western Pennsylvania School for the Deaf, Scotland
21	School for Veterans' Children and The Pennsylvania State
22	University, shall make payments to the fund and the trust each
23	quarter in an amount computed in the following manner:
24	(1) For an employer that is a school entity, the amount
25	shall be the sum of the percentages as determined under
26	section 8328 applied to the total compensation during the pay
27	periods in the preceding quarter of all employees who were
28	active members of the system during such period, including
29	members on activated military service leave and USERRA leave,
30	plus the accrued liability contribution rate applied to the

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1	total compensation of all active participants in the plan. In
2	the event a member on activated military service leave or
3	USERRA leave does not return to service for the necessary
4	time or receives an undesirable, bad conduct or dishonorable
5	discharge or does not elect to receive credit for activated
6	<u>military service under section 8302(b.1)(3) or 8302(d), the</u>
7	contribution made by the employer on behalf of such member
8	shall be returned with valuation interest upon application by
9	the employer.
10	(2) For an employer that is not a school entity, the
11	amount computed under subsection (a).
12	(3) For any employer, whether or not a school entity, in
13	computing the amount of payment due each quarter, there shall
14	be excluded from the total compensation referred to in this
15	subsection and subsection (a) any amount of compensation of a
16	noneligible member or participant on the basis of which
17	member or participant contributions have not been made by
18	<u>reason of the limitation under IRC § 401(a)(17). Any amount</u>
19	of contribution to the fund paid by the employer on behalf of
20	<u>a noneligible member or participant on the basis of</u>
21	compensation which was subject to exclusion from total
22	compensation in accordance with the provisions of this
23	paragraph shall, upon the board's determination or upon
24	application by the employer, be returned to the employer with
25	valuation interest.
26	(e) Deemed agreed to. The agreement of an employer listed
27	in the definition of school employee under section 8102
28	<u>(relating to definitions) or any other law to make contributions</u>
29	to the fund or to enroll its employees as members in the system
30	shall be deemed to be an agreement to make contributions to the

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3 shall pick up the required mandatory participant contributions

4 by a reduction in the compensation of the participant.

5 (q) Contributions resulting from members reemployed from

6 USERRA leave. -- When a school employee reemployed from USERRA

7 <u>leave makes the member contributions required to be granted</u>

8 school service credit for the USERRA leave after June 30, 2016,__

9 either by actual payment or by actuarial debt under section 8325

10 (relating to incomplete payments), the employer that employed

11 the school employee when the member contributions are made or

12 the last employer before termination in the case of payment_

13 <u>under section 8325 shall make the employer contributions that</u>

14 would have been made under this section if the employee making_

15 the member contributions after he is reemployed from USERRA_

16 leave continued to be employed in his school office or position

17 instead of performing USERRA leave.

18 Section 212. Section 8328(a), (b), (c) (4) and (g) are-

19 amended and subsections (c) and (g) are amended by adding-

20 paragraphs to read:

21 § 8328. Actuarial cost method.

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

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the normal contribution rate as defined in subsection (b), the accrued liability contribution rate as defined in subsection (c) and the supplemental annuity contribution rate as defined in subsection (d). Beginning July 1, 2004, the actuarially required contribution rate shall be modified by the experience adjustment factors as calculated in subsection (e).

7 (b) Normal contribution rate.--[The]

8 (1) For the fiscal year ending on or before June 30, 9 2015, the normal contribution rate shall be determined after each actuarial valuation. Until all accrued liability 10 contributions have been completed, the normal contribution-11 12 rate shall be determined, on the basis of an annual interest 13 rate and such mortality and other tables as shall be adopted by the board in accordance with generally accepted actuarial-14 15 principles, as a level percentage of the compensation of the 16 average new active member, which percentage, if contributed on the basis of his prospective compensation through the-17 18 entire period of active school service, would be sufficient

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19 to fund the liability for any prospective benefit payable to20 him, in excess of that portion funded by his prospective

21 member contributions, excluding the shared-risk-

22 contributions.

23 <u>(2) For fiscal years beginning on or after July 1, 2016,</u>
 24 <u>the normal contribution rate shall be determined after each</u>

25 <u>actuarial valuation. Until all accrued liability</u>

26 <u>contributions have been completed, the normal contribution</u>

27 <u>rate shall be determined, on the basis of an annual interest</u>

28 <u>rate and such mortality and other tables as shall be adopted</u>

29 by the board in accordance with generally accepted actuarial

30 <u>principles, as a level percentage of the compensation of all</u>

1	active members, which percentage, if contributed on the basis
2	of the member's prospective compensation through the entire
3	period of active school service, would be sufficient to fund
4	the liability for any prospective benefit payable to him, in
5	excess of that portion funded by his prospective member
6	contributions, excluding the shared risk contributions.
7	(c) Accrued liability contribution rate
8	* * *
9	(4) For the fiscal year beginning July 1, 2011, the
10	accrued liability contribution rate shall be computed as the
11	rate of total compensation of all active members which shall-
12	be certified by the actuary as sufficient to fund as a level-
13	percentage of compensation over a period of 24 years from-
14	July 1, 2011, the present value of the liabilities for all-
15	prospective benefits calculated as of June 30, 2010,
16	including the supplemental benefits as provided in sections
17	8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and
18	8348.7, in excess of the actuarially calculated assets in the
19	fund (calculated recognizing all realized and unrealized
20	investment gains and losses each year in level annual
21	installments over a ten year period). In the event that the
22	accrued liability is increased by legislation enacted
23	subsequent to June 30, 2010, as a result of an increase in
24	benefits determined on a total plan basis, such additional
25	liability shall be funded as a level percentage of
26	compensation over a period of ten years from the July 1-
27	second succeeding the date such legislation is enacted.
28	(5) For the actuarial valuation for the fiscal years
29	ending on or after June 30, 2017, the actuarially calculated
30	assets in the fund determined in accordance with paragraph
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than <u>70% and no more</u> 1 130% of (4) shall be no less thanmarket 2 value. * * * 3 (q) Temporary application of collared contribution rate. 4 5 (1) The collared contribution rate for each fiscal year shall be determined by comparing the actuarially required 6 contribution rate, calculated without regard for the costs-7 8 added by legislation, to the prior year's final contribution 9 rate. 10 (2) If, for any of the fiscal years beginning July 1, 2011, July 1, 2012, and on or after July 1, 2013, the 11 actuarially required contribution rate, calculated without 12 13 regard for the costs added by legislation, is more than 3%, 3.5% and 4.5%, respectively, of the total compensation of all 14 15 active members greater than the prior year's finalcontribution rate, then the collared contribution rate shall 16 be applied and be equal to the prior year's final 17 18 contribution rate increased by 3%, 3.5% and 4.5%, 19 respectively, of total compensation of all active members. 20 Otherwise, and for all other fiscal years, the collared contribution rate shall not be applicable. In no case shall 21 22 the collared contribution rate be less than 4% of the total 23 compensation of all active members. 24 (3) For purposes of applying the collared contribution 25 rate, compensation for determining the normal contribution 26 rate and the accrued liability contribution rate shall bedefined as the total compensation of all active members and 27 active participants. 28 * * * 29 Section 213. Section 8330 of Title 24 is amended to read: 30

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1 § 8330. Appropriations by the Commonwealth.

2 (a) Annual submission of budget. The board shall prepare 3 and through the Governor submit annually to the General Assembly an itemized budget consisting of the amounts necessary to be-4 appropriated by the Commonwealth out of the General Fund-5 required to meet the separate obligations to the fund and the 6 7 trust accruing during the fiscal period beginning July 1 of the 8 following year. 9 (b) Appropriation and payment. -- The General Assembly shall-10 make an appropriation sufficient to provide for the separate obligations of the Commonwealth to the fund and the trust. Such 11 amount shall be paid by the State Treasurer through the-12 13 Department of Revenue into the fund or the trust, as the case may be, within 30 days of receipt of the requisition presented 14 15 each quarter by the board. Section 214. Title 24 is amended by adding a section to-16 17 read: 18 § 8331. Employer funding mandate protection. 19 (a) Limited expansion of contractual right to funding.--Beginning on the July 1 after the actuarial valuation in which 20 the actuary certifies that final contribution rate is the 21 actuarially required contribution, each active member shall have 22 23 a contractual right to the timely payment of the annual 24 actuarially required contributions pursuant to section 8328 25 (relating to actuarial cost method) and section 8502 (k) 26 (relating to administrative duties of the board) by such member's employer. The following apply: 27 28 (1) The failure of a member's employer to make the 29 annually required contribution to the fund will be deemed to be an impairment of the contractual right of such member. 30

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1	(2) Any claim of contract impairment shall be brought
2	against the employer of the member for whom contributions
3	were not paid and neither the board nor the system or their
4	employees or agents shall be a defendant in any such action
5	or liable for any payments or damages arising from such
6	impairment.
7	(b) Jurisdiction of Supreme CourtNotwithstanding 2
8	Pa.C.S. (relating to administrative law and procedure), 42_
9	Pa.C.S. (relating to judiciary and judicial procedure) or any
10	other provision of law, the Pennsylvania Supreme Court shall
11	have exclusive jurisdiction to do as follows:
12	(1) hear any claim of contract impairment for failure to
13	pay certified contributions;
14	(2) render a declaratory judgment or take such other
15	action as it deems appropriate, consistent with the Supreme
16	Court retaining jurisdiction over such matter; and
17	(3) to find facts or to expedite a final judgment in
18	connection with such a challenge or request for declaratory
19	<u>relief.</u>
20	(c) Sovereign immunity waived. Sovereign immunity is hereby
21	waived, and the provisions of 42 Pa.C.S. Ch. 85 (relating to
22	matters affecting government units) or lack of jurisdiction by
23	the Supreme Court shall not be raised as a defense against a
24	claim brought against an employer under this section.
25	(d) Attorney's fees A member who prevails in a claim
26	brought under this part may be awarded reasonable attorney's
27	fees.
28	(e) Limitation of contract right Nothing in this section
29	shall be construed to create a contract right or claim of
30	contract impairment in any member as to any benefit formula,
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1	benefit payment option, or any other provision of this part
2	other than the funding mandate of the member's employer, or to
3	change the jurisdiction of the board or the courts regarding any
4	claim other than for payment of the annual actuarially required
5	contributions.
6	(f) Employer contributions. Nothing in this section shall
7	be construed to supersede or conflict with the rights and
8	obligations set forth in section 8330 (relating to
9	appropriations by the Commonwealth).
10	(g) Board action. The board is authorized but not required
11	to bring an action under this section on behalf of itself or any
12	member; and if the board prevails, it may be awarded reasonable
13	<u>attorney's fees.</u>
14	Section 215. Sections 8341 and 8342 of Title 24 are amended
15	to read:
16	§ 8341. Return of accumulated deductions.
17	Any member upon termination of service may, in lieu of all
18	benefits payable from the system under this chapter to which he
19	may be entitled, elect to receive his accumulated deductions.
20	§ 8342. Maximum single life annuity.
21	(a) General rule Upon termination of service, any full-
22	coverage member who is eligible to receive an annuity pursuant
23	to the provisions of section 8307(a) or (b) (relating to-
24	eligibility for annuities) and has made an application in
25	accordance with the provisions of section 8507(f) (relating to
26	rights and duties of school employees [and members], members and
27	participants) shall be entitled to receive a maximum single life
28	annuity attributable to his credited service and equal to the
29	sum of the following single life annuities beginning at the
30	effective date of retirement and, in case the member on the
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effective date of retirement is under superannuation age, 1 multiplied by a reduction factor calculated to provide benefits-2 3 actuarially equivalent to an annuity starting at superannuationage: Provided however, That on or after July 1, 1976, in the-4 5 case of any member who has attained age 55 and has 25 or more eligibility points such sum of single life annuities shall be 6 7 reduced by a percentage determined by multiplying the number of 8 months, including a fraction of a month as a full month, by-9 which the effective date of retirement precedes superannuation 10 age by 1/4%: Further provided, In no event shall a Class T-E or-Class T-F member receive an annual benefit, calculated as of the 11 12 effective date of retirement, greater than the member's final 13 average salary: 14 (1) A [standard single life annuity multiplied by the] 15 single life annuity that is the sum of annuities determined separately for each class of service [multiplier], and 16 calculated on the basis of the number of years of credited 17 18 school service other than concurrent service. 19 (2) A standard single life annuity multiplied by the 20 class of service multiplier and calculated on the basis of-21 the number of years of concurrent service other than service 22 credited as a member of Class T-I and multiplied by the ratio-23 of total compensation received in the school system other_ 24 than service credited as a member of Class T I or State 25 service as a member of Class TBD during the period of 26 concurrent service to the total compensation received during-27 such period. 28 (3) A supplemental annuity such that the total annuity 29 prior to any optional modification or any reduction due to-30 retirement prior to superannuation age shall be at least \$100-

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- 1 for each full year of credited service. (4) A standard single life annuity based on monies 2 credited to a Class T-I member, as provided in this part. 3 (5) If applicable, a standard single life annuity based 4 on monies credited in the member's cash balance account, as 5 6 provided in this part. (b) Present value of annuity. -- The present value of the-7 maximum single life annuity as calculated in accordance with 8 subsection (a) shall be determined, for all classes other than 9 <u>Class T-I, by multiplying the maximum single life annuity by the</u> 10 cost of a dollar annuity on the effective date of retirement. 11 Such present value for all classes shall be decreased only as 12 13 specifically provided in this part. (c) Limitation regarding annual benefit under IRC §-14 15 415 (b). Notwithstanding any provision of this part to the contrary, no benefit shall be payable to the extent that such 16 benefit exceeds any limitation under IRC § 415(b) in effect with-17 18 respect to governmental plans, as such term is defined in IRC §-19 414(d), on the date the benefit payment becomes effective. (d) Coordination of benefits. The determination and payment 20 of the maximum single life annuity under this section shall be 21 22 in addition to any payments a combined service employee may be 23 entitled to receive, has received or is receiving as a result of 24 being a participant in the plan. 25 Section 216. Section 8344(a) and (b) of Title 24 are amended and the section is amended by adding a subsection to read: 26 § 8344. Disability annuities. 27 28 (a) Amount of annuity. -- A member other than a member of_ 29 <u>Class T-I</u> who has made application for a disability annuity as provided in section 8507(k) (relating to rights and duties of 30
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school employees [and members], members and participants) and 1 2 has been found to be eligible in accordance with the provisions-3 of sections 8307(c) (relating to eligibility for annuities) and 8505(c)(1) (relating to duties of board regarding applications-4 and elections of members) shall receive a disability annuity 5 payable from the effective date of disability and continued 6 7 until a subsequent determination by the board that the annuitant-8 is no longer entitled to a disability annuity. The disability annuity shall be a single life annuity that is equal to a sum of 9 10 the standard single life [annuity] annuities determined_ separately for each class of service if the total number of-11 12 years of credited service is greater than 16.667, otherwise-13 [the] each standard single life annuity shall be multiplied by-14 the lesser of the following ratios: 15 <u>Y*/Y or 16.667/Y</u> 16 where Y = total number of years of credited service and Y* = total years of credited service if the member were to continue-17 18 as a school employee until attaining superannuation age, or if 19 the member has attained superannuation age then the number of years of credited service. In no event shall the disability 20 annuity plus any cost-of-living increases be less than \$100 for-21 each full year of credited service. The member shall be entitled 22 23 to the election of a joint and survivor annuity on that portion-24 of the disability annuity to which he is entitled under section-25 8342 (relating to maximum single life annuity). 26 (b) Reduction on account of earned income. Payments on account of disability shall be reduced by that amount by which-27 28 the earned income of the annuitant, as reported in accordance 29 with section 8508(b) (relating to rights and duties ofannuitants) for the preceding year together with the disability-30 20150SB1071PN1913 - 75 -

1	annuity payments for the year, exceeds the greater of \$5,000 or-
2	the last year's salary of the annuitant as a [school employee]
3	member of the system, provided that the annuitant shall not
4	receive less than his member's annuity or the amount to which he
5	may be entitled under section 8342, whichever is greater.
6	* * *
7	(f) Coordination of benefits The determination and payment
8	of a disability annuity under this section shall be in addition
9	to any payments a Class T-I member is entitled to receive, or to
10	any payments a combined service employee may be entitled to
11	receive, has received or is receiving as a result of being a
12	participant in the plan.
13	Section 217. Section 8345(a)(4)(iii), 8346(a), (a.1), (b),
14	(b.1), (c) and (d)(1), 8347 and 8349 of Title 24 are amended to-
15	read:
16	§ 8345. Member's options.
17	(a) General ruleAny Class T-C or Class T-D member who is-
18	a vestee with five or more eligibility points, any Class T-E or-
19	Class T-F member who is a vestee with ten or more eligibility
20	points, or any [other] eligible member upon termination of
21	school service [who has not withdrawn his accumulated deductions
22	as provided in section 8341 (relating to return of accumulated
23	deductions)] who is eligible to receive an annuity, may apply
24	for and elect to receive either a maximum single life annuity,
25	as calculated in accordance with the provisions of section 8342-
26	(relating to maximum single life annuity), or a reduced annuity-
27	certified by the actuary to be actuarially equivalent to the-
28	maximum single life annuity and in accordance with one of the
29	following options, except that no member shall elect an annuity-
30	payable to one or more survivor annuitants other than his spouse
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1	or alternate payee of such a magnitude that the present value of
2	the annuity payable to him for life plus any lump sum payment he
3	may have elected to receive is less than 50% of the present-
4	value of his maximum single life annuity. In no event shall a
5	Class T-E or Class T-F member receive an annual benefit,
6	calculated as of the effective date of retirement, greater than-
7	the member's final average salary.
8	* * *
9	(4) Option 4 Some other benefit which shall be
10	certified by the actuary to be actuarially equivalent to the
11	maximum single life annuity, subject to the following
12	restrictions:
13	* * *
14	(iii) A portion of the benefit may be payable as a
15	lump sum, except that such lump sum payment shall not-
16	exceed an amount equal to the accumulated deductions
17	standing to the credit of the member. The balance of the-
18	present value of the maximum single life annuity adjusted
19	in accordance with section 8342(b) shall be paid in the
20	form of an annuity with a guaranteed total payment, a
21	single life annuity, or a joint and survivor annuity or
22	any combination thereof but subject to the restrictions
23	of subparagraphs (i) and (ii) of this paragraph. This-
24	subparagraph shall not apply to a Class T-E or Class T-F
25	member. For purposes of this subparagraph, the term
26	<u>"actuarially equivalent," as applied to any lump sum</u>
27	withdrawal attributable to contributions credited to the
28	member's savings account of Class T-C and Class T-D_
29	members on or after July 1, 2016, together with all
30	interest thereon, shall mean equal present values,

1	computed on the basis of the interest rate and such
2	mortality and other tables as adopted by the board
3	pursuant to section 8328(b) (relating to actuarial cost
4	method) in effect on the effective date of retirement of
5	the member. Any partial lump sum withdrawal shall be
6	applied first to contributions and interest credited to
7	the member's savings account before July 1, 2016.
8	<u>* * *</u>
9	§ 8346. Termination of annuities.
10	(a) General rule. If an annuitant returns to school service-
11	or enters or has entered State service and elects multiple
12	service membership, any annuity payable to him under this part-
13	shall cease effective upon the date of his return to school-
14	service or entering State service without regard to whether he
15	is a mandatory, optional or prohibited member of the system or
16	participant in the plan or, if a multiple service member,
17	whether he is a mandatory, optional or prohibited member or
18	<u>participant of the State Employee's Retirement System or State</u>
19	Employee's Defined Contribution Plan and in the case of an
20	annuity other than a disability annuity the present value of
21	such annuity, adjusted for full coverage in the case of a joint
22	coverage member who makes the appropriate back contributions for
23	full coverage, shall be frozen as of the date such annuity
24	ceases. An annuitant who is credited with an additional 10% of
25	membership service as provided in section 8302(b.2) (relating to
26	credited school service) and who returns to school service,
27	except as provided in subsection (b), shall forfeit such
28	credited service and shall have his frozen present value
29	adjusted as if his 10% retirement incentive had not been applied
30	to his account. In the event that the cost-of-living increase

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enacted December 18, 1979, occurred during the period of such
 State or school employment, the frozen present value shall be
 increased, on or after the member attains superannuation age, by
 the percent applicable had he not returned to service.

(a.1) Return of benefits. -- In the event an annuitant whose 5 6 annuity from the system ceases pursuant to this section receives any annuity payment, including a lump sum payment pursuant to 7 8 section 8345 (relating to member's options) on or after the dateof his return to school service or entering State service, the-9 10 annuitant shall return to the board the amount so received from the system plus statutory interest. The amount payable shall be-11 certified in each case by the board in accordance with methods-12 13 approved by the actuary and shall be paid in a lump sum within 14 90 days or in the case of an active member or a State employee-15 who is an active member of the State Employees' Retirement-16 System may be amortized with statutory interest through salarydeductions to the system in amounts agreed upon by the member-17 18 and the board. The salary deduction amortization plans agreed to-19 by the member and the board may include a deferral of paymentamounts and statutory interest until the termination of school-20 service or State service as the board in its sole discretion 21 22 decides to allow. The board may limit salary deduction-23 amortization plans to such terms as the board in its sole-24 discretion determines. In the case of a State employee who is an-25 active member of the State Employees' Retirement System, the-26 agreed upon salary deductions shall be remitted to the State-Employees' Retirement Board, which shall certify and transfer to-27 28 the board the amounts paid. * * * 29

30 (b) Return to school service during emergency.--When, in the-

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1	judgment of the employer, an emergency creates an increase in
2	the work load such that there is serious impairment of service
3	to the public or in the event of a shortage of appropriate
4	subject certified teachers or other personnel, an annuitant or
5	participant receiving distributions may be returned to school
6	service for a period not to extend beyond the school year during-
7	which the emergency or shortage occurs, without loss of his-
8	annuity or distributions. The annuitant shall not be entitled to
9	earn any credited service, and no contributions may be made by
10	the annuitant, the employer or the Commonwealth on account of
11	such employment. Such service shall not be subject to member
12	contributions or be eligible for qualification as creditable
13	school service or for participation in the plan, mandatory
14	pickup participant contributions or employer defined
15	contributions.
16	(b.1) Return to school service in an extracurricular
17	position
18	(1) An annuitant or participant receiving distributions
19	may be employed under separate contract by a public school or-
20	charter school in an extracurricular position performed
21	primarily outside regular instructional hours and not part of
22	mandated curriculum without loss of annuity. [Neither the]-
23	The annuitant [nor], the participant receiving distributions
24	and the employer shall not make contributions to the member's
25	savings account, the individual investment account or State
26	accumulation account respectively for such service. Further,
27	such contract shall contain a waiver whereby the annuitant
28	waives any potential retirement benefits that could arise
29	from the contract and releases the employer and the board
30	from any liability for such benefits. Such service shall not

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1	be subject to member or participant contributions or be
2	eligible for qualification as creditable school service or
3	for participation in the plan, mandatory pickup participant
4	contributions or employer defined contributions.
5	<u>* * *</u>
6	(c) Subsequent discontinuance of service. Upon subsequent
7	discontinuance of service, such [member] <u>terminating school</u>
8	employee other than a former annuitant who had the effect of his-
9	frozen present value eliminated in accordance with subsection-
10	(d) or a former disability annuitant shall be entitled to an
11	annuity which is actuarially equivalent to [the sum of] the-
12	present value as determined under subsection (a) [and] <u>to which</u>
13	shall be added, if the service after reemployment was as a
14	member of the system, the present value of a maximum single life-
15	annuity based on years of service credited subsequent to reentry-
16	in the system and his final average salary computed by reference-
17	to his compensation <u>as a member of the system or as a member of</u>
18	the State Employees' Retirement System during his entire period
19	of school and State service.
20	(d) Elimination of the effect of frozen present value.
21	(1) An annuitant who returns to school service <u>as an</u>
22	active member of the system and earns three eligibility
23	points by performing credited school service or reemployment
24	from USERRA leave following the most recent period of receipt-
25	of an annuity under this part, or an annuitant who enters
26	State service other than a participant in the State
27	Employees' Defined Contribution Plan and:
28	(i) is a multiple service member; or
29	(ii) who elects multiple service membership, and
30	earns three eligibility points by performing credited State

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1	service, reemployment from USERRA leave or credited school
2	service following the most recent period of receipt of an-
3	annuity under this part, and who had the present value of his
4	annuity frozen in accordance with subsection (a), shall-
5	qualify to have the effect of the frozen present value
6	resulting from all previous periods of retirement eliminated,
7	provided that all payments under Option 4 and annuity-
8	payments payable during previous periods of retirement plus
9	interest as set forth in paragraph (3) shall be returned to
10	the fund in the form of an actuarial adjustment to his
11	subsequent benefits or in such form as the board may-
12	otherwise direct.
13	<u>* * *</u>
14	§ 8347. Death benefits.
15	(a) Members eligible for annuitiesAny member or former
16	member on USERRA leave, other than an annuitant, who dies and
17	was eligible for an annuity from the system in accordance with
18	section 8307(a) or (b) (relating to eligibility for annuities)
19	shall be considered as having applied for an annuity to become
20	effective the day before his death; and, in the event he has not
21	elected an option, it shall be assumed that he elected Option 1-
22	and assigned as beneficiary that person last designated in-
23	writing to the board.
24	(b) Members ineligible for annuities. In the event of the-
25	death of any member or former member on USERRA leave, other than
26	an annuitant, who is not entitled to a death benefit <u>from the</u>
27	system as provided in subsection (a), his designated beneficiary
28	shall be paid the full amount of his accumulated deductions.
29	(c) Disability annuitantsIn the event of the death of a-
30	disability annuitant who has elected to receive a maximum-
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disability annuity from the system before he has received in-1 annuity payments an amount equal to the present value, on the-2 3 effective date of disability, of the benefits to which he would have been entitled under subsection (a) had he died while in-4 school service, the balance of such amount shall be paid to his-5 designated beneficiary, except that in the event of the death of-6 7 a disability annuitant who was not entitled to receive benefits 8 under subsection (a), his beneficiary shall be paid the accumulated deductions standing to his credit on the effective-9 10 date of disability less the total payments received on accountof his member's annuity. 11 (d) Other annuitants. In the event of the death of an 12 13 annuitant who has elected to receive the maximum single lifeannuity from the system before he has received in total annuity-14 15 payments an amount equal to the full amount of the accumulated deductions standing to his credit on the effective date of-16 retirement, the difference between the total payments made to-17 18 the date of death and the accumulated deductions shall be paid to his designated beneficiary. 19 20 § 8349. Payment of benefits from the system. 21 (a) Annuities. -- Any annuity granted under the provisions of this part and paid from the fund shall be paid in equal monthly-22 23 installments. (b) Death benefits.--If the amount of a death benefit-24 25 payable from the fund to a beneficiary of a member under section-26 8347 (relating to death benefits) or under the provisions of Option 1 of section 8345(a)(1) (relating to member's options) is-27 28 \$10,000 or more, such beneficiary may elect to receive payment-29 according to one of the following options: 30 (1) A lump sum payment. 20150SB1071PN1913 - 83 -

- 1 (2) An annuity actuarially equivalent to the amount-
- 2 payable.

2	payable.
3	(3) A lump sum payment and an annuity such that the
4	annuity is actuarially equivalent to the amount payable less
5	the lump sum payment specified by the beneficiary.
6	(c) Death or absence of beneficiary. If the beneficiary
7	designated by a member should predecease him or die within 30-
8	days of his death, or if a valid nomination of a beneficiary is
9	not in effect at his death, any money payable to a beneficiary
10	shall be paid to the estate of the member.
11	(d) De minimis accounts A member with only Class T-I
12	service credit as a member of the system who terminates school
13	service and whose balance in the members' savings account is
14	<u>\$5,000 or less as of the date of termination of service (or such</u>
15	<u>other higher amount as may be permitted under IRC §411(a)(11) or</u>
16	<u>417(e)) shall receive such balance in one lump sum payment as</u>
17	provided in IRC §401(a)(31). This balance shall not be eligible
18	for installment payments under section 8505.1 (relating to
19	installment payments of accumulated deductions), but shall be
20	considered a lump sum payment for purposes of section 8505.1(d).
21	Section 218. Title 24 is amended by adding a chapter to
22	read:
23	CHAPTER 84
24	SCHOOL EMPLOYEES ' DEFINED CONTRIBUTION PLAN
25	Sec.
26	<u>8401. Establishment.</u>
27	<u>8402. Plan document.</u>
28	8403. Individual investment accounts.
29	8404. Participant contributions.
30	8405. Mandatory pickup participant contributions.
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- 1 <u>8406. Employer defined contributions.</u>
- 2 8407. Eligibility for benefits.
- 3 <u>8408. Death benefits.</u>
- 4 <u>8409. Vesting.</u>
- 5 <u>8410. Termination of distributions.</u>
- 6 <u>8411. Agreements with financial institutions and other</u>
- 7 <u>organizations.</u>
- 8 8411.1. Relation of administrators of School Employees' Defined
- 9 <u>Contribution Plan to providers of 403(b) plans.</u>
- 10 <u>8412. Powers and duties of board.</u>
- 11 <u>8413. Responsibility for investment loss.</u>
- 12 <u>8414. Investments based on participants' investment allocation</u>
- 13 <u>choices.</u>
- 14 <u>8415. Expenses.</u>
- 15 <u>8416. Election by members to be participants.</u>
- 16 <u>8417. Tax qualification.</u>
- 17 <u>§ 8401. Establishment.</u>
- 18 (a) School Employees' Defined Contribution Plan. The School
- 19 Employees' Defined Contribution Plan is established. The board
- 20 shall administer and manage the plan, which shall be a defined
- 21 <u>contribution plan exclusively for the benefit of those school</u>
- 22 <u>employees who participate in the plan and their beneficiaries</u>
- 23 within the meaning of and in conformity with IRC § 401(a). The
- 24 board shall determine the terms and provisions of the plan not
- 25 <u>inconsistent with this part, the IRC and other applicable law</u>
- 26 <u>and shall provide for the plan's administration</u>.

27 (b) School Employees' Defined Contribution Trust.--The_

- 28 School Employees' Defined Contribution Trust is established as
- 29 part of the plan in accordance with this part. The trust shall
- 30 <u>be comprised of the individual investment accounts and all</u>

1	assets and moneys in those accounts. The members of the board
2	shall be the trustees of the trust, which shall be administered
3	exclusively for the benefit of those school employees who
4	participate in the plan and their beneficiaries within the
5	meaning of and in conformity with IRC § 401(a). The board shall
6	determine the terms and provisions of the trust not inconsistent
7	with this part, the IRC and other applicable law and shall
8	provide for the investment and administration of the trust.
9	(c) Assets held in trustAll assets and income in the plan
10	that have been or shall be withheld or contributed by the
11	participants, the Commonwealth and employers in accordance with
12	this part shall be held in trust in any funding vehicle
13	permitted by the applicable provisions of the IRC for the
14	exclusive benefit of the plan's participants and their
15	beneficiaries until such time as the funds are distributed to
16	the participants or their beneficiaries in accordance with the
17	terms of the plan document. The assets of the plan held in trust
18	for the exclusive benefit of the participants and their
19	beneficiaries may be used for the payment of the fees, costs and
20	expenses related to the administration and investment of the
21	plan and the trust.
22	(d) Name for transacting business. By the name of "The
23	School Employees' Defined Contribution Plan," all of the
24	business of the plan shall be transacted, the trust invested,
25	all requisitions for money drawn and payments made and all of
26	its cash and securities and other property shall be held, except
27	that, any other law to the contrary notwithstanding, the board
28	may establish a nominee registration procedure for the purpose
29	of registering securities in order to facilitate the purchase,
30	sale or other disposition of securities pursuant to the

1 provisions of this part.

2 <u>§ 8402. Plan document.</u>

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- 4 <u>plan and trust in a document containing the terms and conditions</u>
- 5 of the plan and in a trust declaration that shall be published
- 6 in the Pennsylvania Bulletin. The creation of the document
- 7 containing the terms and conditions of the plan and the trust
- 8 declaration and the establishment of the terms and provisions of
- 9 the plan and the trust need not be promulgated by regulation or
- 10 formal rulemaking and shall not be subject to the act of July
- 11 <u>31, 1968 (P.L.769, No.240), referred to as the Commonwealth</u>
- 12 Documents Law. A reference in this part or other law to the plan_
- 13 shall include the plan document unless the context clearly_
- 14 <u>indicates otherwise</u>.
- 15 <u>§ 8403. Individual investment accounts.</u>
- 16 <u>The board:</u>
- 17 (1) shall establish in the trust an individual
- 18 investment account for each participant in the plan. All-
- 19 <u>contributions by a participant or an employer for or on</u>
- 20 <u>behalf of a participant shall be credited to the</u>
- 21 <u>participant's individual investment account, together with</u>
- 22 <u>all interest and investment earnings and losses. Investment</u>
- 23 <u>and administrative fees, costs and expenses shall be charged</u>
- 24 to the participants' individual investment accounts. Employer
- 25 <u>defined contributions shall be recorded and accounted for</u>
- 26 <u>separately from participant contributions, but all interest,</u>
- 27 <u>investment earnings and losses, and investment and</u>
- 28 <u>administrative fees, costs and expenses shall be allocated</u>
- 29 proportionately;
- 30 <u>(2) shall separately track participant contributions,</u>

1	including investment gains and losses, and employer
2	contributions, including investment gains and losses, but all
3	interest, investment gains and losses and administrative
4	fees, costs and expenses shall be allocated proportionately;
5	and
6	(3) may contract with financial institutions, insurance
7	companies or other types of third-party providers and other
8	vendors to allow participants to deposit participant
9	contributions into the individual investment accounts in a
10	form and manner as provided by the contract.
11	<u>§ 8404. Participant contributions.</u>
12	<u>(a) Mandatory contributions. A participant shall make</u>
13	mandatory pickup participant contributions through payroll
14	deductions to the participant's individual investment account
15	equal to 3% of compensation for current school service. The
16	employer shall cause such contributions for current service to
17	be made and deducted from each payroll or on such schedule as
18	established by the board.
19	(b) Voluntary contributions
20	(i) A participant may make voluntary contributions
21	up to an additional amount equal to 3% of compensation
22	for current school service.
23	(ii) Class T-E and Class T-F members may make
24	voluntary contributions to the plan in an amount of not
25	less than 3% nor more than 6% of compensation that
26	exceeds the limit of compensation for such members, as
27	set forth in section 8102 (relating to definitions).
28	(iii) The employer shall cause the contributions
29	made under this section to be made and deducted from each
30	payroll or on such schedule as established by the board.

1	(iv) Voluntary contributions made under this section
2	shall not be picked up.
3	(c) Prohibition on contributionsNo contributions shall be
4	allowed that would cause a violation of the limitations related
5	to contributions applicable to governmental plans contained in
6	IRC § 415 or in other provisions of law. In the event that any
7	disallowed contributions are made, any participant contributions
, 8	in excess of the limitations and investment earnings on those
-	
9	contributions shall be refunded to the participant by the board.
10	<u>§ 8405. Mandatory pickup participant contributions.</u>
11	(a) Treatment for purposes of IRC § 414(h). The
12	contributions to the trust required to be made under section
13	8404(a) (relating to participant contributions) with respect to
14	current school service rendered by an active participant shall
15	be picked up by the employer and shall be treated as the
16	employer's contribution for purposes of IRC § 414(h). An
17	employer employing a participant in the plan shall pick up the
18	required mandatory participant contributions by a reduction in
19	the compensation of the participant.
20	(b) Treatment for other purposes. For all other purposes
21	under this part and otherwise, such mandatory pickup participant
22	contributions shall be treated as contributions made by a
23	participant in the same manner and to the same extent as if the
24	contributions were made directly by the participant and not
25	picked up.
26	<u>\$ 8406. Employer defined contributions.</u>
27	(a) Contributions for current service. The employer of a
28	participant shall make employer defined contributions for
29	current service of an active participant that shall be credited
30	to the active participant's individual investment account.

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1	Employer defined contributions shall be recorded and accounted
2	for separately from participant contributions.
3	(b) Contributions resulting from participants reemployed
4	from USERRA leave When a school employee reemployed from -
5	USERRA leave makes the mandatory pickup participant
6	contributions permitted to be made for the USERRA leave, the
7	employer by whom the school employee is employed at the time the
8	participant contributions are made shall make whatever employer
9	defined contributions would have been made under this section
10	had the employee making the participant contributions after
11	being reemployed from USERRA leave continued to be employed in
12	the employee's school position instead of performing USERRA
13	leave. Such employer defined contributions shall be placed in
14	the participant's individual investment account as otherwise
15	provided by this part.
16	(c) Limitations on contributions. No contributions shall be
17	allowed that would cause a violation of the limitations related
18	to contributions applicable to governmental plans contained in
19	IRC § 415 or in other provisions of law. In the event that any
20	disallowed contributions are made, any employer defined
21	contributions in excess of the limitations and investment
22	earnings thereon shall be refunded to the employer by the board.
23	<u>§ 8407. Eligibility for benefits.</u>
24	(a) Termination of service. A participant who terminates
25	school service shall be eligible to withdraw the vested
26	accumulated total defined contributions standing to the
27	participant's credit in the participant's individual investment
28	account or a lesser amount as the participant may request.
29	Payment shall be made in a lump sum unless the board has
30	established other forms of distribution in the plan document,
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1	subject to the provisions of subsection (f). A participant who
2	withdraws the vested accumulated total defined contributions
3	shall no longer be a participant in the plan, notwithstanding
4	that the participant may continue to be a member of the system,
5	or contract to receive an annuity or other form of payment from
6	a provider retained by the board for such purposes.
7	(b) Required distributions All payments pursuant to this
8	section shall start and be made in compliance with the minimum
9	distribution requirements and incidental death benefit rules of
10	IRC § 401(a)(9). The board shall take any action and make any
11	distribution it may determine is necessary to comply with those
12	requirements.
13	(c) Combined service employee A participant who is a
14	combined service employee must be terminated from all positions
15	that result in either membership in the system or participation
16	in the plan to be eligible to receive a distribution.
17	(d) LoansLoans or other distributions, including hardship
17 18	(d) LoansLoans or other distributions, including hardship
18	or unforeseeable emergency distributions, from the plan to
18 19	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not
18 19 20	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law.
18 19 20 21	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law. (e) Small individual investment accounts
18 19 20 21 22	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law. (e) Small individual investment accounts (1) A participant who terminates school service and
18 19 20 21 22 23	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law. (e) Small individual investment accounts (1) A participant who terminates school service and whose vested accumulated total defined contributions are
18 19 20 21 22 23 24	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law. (e) Small individual investment accounts. (1) A participant who terminates school service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of
18 19 20 21 22 23 24 25	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law. (e) Small individual investment accounts (1) A participant who terminates school service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of termination of service may be paid the vested accumulated
 18 19 20 21 22 23 24 25 26 	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law. (e) Small individual investment accounts (1) A participant who terminates school service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of termination of service may be paid the vested accumulated total defined contributions in a lump sum as provided in IRC
 18 19 20 21 22 23 24 25 26 27 	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law. (e) Small individual investment accounts. (1) A participant who terminates school service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of termination of service may be paid the vested accumulated total defined contributions in a lump sum as provided in IRC \$ 401(a)(31).
 18 19 20 21 22 23 24 25 26 27 28 	or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law. (c) Small individual investment accounts. (1) A participant who terminates school service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of termination of service may be paid the vested accumulated total defined contributions in a lump sum as provided in IRC $\frac{5 + 401(a)(31)}{2}$.

1	the thresholds established by the board may receive the
2	distributions of vested accumulated employer defined
3	contributions without the obligation to purchase an annuity.
4	The threshold may be established as a dollar amount, an
5	annuity amount, in some other form individually or in
6	combination as the board determines.
7	(f) Requirement to purchase annuityExcept as prohibited
8	by the IRC or as otherwise provided in this part, a participant
9	who is eligible and elects to receive a distribution of vested
10	accumulated employer defined contributions shall be required to
11	purchase an annuity with the distribution under such conditions
12	as provided in the plan document. The conditions may include
13	that the board is authorized to make the distribution directly
14	to the annuity provider.
15	<u>§ 8408. Death benefits.</u>
16	(a) General rule. In the event of the death of an active
17	participant or inactive participant, the board shall pay to the
18	participant's beneficiary the vested balance in the
19	<u>participant's individual investment account in a lump sum or in</u>
20	such other manner as the board may establish in the plan
21	document.
22	(b) Death of participant receiving distributions. In the
23	event of the death of a participant receiving distributions, the
24	board shall pay to the participant's beneficiary the vested
25	balance in the participant's individual investment account in a
26	<u>lump sum or in such other manner as the board may establish in</u>
27	the plan document or, if the board has established alternative
28	methods of distribution in the plan document under which the
29	participant was receiving distributions, to the participant's
30	beneficiary or successor payee as provided in the plan document.

1	(c) ContractsThe board may contract with financial
2	institutions, insurance companies or other types of third party
3	providers to allow participants who receive a lump sum
4	distribution to receive payments and death benefits in a form
5	and manner as provided by the contract.
6	<u>§ 8409. Vesting.</u>
7	(a) Participant and voluntary contributionsSubject to the
8	forfeiture and attachment provisions of section 8533 (relating
9	to taxation, attachment and assignment of funds) or otherwise as
10	provided by law, a participant shall be immediately vested with
11	respect to all mandatory pickup participant contributions and
12	voluntary contributions paid by or on behalf of the participant
13	to the trust plus interest and investment earnings on the
14	participant contributions but minus investment fees and
15	administrative charges.
16	(b) Employer defined contributions.
17	(1) Subject to the forfeiture and attachment provisions
18	of section 8533 or otherwise as provided by law, a
19	participant shall be vested with respect to employer defined
20	contributions paid to the participant's individual investment
21	account plus interest and investment earnings by or on behalf
22	of the participant to the trust according to the following
23	schedule:
24	(i) At and after the first year of school service as
25	<u>a participant in the plan, 25%.</u>
26	(ii) At and after the second year of school service
27	as a participant in the plan, 50%.
28	(iii) At and after the third year of school service
29	as a participant in the plan, 75%.
30	(iv) At and after the fourth year of school service

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1	(b) Return of benefits paid during USERRA leave
2	(1) If a former school employee is reemployed from
3	USERRA leave and received any payments or annuity from the
4	plan during the USERRA leave, the employee shall return to
5	the board the amount so received plus interest as provided in
6	the plan document.
7	(2) The amount payable shall be certified in each case
8	by the board in accordance with methods approved by the
9	actuary and shall be paid in a lump sum within 30 days or, in
10	the case of an active participant, may be amortized with
11	interest as provided in the plan document through salary
12	deductions to the trust in amounts agreed upon by the active
13	participant and the board, but not longer than a period that
14	starts with the date of reemployment and continuing for up to
15	three times the length of the active participant's immediate
16	past period of USERRA leave. The repayment period shall not
17	<u>exceed five years.</u>
18	<u>§ 8411. Agreements with financial institutions and other</u>
19	organizations.
20	(a) Written agreement. To establish and administer the
21	plan, the board may enter into a written agreement with one or
22	more financial institutions or pension management organizations
23	to administer the plan and the investment of funds held pursuant
24	to the plan. The administrator shall be selected in accordance
25	with the following:
26	(1) The board shall solicit proposals from financial
27	institutions and pension management organizations.
28	(2) The board shall publish the solicitation in the
29	<u>Pennsylvania Bulletin.</u>
30	(3) Proposals received shall be evaluated based on

1	specific criteria adopted by the board. The criteria shall
2	include experience, customer service history and other
3	<u>relevant criteria.</u>
4	(b) Rebid. A contract to administer the plan under_
5	subsection (a) shall be rebid at least once every ten years.
6	<u>§ 8411.1. Relation of administrators of School Employees'</u>
7	Defined Contribution Plan to providers of 403(b)
8	<u>plans.</u>
9	(a) General rule A financial institution or pension
10	management organization entering into a written agreement
11	pursuant to section 8411 (relating to agreements with financial
12	institutions and other organizations) may offer or provide
13	services to any plan established or maintained by a school
14	<u>district under IRC § 403(b) or 457 if the written agreement for</u>
15	the administration of the School Employees' Defined Contribution
16	Plan is not combined with any other written agreement for the
17	administration of a school district's 403(b) plan or 457 plan.
18	Each school district that provides a 403(b) plan shall make
19	available, in the manner provided by subsection (c), to
20	participants, multiple financial institutions or pension
21	management organizations that have not entered into a written
22	agreement pursuant to section 8411 and which provide services to
23	<u>the school district's 403(b) plan or 457 plan.</u>
24	(b) Plan transparency and administration A financial
25	institution or pension management organization providing
26	services for any plan established or maintained by a school
27	<u>district under IRC § 403(b) or 457 shall:</u>
28	(1) enter into an agreement with the school district or
29	the school district's independent compliance administrator
30	that shall require the financial institution or pension

1	management organization to provide in an electronic format
2	all data necessary for the administration of the 403(b) plan
3	or 457 plan as determined by the school district or the
4	school district's compliance administrator; and
5	(2) provide all data required by the school district or
6	<u>a school district's compliance administrator to facilitate</u>
7	disclosure of all fees, charges, expenses, commissions,
8	compensation and payments to third parties related to
9	investments offered under the 403(b) plan or 457 plan.
10	(c) Provider selection. A school district that establishes
11	<u>or maintains a plan under IRC § 403(b) or 457 shall select a</u>
12	<u>minimum of four financial institutions or pension management</u>
13	organizations, in addition to the financial institution or
14	pension management organization that entered into an agreement
15	pursuant to section 8411, to provide services to the 403(b) plan
16	or 457 plan. If fewer than four such additional financial
17	institutions or pension management organizations are determined
18	to be available or able to meet the requirements established in
19	this section, then the school district shall select the number
20	of available providers able to meet the school district's
21	requirements. A financial institution or pension management
22	<u>organization shall be designated a 403(b) plan or 457 plan</u>
23	provider if the financial institution or pension management
24	organization enters into an agreement in accordance with
25	subsection (b).
26	<u>§ 8412. Powers and duties of board.</u>
27	The board shall have the following powers and duties to
28	establish the plan and trust and to administer the provisions of
29	this part:
30	(1) The board may commingle or pool assets with the

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1 assets of other persons or entities. 2 (2) The board shall pay all administrative fees, costs 3 and expenses of managing, investing and administering the 4 plan, the trust and the individual investment accounts from 5 the balance of such individual investment accounts, excent 6 the General Assembly otherwise provides through 7 appropriations from the General Fund. 8 (3) The board may establish investment guidelines and 9 limits on the types of investments that participants may make, consistent with the board's fiduciary obligations. 10 (4) The board may change the terms of the plan as may be 11 necessary to maintain the tax gualified status of the plan. 12 13 (5) The board may establish a process for election to participate in the plan by those school employees for whom 14 15 participation is not mandatory. 16 (6) The board may perform an annual or more frequent 17 review of any qualified fund manager for the purpose of 18 assuring it continues to meet all standards and criteria established. 19 20 (7) The board may allow for eligible rollovers and direct trustee to trustee transfers into the trust from 21 22 qualified plans of other employers, regardless of whether the 23 employers are private employers or public employers. 24 (8) The board may allow a former participant to maintain 25 the participant's individual investment account within the 26 plan. 27 (9) The board shall administer or ensure the 28 administration of the plan in compliance with the 29 qualification and other rules of IRC. 30 (10) The board may establish procedures to provide for

1	the lawful payment of benefits.
2	(11) The board shall determine what constitutes a
3	termination of school service.
4	(12) The board may establish procedures for
5	distributions of small accounts as required or permitted by
6	HRC.
7	(13) The board may establish procedures in the plan
8	document or promulgate rules and regulations as it deems
9	necessary for the administration and management of the plan,
10	including, but not limited to, establishing:
11	(i) Procedures by which eligible participants may
12	change voluntary contribution amounts or their investment
13	choices on a periodic basis or make other elections
14	regarding their participation in the plan.
15	(ii) Procedures for deducting mandatory pickup
16	participant contributions and voluntary contributions
17	from a participant's compensation.
18	(iii) Procedures for rollovers and trustee-to-
19	trustee transfers allowed under the IRC and permitted by
20	the board as part of the plan.
21	(iv) Standards and criteria for providing not less
22	than ten options in accordance with three or more
23	providers of investment options to eligible individuals
24	regarding investment of amounts deferred under the plan.
25	The standards and criteria shall provide for a variety of
26	investment options and shall be reviewed in accordance
27	with criteria established by the board. One of the
28	available options shall serve as the default option for
29	participants who do not make a timely election and, to
30	the extent commercially available, one option shall have

1	<u>an annuity.</u>
2	(v) Standards and criteria for disclosing to the
3	participants the anticipated and actual income
4	attributable to amounts invested, property rights and all
5	fees, costs and expenses to be made against amounts
6	deferred to cover the costs and expenses of administering
7	and managing the plan or trust.
8	(vi) Procedures, standards and criteria for the
9	making of distributions from the plan upon termination
10	from employment or death or in other circumstances
11	consistent with the purpose of the plan.
12	(14) The board may waive any reporting or information
13	requirement contained in this part if the board determines
14	that the information is not needed for the administration of
15	<u>the plan.</u>
16	(15) The board may contract any services and duties in
17	lieu of staff except final adjudications and as prohibited by
18	law. Any duties or responsibilities of the board not required
19	by law to be performed by the board may be delegated to a
20	third party provider subject to appeal to the board.
21	(16) The board may provide that any duties of the
22	employer or information provided by the participant to the
23	employer be performed or received directly by the board.
24	(17) The board shall ensure that participants are
25	provided with educational materials about investment options
26	and choices.
27	<u>§ 8413. Responsibility for investment loss.</u>
28	The Commonwealth, the board, an employer or a school entity
29	or other political subdivision shall not be responsible for any
30	investment loss incurred under the plan or for the failure of

1	any investment to earn any specific or expected return or to
2	earn as much as any other investment opportunity, whether or not
3	such other opportunity was offered to participants in the plan.
4	<u>§ 8414. Investments based on participant investment allocation</u>
5	choices.
6	(a) Investment by participant. All contributions, interest
7	and investment earnings shall be invested based on a
8	participant's investment allocation choices. All investment
9	allocation choices shall be credited proportionately between
10	contributions from the participant and employer defined
11	contributions. Each participant shall be credited individually
12	with the amount of contributions, interest and investment
13	<u>earnings.</u>
14	(b) Investment of contributions made by entities other than
15	CommonwealthInvestment of contributions by any corporation,
16	institution, insurance company or custodial bank or other entity
17	that the board has approved shall not be unreasonably delayed
18	and in no case shall the investment of contributions be delayed
19	more than 30 days from the date of payroll deduction or
20	voluntary contributions are made to the date that funds are
21	invested. Any interest earned on the funds pending investment
22	shall be allocated to the employers and credited to the
23	individual investment accounts of participants who are then
24	participating in the plan, unless the interest is used to defray
25	administrative costs and fees that would otherwise be required
26	to be borne by participants who are then participating in the
27	plan.
28	<u>§ 8415. Expenses.</u>
29	All expenses, fees and costs of administering the plan and
30	the trust and investing the assets of the trust shall be borne

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1	by the participants and paid from assessments against the
2	balances of the individual investment accounts as established by
3	the board, except that for fiscal years ending before July 1,
4	2016, the expenses, fees and costs of establishing and
5	administering the plan and trust shall be paid by the
6	Commonwealth through annual appropriations from the General
7	Fund, made on the basis of estimates from the board.
8	<u>§ 8416. Election by Class T E and Class T F members to be</u>
9	participants.
10	<u>(a) General rule. Any Class T E or Class T F member who is</u>
11	an active member or inactive member on or after July 1, 2016,
12	who is employed in a position that would otherwise be eligible
13	for participation in the plan may elect to become a participant
14	in the plan to the extent that such member's compensation
15	exceeds the Social Security taxable wage base in effect at the
16	beginning of the fiscal year.
17	(b) Time for making election An eligible Class T E or
18	<u>Class T-F member may elect to become a participant and a</u>
19	combined service employee at any time before termination of
20	school service by filing a written election with the board, as
21	provided in the plan document.
22	(c) Effect of election The following apply:
23	(1) An election to become a participant shall continue
24	until the termination of service. Contributions from
25	compensation that exceeds the Social Security taxable wage
26	base in effect at the beginning of the fiscal year shall be
27	<u>deducted as soon as administratively feasible after receipt</u>
28	of a properly filed election and shall be deducted thereafter
29	in accordance with section 8412 (relating to powers and
30	duties of board) and 8506 (relating to duties of employers).
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1	(2) A combined service employee shall not be eligible to
2	receive an annuity from the system or a withdrawal of
3	accumulated deductions until the employee has terminated
4	school service.
5	(3) A participant shall not be entitled to purchase any
6	previous school service or creditable nonschool service.
7	(4) The eligibility of a combined service employee for
8	an annuity from the system and, if eligible, the amount of
9	the annuity shall be as determined under this part.
10	<u>§ 8417. Tax qualification.</u>
11	(a) Required distributionsAll payments under this chapter
12	shall start and be made in compliance with the minimum
13	distribution requirements and incidental death benefit rules of
14	<u>IRC § 401(a).</u>
15	(b) LimitationsThe following shall apply:
16	(1) (i) Except as provided under subparagraph (ii)
17	and notwithstanding a provision of this part, a
18	contribution or benefit related to the plan may not
19	exceed a limitation under IRC § 415 with respect to
20	governmental plans that is in effect on the date the
21	contribution or benefit payment takes effect.
22	(ii) An increase in a limitation under IRC § 415
23	shall apply to the participants on or after the effective
24	date of this section.
25	(iii) For the purposes of this paragraph, the term
26	<u>"government plans" shall have the same meaning as in IRC</u>
27	<u>§ 414(d).</u>
28	(2) (i) Except as provided under subparagraph (ii),
29	an amendment of this part on or after the effective date
30	of this section that increases contributions or benefits
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1	for active participants, inactive participants or
2	participants receiving distributions may not be deemed to
3	provide for a contribution or benefit in excess of a
4	limitation, adjusted on or after the effective date of
5	this section, under IRC § 415 unless specifically
6	provided by legislation.
7	(ii) Notwithstanding subparagraph (i), an increase
8	in benefits on or after the effective date of this
9	section for a participant in the plan shall be authorized
10	and apply to the fullest extent allowed by law.
11	Section 219. Sections 8501(a), (c), (d) and (e) of Title 24
12	are amended and the section is amended by adding a subsection to
13	read:
14	§ 8501. Public School Employees' Retirement Board.
15	(a) Status and membershipThe board shall be an-
16	independent administrative board and shall consist of [15] <u>16</u>
17	members: the Secretary of Education, ex officio; the State
18	Treasurer, ex officio; the Secretary of Banking and Securities,
19	<u>ex officio;</u> two Senators; two members of the House of
20	Representatives; the executive secretary of the Pennsylvania
21	School Boards Association, ex officio; two to be appointed by
22	the Governor, at least one of whom shall not be a school
23	employee or an officer or employee of the State; three to be-
24	elected by the active professional members of the system and
25	active professional participants of the plan from among their
26	number; one to be elected by annuitants or participants of the
27	plan who have terminated school service and are receiving or are
28	eligible to receive distributions from among their number; one-
29	to be elected by the active nonprofessional members of the
30	system or active nonprofessional participants of the plan from-
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1	among their number; and one to be elected by members of
2	Pennsylvania public school boards from among their number. The-
3	appointments made by the Governor shall be confirmed by the-
4	Senate and each election shall be conducted in a manner approved
5	by the board. The terms of the appointed and nonlegislative
6	elected members shall be three years. The members from the
7	Senate shall be appointed by the President pro tempore of the
8	Senate and shall consist of one member from the majority and one
9	member from the minority. The members from the House of
10	Representatives shall be appointed by the Speaker of the House-
11	of Representatives and shall consist of one member from the
12	majority and one member from the minority. The legislative
13	members shall serve on the board for the duration of their
14	legislative terms and shall continue to serve until 30 days-
15	after the convening of the next regular session of the General-
16	Assembly after the expiration of their respective legislative
17	terms or until a successor is appointed for the new term,
18	whichever occurs first. The chairman of the board shall be-
19	elected by the board members. <u>No member of the board who</u>
20	represents active members or annuitants or is a current member
21	<u>of the General Assembly can serve as chairman.</u> Each ex officio-
22	member of the board and each legislative member of the board may-
23	appoint a duly authorized designee to act in his stead. <u>In the</u>
24	event that a board member, who is designated as an active
25	participant or as the participant in the plan who is receiving
26	or is eligible to receive distributions, receives a total
27	distribution of the board member's interest in the plan, that
28	board member may continue to serve on the board for the
29	<u>remainder of his term.</u>
30	* * *

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1 (c) Oath of office. Each member of the board shall take an 2 oath of office that he will, so far as it devolves upon him, 3 diligently and honestly administer the affairs of said board, the system and the plan and that he will not knowingly violate 4 or willfully permit to be violated any of the provisions of law-5 applicable to this part. Such oath shall be subscribed by the 6 member making it and certified by the officer before whom it is 7 8 taken and shall be immediately filed in the office of the Secretary of the Commonwealth. 9 10 (d) Compensation and expenses. -- The members of the board whoare members of the system or participants in the plan shall 11 12 serve without compensation. Members of the board who are members-13 of the system or participants in the plan and who are employed 14 by a governmental entity shall not suffer loss of salary or-15 wages through serving on the board. The board, on request of the employer of any member of the board who is an active-16 17 professional or nonprofessional member of the system or active_ 18 professional or nonprofessional participant in the plan, may-19 reimburse such employer for the salary or wages of the member or_ 20 participant, or for the cost of employing a substitute for such 21 member or participant, while the member or participant is 22 necessarily absent from employment to execute the duties of the-23 board. The members of the board who are not members of either 24 the school system or the State Employees' Retirement System may-25 be paid \$100 per day when attending meetings and all board 26 members shall be reimbursed for any necessary expenses. However,-27 when the duties of the board as mandated are not executed, no-28 compensation or reimbursement for expenses of board members-29 shall be paid or payable during the period in which such duties-30 are not executed.

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1	(e) Corporate power and legal advisor For the purposes of	
2	this part, the board shall possess the power and privileges of a	
3	corporation. [The Attorney General of the Commonwealth shall be-	
4	the legal advisor of the board.] <u>Legal counsel to the board</u>	
5	shall serve independently from the Governor's Office of Chief	
6	Counsel, the General Assembly and the Attorney General.	
7	(f) Board trainingEach member of the board will be	
8	required to obtain eight hours of mandatory training in	
9	investment strategies, actuarial cost analysis and retirement	
10	<u>portfolio management on an annual basis.</u>	
11	Section 220. Section 8502(a), (b), (c), (e), (h), (i), (j),	
12	(k), (m), (n) and (o) are amended and the section is amended by-	
13	adding subsections to read:	
14	§ 8502. Administrative duties of board.	
15	(a) Employees	
16	(1) Effective 30 days after the effective date of this	
17	paragraph, the positions of secretary, assistant secretary	
18	and investment professional shall be placed under the	
19	unclassified service provisions of the act of August 5, 1941-	
20	(P.L.752, No.286), known as the Civil Service Act, as those	
21	positions are vacated. All other positions of the board shall	
22	be placed in either the classified or unclassified service	
23	according to the definition of the terms under the Civil	
24	Service Act.	
25	(2) Notwithstanding any other provision of law, the	
26	compensation of investment professionals shall be established	
27	by the board. The compensation of all other officers and	
28	employees of the board who are not covered by a collective	
29	bargaining agreement shall be established by the board	
30	consistent with the standards of compensation established by-	
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1	the Executive Board of the Commonwealth.
2	(3) The board may utilize the staff of employees
3	provided for under this subsection for both the system and
4	the plan, but shall allocate the fees, costs and expenses
5	incurred under this subsection between the system and the
6	<u>plan as appropriate.</u>
7	(b) Professional personnel
8	(1) The board shall contract for the services of a chief
9	medical examiner, an actuary, investment advisors,
10	counselors, an investment coordinator, and such other
11	professional personnel as it deems advisable.
12	(2) The board may utilize the same individuals and firms
13	contracted under this subsection for both the system and the
14	plan, but shall allocate the fees, costs and expenses
15	incurred under this subsection between the system and the
16	<u>plan as appropriate.</u>
16 17	plan as appropriate. (c) Expenses
17	(c) Expenses.
17 18	(c) Expenses
17 18 19	(c) Expenses (1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the
17 18 19 20	<pre>(c) Expenses <u>(1)</u> The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part.] the system and a</pre>
17 18 19 20 21	<pre>(c) Expenses (1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the</pre>
17 18 19 20 21 22	<pre>(c) Expenses (1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the plan. The separate budget shall include those expenses</pre>
17 18 19 20 21 22 23	<pre>(c) Expenses (1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the plan. The separate budget shall include those expenses necessary to establish the plan and trust.</pre>
17 18 19 20 21 22 23 24	<pre>(c) Expenses (<u>1</u>) The board shall, through the Governor, submit to the General Assembly annually a budget covering the- administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the plan. The separate budget shall include those expenses necessary to establish the plan and trust. (<u>2</u>) Such expenses of the system as approved by the-</pre>
17 18 19 20 21 22 23 24 25	<pre>(c) Expenses (1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the plan. The separate budget shall include those expenses necessary to establish the plan and trust. (2) Such expenses of the system as approved by the General Assembly in an appropriation bill shall be paid from</pre>
17 18 19 20 21 22 23 24 25 26	<pre>(c) Expenses (1) The board shall, through the Governor, submit to the- General Assembly annually a budget covering the- administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the plan. The separate budget shall include those expenses necessary to establish the plan and trust. (2) Such expenses of the system as approved by the- General Assembly in an appropriation bill shall be paid from- investment earnings of the fund.</pre>
17 18 19 20 21 22 23 24 25 26 27	<pre>(c) Expenses (1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the plan. The separate budget shall include those expenses necessary to establish the plan and trust. (2) Such expenses of the system as approved by the General Assembly in an appropriation bill shall be paid from investment earnings of the fund. (3) For fiscal years ending on or before June 30, 2017,</pre>

1	expenses of the plan as approved by the General Assembly
2	shall be paid from interest, under section 8414(b) (relating
3	to investments based on participant investment allocation
4	choices) or assessments on the balances of the participants!
5	individual investment accounts.
6	(4) Concurrently with its administrative budget, the
7	board shall also submit to the General Assembly annually a
8	list of proposed expenditures which the board intends to pay-
9	through the use of directed commissions, together with a list-
10	of the actual expenditures from the past year actually paid
11	by the board through the use of directed commissions. All
12	such directed commission expenditures shall be made by the
13	board for the exclusive benefit of the system and its members-
14	and for the exclusive benefit of the plan and its
15	participants, respectively.
16	* * *
17	(e) Records
18	(1) The board shall keep a record of all its proceedings
19	which shall be [open to inspection by] accessible to the
20	public, except as otherwise provided in this part or by other-
21	law.
22	(2) Any record, material or data received, prepared,
23	used or retained by the board or its employees, investment
24	professionals or agents relating to an investment shall not
25	constitute a public record subject to public [inspection]
26	access under the act of [June 21, 1957 (P.L.390, No.212),
27	referred to] <u>February 14, 2008 (P.L.6, No.3), known</u> as the
28	
20	Right to Know Law, if, in the reasonable judgment of the
29	Right to know Law, if, in the reasonable judgment of the board, the [inspection] <u>access</u> would:

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1 alternative investment vehicle involve the release of sensitive investment or financial information relating to-2 the alternative investment or alternative investment 3 vehicle which the fund or trust was able to obtain only 4 upon agreeing to maintain its confidentiality; 5 (ii) cause substantial competitive harm to the 6 person from whom sensitive investment or financial-7 8 information relating to the investment was received; or (iii) have a substantial detrimental impact on the-9 10 value of an investment to be acquired, held or disposed of by the fund or trust, or would cause a breach of the 11 standard of care or fiduciary duty set forth in this-12 13 part. 14 (3) (i) The sensitive investment or financial-15 information excluded from [inspection] access underparagraph (2) (i), to the extent not otherwise excluded 16 from [inspection] access, shall constitute a public-17 18 record subject to public [inspection] access under the 19 Right-to-Know Law once the board is no longer required by-20 its agreement to maintain confidentiality. (ii) The sensitive investment or financial 21 22 information excluded from [inspection] access under-23 paragraph (2) (ii), to the extent not otherwise excluded 24 from [inspection] access, shall constitute a public-25 record subject to public [inspection] access under the 26 Right-to-Know Law once: 27 (A) the [inspection] access no longer causes-28 substantial competitive harm to the person from whom-29 the information was received; or 30 (B) the entity in which the investment was made

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1	is liquidated;
2	whichever is later.
3	(iii) The sensitive investment or financial
4	information excluded from [inspection] access under
5	paragraph (2)(iii), to the extent not otherwise excluded
6	from [inspection] access, shall constitute a public
7	record subject to public [inspection] access under the
8	Right-to-Know Law once:
9	(A) the [inspection] <u>access</u> no longer has a
10	substantial detrimental impact on the value of an-
11	investment of the fund <u>or trust</u> and would not cause a
12	breach of the standard of care or fiduciary duty set
13	forth in this part; or
14	(B) the entity in which the investment was made
15	is liquidated;
16	whichever is later.
17	(4) Except for the provisions of paragraph (3), nothing
18	in this subsection shall be construed to designate any
19	record, material or data received, prepared, used or retained-
20	by the board or its employees, investment professionals or
21	agents relating to an investment as a public record subject
22	to public [inspection] <u>access</u> under the Right to Know Law.
23	(5) Notwithstanding the provisions of this subsection,
24	the following information regarding an alternative investment
25	vehicle shall be subject to public [inspection] <u>access</u> under
26	the Right-to-Know Law:
27	(i) The name, address and vintage year of the
28	alternative investment vehicle.
29	(ii) The identity of the manager of the alternative
30	investment vehicle.

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1	(iii) The dollar amount of the commitment made by
2	the system or plan to the alternative investment vehicle.
3	(iv) The dollar amount of cash contributions made by
4	the system or plan to the alternative investment vehicle-
5	since inception.
6	(v) The dollar amount of cash distributions received
7	by the system or plan from the alternative investment
8	vehicle since inception.
9	(vi) The net internal rate of return of the
10	alternative investment vehicle since inception, provided-
11	that the system <u>or plan</u> shall not be required to disclose
12	the net internal rate of return under circumstances in
13	which, because of the limited number of portfolio assets-
14	remaining in the alternative investment vehicle, the
15	disclosure could reveal the values of specifically-
16	identifiable remaining portfolio assets to the detriment-
17	of the alternative investment.
18	(vii) The aggregate value of the remaining portfolio
19	assets attributable to the system's <u>or plan's</u> investment-
20	in the alternative investment vehicle, provided that the
21	system or plan shall not be required to disclose the
22	value under circumstances in which, because of the
23	limited number of portfolio assets remaining in the
24	alternative investment vehicle, the disclosure could
25	reveal the values of specifically identifiable remaining-
26	portfolio assets to the detriment of the alternative-
27	investment.
28	(viii) The dollar amount of total management fees
29	and costs paid to the alternative investment vehicle by
30	the system or plan on an annual fiscal year end basis.

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1	(6) Any record, material or data received, prepared,
2	used or retained by the board or its employees or agents
3	relating to a participant shall not constitute a public
4	record subject to public access under the Right to Know Law,
5	if, in the reasonable judgment of the board, the access would
6	disclose any of the following:
7	(i) The existence, date, amount and any other
8	information pertaining to the voluntary contributions,
9	including rollover contributions and trustee-to-trustee-
10	transfers, of any participant.
11	(ii) The investment option selections of any
12	<u>participant.</u>
13	(iii) The balance of a participant's individual
14	investment account, including the amount distributed to
15	the participant, and any investment gains or losses, or
16	<u>rates of return.</u>
17	(iv) The identity of a participant's designated
18	beneficiary, successor payee or alternate payee.
19	(v) The benefit payment option of a participant.
20	(7) The following shall apply:
21	(i) Nothing in this part shall be construed to mean
22	that the release or publicizing of a record, material, or
23	<u>data that would not constitute a public record under this</u>
24	subsection shall be a violation of the board's fiduciary
25	duties.
26	(ii) This subsection shall apply to a record,
27	material or data under this subsection notwithstanding
28	whether:
29	(A) the record, material or data was created,
30	generated or stored before the effective date of this
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1	paragraph;
2	(B) the record, material or data was previously
3	released or made public; or
4	(C) a request for the record, material or data
5	was made or is pending final response under the
6	former act of June 21, 1957 (P.L.390, No.212),
7	referred to as the Right to Know Law, or the act of
8	February 14, 2008 (P.L.6, No.3), known as the Right-
9	to-Know Law.
10	* * *
11	(h) Regulations and procedures. The board shall, with the
12	advice of the Attorney General and the actuary, adopt and
13	promulgate rules and regulations for the uniform administration-
14	of the system. The actuary shall approve in writing all-
15	computational procedures used in the calculation of
16	contributions and benefits pertaining to the system, and the
17	board shall by resolution adopt such computational procedures,
18	prior to their application by the board. Such rules, regulations
19	and computational procedures as so adopted from time to time and
20	as in force and effect at any time, together with such tables as
21	are adopted and published pursuant to subsection (j) as
22	necessary for the calculation of annuities and other benefits,
23	shall be as effective as if fully set forth in this part. Any
24	actuarial assumption specified in or underlying any such rule,
25	regulation or computational procedure and utilized as a basis
26	for determining any benefit shall be applied in a uniform
27	manner.
28	(i) Data. The board shall keep in convenient form such data
29	as are stipulated by the actuary in order that an annual
30	actuarial valuation of the various accounts of the fund can be

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completed within six months of the close of each fiscal year. 1 The board shall have final authority over the means by which 2 3 data is collected, maintained and stored and in so doing shall protect the rights of its membership as to privacy and 4 confidentiality. 5 (j) Actuarial investigation and valuation. -- The board shall-6 7 have the actuary make an annual valuation of the various 8 accounts of the fund within six months of the close of eachfiscal year. In the fiscal year 1975 and in every fifth year 9 10 thereafter, the board shall have the actuary conduct anactuarial investigation and evaluation of the system based on-11 data including the mortality, service, and compensation-12 13 experience provided by the board annually during the preceding five years concerning the members and beneficiaries of the_ 14 system. The board shall by resolution adopt such tables as are-15 necessary for the actuarial valuation of the fund and 16 calculation of contributions, annuities, and other benefits-17 18 based on the reports and recommendations of the actuary. Within 19 30 days of their adoption, the secretary of the board shallcause those tables which relate to the calculation of annuities 20 and other benefits to be published in the Pennsylvania Bulletin-21 22 in accordance with the provisions of 45 Pa.C.S. § 725(a) 23 (relating to additional contents of Pennsylvania Bulletin) and,-24 unless the board specifies therein a later effective date, such-25 tables shall become effective on such publication. The board 26 shall include a report on the significant facts, recommendationsand data developed in each five-year actuarial investigation and 27 28 evaluation of the system in the annual financial statement-29 published pursuant to the requirements of subsection (n) for thefiscal year in which such investigation and evaluation were-30

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1 concluded.

2 (k) Certification of employer contributions to the fund. 3 The board shall, each year in addition to the itemized budget required under section 8330 (relating to appropriations by the-4 Commonwealth), certify to the employers and the Commonwealth the 5 employer contribution rate expressed as a percentage of members' 6 7 payroll necessary for the funding of prospective annuities for-8 active members and the annuities of annuitants, and certify the rates and amounts of the normal contributions as determined 9 pursuant to section 8328(b) (relating to actuarial cost method),-10 accrued liability contributions as determined pursuant to-11 12 section 8328(c), supplemental annuities contribution rate as-13 determined pursuant to section 8328(d), the experience 14 adjustment factor as determined pursuant to section 8328(e), 15 premium assistance contributions as determined pursuant to section 8328(f), the costs added by legislation as determined 16 pursuant to section 8328(i), the actuarial required contribution-17 18 rate as determined pursuant to section 8328(i), the collared 19 contribution rate as determined pursuant to section 8328(g), the-20 final contribution rate as determined pursuant to section-8328 (h) and the shared risk contribution rate as determined 21 22 under section 8321(b) (relating to regular member contributions-23 for current service), which shall be paid to the fund and 24 credited to the appropriate accounts. These certifications shall-25 be regarded as final and not subject to modification by the 26 Secretary of the Budget. * * * 27 (m) Member contributions and interest. -- The board shall-28

29 cause each member's contributions, including payroll deductions,

30 pickup contributions, shared risk contributions and all other

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1	payments, including, but not limited to, amounts collected by
2	the State Employees' Retirement System for the reinstatement of
3	previous school service or creditable nonschool service and
4	amounts paid to return benefits paid after the date of return to-
5	school service or entering State service representing lump sum
6	payments made pursuant to section 8345(a)(4)(iii) (relating to
7	member's options) and member's annuity payments, but not-
8	including other benefits returned pursuant to section 8346(a.1)
9	and (a.2) (relating to termination of annuities), to be credited
10	to the account of such member and shall pay all such amounts
11	into the fund. Such contributions shall be credited with-
12	statutory interest until date of termination of service, except-
13	in the case of a vestee, who shall have such interest credited
14	until the effective date of retirement or until the return of
15	his accumulated deductions, if he so elects; and in the case of
16	a multiple service member who shall have such interest credited
17	until termination of service in both the school and the State
18	systems.
19	(m.1) Amounts credited to the members' savings account and
20	cash balance account. Subject to the forfeiture and attachment
21	provisions of section 8533 (relating to taxation, attachment,
22	and assignment of funds), members shall be fully vested with
23	respect to all employee contributions. Such monies in the
24	accounts shall be credited with interest at the long term
25	treasury rate, or its equivalent, in effect on the July 1 of the
26	fiscal year in which the member earns compensation, not to
27	exceed 4%. Such monies shall also be credited with excess
28	interest, if such excess interest is awarded.
29	(n) Annual financial statement The board shall prepare and
30	have published, on or before January 1 of each year, [a-

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financial statement] financial statements as of the fiscal year-1 ending June 30 of the previous year showing the condition of the 2 3 fund, the trust and the various accounts, including, but not limited to, the board's accrual and expenditure of directed 4 5 commissions, and setting forth such other facts, recommendations-6 and data as may be of use in the advancement of knowledge-7 concerning annuities and other benefits provided by this part. 8 The board shall submit said financial [statement] statements to 9 the Governor and shall make copies available to the employers 10 for the use of the school employees and the public. (o) Independent [audit] audits. -- The board shall provide for-11 [an annual audit] annual audits of the system and the plan by an-12 13 independent certified public accounting firm, which [audit] audits shall include the board's accrual and expenditure of-14 directed commissions. The board may use the same independent 15 16 certified public accounting firm for the audits of both the 17 system and the plan. * * * 18 19 (q) Participant and employer contributions to trust. The 20 board shall, each year in addition to any fees and itemized budget required under subsection (c), certify, as a percentage 21 of each participant's compensation, the employer defined 22 23 contributions, which shall be paid to the trust and credited to 24 each participant's individual investment account. These 25 certifications shall be regarded as final and not subject to 26 modification by the Secretary of the Budget. The board shall cause all mandatory pickup participant contributions made on_ 27 28 behalf of a participant and all voluntary contributions made by_ 29 a participant to be credited to the participant's individual 30 investment account.

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1 <u>(r) Excess interest.</u>

2	(1) The board may allow excess interest to be credited
3	to the members' savings account for active Class T I members,
4	and to the cash balance account for members in other classes
5	of service, as provided under section 8523(d) (relating to
6	members' savings account and cash balance account).
7	(2) The crediting of excess interest shall be made with
8	the advice of the actuary employing actuarial assumptions
9	that reflect the nature of the liability.
10	Section 221. Section 8502.2(a) of Title 24 is amended to-
11	read:
12	§ 8502.2. Health insurance.
13	(a) AuthorityThe board may sponsor a participant-funded-
14	group health insurance program for annuitants, <u>participants</u>
15	receiving distributions, spouses of annuitants and participants
16	receiving distributions, survivor annuitants and their-
17	dependents. The board may promulgate regulations regarding the
18	prudent and efficient operation of the program, including, but
19	not limited to:
20	(1) Establishment of an annual budget and disbursements
21	in accordance with the budget.
22	(2) Determination of the benefits structure.
23	(3) Determination of enrollment procedures.
24	(4) Establishment of premium rates sufficient to fully-
25	fund the program, including administrative expenses.
26	(5) Contracting for goods, equipment, services,
27	consultants and other professional personnel as needed to-
28	operate the program.
29	* * *
30	Section 222. Section 8503 heading, (a) and (b) of Title 24

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1 are amended and the section is amended by adding subsections to-

2 read:

3 § 8503. Duties of board to advise and report to employers-

4

[and], members and participants.

5 (a) Manual of regulations. -- The board shall, with the adviceof the Attorney General and the actuary, prepare, within 90 days-6 7 of the effective date of this part, a manual incorporating rules-8 and regulations consistent with the provisions of this part forthe employers who shall make information contained therein-9 available to the general membership. The board shall thereafter-10 advise the employers within 90 days of any changes in such rules-11 and regulations due to changes in the law or due to changes in-12 13 administrative policies. As soon as practicable after the commissioner's publication with respect thereto, the board shall-14 15 also advise the employers as to any cost-of-living adjustment-16 for the succeeding calendar year in the amount of the limitationunder IRC § 401(a)(17) and the dollar amounts of the limitations-17 18 under IRC § [415(b)] 415. 19 (b) Member status statements. The board shall furnish annually on or before December 31, a statement to each member 20 showing the accumulated deductions standing to the credit of the-21 member and the number of years and fractional part of a year of-22 23 service credited in each class of service, as applicable, as of-24 June 30 of that year. Each member's statement shall [be mailed-25 to his home address and shall] include a request that the member-26 make any necessary corrections or revisions regarding his-27 designated beneficiary, whose name at the request of the member-

28 shall remain confidential and not appear on this statement.

29 (b.1) Participant status statements. -- The board shall have

30 <u>furnished annually to each participant on or before December 31,</u>

1	and more frequently as the board may agree or as required by
2	law, a statement showing the accumulated total defined
3	contributions credited to the participant's individual
4	investment account, the nature and type of investments and the
5	investment allocation of future contributions as of June 30 of
6	the current year and requesting the participant to make any
7	necessary correction or revision regarding his designated
8	<u>beneficiary.</u>
9	(b.2) Cash balance status statements. The board shall have
10	furnished annually on or before December 31, a statement to each
11	member showing the accumulated total amount in the cash balance
12	account standing to the credit of the member. Each member's
13	statement shall include a request that the member make any
14	necessary corrections or revisions regarding his designated
15	beneficiary.
16	* * *
17	Section 223. Section 8504(c) of Title 24 is amended to read:
18	§ 8504. Duties of board to report to State Employees'
19	Retirement Board.
20	* * *
21	(c) Applications for benefits for State employeesUpon-
22	receipt of notification and the required data from the State-
23	Employees' Retirement Board that a former school employee who
24	elected multiple service has applied for a State employee's
25	retirement benefit or, in the event of his death, his legally-
26	constituted representative has applied for such benefit, the
27	board shall:
28	(1) Certify to the State Employees' Retirement Board:
29	(i) The salary history as a member of the Public-
30	School Employees' Retirement System and the final average-

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salary as calculated on the basis of the compensation
 received as a State and school employee.

3 (ii) The annuity or benefit which the member or his
4 beneficiary is entitled to receive under this part and
5 modified according to the option selected.

6 (2) Transfer to the State Employees' Retirement Fund the 7 accumulated deductions standing to such member's credit and 8 the actuarial reserve required on account of the member's 9 years of credited service in the school system and his final 10 average salary determined on the basis of his compensation <u>as</u> 11 <u>a member in both systems.</u>

Section 224. Sections 8505(a), (b), (e), (f), (g), (h) and (i), 8506(a), (d), (e), (g), (h), (i) and (k) and 8507(a), (e), (f) and (i) of Title 24 are amended and the sections are amended by adding subsections to read:

16 § 8505. Duties of board regarding applications and elections of 17 members <u>and participants</u>.

(a) Statement to new members. As soon as practicable after
each member shall have joined the system, the board shall issue
to him a statement as to the aggregate length of total previous
school service and creditable nonschool service, as applicable,
for which he may receive credit.

(b) State employees electing multiple service status. Upon receipt of notification from the State Employees' Retirement Board that a former school employee has become an active member in the State Employees' Retirement System and has elected to become a member with multiple service status, the board shall: (1) In case of a member who is receiving an annuity from

29 the system:

30 (i) Discontinue payments, transfer the present value

1 of the member's annuity at the time of entering State-2 service, plus the amount withdrawn in a lump sum payment,-3 on or after the date of entering State service, pursuant to section 8345 (relating to member's options), with 4 statutory interest to date of transfer, minus the amount 5 to be returned to the board on account of return to-6 service that the board has determined is to be credited 7 8 in the members' savings account, from the annuity reserveaccount to the members' savings account and resume-9 10 crediting of statutory interest on the amount restored tohis credit. 11

12 (ii) Transfer the balance of the present value of 13 the total annuity, minus the amount to be returned to the 14 board on account of return to service that the board has-15 determined is to be credited in the State accumulation 16 account, from the annuity reserve account to the State 17 accumulation account.

(iii) Certify to the member the amount of lump sumand annuity payments with statutory interest the memberis to return to the board and, of those amounts, which amount shall be credited to the members' savings accountand credited with statutory interest as such payments arereturned and which amount shall be credited to the Stateaccumulation account.

25 (2) In case of a member who is not receiving an annuity 26 from the system and who has not withdrawn his accumulated 27 deductions, continue or resume the crediting of statutory 28 interest on his accumulated deductions.

29 (3) In case of a member who is not receiving an annuity
 30 from the system and his accumulated deductions were

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1	withdrawn, certify to the member the accumulated deductions
2	as they would have been at the time of his separation had he
3	been a full coverage member together with statutory interest
4	for all periods of subsequent State service eligible for
5	membership in the State Employees' Retirement System and
6	school service eligible for membership in the system to the
7	date of repayment. Such amount shall be restored by him and
8	shall be credited with statutory interest as such payments
9	are restored.
10	* * *
11	(e) Certification to vestees terminating serviceThe board-
12	shall certify to a vestee within one year of termination of
13	service of such member:
14	(1) The accumulated deductions standing to his credit at
15	the date of termination of service.
16	(2) The number of years and fractional part of a year of
17	credit in each class of service, as applicable.
18	(3) The maximum single life annuity to which the vestee-
19	shall become entitled upon the attainment of superannuation
20	age, if applicable, and the filing of an application for such
21	annuity.
22	(e.1) Certification to participants terminating service
23	The board shall certify to a participant in writing, within one
24	year of termination of service of such participant, of the
25	vested accumulated total defined contributions credited to the
26	participant's individual investment account as of the date
27	stated in the writing, any notices regarding rollover or other
28	matters required by IRC or other law, the obligation of the
29	participant to commence distributions from the plan by the
30	participant's required beginning date and the ability to receive
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1	all or part of the vested balance in the participant's
2	<u>individual investment account in a lump sum or in such other</u>
3	form as the board may authorize or as required by law.
4	(f) Notification to vestees approaching superannuation
5	ageThe board shall notify each vestee in writing 90 days
6	prior to his attainment of superannuation age that he shall
7	apply for his annuity within 90 days of attainment of
8	superannuation age; that, if he does so apply, his effective
9	date of retirement will be the date of attainment of
10	superannuation age; that, if he does not so apply but defers his
11	application to a later date, his effective date of retirement
12	will be the date of filing the application or the date specified
13	on the application, whichever is later; and that, if he does not
14	file an application within seven years after attaining
15	superannuation age, he shall be deemed to have elected to
16	receive his accumulated deductions upon attainment of
17	superannuation age.
18	(f.1) Notification to inactive participants approaching
19	required beginning date The board shall notify in writing each
20	inactive participant who has terminated school service and for
21	whom distribution has not commenced by 90 days before the
22	participant's required beginning date, that the participant has
23	an obligation to commence distributions by the required
24	<u>beginning date in a form and manner required by IRC \$401(a)(9)</u>
25	and other applicable provisions of the IRC.
26	(g) Initial annuity payment and certification. The board
27	shall make the first monthly payment to a member who is eligible
28	for an annuity within 60 days of the filing of his application
29	for an annuity or, in the case of a vestee who has deferred the
30	filing of his application to a date later than 90 days following
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1 attainment of superannuation age, within 60 days of his
2 effective date of retirement, and receipt of the required data
3 from the employer of the member. Concurrently the board shall
4 certify to such member:

5	(1) The accumulated deductions standing to his credit
6	showing separately the amount contributed by the member, the
7	pickup contribution, the shared-risk contributions and the
8	interest credited to the date of termination of service.
9	(2) The number of years and fractional part of a year
10	credited in each class of service, as applicable.
11	(3) The final average salary on which his annuity is
12	based, if applicable, as well as any applicable reduction
13	factors due to age or election of an option or both.
14	(4) The total annuity payable under the option elected
15	and the amount and effective date of any future reduction on
16	account of social security old age insurance benefits.
17	(g.1) Initial payment to a participant The board shall
18	make the initial payment to a participant who has applied for a
19	distribution within 60 days of the filing of the application and
20	receipt of the required data from the employer of the
21	participant and other necessary data.
22	(h) Death benefits. Upon receipt of notification of the
23	death of a member, an active participant, an inactive
24	<u>participant</u> or former member <u>or participant</u> on USERRA leave, the-
25	board shall notify the designated beneficiary or survivor-
26	annuitant of the benefits to which he is entitled and shall make-
27	the first payment to the beneficiary under the plan elected by
28	the beneficiary within 60 days of receipt of certification of
29	death and other necessary data. If no beneficiary designation is-
30	in effect at the date of the member's <u>or participant's</u> death or

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1	no notice has been filed with the board to pay the amount of
2	such benefits to the member's <u>or participant's</u> estate, the board
3	is authorized to pay such benefits to the executor,
4	administrator, surviving spouse or next of kin of the deceased
5	member or participant, and payment pursuant hereto shall fully-
6	discharge the fund <u>or plan</u> from any further liability to make-
7	payment of such benefits to any other person. If the surviving-
8	spouse or next-of-kin of the deceased member or participant
9	cannot be found for the purpose of paying such benefits for a
10	period of seven years from the date of death of the member <u>or</u>
11	participant, then such benefits shall be escheated to the
12	Commonwealth for the benefit of the fund[.] or plan. If no
13	beneficiary designation is in effect at the date of a
14	participant's death or no notice has been filed with the board
15	to pay the amount of the benefits to the participant's estate,
16	the board may pay the benefits to the surviving spouse,
17	executor, administrator or next-of-kin of the deceased
18	participant, and payment pursuant hereto shall fully discharge
19	the fund from any further liability to make payment of such
20	benefits to any other person.
21	(i) Medical insurance coverage Upon receipt of
22	notification from an insurance carrier offering a health
23	insurance program approved by the board that an annuitant of the
24	system or participant in the plan who has attained age 65 has
25	elected medical, major medical, and hospitalization insurance
26	coverage or notification that annuitants of the system or
27	participants in the plan with less than 24 1/2 eligibility
28	points (other than disability annuitants of the system), spouses
29	of annuitants and participants in the plan and survivor
30	annuitants eligible to elect to enroll in the approved health
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1	insurance program have elected participation in such health
2	insurance program, the board may deduct from the annuity-
3	payments, from payments to a participant receiving
4	distributions, or from a successor payee the appropriate annual
5	charges in equal monthly installments. Such deductions shall be
6	transmitted to the insurance carrier.
7	* * *
8	§ 8506. Duties of employers.
9	(a) Status of members and participants. The employer shall,
10	each month, notify the board in a manner prescribed by the board
11	of the salary changes effective during the past month, the date
12	of all removals from the payroll, and the type of leave of any
13	member <u>or participant</u> who has been removed from the payroll for
14	any time during that month, and:
15	(1) if the removal is due to leave without pay, the-
16	employer shall furnish the board with the date of beginning
17	leave, the date of return to service, and the reason for-
18	leave;
19	(2) if the removal is due to a transfer to another
20	employer, the former employer shall furnish such employer and
21	the board with a complete school service record, including
22	credited or creditable nonschool service; or
23	(3) if the removal is due to termination of school
24	service, the employer shall furnish the board with a complete
25	school service record including credited or creditable
26	nonschool service and in the case of death of the member <u>or</u>
27	participant the employer shall so notify the board.
28	* * *
29	(c.1) Participant and employer defined contributionsThe
30	employer shall cause the mandatory pickup participant
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1	contributions on behalf of a participant to be made and shall
2	cause to be deducted any voluntary contributions authorized by a
3	participant. The employer shall also cause the employer defined
4	contributions on behalf of a participant to be made. The
5	employer shall notify the board at times and in a manner
6	prescribed by the board of the compensation of any participant
7	to whom the limitation under IRC § 401(a)(17) either applies or
8	is expected to apply and shall cause the participant's
9	contributions to be deducted from payroll to cease at the
10	<u>limitation under IRC § 401(a)(17) on the payroll date if and</u>
11	when such limit shall be reached. The employer shall certify to
12	the board the amounts picked up and deducted and the employer
13	defined contributions being made and shall send the total amount
14	picked up, deducted and contributed together with a duplicate of
15	such voucher to the secretary of the board every pay period or
16	on such schedule as established by the board.
17	(d) New employees subject to mandatory membership <u>or</u>
18	<u>participation</u> Upon the assumption of duties of each new school-
19	employee whose membership in the system <u>or plan</u> is mandatory,
20	the employer shall no later than 30 days thereafter cause an
21	application for membership or participation, which application
22	shall include the employee's home address, birthdate certified
23	by the employer, previous school or State service and any other
24	information requested by the board, and a nomination of
25	
26	beneficiary to be made by such employee and filed with the board-
20	beneficiary to be made by such employee and filed with the board and shall make pickup contributions <u>or mandatory pickup</u>
27	
	and shall make pickup contributions or mandatory pickup
27	and shall make pickup contributions <u>or mandatory pickup</u> participant contributions from the effective date of school
27 28	and shall make pickup contributions <u>or mandatory pickup</u> participant contributions from the effective date of school- employment.

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account on behalf of a Class T-C, Class T-D, Class T-E or Class 1 T-F member to be made and deducted as authorized by the member. 2 3 The employer shall certify to the board the amounts deducted and the employer contributions being made and shall send the total 4 amount deducted and contributed together with a duplicate of 5 such voucher to the secretary of the board every pay period or 6 7 on such schedule as established by the board. 8 (e) New employees subject to optional membership or 9 participation. The employer shall inform any eligible school 10 employee whose membership in the system or participation in the_ plan is not mandatory of his opportunity to become a member of 11 the system or participant in the plan provided that he elects to-12 13 purchase credit for all such continuous creditable service. If such employee so elects, the employer shall no later than 30-14 15 days thereafter cause an application for membership which 16 application shall include the employee's home address, birthdate certified by the employer, previous school or State service and 17 18 any other information requested by the board, and a nomination 19 of beneficiary to be made by him and filed with the board and 20 shall cause proper contributions to be made from the date of 21 election of membership or participation. * * * 22 23 (g) Former State employee contributors. --24 (1) The employer shall, upon the employment of a former-25 member of the State Employees' Retirement System who is not 26 an annuitant of the State Employees' Retirement System, advise such employee of his right to elect multiple service 27 28 membership within 365 days of entry into the system and, in-

29 the case any such employee who so elects has withdrawn his-

30 accumulated deductions, require him to restore his-

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accumulated deductions as they would have been at the time of 1 2 his separation had he been a full coverage member, together 3 with statutory interest for all periods of subsequent Stateand school service to date of repayment. The employer shall 4 5 advise the board of such election. (2) Paragraph (1) shall not apply to a school employee 6 7 who is employed in a position where the school employee is or 8 could be a participant in the plan other than a member who 9 elects to become a participant in the plan. 10 (h) Former State employee annuitants.--11 (1) The employer shall, upon the employment of an 12 annuitant of the State Employees' Retirement System who-13 applies for membership in the system, advise such employee 14 that he may elect multiple service membership within 365 daysof entry into the system and that if he so elects his annuity-15 from the State Employees' Retirement System will be-16 discontinued effective upon the date of his return to school 17 18 service and, upon termination of school service and 19 application for an annuity, the annuity will be adjusted in-20 accordance with section 8346 (relating to termination of 21 annuities). The employer shall advise the board of such-22 election. 23 (2) Paragraph (1) shall not apply to a school employee 24 who is employed in a position where the school employee is or 25 could be a participant in the plan other than a member who 26 elects to become a participant in the plan. 27 (i) Termination of service by members. -- The employer shall, -28 in the case of any member terminating school service, advise-29 such member in writing of any benefits from the system to whichhe may be entitled under the provisions of this part and shall 30

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1	have the member prepare, on or before the date of termination of
2	school service, one <u>or more</u> of the following three forms, a copy-
3	of which shall be given to the member and the original of which
4	shall be filed with the board:
5	(1) An application for the return of accumulated
6	deductions.
7	(2) An election to vest his retirement rights, if
8	eligible, and, if he is a joint coverage member and so-
9	desires, an election to become a full coverage member and an
10	agreement to pay within 30 days of the date of termination of
11	service the lump sum required.
12	(3) An application for an immediate annuity <u>, if</u>
13	eligible, and, if he is a joint coverage member and so-
14	desires, an election to become a full coverage member and an-
15	agreement to pay within 30 days of date of termination of
16	service the lump sum required.
16 17	service the lump sum required.
-	
17	<u>* * *</u>
17 18	<u>* * *</u> (k) School employees performing USERRA or military related
17 18 19	<pre>* * * (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of</pre>
17 18 19 20	<pre>* * * (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of the following:</pre>
17 18 19 20 21	<pre>* * * (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of the following: (1) Any school employee who:</pre>
17 18 19 20 21 22	<pre>* * * (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of the following: (1) Any school employee who: (i) ceases to be an active member <u>or active</u></pre>
17 18 19 20 21 22 23	<pre>* * * (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of the following: (1) Any school employee who: (i) ceases to be an active member <u>or active</u> participant to perform USERRA service; or</pre>
17 18 19 20 21 22 23 24	<pre>* * * (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of the following: (1) Any school employee who: (i) ceases to be an active member <u>or active</u> <u>participant</u> to perform USERRA service; or (ii) is granted a leave of absence under 51 Pa.C.S.</pre>
17 18 19 20 21 22 23 24 25	<pre>*** (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of the following: (1) Any school employee who: (i) ceases to be an active member <u>or active</u> <u>participant</u> to perform USERRA service; or (ii) is granted a leave of absence under 51 Pa.C.S. \$4102 (relating to leaves of absence for certain)</pre>
17 18 19 20 21 22 23 24 25 26	<pre>*** (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of the following: (1) Any school employee who: (i) ceases to be an active member <u>or active</u> participant to perform USERRA service; or (ii) is granted a leave of absence under 51 Pa.C.S. \$4102 (relating to leaves of absence for certain- government employees) or a military leave of absence.</pre>
17 18 19 20 21 22 23 24 25 26 27	<pre>*** (k) School employees performing USERRA or military related leave of absence. The employer shall report to the board all of the following: (1) Any school employee who: (i) ceases to be an active member <u>or active</u> <u>participant</u> to perform USERRA service; or (ii) is granted a leave of absence under 51 Pa.C.S. \$ 4102 (relating to leaves of absence for certain- government employees) or a military leave of absence under 51 Pa.C.S. \$ 7302 (relating to granting military)</pre>

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1	(3) The date on which the school employee is reemployed
2	from USERRA leave or returns after the leave of absence or
3	military leave of absence, if applicable.
4	(4) Any other information the board may require.
5	(1) Differential wage payments and military leave of absence
6	payments. Notwithstanding the exclusion of differential wage
7	payments as defined in IRC § 414(u)(12) from compensation under
8	this part, the employer of any school employee on USERRA leave
9	shall report differential wage payments made to the employee to
10	the board, and the employer of any school employee on leave of
11	absence pursuant to 51 Pa.C.S. § 4102 shall report any payment
12	made to the employee, in the form and manner established by the
13	board.
14	8507. Rights and duties of school employees [and]_ members
15	and participants.
16	(a) Information on new employees. Upon his assumption of
17	duties, each new school employee shall furnish his employer with
18	a complete record of his previous school or State service, or
19	creditable nonschool service, proof of his date of birth, his-
20	home address, his current status in the system and the plan and
21	in the State Employees' Retirement System and the State
22	Employees' Defined Contribution Plan and such other information
23	as the board may require. Willful failure to provide the
24	information required by this subsection to the extent available-
25	or the provision of erroneous information upon entrance into the
26	system shall result in the forfeiture of the right of the member-
27	to subsequently assert any right to benefits based on erroneous
28	information or on any of the required information which he
29	failed to provide. In any case in which the board finds that a
30	member is receiving an annuity based on false information, the
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1	additional amounts received predicated on such false information
_	-
2	together with statutory interest doubled and compounded shall be-
3	deducted from the present value of any remaining benefits to
4	which the member is legally entitled and such remaining benefits
5	shall be correspondingly decreased.
6	* * *
7	(b.1) Application for participationOn or after July 1,-
8	2016, in the case of a new employee who is not currently a
9	participant in the plan and whose participation is mandatory, or
10	in the case of a new employee whose participation is not
11	mandatory but is permitted and who desires to become a
12	participant in the plan, the new employee shall execute an
13	application for participation and a nomination of a beneficiary.
14	* * *
15	(d.2) Contributions for USERRA leaveAny active participant
16	or inactive participant or former participant who was reemployed
16 17	or inactive participant or former participant who was reemployed <u>from USERRA leave and who desires to make mandatory pickup</u>
-	
17	from USERRA leave and who desires to make mandatory pickup
17 18	from USERRA leave and who desires to make mandatory pickup
17 18 19	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period
17 18 19 20	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and
17 18 19 20 21	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and
17 18 19 20 21 22	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon
17 18 19 20 21 22 23	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions
17 18 19 20 21 22 23 24	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions within the allowed time period, the employer shall make the
17 18 19 20 21 22 23 24 25	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions within the allowed time period, the employer shall make the corresponding employer defined contributions at the same time.
17 18 19 20 21 22 23 24 25 26	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions within the allowed time period, the employer shall make the corresponding employer defined contributions at the same time. (d.3) Voluntary contributions by a participant. Any
17 18 19 20 21 22 23 24 25 26 27	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions within the allowed time period, the employer shall make the corresponding employer defined contributions at the same time. (d.3) Voluntary contributions by a participant. Any participant who desires to make voluntary contributions to be
17 18 19 20 21 22 23 24 25 26 27 28	from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC \$ 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions within the allowed time period, the employer shall make the corresponding employer defined contributions at the same time. (d.3) Voluntary contributions by a participant. Any participant who desires to make voluntary contributions to be credited to his individual investment account shall notify the

1	do so subject to the limitations under IRC §§ 401(a) and 415 and
2	as otherwise provided in this part.
3	(d.4) Voluntary contributions to cash balance account by
4	member. Any member who desires to make voluntary contributions
5	to be credited to his cash balance account shall notify the
6	board and, upon compliance with the requirements, procedures and
7	limitations established by the board, may do so subject to the
8	limitations under IRC §§ 401(a) and 415 and as otherwise
9	provided in this part.
10	(e) Beneficiary for death benefits <u>from system</u> Every-
11	member shall nominate a beneficiary by written designation filed
12	with the board to receive the death benefit or the benefit
13	payable under the provisions of Option 1. Such nomination may be
14	changed at any time by the member by written designation filed
15	with the board. A member may also nominate a contingent
16	beneficiary or beneficiaries to receive the death benefit or the
17	benefit payable under the provisions of Option 1.
18	(e.1) Beneficiary for death benefits from planEvery
19	participant shall nominate a beneficiary by written designation
20	filed with the board as provided in section 8506 (relating to
21	duties of employers) to receive the death benefit payable under
22	section 8408 (relating to death benefits). A participant may
23	also nominate a contingent beneficiary or beneficiaries to
24	receive the death benefit provided under section 8408 (relating
25	to death benefits). Such nomination may be changed at any time
26	by the participant by written designation filed with the board.
27	(e.2) Beneficiary for combined service employee A combined
28	service employee may designate or nominate different persons to
29	be beneficiaries, survivor annuitants and successor payees for
30	his benefits from the system and the plan.

1	(f) Termination of service by membersEach member who-
2	terminates school service <u>from the system</u> and who is not then a
3	disability annuitant shall execute on or before the date of
4	termination of service a written application, duly attested by
5	the member or his legally constituted representative, electing
6	to do one of the following:
7	(1) Withdraw his accumulated deductions.
8	(2) Vest his retirement rights, if eligible, and if he
9	is a joint coverage member, and so desires, elect to become a
10	full coverage member and agree to pay within 30 days of the
11	date 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	* * *
17	(g.1) Deferral of distribution by participantIf a
18	participant terminates school service and does not commence
19	receiving a distribution, he shall nominate a beneficiary by
20	written designation filed with the board, and he may anytime
21	thereafter, but no later than his required beginning date,
22	withdraw the vested accumulated total defined contributions
23	standing to his credit or apply for another form of distribution
24	required by law or authorized by the board.
25	(g.2) Deferral of distribution of cash balance account by
26	memberIf a member terminates school service and does not
27	commence receiving a distribution of monies in the cash balance
28	account, he shall nominate a beneficiary by written designation
29	filed with the board, and he may anytime thereafter, but no-
30	later than his required beginning date, withdraw the vested
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1	accumulated contributions standing to his credit or apply for
2	another form of distribution required by law or authorized by
3	the board.
4	<u>* * *</u>
5	(i) Failure to apply for annuityIf a member is eligible-
6	to receive an annuity from the system and does not file a proper-
7	application within 90 days of termination of service, he shall-
8	be deemed to have elected to vest, and his annuity will become-
9	effective as of the date an application is filed with the board
10	or the date designated on the application whichever is later.
11	<u>* * *</u>
12	(1) Eligible roll-in. An active Class T-I member may
13	transfer money received in an eligible rollover distribution to
14	the members' savings account to purchase USERRA leave, to the
15	extent allowed by IRC \$402. Such rollover shall be made in a
16	form and manner as determined by the board, shall be credited to-
17	the Class T-I member's accumulated deductions, and shall be-
18	separately accounted for by the board.
19	Section 225. Sections 8521(b), 8522, 8523, 8524, 8525 and
20	8531 of Title 24 are amended to read:
21	§ 8521. Management of fund and accounts.
22	<u>* * *</u>
23	(b) Crediting of interest The board annually shall allow-
24	statutory interest, excluding the individual investment
25	accounts, to the credit of the members' savings account on the-
26	mean amount of the accumulated deductions of all members for-
27	whom interest is payable for the preceding year and valuation
28	interest on the mean amount of the annuity reserve account for-
29	the preceding year to the credit of that account. The board-
30	annually shall allow valuation interest calculated on the mean-
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1	amount for the preceding year of the balance in the State-
2	accumulation account excluding any earnings of the fund credited
3	to the account during that year. In the event the total earnings
4	for the year do not exceed 5 1/2% of the mean amount for the-
5	preceding year of the total assets of the fund less earnings
6	credited to the fund during that year plus the administrative
7	expenses of the board, the difference required to be
8	appropriated from the General Fund shall be credited to the
9	State accumulation account.
10	* * *
11	§ 8522. Public School Employees' Retirement Fund.
12	<u>(a) General rule. The fund shall consist of all moneys in</u>
13	the several separate funds in the State Treasury set apart to be
14	used under the direction of the board for the benefit of members
15	of the system; and the Treasury Department shall credit to the
16	fund all moneys received from the Department of Revenue arising
17	from the contributions relating to or on behalf of the members
18	of the system required under the provisions of Chapter 83
19	(relating to membership, contributions and benefits) and all
20	earnings from investments or moneys of said fund. There shall be
21	established and maintained by the board the several ledger-
22	accounts specified in sections 8523 (relating to members'
23	savings account), 8524 (relating to State accumulation account),
24	8525 (relating to annuity reserve account) and 8526 (relating to
25	health insurance account).
26	(b) Individual investment accounts and trust. The
27	individual investment accounts that are part of the trust are
28	not part of the fund. Mandatory pickup participant
29	contributions, voluntary contributions and employer defined
30	contributions made under this part and any income earned by the
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1	investment of such contributions shall not be paid or credited
2	to the fund but instead shall be paid to the trust and credited
3	to the individual investment accounts.
4	§ 8523. Members' savings account <u>and cash balance account</u>.
5	(a) Credits to members' savings account. The members'
6	savings account shall be the ledger account to which shall be
7	credited the amounts of the pickup contributions made by the
8	employer and contributions or lump sum payments made by active
9	members in accordance with the provisions of Chapter 83
10	(relating to membership, contributions and benefits).
11	(a.1) Credits to cash balance account. The cash balance
12	account shall be the ledger account to which shall be credited
13	the amounts of cash balance member contributions made by active
14	members, amounts credited by the employer, and contributions or
15	lump sum payments made by active members, together with interest
16	and excess interest, as applicable, in accordance with the
17	provisions of Chapter 83 (relating to membership, contributions
18	and benefits).
19	(b) Interest and transfers from account The individual-
20	member accounts to which interest is payable shall be credited
21	with statutory interest. The accumulated deductions credited to-
22	the account of a member who dies in service or whose application
23	for an annuity has been approved shall be transferred from the
24	members' savings account or from the cash balance account, as
25	applicable, to the annuity reserve account provided for in-
26	section 8525 (relating to annuity reserve account).
27	(c) Charges to accountUpon the election of a member to-
28	withdraw his accumulated deductions, the payment of such amount-
29	shall be charged to the members' savings account.
30	<u>(d) Excess Interest.</u>

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1	(1) As part of the annual actuarial valuation performed
2	<u>under subsection 8502(j) (relating to administrative duties</u>
3	of board) for fiscal year 2017, and for each subsequent
4	fiscal year, the board shall determine the amount potentially
5	available from that year for distribution as excess interest.
6	That amount shall be one half of the investment gains and
7	losses, net of investment and administrative fees and costs,
8	above or below the actuarially assumed investment return of
9	the total assets in the fund multiplied by the ratio of the
10	total amount credited in the members' savings account of
11	Class T-I members and the cash balance savings account of
12	members who have elected to contribute to the cash balance
13	account, to the sum of the total amount credited in the
14	members' savings account plus the accrued actuarial liability
15	of all benefits derived from all the service of all members
16	in all classes of service other than Class T-I. This product
17	shall be available in equal annual installments over five
18	<u>vears.</u>
19	(2) After the actuarial valuation made for fiscal year
20	2019 and after the actuarial valuations for each subsequent
21	fiscal year, the board shall determine if excess interest is
22	to be awarded to those members who have Class T-I service
23	credit, or those members who have contributions in the cash
24	balance savings account, on the date of the applicable
25	actuarial valuation.
26	(3) For each determination period, excess interest shall
27	be granted if the sum of the amounts determined under
28	paragraph (1) for all the years of the determination period
29	is positive. If so, then the percentage rate of excess
30	interest shall be determined by dividing this sum by the
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1	total amount credited in the members savings account
2	attributable to Class T I service credit and those members
3	who have contributions in the cash balance savings account,
4	on the last day of the determination period. Each Class T-I
5	member who has monies in the members' savings account, and
6	each member who has monies in the cash balance savings
7	account, on the last day of the determination period and who
8	has monies in such accounts on the next following June 30,
9	shall have excess interest at this rate credited to his total
10	members' savings account balance cash balance savings
11	account, as applicable.
12	(4) The determination period for the period ending with
13	the actuarial valuation for fiscal year 2019 shall be fiscal
14	years 2016, 2017 and 2018. The determination period for the
15	period ending with the actuarial valuation for fiscal year
16	2020 shall be fiscal years 2016, 2017, 2018, and 2019. The
17	determination period for the periods ending with fiscal year
18	2021 and subsequent years shall be the ending fiscal year and
19	the four immediately previous fiscal years.
20	§ 8524. State accumulation account.
21	The State accumulation account shall be the ledger account to
22	which shall be credited all contributions of the Commonwealth
23	and other employers as well as the earnings of the fund, except-
24	the premium assistance contributions and earnings thereon in the
25	health insurance account. Valuation interest shall be allowed on
26	the total amount of such account less any earnings of the fund
27	credited during the year. The reserves necessary for the payment
28	of annuities and death benefits resulting from membership in the
29	system as approved by the board and as provided in Chapter 83
30	(relating to membership, contributions and benefits) shall be
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1	transferred from the State accumulation account to the annuity
2	reserve account. At the end of each year the required interest
3	shall be transferred from the State accumulation account to the
4	credit of the members' savings account and the annuity reserve-
5	account. The administrative expenses of the board shall be-
6	charged to the State accumulation account. Employer defined
7	contributions, mandatory pickup contributions and a
8	participant's voluntary contributions, together with any income
9	or interest earned thereon, may be temporarily placed into the
10	State accumulation account pending allocation or distribution to
11	the participant's individual investment account.
12	§ 8525. Annuity reserve account.
13	(a) Credits and charges to account. The annuity reserve
14	account shall be the ledger account to which shall be credited
15	the reserves held for the payment of annuities and death
16	benefits resulting from membership in the system on account of
17	all annuitants and the contributions from the Commonwealth and
18	other employers as determined in accordance with section 8328-
19	(relating to actuarial cost method) for the payment of the-
20	supplemental annuities provided in sections 8348 (relating to
21	supplemental annuities), 8348.1 (relating to additional
22	supplemental annuities), 8348.2 (relating to further additional-
23	supplemental annuities), 8348.3 (relating to supplemental
24	annuities commencing 1994), 8348.4 (relating to special
25	supplemental postretirement adjustment), 8348.5 (relating to
26	supplemental annuities commencing 1998), 8348.6 (relating to
27	supplemental annuities commencing 2002) and 8348.7 (relating to-
28	supplemental annuities commencing 2003). The annuity reserve
29	account shall be credited with valuation interest. After the
30	transfers provided in sections 8523 (relating to members'
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1	savings account) and 8524 (relating to State accumulation-	
2	account), all annuity and death benefit payments shall be-	
3	charged to the annuity reserve account and paid from the fund.	
4	(b) Transfers from account. Should an annuitant be-	
5	subsequently restored to active service, either as a member of	
6	the system or participant in the plan, the present value of his-	
7	member's annuity at the time of reentry into school service-	
8	shall be transferred from the annuity reserve account and placed	
9	to his individual credit in the members' savings account. In	
10	addition, the actuarial reserve for his annuity less the amount	
11	transferred to the members' savings account shall be transferred	
12	from the annuity reserve account to the State accumulation-	
13	account.	
14	§ 8531. State guarantee regarding the system.	
15	Statutory interest charges payable, the maintenance of	
16	reserves in the fund, and the payment of all annuities and other-	
17	benefits granted by the board <u>from the system</u> under the	
18	provisions of this part relating to the establishment and	
19	administration of the system are hereby made obligations of the	
20	Commonwealth. All income, interest, and dividends derived from	
21	deposits and investments authorized by this part shall be used	
22	for the payment of the said obligations of the Commonwealth and	
23	shall not be used for any obligations of the plan or trust.	
24	Section 226. Section 8533(a), (b) and (d) of Title 24 are-	
25	amended to read:	
26	§ 8533. Taxation, attachment and assignment of funds.	
27	(a) General ruleExcept as provided in subsections (b),-	
28	(c) and (d), the right of a person to a member's annuity, a-	
29	State annuity, or retirement allowance, to the return of	
30	contributions, any benefit or right accrued or accruing to any-	
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1	person under the provisions of this part, and the moneys in the		
2	fund <u>and the trust</u> are hereby exempt from any State or municipal		
3	tax, and exempt from levy and sale, garnishment, attachment, <u>the</u>		
4	provisions of Article XIII.1 of the act of April 9, 1929		
5	(P.L.343, No.176), known as The Fiscal Code, or any other		
6	process whatsoever, and shall be unassignable.		
7	(a.1) Individual investment accounts and distributionsNo-		
8	participant or beneficiary, successor payee, spouse or alternate		
9	payee of a participant shall have the ability to commute, sell,		
10	assign, alienate, anticipate, mortgage, pledge, hypothecate,		
11	commutate or otherwise transfer or convey any benefit or		
12	interest in an individual investment account or rights to		
13	receive or direct distributions under this part or under		
14	agreements entered into under this part except as otherwise		
15	provided in this part and in the case of either a member or a		
16	participant.		
17	(b) Forfeiture		
18	(1) Rights under this part shall be subject to		
19	forfeiture as provided by the act of July 8, 1978 (P.L.752,		
20	No.140), known as the Public Employee Pension Forfeiture Act.		
21	Forfeitures under this subsection or under any other		
22	provision of law may not be applied to increase the benefits		
23	that any member would otherwise receive under this part.		
24	(2) In accordance with section 16(b) of Article V of the		
25	Constitution of Pennsylvania and notwithstanding paragraph		
26	(1), the act of July 8, 1978 (P.L.752, No.140), known as the		
27	Public Employee Pension Forfeiture Act, or 42 Pa.C.S. § 3352		
28	(relating to pension rights), the accumulated mandatory		
29	participant contributions and accumulated voluntary		
30	contributions standing to the credit of a participant shall		
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1	not be forfeited but shall be available for payment of fines
2	and restitution as provided by law. In accordance with
3	section 16(b) of Article V of the Constitution of
4	Pennsylvania, amounts in the trust that have been ordered to
5	be distributed to an alternate payee as the result of an
6	equitable distribution of marital property as part of an
7	approved domestic relations order entered before the date of
8	the order or action in a court or other tribunal resulting in
9	<u>a forfeiture of a participant's interest in the trust shall</u>
10	not be subject to the Public Employee Pension Forfeiture Act,
11	section 16(b) of the Article V of the Constitution of
12	<u>Pennsylvania or 42 Pa.C.S. § 3352. Any accumulated employer</u>
13	defined contributions forfeited as a result of this
14	subsection or other law shall be retained by the board and
15	used for the payment of expenses of the plan.
16	* * *
16 17	<pre>* * * (d) Direct rolloverEffective with distributions made on</pre>
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17	(d) Direct rolloverEffective with distributions made on
17 18	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other
17 18 19	(d) Direct rolloverEffective with distributions made on- or after January 1, 1993, and notwithstanding any other- provision of this part to the contrary, a distributee may elect,
17 18 19 20	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have
17 18 19 20 21	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly
17 18 19 20 21 22	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For
17 18 19 20 21 22 23	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this subsection, a "distributee" includes a member
17 18 19 20 21 22 23 24	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other- provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this subsection, a "distributee" includes a member [and], a participant, a spouse, a member's surviving spouse-
17 18 19 20 21 22 23 24 25	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this subsection, a "distributee" includes a member [and], a participant, a spouse, a member's surviving spouse [and], a participant's surviving spouse, a member's former
17 18 19 20 21 22 23 24 25 26	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this subsection, a "distributee" includes a member- [and], a participant, a spouse, a member's surviving spouse [and], a participant's surviving spouse, a member's former- spouse who is an alternate payee under an approved domestic
17 18 19 20 21 22 23 24 25 26 27	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other- provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For- purposes of this subsection, a "distributee" includes a member- [and], a participant, a spouse, a member's surviving spouse- [and], a participant's surviving spouse, a member's former- spouse who is an alternate payee under an approved domestic relations order <u>and a participant's former spouse who is an</u>
17 18 19 20 21 22 23 24 25 26 27 28	(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other- provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly- to an eligible retirement plan by way of a direct rollover. For- purposes of this subsection, a "distributee" includes a member- [and], a participant, a spouse, a member's surviving spouse- [and], a participant's surviving spouse, a member's former- spouse who is an alternate payee under an approved domestic- relations order and a participant's former spouse who is an alternate payee under an approved domestic relations order and

1	directly to an eligible retirement plan by way of a direct
2	rollover. For purposes of this subsection, the term "eligible
3	rollover distribution" has the meaning given such term by IRC §
4	402(f)(2)(A) and "eligible retirement plan" has the meaning-
5	given such term by IRC § 402(c)(8)(B), except that a qualified-
6	trust shall be considered an eligible retirement plan only if it
7	accepts the distributee's eligible rollover distribution;
8	however, in the case of an eligible rollover distribution to a
9	surviving spouse, an eligible retirement plan is an "individual-
10	retirement account" or an "individual retirement annuity" as
11	those terms are defined in IRC § 408(a) and (b).
12	Section 227. Sections 8533.1, 8533.2, 8533.3 and 8533.4(a)
13	of Title 24 are amended to read:
14	§ 8533.1. Approval of domestic relations orders.
15	(a) Certification regarding members. A domestic relations
16	order pertaining to a member of the system shall be certified as
17	an approved domestic relations order by the secretary of the
18	board, or his designated representative, only if such order-
19	meets all of the following:
20	(1) Requires the system to provide any type or form of
21	benefit or any option <u>applicable to members</u> already provided
22	under this part.
23	(2) Requires the system to provide no more than the-
24	total amount of benefits than the member would otherwise-
25	receive (determined on the basis of actuarial value) unless
26	increased benefits are paid to the member or alternate payee
27	based upon cost-of-living increases or increases based on-
28	other than actuarial value.
29	(3) Specifies the amount or percentage of the member's
30	benefits to be paid by the system to each such alternate

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1 payee or the manner in which the amount or percentage is to 2 be determined. 3 (4) Specifies the retirement option to be selected by the member upon retirement or states that the member may 4 select any retirement option offered by this part upon 5 retirement. 6 (5) Specifies the name and last known mailing address, 7 8 if any, of the member and the name and last known mailing-9 address of each alternate payee covered by the order and states that it is the responsibility of each alternate payee-10 to keep a current mailing address on file with the system. 11 12 (6) Does not grant an alternate payee any of the rights, 13 options or privileges of a member under this part. 14 (7) Requires the member to execute an authorization 15 allowing each alternate payee to monitor the member's compliance with the terms of the domestic relations order 16 through access to information concerning the member-17 18 maintained by the system. 19 (a.1) Certification regarding participants. A domestic relations order pertaining to a participant shall be certified 20 as an approved domestic relations order by the secretary of the 21 board, or his designated representative, only if that order 22 meets all of the following: 23 24 (1) Does not require the plan to provide any type or 25 form of benefit or any option applicable to members of the system or participants in the plan. 26 (2) Does not require the segregation of the alternate 27 payee's share of the participant's individual investment 28 account into a subaccount or newly established individual 29 30 account titled in the name of the alternate payee.

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1	(3) Does not require the plan to recover or distribute
2	any funds which were distributed to the participant or at the
3	participant's direction prior to the approval of the domestic
4	relations order by the secretary of the board or his
5	designated representative.
6	(4) Requires the plan to pay to the alternate payee no
7	more than the lesser of the vested amount of the
8	participant's individual investment account specified by the
9	domestic relations order or the vested amount of the
10	participant's individual investment account as of the date of
11	the transfer of the alternate payee's share to the alternate
12	payee.
13	(5) States that the plan shall not be required to recoup
14	or make good for losses in value to the participant's
15	individual investment account incurred between the date of
16	the valuation of the account used for equitable distribution
17	purposes and the date of distribution to the alternate payee.
18	(6) Specifies the amount or percentage of the
19	participant's individual investment account to be paid to the
20	alternate payee and the date upon which such valuation is
21	based.
22	(7) Specifies the name and last known mailing address,
23	if any, of the participant and the name and last known
24	mailing address of each alternate payee covered by the order
25	and states that it is the responsibility of each alternate
26	payee to keep a current mailing address on file with the
27	system.
28	(8) Does not grant an alternate payee the rights,
29	privileges or options available to a participant.
30	(9) Requires the participant to execute an authorization
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1	allowing each alternate payee to monitor the participant's
2	compliance with the terms of the domestic relations order
3	through access to information concerning the participant
4	maintained by the plan. Any authorization granted under this
5	section shall be construed only as an authorization for the
6	alternate payee to receive information concerning the
7	participant which relates to the administration, calculation
8	and payment of the alternate payee's share of the
9	participant's account and not as an authorization to exercise
10	the rights afforded to participants or obtain information
11	that is not related to the administration, calculation and
12	payment of the alternate payee's share of the participant's
13	individual investment account, notwithstanding any other
14	provision of this part or the plan that would require a
15	distribution of accumulated employer defined contributions in
16	the form of an annuity or to require the purchase of an
16 17	the form of an annuity or to require the purchase of an <u>annuity.</u>
_ •	
17	annuity.
17 18	annuity.
17 18 19	<u>annuity.</u> <u>(10) In the case of participants who have not yet begun</u> <u>to receive distributions as of the date the domestic</u>
17 18 19 20	<u>annuity.</u> <u>(10) In the case of participants who have not yet begun</u> <u>to receive distributions as of the date the domestic</u> <u>relations order is approved by the secretary of the board or</u>
17 18 19 20 21	<u>annuity.</u> <u>(10) In the case of participants who have not yet begun</u> <u>to receive distributions as of the date the domestic</u> <u>relations order is approved by the secretary of the board or</u> <u>his designated representative, requires the immediate</u>
17 18 19 20 21 22	<u>annuity.</u> <u>(10) In the case of participants who have not yet begun</u> <u>to receive distributions as of the date the domestic</u> <u>relations order is approved by the secretary of the board or</u> <u>his designated representative, requires the immediate</u> <u>distribution of the alternate payee's share of the</u>
17 18 19 20 21 22 23	<u>annuity.</u> <u>(10) In the case of participants who have not yet begun</u> <u>to receive distributions as of the date the domestic</u> <u>relations order is approved by the secretary of the board or</u> <u>his designated representative, requires the immediate</u> <u>distribution of the alternate payee's share of the</u> <u>participant's individual investment account, which may be</u>
17 18 19 20 21 22 23 24	annuity. (10) In the case of participants who have not yet begun to receive distributions as of the date the domestic relations order is approved by the secretary of the board or his designated representative, requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be made by direct payment, eligible rollover or trustee to-
17 18 19 20 21 22 23 24 25	annuity. (10) In the case of participants who have not yet begun to receive distributions as of the date the domestic relations order is approved by the secretary of the board or his designated representative, requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be made by direct payment, eligible rollover or trustee to trustee transfer to another eligible plan or qualified
17 18 19 20 21 22 23 24 25 26	annuity. (10) In the case of participants who have not yet begun to receive distributions as of the date the domestic relations order is approved by the secretary of the board or his designated representative, requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be made by direct payment, eligible rollover or trustee to trustee transfer to another eligible plan or qualified account owned by the alternate payee, notwithstanding any
17 18 19 20 21 22 23 24 25 26 27	annuity. (10) In the case of participants who have not yet begun to receive distributions as of the date the domestic relations order is approved by the secretary of the board or his designated representative, requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be made by direct payment, eligible rollover or trustee to- trustee transfer to another eligible plan or qualified account owned by the alternate payee, notwithstanding any- other provision of this part or the plan that would otherwise
17 18 19 20 21 22 23 24 25 26 27 28	annuity. (10) In the case of participants who have not yet begun to receive distributions as of the date the domestic relations order is approved by the secretary of the board or his designated representative, requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be made by direct payment, eligible rollover or trustee to trustee transfer to another eligible plan or qualified account owned by the alternate payee, notwithstanding any other provision of this part or the plan that would otherwise require a distribution of accumulated employer defined

1	(11) In the case of a participant who is currently
2	receiving distributions from the trust as of the date the
3	domestic relations order is approved by the secretary of the
4	board or his designated representative, the domestic
5	relations order may not order the board to pay the alternate
6	payee more than the balance available in the participant's
7	individual investment account as of the date the order is
8	approved or require that distributions continue to the
9	alternate payee after the death of the participant and final
10	settlement of the participant's individual investment
11	account.
12	(b) Determination by secretary. Within a reasonable period
13	of time after receipt of a domestic relations order, the
14	secretary of the board, or his designated representative, shall-
15	determine whether this order is an approved domestic relations
16	order and notify the member or participant and each alternate
17	payee of this determination. Notwithstanding any other provision
18	of law, the exclusive remedy of any member, participant or
19	alternate payee aggrieved by a decision of the secretary of the
20	board, or his designated representative, shall be the right to-
21	an adjudication by the board under 2 Pa.C.S. Ch. 5 (relating to-
22	practice and procedure) with appeal therefrom to the
23	Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial
24	review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals
25	from government agencies).
26	(c) Other orders. The requirements for approval identified
27	in [subsection (a)] subsections (a) and (a.1) shall not apply to
28	any domestic relations order which is an order for support as
29	that term is defined in 23 Pa.C.S. § 4302 (relating to
30	definitions) or an order for the enforcement of arrearages as
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1	provided in 23 Pa.C.S. § 3703 (relating to enforcement of
2	arrearages). These orders shall be approved to the extent that
3	they do not attach moneys in excess of the limits on attachments-
4	as established by the laws of this Commonwealth and the United
5	States[.], require distributions of benefits in a manner that
6	would violate the laws of the United States, any other state or
7	this Commonwealth or require the distribution of funds for
8	support or enforcement of arrearages against any participant who
9	is not receiving distributions from the plan at the time such
10	order is entered. These orders may be approved notwithstanding
11	any other provision of this part or the plan that would
12	otherwise require a distribution of accumulated employer defined
13	contributions in the form of an annuity or to require the
14	purchase of an annuity.
15	(d) Obligation dischargedOnly the requirements of this-
16	part and any regulations promulgated hereunder shall be used to
17	govern the approval or disapproval of a domestic relations
18	order. Therefore, if the secretary of the board, or his
19	designated representative, acts in accordance with the
20	provisions of this part and any promulgated regulations in-
21	approving or disapproving a domestic relations order, then the
22	obligations of the system or plan with respect to such approval
23	or disapproval shall be discharged.
24	§ 8533.2. Irrevocable beneficiary.
25	Notwithstanding any other provision of this part, a domestic
26	relations order may provide for an irrevocable beneficiary. A
27	domestic relations order requiring the nomination of an
28	irrevocable beneficiary shall be deemed to be one that requires
29	a member <u>or participant</u> to nominate an alternate payee as a
30	beneficiary and that prohibits the removal or change of that
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beneficiary without approval of a court of competent-1 2 jurisdiction, except by operation of law. Such a domestic-3 relations order may be certified as an approved domesticrelations order by the secretary of the board, or his designated 4 representative, after the member or participant makes such-5 nomination, in which case the irrevocable beneficiary so ordered 6 7 by the court cannot be changed by the member or participant_ 8 without approval by the court. 9 § 8533.3. Irrevocable survivor annuitant. 10 Notwithstanding any other provisions of this part, a domesticrelations order pertaining to a member may provide for an-11 irrevocable survivor annuitant. A domestic relations order 12 13 requiring the designation of an irrevocable survivor annuitant 14 shall be deemed to be one that requires a member to designate an-15 alternate payee as a survivor annuitant and that prohibits the removal or change of that survivor annuitant without approval of-16 a court of competent jurisdiction, except by operation of law. 17 18 Such a domestic relations order may be certified as an approved 19 domestic relations order by the secretary of the board, or his-20 designated representative, in which case the irrevocable-21 survivor annuitant so ordered by the court cannot be changed bythe member without approval by the court. A person ineligible to-22 23 be designated as a survivor annuitant may not be designated anirrevocable survivor annuitant. 24 25 § 8533.4. Amendment of approved domestic relations orders. 26 (a) Deceased alternate payee. -- In the event that thealternate payee predeceases the member or participant and there-27 28 are benefits payable to the alternate payee, the divorce court-29 may amend the approved domestic relations order to substitute a-30 person for the deceased alternate payee to receive any benefits

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1 payable to the deceased alternate payee.

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Section 228. Title 24 is amended by adding a section to-3 read: 4 § 8533.5. Irrevocable successor pavee. 5 6 (a) Condition. -- Notwithstanding any other provisions of this 7 part, a domestic relations order pertaining to a participant may 8 provide for an irrevocable successor payee, only if the 9 participant is receiving a payment pursuant to a payment option provided by the board that allows for a successor pavee. 10 (b) Determination. A domestic relations order requiring the 11 designation of an irrevocable successor payee shall be deemed to_ 12 13 be one that requires a participant who is receiving payments from an annuity or other distribution option to designate an 14 alternate pavee as a successor pavee and that prohibits the 15 removal or change of that successor payee without approval of a 16 court of competent jurisdiction, except by operation of law. 17 18 (c) Certification. A domestic relations order under subsection (b) may be certified as an approved domestic 19 20 relations order by the secretary of the board, or his designated representative, in which case the irrevocable successor pavee so-21 22 ordered by the court cannot be changed by the participant 23 without approval by the court. 24 (d) Ineligibility. A person ineligible to be designated as 25 a successor pavee may not be designated as an irrevocable 26 successor payee. A court may not name an irrevocable successor payee if the alternate payee is eligible to receive a lump sum 27 28 distribution of the alternate payee's portion of the marital portion of the pension benefit. 29 Section 229. Sections 8534 and 8535 of Title 24 are amended 30

1 to read:

2 § 8534. Fraud and adjustment of errors.

3 (a) Penalty for fraud. Any person who shall knowingly make 4 any false statement or shall falsify or permit to be falsified 5 any record or records of this system <u>or plan</u> in any attempt to 6 defraud the system <u>or plan</u> as a result of such act shall be 7 guilty of a misdemeanor of the second degree.

8 (b) Adjustment of errors. -- Should any change or mistake inrecords result in any member, participant, beneficiary, [or] 9 survivor annuitant or successor payee receiving from the system-10 or plan more or less than he would have been entitled to receive 11 12 had the records been correct, then regardless of the intentional-13 or unintentional nature of the error and upon the discovery of such error, the board shall correct the error and if the error 14 affects contributions to or payments from the system, then so-15 far as practicable shall adjust the payments which may be made-16 for and to such person in such a manner that the actuarial 17 18 equivalent of the benefit to which he was correctly entitled 19 shall be paid. If the error affects contributions to or payments from the plan, the board shall take such action as shall be 20 provided for in the plan document. 21 § 8535. Payments to school entities by Commonwealth. 22 23 For each school year beginning with the 1995-1996 school year-24 and ending with the 2015-2016 school year, each school entity shall be paid by the Commonwealth for contributions based upon-25 26 school service of active members of the system after June 30, 1995, as follows: 27 28 (1) The Commonwealth shall pay each school entity for 29 contributions made to the Public School Employees' Retirement-Fund based upon school service of all active members, 30

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1 including members on activated military service leave, whose effective dates of employment with their school entities are 2 after June 30, 1994, and who also had not previously been 3 employed by any school entity within this Commonwealth an-4 5 amount equal to the amount certified by the Public School Employees' Retirement Board as necessary to provide, together-6 with the members' contributions, reserves on account of 7 8 prospective annuities, supplemental annuities and the premium-9 assistance program as provided in this part in accordancewith section 8328 (relating to actuarial cost method), 10 multiplied by the market value/income aid ratio of the school-11 12 entity. For no school year shall any school entity receive less than the amount that would result if the market 13 14 value/income aid ratio as defined in section 2501(14.1) of 15 the Public School Code of 1949 was 0.50. (2) The Commonwealth shall pay each school entity for 16 17 contributions made to the Public School Employees' Retirement-18 Fund based upon school service of all active members, 19 including members on activated military service leave, who 20 are not described in paragraph (1), one half of the amount certified by the Public School Employees' Retirement Board as-21 22 necessary to provide, together with the members' 23 contributions, reserves on account of prospective annuities, 24 supplemental annuities and the premium assistance program as 25 provided in this part in accordance with section 8328. (3) School entities shall have up to five days after 26 27 receipt of the Commonwealth's portion of the employer's 28 liability to make payment to the Public School Employees' 29 Retirement Fund. School entities are expected to make the 30 full payment to the Public School Employees' Retirement Fund

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1	in accordance with section 8327 (relating to payments by
2	employers) in the event the receipt of the Commonwealth's
3	portion of the employer's liability is delayed because of
4	delinquent salary reporting or other conduct by the school
5	entities.
6	Section 230. Title 24 is amended by adding sections to read:
7	<u>§ 8535.1. Payments to school entities by Commonwealth</u>
8	commencing with the 2016-2017 school year.
9	(a) General ruleFor each school year, beginning with the
10	2016-2017 school year, each school entity shall be paid by the
11	<u>Commonwealth for contributions based upon school service of</u>
12	active members of the system and active participants of the plan
13	<u>after June 30, 2016, as follows:</u>
14	(1) The Commonwealth shall pay each school entity for
15	contributions made to the fund or the trust based upon school
16	service of all active members or active participants,
17	including members or participants on activated military
18	service leave and USERRA leave, and active participants of
19	the plan whose effective dates of employment with their
20	school entities are after June 30, 1994, and who also had not
21	previously been employed by any school entity within this
22	<u>Commonwealth, an amount equal to the amount certified by the</u>
23	board as necessary to provide, together with the members' and
24	participants' contributions, reserves on account of
25	prospective annuities, supplemental annuities and the premium
26	assistance program as provided in this part in accordance
27	with section 8328 (relating to actuarial cost method),
28	multiplied by the market value/income aid ratio of the school
29	entity. For no school year shall any school entity receive
30	less than the amount that would result if the market
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1	value/income aid ratio as defined in section 2501(14.1) of
2	the Public School Code was 0.50.
3	(2) The Commonwealth shall pay each school entity for
4	contributions made to the fund or the trust based upon school
5	service of all active members or active participants,
6	including members or participants on activated military
7	service leave and USERRA leave, and active participants of
8	the plan who are not described in paragraph (1) one half of
9	the amount certified by the board as necessary to provide,
10	together with the members' and participants' contributions,
11	reserves on account of prospective annuities, supplemental
12	annuities and the premium assistance program as provided in
13	this part in accordance with section 8328.
14	(3) School entities shall have up to five days after
15	receipt of the Commonwealth's portion of the employer's
16	liability to make payment to the fund. School entities are
17	expected to make the full payment to the fund in accordance
18	with section 8327 (relating to payments by employers) in the
19	event the receipt of the Commonwealth's portion of the
20	<u>employer's liability is delayed because of delinquent salary</u>
21	reporting or other conduct by the school entities.
22	(4) Employers whose payments to the Public School
23	Employees' Retirement Fund are delinquent shall be charged
24	interest by the Public School Employees' Retirement Fund at
25	the annual interest rate adopted by the board pursuant to
26	section 8328 (relating to actuarial cost method) in effect in
27	the fiscal year in which the payments are required to be
28	paid.
29	<u> 8537. Public Pension Management and Asset Investment Review</u>
30	<u>Commission.</u>

1	(a) Establishment. A Public Pension Management and Asset
2	Investment Review Commission shall be established, which shall
3	be composed of three appointees of each of the following:
4	(1) Speaker of the House;
5	(2) President Pro tempore of the Senate; and
6	(3) Governor.
7	The appointees shall be investment professionals and
8	retirement advisors and shall be appointed within 90 days of
9	the effective date of this section.
10	(b) Duties. The duties of the Public Pension Management and
11	Asset Investment Review Commission are as follows:
12	(1) Study the performance of current investment
13	strategies and procedures of the Public School Employees'
14	Retirement System, comparing realized rates of return to
15	established benchmarks and considering associated fees paid
16	for active and passive management.
17	(2) Study the costs and benefits of both active and
18	<u>passive investment strategies in relation to future</u>
19	investment activities of the Public School Employees'
20	Retirement System.
21	(3) Study alternative future investment strategies with
22	available assets of the Public School Employees' Retirement
23	System that will maximize future rates of return net of fees.
24	(4) Publish extensive and detailed findings on line,
25	including findings about:
26	<u>(i) assets;</u>
27	<u>(ii) returns;</u>
28	<u>(iii) financial managers;</u>
29	<u>(iv) consultants;</u>
30	(v) requests for Proposals; and

1	(vi) investment performance measured against
2	benchmarks.
3	(5) Report its findings and recommendations to the
4	Governor and the General Assembly within 6 months of its
5	<u>first organizational meeting.</u>
6	(c) Quorum A majority of appointed members shall
7	constitute a quorum for the purpose of conducting business. The
8	members shall select one of their number to be chairperson and
9	another to be the vice chairperson.
10	(d) Transparency and ethics. The Public Pension Management
11	and Asset Investment Review Commission shall be subject to the
12	following laws:
13	(1) The act of February 14, 2008 (P.L.6, No.3), known as
14	the Right-to-Know Law.
15	(2) The act of July 3, 1986 (P.L.388, No.84), known as
16	the Sunshine Act.
17	(3) The act of October 4, 1978 (P.L.883, No.170), known
18	as the Public Official and Employee Ethics Act.
19	(4) The act of July 19, 1957 (P.L.1017, No.451), known
20	as the State Adverse Interest Act.
21	(e) Information gathering. The Public Pension Management
22	and Asset Investment Review Commission may conduct hearings and
23	otherwise gather pertinent information and analysis that it
24	considers appropriate and necessary to fulfill its duties.
25	(f) Transparency and ethics The Public Pension Management
26	and Asset Investment Review Commission may conduct hearings and
27	otherwise gather pertinent information and analysis that it
28	<u>considers appropriate.</u>
29	(g) Logistical and other support. The Public Pension
30	Management and Asset Investment Review Commission shall receive

1	logistical and other support from the Joint State Government
2	Commission and may employ additional temporary staff as needed.
3	(h) Reimbursement. The members of the Public Pension
4	Management and Asset Investment Review Commission shall be_
5	<u>reimbursed for reasonable expenses.</u>
6	(i) Expiration. The Public Pension Management and Asset
7	Investment Review Commission shall expire 60 days after delivery
8	of its report in accordance with subsection (b)(5). Any unspent
9	appropriation shall lapse back to the General Fund.
10	Section 231. The definition of "eligible person" in section-
11	8702(a) of Title 24 is amended to read:
12	§ 8702. Definitions.
13	(a) General ruleSubject to additional definitions-
14	contained in subsequent provisions of this part which are
15	applicable to specific provisions of this part, the following
16	words and phrases when used in this part shall have the meanings
17	given to them in this section unless the context clearly-
18	indicates otherwise:
19	"Eligible person." An individual who is <u>:</u>
20	(1) an annuitant or survivor annuitant or the spouse or
21	<pre>dependent of an annuitant or survivor annuitant[.]; or</pre>
22	(2) a participant receiving distributions or a successor
23	payee, or the spouse or dependent of a participant receiving
24	distributions or successor payee.
25	* * *
26	ARTICLE III
27	Section 301. Section 7306(a) introductory paragraph of Title-
28	51 is amended and the section is amended by adding a subsection
29	to read:
30	§ 7306. Retirement rights.
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1	(a) Options available to employees Any employee who is a
2	member of a retirement system other than an active member or
3	inactive member on leave without pay of the State Employees'
4	Retirement System, an active or inactive participant of the
5	School Employees' Defined Contribution Plan, an active
6	<u>participant or inactive participant on leave without pay of the</u>
7	State Employees' Defined Contribution Plan or an active or
8	inactive member of the Public School Employees' Retirement
9	System at the time he is granted a military leave of absence
10	shall be entitled to exercise any one of the following options
11	in regard thereto:
12	* * *
13	(f) Participant of a defined contribution plan
14	(1) An employee who is an active or inactive participant
15	of the School Employees' Defined Contribution Plan at the
16	time the employee is granted a military leave of absence
17	shall be entitled to make contributions to the Public School
18	Employees' Defined Contribution Trust for the leave as
19	provided in 24 Pa.C.S. Pt. IV (relating to retirement for
20	<u>school employees).</u>
21	(2) An employee who is an active participant or inactive
22	participant on leave without pay of the State Employees'
23	Defined Contribution Plan at the time he is granted a
24	<u>military leave of absence shall be entitled to make</u>
25	contributions to the State Employees' Defined Contribution
26	Trust for the leave as provided in 71 Pa.C.S. Pt. XXV
27	<u>(relating to retirement for State employees and officers).</u>
28	ARTICLE-IV
29	Section 401. Sections 4104(a)(7), 5102 and 5103 of Title 71-
30	are amended to read:

1 § 4104. Duties of office.

2	(a) Mandatory. The office shall:
3	* * *
4	(7) Study and analyze the impact of shared risk
5	contributions under 24 Pa.C.S. § 8321(b) (relating to regular
6	member contributions for current service) and section 5501.1
7	(relating to shared risk member contributions and shared gain
8	adjustments for regular member contributions for Class A-3
9	and Class A-4 service).
10	* * *
11	§ 5102. Definitions.
12	The following words and phrases as used in this part, unless
13	a different meaning is plainly required by the context, shall
14	have the following meanings:
15	"Academic administrator." A management employee in the field
16	of public education whose work is directly related to academic
17	instruction, excluding any employee in a position that is
18	nonacademic in nature, such as, without limitation, a position
19	that relates to admissions, financial aid, counseling,
20	secretarial and clerical services, records management, housing,
21	food service, maintenance and security.
22	"Accumulated employer defined contributions." The total of
23	the employer defined contributions paid into the trust on
24	account of a participant's State service together with any
25	investment earnings and losses and adjustment for fees, costs
26	and expenses credited or charged thereon.
27	"Accumulated mandatory participant contributions." The total
28	of the mandatory participant contributions paid into the trust
29	on account of a participant's State service together with any
30	investment earnings and losses and adjustments for fees, costs

1	and expenses credited or charged thereon.
2	"Accumulated total defined contributions." The total of the
3	accumulated mandatory participant contributions, accumulated
4	employer defined contributions and accumulated voluntary
5	contributions, reduced by any distributions, standing to the
6	credit of a participant in an individual investment account in
7	the trust.
8	"Accumulated voluntary contributions." The total of
9	voluntary contributions paid into the trust by a participant and
10	any amounts rolled over by a participant or transferred by a
11	<u>direct trustee-to-trustee transfer into the trust together with</u>
12	any investment earnings and losses and adjustment for fees,
13	costs and expenses credited or charged thereon.
14	"Active member." A State employee, or a member on leave-
15	without pay, for whom pickup contributions or cash balance
16	member contributions are being made to the fund or for whom such-
17	contributions otherwise required for current State service are
18	not being made solely by reason of section 5502.1 (relating to-
19	waiver of regular member contributions and Social Security-
20	integration member contributions) or any provision of this part-
21	relating to the limitations under section 401(a)(17) or section-
22	[415(b)] <u>415</u> of the Internal Revenue Code of 1986 (Public Law-
23	99-514, 26 U.S.C. § 401(a)(17) or [415(b)).] <u>415) or limitations</u>
24	on contributions to the system applicable to a Class A-3 member
25	or Class A-4 member who has exceeded the Class A-3 and Class A-4
26	<u>compensation limit.</u>
27	"Active participant." A State employee for whom mandatory
28	participant contributions are being made to the trust or for
29	whom such contributions otherwise required for current State
30	service are not being made solely by reason of any provision of
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1	this part relating to the limitations under section 401(a)(17)
2	or 415 of the Internal Revenue Code of 1986 (Public Law 99-514,
3	<u>26 U.S.C. § 401(a)(17) or § 415).</u>
4	"Actuarial increase factor." A factor calculated at the
5	member's birthday by dividing the cost of a dollar annuity based
6	on the age of the member on the member's immediately previous
7	birthday by the cost of a one-year deferred dollar annuity-
8	calculated at that same age. Unless the member terminates State-
9	or school service on the member's birthday, the actuarial
10	increase factor for the year of termination shall be adjusted
11	by:
12	(1) subtracting one from the calculated factor; then
13	(2) dividing the difference by twelve; then
14	(3) multiplying the resulting quotient by the number of
15	whole months between the member's immediately previous
16	birthday and the date of termination of service; then
17	(4) adding one to the resulting product.
18	"Actuarially equivalent." [Equal] <u>Except when determining</u>
19	benefits and present values related to Class CB service, cash
20	balance member accumulated deductions or total cash balance
21	accumulated deductions, equal present values, computed on the
22	basis of statutory interest and the mortality tables adopted by-
23	the board. When determining benefits and present values related
24	to Class CB service, cash balance member accumulated deductions
25	or total cash balance accumulated deductions, equal present
26	values, computed on the basis of the applicable Federal rate on
27	the effective date of the determination and the mortality tables
28	adopted by the board.
29	"Actuary." The consultant to the board who shall be:
30	(1) a member of the American Academy of Actuaries; or
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1	(2) an individual who has demonstrated to the
2	satisfaction of the Insurance Commissioner of Pennsylvania
3	that he has the educational background necessary for the
4	practice of actuarial science and has had at least seven
5	years of actuarial experience; or
6	(3) a firm, partnership, or corporation of which at
7	least one member meets the requirements of (1) or (2).
8	"Additional accumulated deductions." The total of the
9	additional member contributions paid into the fund on account of
10	current service or previous State or creditable nonstate
11	service, together with the statutory interest credited thereon
12	until the date of termination of service. In the case of a
13	vestee, statutory interest shall be credited until the effective-
14	date of retirement. A member's account shall not be credited-
15	with statutory interest for more than two years during a leave-
16	without pay.
ΤÜ	without pay.
17	"Alternative investment." An investment in a private equity
17	"Alternative investment." An investment in a private equity
17 18	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge
17 18 19	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge- fund or absolute return fund.
17 18 19 20	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund. "Alternative investment vehicle." A limited partnership,
17 18 19 20 21	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund. "Alternative investment vehicle." A limited partnership, limited liability company or any other legal vehicle for
17 18 19 20 21 22	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund. "Alternative investment vehicle." A limited partnership, limited liability company or any other legal vehicle for authorized investments under section 5931(i) (relating to
17 18 19 20 21 22 23	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund. "Alternative investment vehicle." A limited partnership, limited liability company or any other legal vehicle for authorized investments under section 5931(i) (relating to management of fund and accounts) through which the system makes
17 18 19 20 21 22 23 24	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund. "Alternative investment vehicle." A limited partnership, limited liability company or any other legal vehicle for- authorized investments under section 5931(i) (relating to- management of fund and accounts) through which the system makes an alternative investment.
17 18 19 20 21 22 23 24 25	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge- fund or absolute return fund. "Alternative investment vehicle." A limited partnership, limited liability company or any other legal vehicle for- authorized investments under section 5931(i) (relating to- management of fund and accounts) through which the system makes an alternative investment. "Alternate payee." Any spouse, former spouse, child or-
17 18 19 20 21 22 23 24 25 26	"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund. "Alternative investment vehicle." A limited partnership, limited liability company or any other legal vehicle for authorized investments under section 5931(i) (relating to- management of fund and accounts) through which the system makes an alternative investment. "Alternate payee." Any spouse, former spouse, child or dependent of a member <u>or participant</u> who is recognized by a
17 18 19 20 21 22 23 24 25 26 27	"Alternative investment." An investment in a private equity- fund, private debt fund, venture fund, real estate fund, hedge- fund or absolute return fund. "Alternative investment vehicle." A limited partnership, limited liability company or any other legal vehicle for- authorized investments under section 5931(i) (relating to- management of fund and accounts) through which the system makes an alternative investment. "Alternate payee." Any spouse, former spouse, child or- dependent of a member <u>or participant</u> who is recognized by a domestic relations order as having a right to receive all or a

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1	retirement until his annuity is terminated.
2	"Applicable Federal rate." Interest at a rate equal to the
3	applicable Federal rate prescribed by the Internal Revenue
4	Service and published by revenue ruling under IRC § 7520 and
5	that is in effect on the operative date of the calculation for
6	which such rate is being used, compounded annually.
7	"Approved domestic relations order." Any domestic relations
8	order which has been determined to be approved in accordance
9	with section 5953.1 (relating to approval of domestic relations
10	orders).
11	"Average noncovered salary." The average of the amounts of
12	compensation received each calendar year since January 1, 1956-
13	exclusive of the amount which was or could have been covered by
14	the Federal Social Security Act, 42 U.S.C. § 301 et seq., during-
15	that portion of the member's service since January 1, 1956 for-
16	which he has received social security integration credit.
17	"Basic contribution rate." Five percent (5%), except that in-
18	no case shall any member's rate, excluding the rate for social
19	security integration credit, be greater than his contribution
20	rate on the effective date of this part so long as he does not-
21	elect additional coverage or membership in another class of
22	service.
23	"Beneficiary." [The] In the case of the system, the person-
24	or persons last designated in writing to the board by a member-
25	to receive his accumulated deductions or a lump sum benefit upon-
26	the death of such member. <u>In the case of the plan, the person or</u>
27	persons last designated in writing to the board by the
28	participant to receive the participant's vested accumulated
29	total defined contributions or a lump sum benefit upon the death
30	<u>of the participant.</u>

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1	"Board." The State Employees' Retirement Board or the State
2	Employes' Retirement Board.
3	"Cash balance member accumulated deductions." The total of
4	the cash balance member contributions paid into the fund on
5	account of a member's service as a member of Class CB together
6	with treasury bond interest and excess interest thereon until
7	the date of termination of service. In the case of a vestee,
8	treasury bond interest and excess interest shall be credited
9	until the effective date of retirement.
10	"Cash balance member contributions." The product of the
11	basic contribution rate, the class of service multiplier and the
12	compensation of the member for service credited as Class CB.
13	<u>"Class A-3 and Class A-4 compensation limit." For a Class A-</u>
14	<u>3 or Class A-4 member for each calendar year starting on or</u>
15	after January 1, 2016, the amount of compensation as an active
16	member which would not have been subject to Social Security
17	integration member contributions under section 5502 had the
18	<u>member been eligible to elect to earn Social Security</u>
19	integration credits under section 5305 and did so, without
20	regard to the calendar year starting after March 1, 1974.
21	"Class of service multiplier."
22	Class of Service Multiplier
23	A 1
24	AA for all purposes
25	- except
26	- calculating
27	- regular member
28	- contributions on
29	- compensation
30	- paid prior to
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1		January 1, 2002	1.25
2	AA	for purposes of	
3	-	calculating 	
4	_	regular member 	
5	_	contributions-	
6	_	on compensation	
7	_	paid prior to	
8	_	January 1, 2002	1
9	A-3	for all purposes	
10	_	except the	
11	_	calculation of	
12	_	regular member -	
13	_	contributions-	
14	_	and-	
15	_	contributions-	
16	_	for creditable	
17	_	nonstate service	1
18	A-3	for purposes of	
19	_	calculating	
20		regular member -	
21	_	contributions-	
22	_	and-	
23	_	contributions-	
24	_	for creditable-	
25	_	nonstate service	1.25
26	A-4	for all purposes	
27	-	except the	
28	_	calculation of	
29	_	regular member -	
30	_	contributions	1.25

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1	A-4	for purposes of	
2	_	calculating -	
3	_	regular member 	
4	_	contributions	1.86
5	₽		.625
6	e		1
7	<u>CB</u>	<u>for all purposes</u>	
8		<u>except</u>	
9		calculating cash	
10		<u>balance member</u>	
11		<u>contributions</u>	±
12	<u>CB</u>		0.6 unless a -
13		for purposes of	lower_
14		calculating cash	<u>multiplier is</u>
15		<u>balance member</u>	elected under_
16		<u>contributions</u>	<u>section 5306.5</u>
16 17	Ð	<u>contributions</u>	<u>section 5306.5</u> 1.25
	D D-1	<u>contributions</u> prior to January-	
17			
17 18		prior to January	1.25
17 18 19	D-1 -	prior to January- 1 , 1973	1.25
17 18 19 20	D-1 -	prior to January- 1, 1973 on and -	1.25
17 18 19 20 21	D-1 -	prior to January 1, 1973 on and subsequent to	1.25 1.875
17 18 19 20 21 22	Ð-1 - Ð-1 -	prior to January 1, 1973 on and subsequent to January 1, 1973	1.25 1.875
17 18 19 20 21 22 23	Ð-1 - Ð-1 -	prior to January 1, 1973 on and subsequent to January 1, 1973 prior to January	1.25 1.875 1.731
17 18 19 20 21 22 23 24	Ð-1 - Ð-1 - Ð-2 -	prior to January 1, 1973 on and subsequent to January 1, 1973 prior to January 1, 1973	1.25 1.875 1.731
17 18 19 20 21 22 23 24 25	Ð-1 - Ð-1 - Ð-2 -	prior to January 1, 1973 on and subsequent to January 1, 1973 prior to January 1, 1973 on and	1.25 1.875 1.731
17 18 19 20 21 22 23 24 25 26	Ð-1 - Ð-1 - Ð-2 -	prior to January 1, 1973 on and subsequent to- January 1, 1973 prior to January 1, 1973 on and- subsequent to-	1.25 1.875 1.731 2.5
17 18 19 20 21 22 23 24 25 26 27	Ð-1 - Ð-1 - D-2 - Ð-2 - Ð-2	prior to January 1, 1973 on and subsequent to January 1, 1973 prior to January 1, 1973 on and subsequent to January 1, 1973	1.25 1.875 1.731 2.5
17 18 19 20 21 22 23 24 25 26 27 28	Ð-1 - Ð-1 - D-2 - Ð-2 - Ð-2	prior to January 1, 1973 on and subsequent to January 1, 1973 prior to January 1, 1973 on and subsequent to January 1, 1973 prior to January	1.25 1.875 1.731 2.5 1.731

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

1				years of
2				judicial -
3				service, and
4	_		1.5	for each-
5	_			subsequent
6	_			year of
7				judicial -
8	_			service
9	E, E-1	on and		
10		subsequent to		
11		January 1, 1973	1.50	for each of
12				the first ten-
13				years of
14				judicial -
15				service and
16			1.125	for each
17				subsequent
18				year of
19				judicial -
20				service
21	E-2	prior to 		
22		September 1,		
23		1973	1.5	
24	E-2	on and		
25	_	subsequent to		
26	_	September 1,		
27	_	1973 -	1.125	
28	G		0.417	
29	Ħ		0.500	
30	Ŧ		0.625	

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1	£	0.714
2	ĸ	0.834
3	Ŧ	1.000
4	M	1.100
5	H	1.250
6	T-C (Public School	1
7	Employees'	
8	Retirement Code)	
9	T-E (Public School	1
10	Employees'	
11	Retirement Code)	
12	T-F (Public School	1
13	Employees'	
14	Retirement Code)	
15	"Combined service employee." A cur	rent or former State
16	employee who is both a member of the s	ystem and a participant in
17	the plan.	
18	"Commissioner." The Commissioner c	f the Internal Revenue-
19	Service.	
20	"Compensation." Pickup contributio	ons plus remuneration
21	actually received as a State employee	excluding refunds for
22	expenses, contingency and accountable	expense allowances;
23	excluding any severance payments or pa	yments for unused vacation
24	or sick leave; and excluding payments	for military leave and any
25	other payments made by an employer whi	le on USERRA leave, leave-
26	of absence granted under 51 Pa.C.S. §	4102 (relating to leaves
27	of absence for certain government empl	oyees), military leave of
28	absence granted under 51 Pa.C.S. § 730	2 (relating to granting
29	military leaves of absence) or other t	ypes of military leave,
30	including other types of leave payment	s, stipends, differential
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1	wage payments as defined in IRC § 414(u)(12) and any other-
2	payments: Provided, however, That compensation received prior to-
3	January 1, 1973, shall be subject to the limitations for
4	retirement purposes in effect December 31, 1972, if any:
5	Provided further, That the limitation under section 401(a)(17)
6	of the Internal Revenue Code of 1986 (Public Law 99 514, 26-
7	U.S.C. § 401(a)(17)) taken into account for the purpose of
8	member contributions, including any additional member-
9	contributions in addition to regular or joint coverage member-
10	contributions and Social Security integration contributions,
11	regardless of class of service, shall apply to each member who
12	first became a member of the State Employees' Retirement System
13	on or after January 1, 1996, and who by reason of such fact is a
14	noneligible member subject to the application of the provisions
15	of section 5506.1(a) (relating to annual compensation limit
16	under IRC § 401(a)(17)) and shall apply to each participant.
17	"Concurrent service." Service credited in more than one-
18	class of service during the same period of time.
19	"Correction officer." Any full-time employee assigned to the-
20	Department of Corrections or the Department of Public Welfare
21	whose principal duty is the care, custody and control of inmates
22	or direct therapeutic treatment, care, custody and control of
23	inmates of a penal or correctional institution, community
24	treatment center, forensic unit in a State hospital or secure
25	unit of a youth development center operated by the Department of
26	Corrections or by the Department of Public Welfare.
27	"County service." Service credited in a retirement system or-
28	pension plan established or maintained by a county to provide
29	retirement benefits for its employees to the account of county-
30	employees who are transferred to State employment and become
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1	State employees pursuant to 42 Pa.C.S. § 1905 (relating to
2	county level court administrators) regardless of whether the
3	service was performed for the county or another employer or
4	allowed to be purchased in the county retirement system or
5	pension plan.
6	"Creditable nonstate service." Service for which an active
7	member may obtain credit in the system, other than:
8	(1) service as a State employee;
9	(2) service converted to State service pursuant to
10	section 5303.1 (relating to election to convert county-
11	service to State service); or
12	(3) school service converted to State service pursuant
13	to section 5303.2 (relating to election to convert school-
14	service to State service) [for which an active member may-
15	obtain credit].
16	"Credited service." State or creditable nonstate service for-
17	which the required contributions have been made to the fund or
18	for which the contributions otherwise required for such service-
19	were not made solely by reason of section 5502.1 (relating to
20	waiver of regular member contributions and Social Security
21	integration member contributions) or any provision of this part-
22	relating to the limitations under section 401(a)(17) or [415(b)]
23	<u>415</u> of the Internal Revenue Code of 1986 (Public Law 99-514, 26-
24	U.S.C. § 401(a)(17) or [415(b)),] <u>415), or limitations on</u>
25	contributions to the system applicable to a Class A-3 member or
26	<u>Class A 4 member or for which salary deductions or lump sum</u>
27	payments to the system have been agreed upon in writing.
28	"Date of termination of service." The latest of the
29	following dates:
30	(1) the last day of service for which pickup-
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1	contributions are made for an active member or <u>for which the</u>
2	contributions otherwise required for such service were not
3	made solely by reason of section 5502.1 (relating to waiver
4	of regular member contributions and social security
5	integration member contributions) or any provision of this
6	part relating to the limitations under section 401(a)(17) or
7	415 of the Internal Revenue Code of 1986 (Public Law 99-514,
8	<u>26 U.S.C. § 401(a)(17) or 415) or limitations on</u>
9	<u>contributions to the system applicable to a Class A-3 member</u>
10	<u>or Class A-4 member;</u>
11	(2) the last day of service for which mandatory
12	participant contributions are made for an active participant;
13	(3) in the case of an inactive member on leave without
14	pay <u>or an inactive participant on leave without pay,</u> the date
15	of his resignation or the date his employment is formally-
16	discontinued by his employer[.] <u>; or</u>
17	(4) in the case of a combined service employee, the
18	latest of the dates in paragraphs (1), (2) and (3).
19	"DC plan exempt employee." Any of the following:
20	(1) A sworn police officer.
21	(2) An enforcement officer.
22	(3) A wildlife conservation officer or other
23	commissioned law enforcement personnel employed by the
24	Pennsylvania Game Commission who has and exercises the same
25	law enforcement powers as a wildlife conservation officer.
26	The term shall not include a deputy wildlife conservation
27	<u>officer.</u>
28	(4) A Delaware River Port Authority policeman.
29	(5) A park ranger.
30	(6) A Capitol Police officer.

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1	(7) A campus police officer employed by a State-owned
2	educational institution, community college or The
3	Pennsylvania State University.
4	(8) A police officer employed by Fort Indiantown Gap or
5	other designated Commonwealth military installation or
6	facility.
7	(9) A correction officer.
8	"Disability annuitant." A member on and after the effective-
9	date of disability until his annuity or the portion of his-
10	annuity payments in excess of any annuity to which he may-
11	otherwise be entitled is terminated.
12	"Distribution." Payment of all or any portion of a person's
13	interest in <u>either</u> the State Employees' Retirement Fund <u>or the</u>
14	State Employees' Defined Contribution Trust or both which is
15	payable under this part.
16	"Domestic relations order." Any judgment, decree or order,
17	including approval of a property settlement agreement, entered
18	on or after the effective date of this definition by a court of
19	competent jurisdiction pursuant to a domestic relations law
20	which relates to the marital property rights of the spouse or
21	former spouse of a member or participant, including the right to
22	receive all or a portion of the moneys payable to that member <u>or</u>
23	participant under this part in furtherance of the equitable
24	distribution of marital assets. The term includes orders of
25	support as that term is defined by 23 Pa.C.S. § 4302 (relating
26	to definitions) and orders for the enforcement of arrearages as
27	provided in 23 Pa.C.S. § 3703 (relating to enforcement of
28	arrearages).
29	"Effective date of retirement." The first day following the-
30	date of termination of service of a member if he has properly

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1	filed an application for an annuity within 90 days of such date;
2	in the case of a vestee or a member who does not apply for an
3	annuity within 90 days after termination of service, the date of
4	filing an application for an annuity or the date specified on-
5	the application, whichever is later. In the case of a finding of
6	disability, the date certified by the board as the effective
7	date of disability.
8	"Elected officer." An individual who is elected or reelected
9	to a term of office that begins after December 31, 2015, as a
10	member of the General Assembly.
11	"Eligibility points." Points which are accrued by an active-
12	member or a multiple service member who is an active member in
13	the Public School Employees' Retirement System for credited
14	service or a member who has been reemployed from USERRA leave or-
15	a member who dies while performing USERRA leave and are used in-
16	the determination of eligibility for benefits.
17	"Employer defined contributions."
18	(1) Unless paragraph (2) applies, contributions equal to
19	4% of an active participant's compensation which are made by
20	the Commonwealth or other employer for current service to the
21	trust to be credited in the active participant's individual
22	investment account.
23	(2) For a psychiatric security aide, contributions equal
24	to 5.5% of an active participant's compensation which are
25	made by the Commonwealth or other employer for current
26	service to the trust to be credited in the active
27	<u>participant's individual investment account.</u>
28	"Enforcement officer."
29	(1) Any enforcement officer or investigator of the-
30	Pennsylvania Liquor Control Board who is a peace officer
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vested with police power and authority throughout the
Commonwealth and any administrative or supervisory employee
of the Pennsylvania Liquor Control Board vested with police
power who is charged with the administration or enforcement
of the liquor laws of the Commonwealth.

(2) Special agents, narcotics agents, asset forfeiture 6 7 agents, medicaid fraud agents and senior investigators -8 hazardous waste prosecutions unit, classified as such and 9 employed by the Office of Attorney General who have within-10 the scope of their employment as law enforcement officers the power to enforce the law and make arrests under the authority-11 of the act of October 15, 1980 (P.L.950, No.164), known as 12 13 the Commonwealth Attorneys Act.

14 (3) Parole agents, classified as such by the Executive
 15 Board and employed by the Pennsylvania Board of Probation and
 16 Parole.

17 (4) Waterways conservation officers and other

18 commissioned law enforcement personnel employed by the

19 Pennsylvania Fish and Boat Commission who have and exercise

20 the same law enforcement powers as waterways conservation-

21 officers. This paragraph shall not apply to deputy waterways-

22 conservation officers.

23 "Final average salary." [The] <u>As follows:</u>

24 <u>(1) For members with an effective date of retirement</u>

25 before January 1, 2016, and for purposes of calculating

26 <u>standard single life annuities resulting from credited</u>

27 <u>service other than post-January 2016 service regardless of</u>

28 the effective date of retirement, the highest average

29 compensation received as a member during any three-

30 nonoverlapping periods of four consecutive calendar quarters

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1	during which the member was a State employee, with the
2	compensation for part-time service being annualized on the
3	basis of the fractional portion of the year for which credit
4	is received; except if the employee was not a member for-
5	three nonoverlapping periods of four consecutive calendar
6	quarters, the total compensation received as a member,
7	annualized in the case of part-time service, divided by the
8	number of nonoverlapping periods of four consecutive calendar
9	quarters of membership[;].
10	(2) For members with an effective date of retirement on
11	or after January 1, 2016, for purposes of calculating
12	standard single life annuities resulting from post January
13	2016 service, the larger of:
14	(i) the highest average total compensation received
15	as a member of any class of service during any five
16	calendar years during which the member was a state
17	employee, with the compensation for part-time service or
18	for any partial year of credit annualized on the basis of
19	the fractional portion of the year for which credit is
20	received, and subject to any limitation as applied under
21	section 5506.2 (relating to application of Class A-3 and
22	<u>Class A 4 compensation limit) if the member has Class A 3</u>
23	service credit or class A-4 service credit, except if the
24	employee was not an active member during five calendar
25	years, the average of the number of calendar years during
26	which the employee was an active member; or
27	(ii) the highest average compensation received as a
28	member of any class of service during any three calendar
29	years during which the member was a state employee
30	excluding remuneration received after December 31, 2015,
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1	for any overtime service as a member of the system, with	
2	the compensation of part time service or for any partial	
3	year of credit annualized on the basis of the fractional	
4	portion of the year for which credit is received, and	
5	subject to any limitation as applied under section 5506.2	
6	if the member has Class A-3 service credit or class A-4	
7	service credit, except if the employee was not an active	
8	member during three calendar years, the average of the	
9	number of calendar years during which the employee was an	
10	active member.	
11	(3) For all members and for the calculation of all	
12	standard single life annuities without regard to class of	
13	membership and credited service, in the case of a member with	
14	multiple service, the final average salary shall be-	
15	determined on the basis of the compensation received by him-	
16	as a [State employee] <u>member of the system</u> or as a school-	
17	employee, other than as a participant in the School	
18	Employees' Defined Contribution Plan, or both; in the case of	
19	a member with Class A-3 or Class A-4 service and service in-	
20	one or more other classes of service, the final average	
21	salary shall be determined on the basis of the compensation	
22	received by him in all classes of State service credited in	
23	the system other than as a member of Class CB; and, in the	
24	case of a member who first became a member on or after-	
25	January 1, 1996, the final average salary shall be determined	
26	as hereinabove provided but subject to the application of the-	
27	provisions of section 5506.1(a) (relating to annual-	
28	compensation limit under IRC § 401(a)(17)). Final average-	
29	salary shall be determined by including in compensation	
30	payments deemed to have been made to a member reemployed from-	
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1	USERRA leave to the extent member contributions have been-
2	made as provided in section 5302(f)(2) (relating to credited
3	State service) and payments made to a member on leave of
4	absence under 51 Pa.C.S. § 4102 (relating to leaves of
5	absence for certain government employees) as provided in-
6	section 5302(f)(6).
7	"Full coverage member." Any member for whom member pickup-
8	contributions are being picked up or who has paid or has agreed
9	to pay to the fund the actuarial equivalent of regular member
10	contributions due on account of service prior to January 1,-
11	1982.
12	"Fund." The State Employees' Retirement Fund.
13	"Head of department." The chief administrative officer of
14	the department, the chairman or executive director of the
15	agency, authority, or independent board or commission, the Court-
16	Administrator of Pennsylvania, and the Chief Clerk of the
17	Senate, or the Chief Clerk of the House of Representatives.
18	"Inactive member." A member for whom no pickup contributions-
19	or cash balance member contributions are being made to the fund,
20	except in the case of an active member for whom such-
21	contributions otherwise required for current State service are
22	not being made solely by reason of section 5502.1 (relating to-
23	waiver of regular member contributions and Social Security-
24	integration member contributions) or any provision of this part-
25	relating to the limitations under section 401(a)(17) or 415(b)
26	of the Internal Revenue Code of 1986 (Public Law 99-514, 26-
27	U.S.C. § 401(a)(17) or 415(b)) or limitations on contributions
28	to the system applicable to a Class A 3 member or Class A 4
29	member, but who has accumulated deductions or cash balance
30	member accumulated deductions standing to his credit in the fund

1	and who is not eligible to become or has not elected to become a
2	vestee or has not filed an application for an annuity.
3	"Inactive member on leave without pay." The term does not
4	include a combined service employee who is an inactive
5	participant on leave without pay unless the combined service
6	employee concurrently is employed in an office or position in
7	which the combined service employee is a member of the system.
8	"Inactive participant." A participant for whom no mandatory
9	participant contributions are being made to the trust, except in
10	the case of an active participant for whom such contributions
11	otherwise required for current State service are not being made
12	solely by reason of any provision of this part relating to
13	<u>limitations under section 401(a)(17) or 415 of the Internal</u>
14	<u>Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17)</u>
15	or 415), but who has vested accumulated total defined
16	contributions standing to his credit in the trust and who has
17	not filed an application for an annuity.
18	"Inactive participant on leave without pay." The term does
19	not include a combined service employee who is an inactive
20	member on leave without pay unless the combined service employee
21	concurrently is employed in an office or position in which the
22	combined service employee is a participant in the plan.
23	"Individual investment account." The account in the trust to
24	which are credited the amounts of the contributions made by a
25	participant and the participant's employer in accordance with
26	the provisions of this part, together with all interest and
27	investment earnings after deduction for fees, costs, expenses
28	and investment losses and charges for distributions.
29	"Intervening military service." Active military service of a-
30	member who was a State employee <u>and an active member of the</u>
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system immediately preceding his induction into the armed 1 services or forces of the United States in order to meet a-2 3 military obligation excluding any voluntary extension of suchservice and who becomes a State employee within 90 days of the 4 5 expiration of such service. "IRC." The Internal Revenue Code of 1986, as designated and 6 referred to in section 2 of the Tax Reform Act of 1986 (Public-7 8 Law 99 514, 100 Stat. 2085, 2095). A reference in this part to "IRC § " shall be deemed to refer to the identically numbered 9 section and subsection or other subdivision of such section in-10 26 United States Code (relating to Internal Revenue Code). 11 12 "Irrevocable beneficiary." The person or persons permanently-13 designated by a member or participant in writing to the State Employees' Retirement Board pursuant to an approved domestic-14 15 relations order to receive all or a portion of the accumulated 16 deductions, vested accumulated total defined contributions or lump sum benefit payable upon the death of such member or 17 18 participant. 19 <u>"Irrevocable successor payee." The person permanently</u> designated by a participant receiving distributions in writing 20 to the board pursuant to an approved domestic relations order to 21 receive one or more distributions from the plan upon the death 22 23 of such participant. 24 "Irrevocable survivor annuitant." The person permanently 25 designated by a member in writing to the State Employees'-Retirement Board pursuant to an approved domestic relations-26 order to receive an annuity upon the death of such member. 27 28 "Joint coverage member." Any member who agreed prior to-29 January 1, 1966 to make joint coverage member contributions to the fund and has not elected to become a full coverage member. 30 20150SB1071PN1913 - 183 -

1	"Joint coverage member contributions." Regular member-
2	contributions reduced for a joint coverage member.
3	<u>"Mandatory participant contributions." Contributions equal</u>
4	to 3% of compensation that are made by active participants for
5	<u>current service.</u>
6	"Member." Active member, inactive member, annuitant, vestee-
7	or special vestee.
8	"Member of the judiciary." Any justice of the Supreme Court,
9	any judge of the Superior Court, the Commonwealth Court, any
10	court of common pleas, the Municipal Court and the Traffic Court
11	of Philadelphia, or any community court.
12	"Member's annuity." The single life annuity which is
13	actuarially equivalent, at the effective date of retirement, to
14	the sum of the regular accumulated deductions, shared risk
15	accumulated deductions, the additional accumulated deductions,
16	cash balance member accumulated deductions and the social
17	security integration accumulated deductions standing to the
18	member's credit in the members' savings account.
19	"Military service." All active military service for which a
20	member has received a discharge other than an undesirable, bad-
21	conduct, or dishonorable discharge.
22	"Multiple service." Credited service of a member who has-
23	elected to combine his credited service in both the State-
24	Employees' Retirement System and the Public School Employees'
25	Retirement System.
26	"Noneligible member." For the purposes of section 5506.1-
27	<pre>(relating to annual compensation limit under IRC § 401(a)(17)),</pre>
28	a member who first became a member on or after January 1, 1996.
29	"Nonstudent service." Employment in an educational-
30	institution that is not contingent on the employee's enrollment
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1	as a student or maintenance of student status at such-
2	institution and for which only monetary compensation is
3	received, excluding tuition waivers or reimbursement, academic
4	credit, housing, meals and other in kind compensation.
5	"Participant." An active participant, inactive participant
6	or participant receiving distributions.
7	"Participant receiving distributions." A participant in the
8	plan who has commenced receiving distributions from his
9	individual investment account but who has not received a total
10	distribution of his vested interest in the individual investment
11	account.
12	"Pickup contributions." Regular or joint coverage member-
13	contributions, shared risk member contributions, social security
14	integration contributions and additional member contributions
15	which are made by the Commonwealth or other employer for active-
16	members for current service on and after January 1, 1982.
17	"Plan." The State Employees' Defined Contribution Plan as
18	established by the provisions of this part and the board.
19	"Plan document." The documents created by the board under
20	section 5402 (relating to plan document) that contain the terms
21	and provisions of the plan and trust as established by the board
22	regarding the establishment, administration and investment of
23	the plan and trust.
24	<u>"Post-January 2016 service." All previously uncredited state</u>
25	service and creditable nonstate service that is first credited
26	on or after January 1, 2016, and all State service performed on-
27	or after January 1, 2016, except that any State service credited
28	by a member who is reemployed from USERRA leave who has made the
29	member contributions under section 5302(f) (relating to credited
30	State service) to receive State service credit shall not be
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1	post-January 2016 service if credited for a period of USERRA
2	leave performed before January 1, 2016.
3	"Previous State service." Service rendered as a State
4	employee prior to his most recent entrance in the system[.],_
5	provided that the State employee was not a participant in the
6	plan, was not eligible to be an optional participant in the plan
7	<u>under section 5301(b.1) (relating to mandatory and optional</u>
8	membership in the system and participation in the plan) or was
9	not prohibited from being a participant under section 5301(c.1)
10	<u>during such service.</u>
11	"Psychiatric security aide." Any employee whose principal
12	duty is the care, custody and control of the criminally insane
13	inmates of a maximum security institution for the criminally
14	insane or detention facility operated by the Department of
15	Public Welfare.
16	"Public School Employees' Retirement System." The retirement
17	system established by the act of July 18, 1917 (P.L.1043,
18	No.343), and codified by the act of June 1, 1959 (P.L.350,
19	No.77).
20	"Reemployed from USERRA leave." Resumption of active-
21	membership <u>or active participation</u> as a State employee after a
22	period of USERRA leave, provided, however, that the resumption
23	of active membership or active participation was within the time-
24	period and under conditions and circumstances such that the
25	State employee was entitled to reemployment rights under 38-
26	U.S.C. Ch. 43 (relating to employment and reemployment rights of
27	members of the uniformed services).
28	"Regular accumulated deductions." The total of the regular
29	or joint coverage member contributions paid into the fund on
30	account of current service or previous State or creditable-

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1	nonstate service, together with the statutory interest credited
2	thereon until the date of termination of service. In the case of
3	a vestee or a special vestee, statutory interest shall be
4	credited until the effective date of retirement. A member's
5	account shall not be credited with statutory interest for more-
6	than two years during a leave without pay.
7	"Regular member contributions." The product of the basic
8	contribution rate, the class of service multiplier if greater
9	than one and the compensation of the member[.] for service in a
10	class other than Class CB, subject to any adjustment under
11	section 5501.1(c) (relating to shared risk member contributions
12	and shared gain adjustments to regular member contributions for
13	<u>Class A-3 and Class A-4 service) or 5501.3 (relating to</u>
14	contribution savings program for members of Class AA and Class
15	$\underline{\mathbf{D}}$
16	"Required beginning date." The latest date by which
17	distributions of a member's interest in the system or a
18	<u>participant's interest in his individual investment account must</u>
19	commence under section 401(a)(9) of the Internal Revenue Code of
20	<u>1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).</u>
21	"Retirement counselor." The State Employees' Retirement-
22	[System] <u>Board</u> employee whose duty it shall be to advise each
23	employee of his rights and duties as a member of the system <u>or</u>
24	as a participant of the plan.
25	"Salary deductions." The amounts certified by the board,
26	deducted from the compensation of an active member <u>or active</u>
27	participant, or the school service compensation of a multiple
28	service member who is an active member of the Public School-
29	Employees' Retirement System, and paid into the fund
30	"School Employees' Defined Contribution Plan." The defined
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1	contribution plan for school employees established under 24
2	Pa.C.S. Pt. IV (relating to retirement for school employees).
3	"School service." Service rendered as a public school
4	employee and credited as service in the Public School Employees'
5	Retirement System.
6	"Service connected disability." A disability resulting from-
7	an injury arising in the course of State employment, and which
8	is compensable under the applicable provisions of the act of
9	June 2, 1915 (P.L.736, No.338), known as "The Pennsylvania-
10	Workmen's Compensation Act," or the act of June 21, 1939
11	(P.L.566, No.284), known as "The Pennsylvania Occupational
12	Disease Act."
13	"Shared-risk accumulated deductions." The total of the
14	shared-risk member contributions paid into the fund on account
15	of current service or previous State service or creditable
16	nonstate service, together with the statutory interest credited
17	on the contributions until the date of termination of service.
18	In the case of a vestee, statutory interest shall be credited
19	until the effective date of retirement. A member's account shall-
20	not be credited with statutory interest for more than two years
21	during a leave without pay.
22	"Shared risk member contributions." The product of the
23	applicable shared-risk contribution rate and the compensation of
24	a member for service credited as Class A-3 or Class A-4 up to
25	the Class A-3 and Class A-4 compensation limit.
26	"Social security integration accumulated deductions." The
27	total of the member contributions paid into the fund on account
28	of social security integration credit, together with the
29	statutory interest credited thereon until the date of
30	termination of service or until the date of withdrawal thereof,
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whichever is earlier. In the case of a vestee statutory interest-1 shall be credited until the effective date of retirement. A 2 3 member's account shall not be credited with statutory interest for more than two years during a leave without pay. 4 5 "Special vestee." An employee of The Pennsylvania State University who is a member of the State Employees' Retirement 6 7 System with five or more but less than ten eligibility points 8 and who has a date of termination of service from The-Pennsylvania State University of June 30, 1997, because of the 9 10 transfer of his job position or duties to a controlled organization of the Penn State Geisinger Health System or-11 12 because of the elimination of his job position or duties due to-13 the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System, provided 14 15 that:-(1) subsequent to termination of State service as an 16 17 employee of The Pennsylvania State University, the member has-18 not returned to State service in any other capacity or 19 position as a State employee; 20 (2) The Pennsylvania State University certifies to the 21 board that the member is eligible to be a special vestee; 22 (3) the member files an application to vest the member's 23 retirement rights pursuant to section 5907(f) (relating to-24 rights and duties of State employees [and], members and 25 participants) on or before September 30, 1997; and 26 (4) the member elects to leave the member's total 27 accumulated deductions in the fund and to defer receipt of an-28 annuity until attainment of superannuation age or the 29 member's required beginning date. 30 "Standard single life annuity." An annuity equal to 2% of

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1	the final average salary, multiplied by the total number of
2	years and fractional part of a year of credited service of a
3	member in each class of service other than service credited as a
4	member of Class CB.
5	"State employee." Any person holding a State office or
6	position under the Commonwealth, employed by the State-
7	Government of the Commonwealth, in any capacity whatsoever,
8	except an independent contractor or any person compensated on a
9	fee basis or any person paid directly by an entity other than a
10	State Employees' Retirement System employer, and shall include-
11	members of the General Assembly, and any officer or employee of
12	the following:
13	(1) (i) The Department of Education.
14	(ii) State-owned educational institutions.
15	(iii) Community colleges.
16	(iv) The Pennsylvania State University, except an-
17	employee in the College of Agriculture who is paid wholly-
18	from Federal funds or an employee who is participating in
19	the Federal Civil Service Retirement System. The
20	university shall be totally responsible for all employer
21	contributions under section 5507 (relating to
22	contributions by the Commonwealth and other employers).
23	(2) The Pennsylvania Turnpike Commission, the Delaware
24	River Port Authority, the Port Authority Transit Corporation,-
25	the Philadelphia Regional Port Authority, the Delaware River-
26	Joint Toll Bridge Commission, the State Public School-
27	Building Authority, The General State Authority, the State-
28	Highway and Bridge Authority, the Delaware Valley Regional
29	Planning Commission, the Interstate Commission of the
30	Delaware River Basin, and the Susquehanna River Basin
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1 Commission any time subsequent to its creation, provided the commission or authority agrees to contribute and does 2 contribute to the fund or trust, from time to time, the 3 moneys required to build up the reserves necessary for the 4 payment of the annuities or other benefits of such officers 5 and employees without any liability on the part of the 6 7 Commonwealth to make appropriations for such purposes, and 8 provided in the case of employees of the Interstate-9 Commission of the Delaware River Basin, that the employeeshall have been a member of the system for at least ten years 10 prior to January 1, 1963. 11

12 (3) Any separate independent public corporation created by statute, not including any municipal or quasi-municipal 13 14 corporation, so long as he remains an officer or employee of 15 such public corporation, and provided that such officer or 16 employee of such public corporation was an employee of the-17 Commonwealth immediately prior to his employment by such-18 corporation, and further provided such public corporation-19 shall agree to contribute and contributes to the fund or 20 trust, from time to time, the moneys required to build up the 21 reserves necessary for the payment of the annuities or other 22 benefits of such officers and employees without any liability-23 on the part of the Commonwealth to make appropriations for-24 such purposes. 25 "State police officer." Any officer or member of the 26 Pennsylvania State Police who, on or after July 1, 1989, shallhave been subject to the terms of a collective bargaining 27 agreement or binding interest arbitration award established 28 29 pursuant to the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining-30

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1 Act.

2 "State service." Service converted from county service-3 pursuant to section 5303.1 (relating to election to convertcounty service to State service), converted from school service-4 pursuant to section 5303.2 (relating to election to convert-5 school service to State service) or rendered as a State-6 7 employee. 8 "Statutory interest." Interest at 4% per annum, compounded 9 annually. 10 "Successor payee." The person or persons last designated in writing to the board by a participant receiving distributions to 11 receive one or more distributions upon the death of the 12 13 participant. 14 "Superannuation age." For classes of service in the system 15 other than Class A-3 [and], Class A-4 and Class CB, any age upon-16 accrual of 35 eligibility points or age 60, except for a memberof the General Assembly, an enforcement officer, a correction-17 18 officer, a psychiatric security aide, a Delaware River Port-19 Authority policeman or an officer of the Pennsylvania State-20 Police, age 50, and, except for a member with Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, 21 age 55 upon accrual of 20 eligibility points. For Class A-3 and 22 23 Class A-4 service, any age upon attainment of a superannuation-24 score of 92, provided the member has accrued 35 eligibility 25 points, or age 65, or for park rangers or capitol police 26 officers, age 55 with 20 years of service as a park ranger or capitol police officer, except for a member of the General-27 28 Assembly, an enforcement officer, a correction officer, a-29 psychiatric security aide, a Delaware River Port Authority policeman or an officer of the Pennsylvania State Police, age-30 20150SB1071PN1913 - 192 -

55. A vestee with Class A-3 or Class A-4 service credit attains-1 superannuation age on the birthday the vestee attains the age-2 3 resulting in a superannuation score of 92, provided that thevestee has at least 35 eligibility points, or attains another 4 5 applicable superannuation age, whichever occurs first. "Superannuation annuitant." An annuitant whose annuity first-6 7 became payable on or after the attainment of superannuation ageand who is not a disability annuitant. 8 9 "Superannuation score." The sum of the member's age in whole-10 years on his last birthday and the amount of the member's totaleligibility points on the member's effective date of retirement,-11 expressed in whole years and whole eligibility points and 12 13 disregarding fractions of a year and fractions of total eligibility points. 14 15 "Survivor annuitant." The person or persons last designated by a member under a joint and survivor annuity option to receive-16 an annuity upon the death of such member. 17 18 "Sworn police officer." A State police officer who is 19 employed and serving as an officer of the Pennsylvania State 20 Police. "System." The State Employees' Retirement System of-21 Pennsylvania as established by the act of June 27, 1923-22 23 (P.L.858, No.331), and codified by the act of June 1, 1959-24 (P.L.392, No.78) and the provisions of this part. 25 "Total accumulated deductions." The sum of the regular-26 accumulated deductions, additional accumulated deductions, the 27 social security integration accumulated deductions, shared risk-28 member contributions and all other contributions other than cash_ 29 balance member contributions and other amounts credited to the cash balance savings account paid into the fund for the 30

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1	purchase, transfer or conversion of credit for service or other-
2	coverage together with all statutory interest credited thereon
3	until the date of termination of service. In the case of a
4	vestee or a special vestee, statutory interest shall be credited
5	until the effective date of retirement. A member's account shall-
6	not be credited with statutory interest for more than two years
7	during a leave without pay.
8	"Total cash balance accumulated deductions." The sum of the
9	cash balance member accumulated deductions and amounts credited
10	by the board as provided by section 5902(p) (relating to
11	administrative duties of the board) together with all treasury
12	bond interest and excess interest thereon credited to a member's
13	cash balance savings account until the date of termination of
14	service. In the case of a vestee, treasury bond interest and
15	excess interest shall be credited until the effective date of
16	retirement.
16 17	<u>retirement.</u> <u>"Treasury bond interest." For each calendar year, interest</u>
17	<u>"Treasury bond interest." For each calendar year, interest</u>
17 18	<u>"Treasury bond interest." For each calendar year, interest</u> <u>at the Constant Maturity Treasury rate of the 30 year Treasury</u>
17 18 19	<u>"Treasury bond interest." For each calendar year, interest</u> <u>at the Constant Maturity Treasury rate of the 30 year Treasury</u> <u>Bond in effect on the immediately prior December 31 as published</u>
17 18 19 20	"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30 year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however,
17 18 19 20 21	"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30 year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded
17 18 19 20 21 22	"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30 year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded annually. If no such rate was in effect as of the immediately
17 18 19 20 21 22 23	"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30 year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded annually. If no such rate was in effect as of the immediately prior December 31, then the board shall establish an alternate
17 18 19 20 21 22 23 24	"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30 year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded annually. If no such rate was in effect as of the immediately prior December 31, then the board shall establish an alternate rate based upon the Constant Maturity Treasury rate of the
17 18 19 20 21 22 23 24 25	"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30 year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded annually. If no such rate was in effect as of the immediately prior December 31, then the board shall establish an alternate rate based upon the Constant Maturity Treasury rate of the closest maturing bond issued by the United States Treasury as of
17 18 19 20 21 22 23 24 25 26	"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30-year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded annually. If no such rate was in effect as of the immediately prior December 31, then the board shall establish an alternate rate based upon the Constant Maturity Treasury rate of the closest maturing bond issued by the United States Treasury as of that date as published by the United States Department of
17 18 19 20 21 22 23 24 25 26 27	"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30 year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded annually. If no such rate was in effect as of the immediately prior December 31, then the board shall establish an alternate rate based upon the Constant Maturity Treasury rate of the closest maturing bond issued by the United States Treasury as of that date as published by the United States Department of Treasury, provided however, that such rate shall not be greater

1 Defined Contribution Plan).

2	"USERRA leave." Any period of time for service in the
3	uniformed services as defined in 38 U.S.C. Ch. 43 (relating to
4	employment and reemployment rights of members of the uniformed
5	services) by a State employee or former State employee who-
6	terminated State service to perform such service in the-
7	uniformed services, if the current or former State employee is
8	entitled to reemployment rights under 38 U.S.C. Ch. 43 with
9	respect to the uniformed service.
10	"Valuation interest." Interest at 5 1/2% per annum
11	compounded annually and applied to all accounts of the fund
12	other than the members' savings account and the cash balance
13	savings account.
14	"Vestee." A member with five or more eligibility points in a
15	class of service other than Class A-3 or Class A-4 or Class T-E-
16	or Class T-F in the Public School Employees' Retirement System,-
17	a member with Class G, Class H, Class I, Class J, Class K, Class
18	L, Class M or Class N service with five or more eligibility
19	points, or a member with Class A-3 or Class A-4 service with ten-
20	or more eligibility points, or a member with Class CB service,
21	who has terminated State service and has elected to leave his
22	total accumulated deductions and cash balance member accumulated
23	deductions in the fund and to defer receipt of an annuity.
24	<u>"Voluntary contributions." Contributions made by a</u>
25	participant to the trust and credited to his individual
26	investment account in excess of his mandatory participant
27	contributions, either by salary deductions paid through the
28	<u>Commonwealth or other employer, or by an eligible rollover or</u>
29	<u>direct trustee to trustee transfer.</u>
30	§ 5103. Notice to members and participants.

1	Notice by publication, including, without being limited to,
2	newsletters, newspapers, forms, first class mail, letters,
3	manuals and, to the extent authorized by a policy adopted by the-
4	board, electronically, including, without being limited to, e-
5	mail or [World Wide Web sites] <u>Internet websites</u> , distributed or
6	made available to members and participants in a manner
7	reasonably calculated to give actual notice of [those sections-
8	of the State Employees' Retirement Code] the provisions of this
9	<u>part</u> that require notice to members <u>or participants</u> shall be-
10	deemed sufficient notice for all purposes.
11	Section 402. Title 71 is amended by adding a section to
12	read:
13	<u>§ 5104. Reference to State Employees' Retirement System.</u>
14	(a) Construction. As of the effective date of this section,
15	unless the context clearly indicates otherwise, any reference to
16	the State Employees' Retirement System in a statutory provision
17	other than this part and 24 Pa.C.S. Pt. IV (relating to
18	retirement for school employees) shall include a reference to
19	the State Employees' Defined Contribution Plan and any reference
20	to the State Employees' Retirement Fund shall include a
21	reference to the State Employees' Defined Contribution Trust.
22	(b) Agreement. The agreement of an employer listed in the
23	definition of "State employee" or any other law to make
24	contributions to the fund or to enroll its employees as members
25	in the system shall be deemed to be an agreement to make
26	contributions to the trust or to enroll its employees in the
27	plan.
28	Section 403. Section 5301(a), (b), (c) and (d) of Title 71
29	are amended and the section is amended by adding subsections to
30	read:

1	§ 5301. Mandatory and optional membership in the system and
2	participation in the plan.
3	(a) Mandatory membershipMembership in the system for all
4	<u>classes of service other than Class CB</u> shall be mandatory as of
5	the effective date of employment for all State employees except
6	the following and shall be determined without regard to current
7	<u>or former membership in Class CB</u> :
8	(1) Governor.
9	(2) Lieutenant Governor.
10	(3) Members of the General Assembly.
11	(4) Heads or deputy heads of administrative departments.
12	(5) Members of any independent administrative board or
13	commission.
14	(6) Members of any departmental board or commission.
15	(7) Members of any advisory board or commission.
16	(8) Secretary to the Governor.
17	(9) Budget Secretary.
18	(10) Legislative employees.
19	(11) School employees who have elected membership in the
20	Public School Employees' Retirement System.
21	(12) School employees who have elected membership in an-
22	independent retirement program approved by the employer,
23	provided that in no case, except as hereinafter provided,
24	shall the employer contribute on account of such elected-
25	membership at a rate greater than the employer normal-
26	contribution rate as determined in section 5508(b) (relating-
27	to actuarial cost method). For the fiscal year 1986-1987 an-
28	employer may contribute on account of such elected membership
29	at a rate which is the greater of 7% or the employer normal
30	contribution rate as determined in section 5508(b) and for-
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1 the fiscal year 1992-1993 and all fiscal years after that at a rate of 9.29%. 2 3 (13) Persons who have elected to retain membership inthe retirement system of the political subdivision by which 4 5 they were employed prior to becoming eligible for membership in the State Employees' Retirement System. 6 7 (14) Persons who are not members of the system and are 8 employed on a per diem or hourly basis for less than 100 days-9 or 750 hours in a [12-month period] calendar year. (15) Employees of the Philadelphia Regional Port-10 Authority who have elected to retain membership in the 11 12 pension plan or retirement system in which they were enrolled as employees of the predecessor Philadelphia Port Corporation-13 14 prior to the creation of the Philadelphia Regional Port-15 Authority. 16 (16) Employees of the Juvenile Court Judges' Commissionwho, before the effective date of this paragraph, were 17 18 transferred from the State System of Higher Education to the-19 Juvenile Court Judges' Commission as a result of an-20 interagency transfer of staff approved by the Office of 21 Administration and who, while employees of the State System-22 of Higher Education, had elected membership in an independent-23 retirement program approved by the employer. 24 (17) State employees who are not DC plan exempt 25 employees and who were not previously a member of the system 26 and whose most recent period of State service starts on or after January 1, 2016. 27 (18) Elected officers. 28 (a.1) Mandatory participation in the plan .---29

30 <u>(1) State employees listed in subsection (a) (17) who are</u>

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1	not listed in subsection (a)(1) through (13) shall be
2	mandatory participants as of the most recent effective date
3	of State service except for service performed as a DC plan
4	<u>exempt employee.</u>
5	(Reserved).
6	(3) An elected officer who is a member of the system or
7	a participant in the plan, shall be a mandatory participant
8	for his or her service as an elected officer as of the start
9	of the first term of office beginning after December 31,
10	2015, notwithstanding that either immediately or at any time
11	prior to the start of that term he or she was an active
12	member of the system or an inactive member on leave without
13	pay.
14	(4) A State employee who is a mandatory participant in
15	the plan shall be a participant for all State service until
16	the termination of State service.
17	(b) Optional membership <u>in the system</u>
18	(1) The State employees listed in subsection (a)(1)
19	through [(11)] <u>(10)</u> shall have the right to elect membership
20	in the system <u>before January 1, 2016</u> ; once such election is
21	exercised, membership shall <u>be effective from the effective</u>
22	<u>date of employment and shall</u> continue until the termination
23	of State service[.] or the State employee is required to be a
24	participant in the plan as an elected officer.
25	(2) The State employees listed under subsection (a)(11)
26	shall have the right to elect membership in the system
27	instead of membership in the Public School Employees'
28	Retirement System. Once the election to be in the system is
29	exercised, membership shall continue until the termination of
30	<u>State service.</u>
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1	(3) This subsection shall be applied without regard to
2	<u>current or former membership in Class CB or eligibility for</u>
3	future active membership in Class CB and shall not authorize
4	an election of membership in only Class CB.
5	(b.1) Optional participation in the plan
6	(1) Individuals who become elected officers who are not
7	mandatory participants in the plan, State employees listed in
8	subsection (b)(1) who are not DC plan exempt employees and
9	who do not elect membership in the system before January 1,
10	2016, and State employees listed in subsection (a)(17) who
11	also are listed in subsection (a)(1) through (10) and who are
12	not DC plan exempt employees or who also are employees of the
13	Pennsylvania State University, the State system of Higher
14	Education, State owned educational institutions or community
15	colleges and who are not members of the system in a class of
16	service other than Class CB or participants in the plan and
17	who are not DC plan exempt employees shall have the right to
18	elect participation in the plan; once such election is
19	exercised, participation shall be effective as of the date of
20	election for all State service except for service performed
21	as a DC plan exempt employee and shall continue until the
22	termination of State service.
23	(2) Active members of Class A-3 or Class A-4 whose
24	compensation in a calendar year exceeds Class A-3 and Class
25	A-4 compensation limits may be active participants in the
26	plan as provided in section 5416 (relating to participation
27	in the plan by members of Class A-3 or Class A-4).
28	(c) Prohibited membership <u>in the system</u> . The State
29	employees listed in subsection (a)(12), (13), (14) [and], (15),
30	(17) and (18) shall not have the right to elect membership in
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1	the system. Elected officers who are members of the system prior
2	to January 1, 2016, shall have any active membership in the
3	system other than membership in Class CB terminated and shall
4	not be eligible for active membership in a class of service
5	other than Class CB after December 31, 2016, for service as an
6	elected officer. Upon cessation of service as an elected
7	officer, an individual who remains or becomes a State employee
8	shall be a mandatory, optional or prohibited member of the
9	system and participant in the plan as provided in this part.
10	(c.1) Prohibited participation in the plan. The State
11	employees listed in subsection (a)(17) who also are listed in
12	subsection (a)(13) and (15) shall not be eligible to participate
13	in the plan. An active member of the system in a class of
14	service other than Class CB, and other than an active member of
15	<u>Class A-3 or Class A-4 who has exceeded the Class A-3 and Class</u>
16	<u>A-4 compensation limit, shall not be eligible to be an active</u>
17	participant in the plan. A DC plan exempt employee shall not be
18	eligible to participate in the plan for service performed as a
19	<u>DC plan exempt employee.</u>
20	(c.2) Class CB membership
21	(1) An active participant in the plan shall also be an
22	active member of Class CB, effective with the effective date
23	<u>of active participation.</u>
24	(2) An active member of the system in a class of service
25	other than Class CB may elect to be an active member of Class
26	<u>CB as provided in section 5306.5 (relating to election to </u>
27	become a member of Class CB).
28	(3) A State employee cannot be an active member of Class
29	<u>CB without also concurrently being an active member of a</u>
30	<u>Class of service other than Class CB or an active participant</u>

1 <u>in the plan.</u>

2	(d) Return to service
3	(1) An annuitant who first became a member of the system
4	in a class of service before January 1, 2016, returns to-
5	service as a State employee other than as an elected officer,
6	<u>or an annuitant who returns to State service as a DC plan</u>
7	exempt employee after December 31, 2015, shall resume active
8	membership in the system as of the effective date of
9	employment, except as otherwise provided in section 5706(a)
10	(relating to termination of annuities), regardless of the
11	optional membership category of the position.
12	(2) An annuitant who never had service other than Class
13	<u>CB credited in the system, an inactive participant or a</u>
14	participant receiving distributions who returns to service as
15	<u>a State employee on or after January 1, 2016, other than as a</u>
16	DC plan exempt employee shall be an active participant in the
17	plan as of the effective date of employment, except as
18	otherwise provided in section 5706(a), regardless of the
19	optional participation category of the position.
20	* * *
21	Section 404. Section 5302(a), (b), (e) and (f) of Title 71-
22	are amended to read:
23	§ 5302. Credited State service.
24	(a) Computation of credited service. In computing credited
25	State service of a member for the determination of benefits, a
26	full-time salaried State employee, including any member of the
27	General Assembly, shall receive credit for service in each
28	period for which contributions as required are made to the fund,
29	or for which contributions otherwise required for such service-
30	were not made to the fund solely by reason of section 5502.1
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(relating to waiver of regular member contributions and Social 1 2 Security integration member contributions) or any provision of 3 this part relating to the limitations under IRC § 401(a)(17) or-415(b), or limitations on contributions applicable to a Class A-4 3 member or Class A-4 member but in no case shall he receive 5 6 more than one year's credit for any 12 consecutive months or 26-7 consecutive biweekly pay periods. A per diem or hourly State-8 employee shall receive one year of credited service for eachnonoverlapping period of 12 consecutive months or 26 consecutive-9 10 biweekly pay periods in which he is employed and for whichcontributions are made to the fund or would have been made to 11 12 the fund but for such waiver under section 5502.1 or limitations 13 under the IRC or limitations on contributions applicable to a 14 Class A-3 member or Class A-4 member for at least 220 days or 15 1,650 hours of employment. If the member was employed and 16 contributions were made to the fund for less than 220 days or 1,650 hours, he shall be credited with a fractional portion of a 17 18 year determined by the ratio of the number of days or hours of 19 service actually rendered to 220 days or 1,650 hours, as the-20 case may be. A part time salaried employee shall be credited 21 with the fractional portion of the year which corresponds to the-22 number of hours or days of service actually rendered and for-23 which contributions are or would have been made to the fund 24 except for the waiver under section 5502.1 or limitations under-25 the IRC or limitations on contributions applicable to a Class A-26 3 member or Class A 4 member in relation to 1,650 hours or 220 days, as the case may be. In no case shall a member who has 27 28 elected multiple service receive an aggregate in the two systems-29 of more than one year of credited service for any 12 consecutive-30 months.

1 (b) Creditable leaves of absence.

(1) A member on leave without pay who is studying under-2 3 a Federal grant approved by the head of his department or who is engaged up to a maximum of two years of temporary service 4 5 with the United States Government, another state or a local government under the Intergovernmental Personnel Act of 1970-6 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) shall 7 8 be eligible for credit for such service: Provided, That 9 contributions are made in accordance with sections 5501 10 (relating to regular member contributions and cash balance member contributions for current service), 5501.1 (relating 11 to shared risk member contributions [for Class A-3 and Class 12 13 A 4 service] and shared gain adjustments to regular member 14 contributions for Class A 3 and Class A 4 service), 5505.1 15 (relating to additional member contributions) and 5507 (relating to contributions to the system by the Commonwealth-16 and other employers), the member returns from leave without 17 18 pay to active State service as a member of the system for a 19 period of at least one year, and he is not entitled to 20 retirement benefits for such service under a retirement 21 system administered by any other governmental agency. 22 (2) An active member or active participant on paid leave 23 granted by an employer for purposes of serving as an elected 24 full time officer for a Statewide employee organization which-25 is a collective bargaining representative under the act of 26 June 24, 1968 (P.L.237, No.111), referred to as the Policemen-27 and Firemen Collective Bargaining Act, or the act of July 23,-28 1970 (P.L.563, No.195), known as the Public Employe Relations-29 Act, and up to 14 full-time business agents appointed by an-30 employee organization that represents correction officers-

1	employed at State correctional institutions: Provided, That
2	for elected full-time officers such leave shall not be for-
3	more than three consecutive terms of the same office and for
4	up to 14 full-time business agents appointed by an employee
5	organization that represents correction officers employed at
6	State correctional institutions no more than three
7	consecutive terms of the same office; that the employer shall-
8	fully compensate the member or active participant, including,
9	but not limited to, salary, wages, pension and retirement
10	contributions and benefits, other benefits and seniority, as
11	if he were in full-time active service; and that the
12	Statewide employee organization shall fully reimburse the
13	employer for all expenses and costs of such paid leave,
14	including, but not limited to, contributions and payment in
15	accordance with sections <u>5404 (relating to participant</u>
16	<u>contributions),</u> 5501, 5501.1, 5505.1 and 5507, if the
17	employee organization either directly pays, or reimburses the
18	Commonwealth or other employer for, contributions made in-
19	accordance with [section] sections 5404, 5406 and 5507.
20	* * *
21	(e) Cancellation of credited service
22	(1) All credited service in the system shall be
23	cancelled if a member withdraws his total accumulated
24	deductions and cash balance member accumulated deductions,
25	except that:
26	(i) a member with Class A 3 or Class A 4 service
27	credit and one or more other classes of service credit
28	shall not have his service credit as a member of any
29	classes of service other than as a member of Class A-3 or-
30	Class A 4 cancelled when the member receives a lump sum-

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1	payment of accumulated deductions resulting from Class A-
2	3 or Class A 4 service pursuant to section [5705.1]
3	5705.1(a) (relating to payment of accumulated deductions-
4	resulting from [Class A 3 and Class A 4] more than one
5	<u>class of</u> service)[.];
6	(ii) a member with Class CB service credit and one
7	or more other classes of service credit shall not have
8	his service credit as a member of Class CB canceled when
9	the member receives a lump sum payment of total
10	accumulated deductions resulting from the other classes
11	of service pursuant to section 5705.1(b) (relating to
12	payment of accumulated deductions resulting from more
13	than one class of service).
14	(2) A partial or total distribution of accumulated total
15	defined contributions to a participant who is a combined
16	service member shall not cancel service credited in the
17	system.
18	(f) Credit for military service. <u>A State employee who has</u>
19	performed USERRA leave may receive credit in the system or
20	participate in the plan as follows:
21	(1) For purposes of determining whether a member is
22	eligible to receive credited service in the system for a
23	period of active military service, other than active duty-
24	service to meet periodic training requirements, rendered
25	after August 5, 1991, and that began before the effective-
26	date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73
27	(relating to military leave of absence) shall apply to all
28	individuals who were active members of the system when the
29	period of military service began, even if not defined as an
30	employee pursuant to 51 Pa.C.S. § 7301 (relating to

1 definitions).

2	(1.1) State employees may not receive service credit <u>in</u>
3	the system or exercise the options under 51 Pa.C.S. § 7306-
4	(relating to retirement rights) for military leaves that
5	begin on or after the effective date of this subsection,-
6	except as otherwise provided by this subsection.
7	(1.2) State employees may not participate in the plan or
8	exercise the options under 51 Pa.C.S. § 7306 (relating to
9	retirement rights) for military leaves that begin on or after
10	the effective date of this paragraph, except as otherwise
11	provided by this subsection.
12	(2) A State employee who has performed USERRA leave may
13	receive credit in the system as provided by this paragraph.
14	The following shall apply:
15	(i) A State employee who is reemployed from USERRA
16	leave as an active member of the system shall be treated
17	as not having incurred a break in State service by reason-
18	of the USERRA leave and shall be granted eligibility
19	points as if the State employee had not been on the-
20	USERRA leave. If a State employee who is reemployed from
21	USERRA leave as an active member of the system
22	subsequently makes regular member contributions,
23	additional member contributions, Social Security-
24	integration member contributions, shared risk member-
25	contributions and any other member contributions in the
26	amounts and in the time periods required by 38 U.S.C. Ch
27	43 (relating to employment and reemployment rights of
28	members of the uniformed services) and IRC § 414(u) as if-
29	the State employee had continued in State office or-
30	employment and performed State service and was

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1 compensated during the period of USERRA leave, then the 2 State employee shall be granted State service credit for 3 the period of USERRA leave. The State employee shall have the State employee's benefits, rights and obligations 4 5 determined under this part as if the State employee was an active member who performed creditable State service-6 7 during the USERRA leave in the job position that the 8 State employee would have held had the State employee notbeen on USERRA leave and received the compensation on-9 10 which the member contributions to receive State service credit for the USERRA leave were determined. 11

12 (ii) For purposes of determining whether a State 13 employee has made the required employee contributions for-14 State service credit for USERRA leave, if an employee who 15 is reemployed from USERRA leave as an active member of the system terminates State service or dies in State 16 service before the expiration of the allowed payment-17 18 period, then State service credit for the USERRA leave 19 will be granted as if the required member contributions-20 were paid the day before termination or death. The amountof the required member contributions will be treated as 21 22 an incomplete payment subject to the provisions of 23 section 5506 (relating to incomplete payments). Upon a 24 subsequent return to State service or to school service 25 as a multiple service member, the required member-26 contributions treated as incomplete payments shall be 27 treated as member contributions that were either 28 withdrawn in a lump sum at termination or paid as a lump-29 sum pursuant to section 5705(a)(4) or (a.1) (relating to-30 member's options), as the case may be.

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1	(iii) A State employee who is reemployed from USERRA
2	leave <u>as an active member of the system</u> who does not make-
3	the required member contributions or makes only part of
4	the required member contributions within the allowed-
5	payment period shall not be granted credited service for
6	the period of USERRA leave for which the required member-
7	contributions were not timely made, shall not be eligible-
8	to subsequently make contributions and shall not be
9	granted either State service credit or nonstate service-
10	credit for the period of USERRA leave for which the
11	required member contributions were not timely made.
12	(2.1) (i) A participant who is reemployed from USERRA
13	leave shall be treated as not having incurred a break in
14	State service by reason of the USERRA leave and shall be
15	granted eligibility points as if the participant had not
16	been on USERRA leave. If a participant who is reemployed
17	from USERRA leave subsequently makes mandatory
18	participant contributions in the amounts and in the time
19	periods required by 38 U.S.C. Ch. 43 and IRC § 414(u) as
20	if the participant had continued in his State office or
21	employment and performed State service and been
22	compensated during the period of USERRA leave, the
23	participant's employer shall make the corresponding
24	employer defined contributions. The employee shall have
25	his contributions, benefits, rights and obligations
26	<u>determined under this part as if he were an active</u>
27	participant who performed State service during the USERRA
28	leave in the job position that he would have held had he
29	not been on USERRA leave and received the compensation on
30	which the mandatory participant contributions to receive

1	State service credit for the USERRA leave were
2	determined.
3	(ii) A participant who is reemployed from USERRA
4	leave who does not make the mandatory participant
5	contributions or makes only part of the mandatory
6	participant contributions within the allowed payment
7	period shall not be eligible to make mandatory
8	participant contributions at a later date for the period
9	of USERRA leave for which the mandatory participant
10	contributions were not timely made.
11	(3) A State employee who <u>is a member of the system and</u>
12	performs USERRA leave from which the employee could have been-
13	reemployed from USERRA leave had the State employee returned
14	to State service in the time frames required by 38 U.S.C. Ch
15	43 for reemployment rights, but did not do so, shall be able-
16	to receive creditable nonstate service as nonintervening-
17	military service for the period of USERRA leave should the
18	employee later return to State service <u>as an active member of</u>
19	the system and is otherwise eligible to purchase the service
20	as nonintervening military service.
21	(3.1) A State employee who is a participant in the plan
22	and performs USERRA leave from which the employee could have
23	been reemployed from USERRA leave had the employee returned
24	to State service in the time frames required by 38 U.S.C. Ch.
25	<u>43 for reemployment rights, but did not do so, shall not be</u>
26	eligible to make mandatory participant contributions or
27	voluntary contributions for the period of USERRA leave should
28	the employee later return to State service and be a
29	participant in the plan.
30	(4) [A State employee] <u>An active member or inactive</u>
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1 member on leave without pay who on or after the effective date of this subsection is granted a leave of absence under 2 3 51 Pa.C.S. § 4102 (relating to leaves of absence for certaingovernment employees) or a military leave under 51 Pa.C.S. 4 5 Ch. 73, that is not USERRA leave shall be able to receive creditable nonstate service as nonintervening military 6 7 service should the employee return to State service as an-8 active member of the system and is otherwise eligible to-9 purchase the service as nonintervening military service. 10 (4.1) An active participant or inactive participant on leave without pay who on or after the effective date of this 11 paragraph is granted a leave of absence under 51 Pa.C.S. § 12 13 4102 or a military leave under 51 Pa.C.S. Ch. 73 that is not 14 USERRA leave shall not be able to make mandatory participant contributions or voluntary contributions during or for the 15 leave of absence or military leave and shall not have 16 employer defined contributions made during such leave, 17 18 without regard to whether or not the State employee received 19 salary, wages, stipends, differential wage payments or other 20 payments from his employer during the leave, notwithstanding any provision to the contrary under 51 Pa.C.S. § 4102 or 51 21 22 Pa.C.S. Ch. 73. 23 (5) If a member dies while performing USERRA leave, then-24 the beneficiaries or survivor annuitants, as the case may be,-25 of the deceased member are entitled to any additional 26 benefits, including eligibility points, other than benefitaccruals relating to the period of qualified military-27 28 service, provided under this part had the member resumed and 29 then terminated employment on account of death. (5.1) If a participant dies while performing USERRA 30

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1	leave, the beneficiaries or successor payees of the deceased
2	participant are entitled to any additional benefits, other
3	than benefit accruals relating to the period of qualified
4	military service, provided under this part had the
5	participant resumed and then terminated employment on account
6	<u>of death.</u>
7	(6) A State employee who is on a leave of absence from-
8	his duties as a State employee for which 51 Pa.C.S. § 4102-
9	provides that he is not to suffer a loss of pay, time or-
10	efficiency rating shall not be an active member, receive-
11	service credit or make member contributions for the leave of
12	absence, except as provided for in this part. Notwithstanding-
13	this paragraph, any pay the member receives pursuant to 51
14	Pa.C.S. § 4102 shall be included in the determination of
15	final average salary and other calculations in the system
16	utilizing compensation as if the payments were compensation
17	under this part.
18	Section 405. Section 5303(b), (d) and (e) of Title 71 is-
19	amended and the section is amended by adding a subsection to
20	read:
21	§ 5303. Retention and reinstatement of service credits.
22	* * *
23	(b) Eligibility points for prospective credited service
24	(1) [Every] Subject to the limitations in subsection
25	(i), an active member of the system or a multiple service-
26	member who is a school employee and a member of the Public
27	School Employees' Retirement System on or after the effective-
28	date of this part shall receive eligibility points in
29	accordance with section 5307 for current State service,
30	previous State service, or creditable nonstate service upon-
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1	compliance with sections 5501 (relating to regular member
2	contributions and cash balance member contributions for
3	current service), 5501.1 (relating to shared risk
4	contributions [for Class A-3 and Class A-4] and shared-gain
5	adjustments to regular member contributions for Class A-3 and
6	<u>Class A-4</u> service), 5504 (relating to member contributions-
7	for the purchase of credit for previous State service or to
8	become a full coverage member), 5505 (relating to-
9	contributions for the purchase of credit for creditable
10	nonstate service), 5505.1 (relating to additional member-
11	contributions) or 5506 (relating to incomplete payments).
12	Subject to the limitations in <u>subsection (i) and</u> sections
13	5306.1 (relating to election to become a Class AA member) and
14	5306.2 (relating to elections by members of the General
15	Assembly), the class or classes of service in which the
16	member may be credited for previous State service prior to-
17	the effective date of this part shall be the class or classes
18	in which he was or could have at any time elected to be
19	credited for such service, except that a State employee who
20	first becomes a member of the system on or after January 1,
21	2011, or on or after December 1, 2010, as a member of the-
22	General Assembly and:
23	(i) is credited with Class A-3 service for such-
24	membership, shall be credited only with Class A-3 service-
25	for previous State service performed before January 1,
26	2011, that was not previously credited in the system; or
27	(ii) is credited with Class A-4 service for such-
28	membership, shall be credited only with Class A-4 service-
29	for previous State service performed before January 1,
30	2011, that was not previously credited in the system.

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The class of service in which a member shall be credited for service subsequent to the effective date of this part shall be determined in accordance with <u>subsection (i) and</u> section <u>5306 (relating to classes of service).</u>

5 (1.1) Every active member of the system who elects to convert county service to State service pursuant to section-6 7 5303.1 (relating to election to convert county service to 8 State service) shall receive eligibility points in accordance-9 with section 5307 for converted county service uponcompliance with section 5303.1(b). The class or classes of 10 service in which the member may be credited for converted-11 county service shall be determined in accordance with section-12 13 5306(c).

14 (1.2) Every member of the system who elects to convert-15 school service to State service pursuant to section 5303.2 (relating to election to convert school service to State 16 service) shall receive eligibility points in accordance with 17 18 section 5307 for converted school service. The class or 19 classes of service in which the member may be credited for 20 converted school service shall be determined in accordancewith section 5306(d). 21

22 (1.3) A member of the system who is reemployed from
23 USERRA leave or who dies while performing USERRA leave shall
24 receive eligibility points in accordance with section 5307
25 for the State service that would have been performed had the
26 member not performed USERRA leave.

A special vestee or person otherwise eligible to be
 a special vestee who returns to State service or withdraws
 his accumulated deductions pursuant to section 5311 (relating to eligibility for refunds) or 5701 (relating to return of

1 total accumulated deductions and cash balance memberaccumulated deductions) shall receive or retain eligibility 2 3 points in accordance with paragraph (1) but upon subsequent termination of State service shall only be eligible to be an 4 5 annuitant vestee or inactive member without regard toprevious status as a special vestee and without regard to the 6 7 provisions of this part providing for special vestees. 8 (3) A special vestee or person otherwise eligible to be 9 a special vestee who becomes an active member of the Public 10 School Employees' Retirement System and elects multipleservice shall receive or retain eligibility points as 11 12 otherwise provided for in this part and 24 Pa.C.S. Pt. IV 13 (relating to retirement for school employees) but upon-14 subsequent termination of school service shall only be 15 eligible to be an annuitant, vestee or inactive member asotherwise eligible as a multiple service member without 16 regard to previous status as a special vestee and without 17 18 regard to the provisions of this part providing for special 19 vestees. 20 * * * 21 (d) Transfer of certain pension service credit. 22 (1) Any person who was an employee of any county in this-23 Commonwealth on the personal staff of an appellate court-24 judge prior to September 9, 1985, and who had that employment-25 transferred to the Commonwealth pursuant to 42 Pa.C.S. \$ 3703-(relating to local chamber facilities) shall be a member of 26 27 the system for all service rendered as an employee of the-28 Commonwealth on the personal staff of an appellate court-29 judge subsequent to the date of the transfer unless-30 specifically prohibited pursuant to section 5301(c) (relating-

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1 to mandatory and optional membership in the system and participation in the plan). The employee shall be entitled to-2 3 have any prior service credit in that county or othermunicipal pension plan or retirement system transferred to-4 5 the system and deemed to be State service for all purposes under this part. However, for those employees who were in-6 7 continuous county employment which commenced prior to July 8 22, 1983, section 5505.1 shall not apply. The transfer of 9 prior service credit to the system shall occur upon the-10 transfer, by the member, county or other municipal pensionplan or retirement system, to the system of the amount of-11 12 accumulated member contributions, pick up contributions and credited interest standing in the employee's county or 13 14 municipal pension plan or retirement system account as of the-15 date that these funds are transferred to the system. In the event that these funds have been refunded to the member, the 16 transfer of service credit shall occur when the member 17 18 transfers an amount equal to either the refund which the 19 member received from the county or municipal pension plan or 20 retirement system or the amount due under section 5504, if less. In the case of a transfer by the member, the transfer 21 shall occur by December 31, 1987, in order for the member to-22 23 receive credit for the prior service. In the case of a 24 transfer by the county or other municipal pension plan or-25 retirement system, the transfer shall also occur by December-31, 1987. If the amount transferred to the system by the-26 27 member of a county or municipal pension plan or retirement 28 system is greater than the amount that would have accumulated 29 in the member's account if the employee had been a member of 30 the system, all excess funds shall be returned to the

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1 employee within 90 days of the date on which such funds are credited to the member's account in the system. Within 60-2 3 days of receipt of written notice that an employee has elected to transfer credits under the provisions of this-4 5 subsection, the county or other municipal pension plans or retirement systems shall be required to transfer to the-6 7 system an amount, excluding contributions due under section 8 5504(a), equal to the liability of the prior service in-9 accordance with county or other municipal pension plan or 10 retirement system benefit provisions, multiplied by the ratioof system actuarial value of assets for active members to the-11 system actuarial accrued liability for active members. The 12 13 Public Employee Retirement Study Commission shall determine 14 the appropriate amount of employer contributions to be 15 transferred to the system by the county or other municipal 16 pension plans or retirement systems. 17 (2) If the member died prior to the effective date of 18 this subsection, the personal representative for the estate 19 of the member may make any transfer or request that the-20 county or other municipal pension or retirement system make any transfer necessary to receive credit for the prior 21 22 service authorized in paragraph (1). In order to receive-23 credit for the prior service, the transfer must be made by-24 December 31, 1987. If the member dies on or after the 25 effective date of this subsection and before January 1, 1988, 26 without making the transfer or requesting the transfer 27 necessary to receive credit for the prior service authorized 28 in paragraph (1), the personal representative for the estate

- 29 of the member may make any transfer or request that the
- 30 county or other municipal pension or retirement system make

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1 any transfer necessary to receive credit for the priorservice. In order to receive credit for the prior service, 2 the transfer must be made by March 31, 1988. If the member-3 dies after December 31, 1987, without making the transfer or 4 5 requesting the transfer necessary to receive credit for theprior service authorized in paragraph (1), neither the member-6 or his estate shall receive credit for the prior service. 7 8 (e) Transfer and purchase of certain pension service credit; 9 Philadelphia Regional Port Authority .---

(1) Any employee of the Philadelphia Regional Port-10 Authority who becomes a State employee, as defined in section-11 12 5102 (relating to definitions), and an active member of the system in a class of service other than Class CB shall be-13 14 eligible to obtain retirement credit for prior uncredited 15 service with the Philadelphia Port Corporation, a Pennsylvania not-for-profit corporation ("predecessor-16 corporation"), provided that the Commonwealth does not incur 17 18 any liability for the funding of the annuities attributable 19 to the prior, uncredited "predecessor corporation" service, 20 the cost of which shall be determined according to paragraph-21 (2). 22 (2) The employee shall be entitled to have any prior 23 service in the "predecessor corporation" transferred to the 24 system and deemed to be State service for all purposes under 25 this part. However, for those employees who were in-26 continuous employment which commenced prior to July 22, 1983, 27 the provisions of section 5505.1 shall not apply. The-

28 transfer of prior service credit to the system shall occur-

29 upon the transfer by the member or the "predecessor-

30 corporation" to the system of the amount of accumulated

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1 member contributions, pick-up contributions and creditedinterest standing in the employee's pension plan or-2 3 retirement system account as of the date that these funds are transferred to the system. In the event that these funds have 4 been refunded to the member, the transfer of service credit 5 shall occur when the member transfers an amount equal to-6 either the refund which the member received from the member's 7 8 pension plan or retirement system or the amount due under-9 section 5504, if less. In the case of a transfer by themember, the transfer shall occur by June 30, 1992, in order 10 for the member to receive credit for the prior service. In-11 the case of a transfer by the "predecessor corporation" 12 pension plan or retirement system, the transfer shall also 13 14 occur by June 30, 1992. Notwithstanding the provisions of-15 section 5504, the Philadelphia Regional Port Authority shallpay as pick up contributions the difference between the 16 amount credited to the member's account and the amount 17 otherwise due under section 5504. Such additional 18 19 contributions paid by the Philadelphia Regional Port-20 Authority shall not be considered compensation for the purposes of this part. If the amount transferred to the 21 22 system by the member is greater than the amount that would 23 have accumulated in the member's account if the employee had 24 been a member of the system, all excess funds shall be 25 returned to the employee within 90 days of the date on which such funds are credited to the member's account in the 26 27 system. Within 60 days of receipt of written notice that anemployee has elected to transfer credits under the provisions-28 29 of this subsection, the pension plan or retirement system in-30 which the employee was enrolled prior to the creation of the

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1 Philadelphia Regional Port Authority shall be required to 2 transfer to the system an amount, excluding contributions dueunder section 5504(a), equal to the liability of the prior 3 service multiplied by the ratio of system actuarial value of 4 5 assets for active members to the system actuarial accrued liability for active members so long as the amount to be-6 transferred is equal to or less than the total employer-7 8 contributions made on behalf of the employee. In the event-9 that the amount required to be transferred is greater than-10 the total employer contributions made on behalf of the employee, the total employer contributions made on behalf of 11 12 the employee shall be transferred to the system, and the-13 Philadelphia Regional Port Authority shall be required to-14 transfer to the system the additional funds needed to satisfy-15 the requirements of the calculation in this paragraph. If the amount required to be transferred is less than the total 16 17 employer contributions made on behalf of the employee, the 18 pension plan or retirement system in which the employee was 19 enrolled prior to the creation of the Philadelphia Regional 20 Port Authority may retain the amount not needed for transfer. (3) If the member dies on or after the effective date of 21 22 this subsection and before July 1, 1992, without making the 23 transfer or requesting the transfer necessary to receive-24 credit for the prior service authorized in paragraph (2), the 25 personal representative for the estate of the member may make-26 any transfer or may request that the Philadelphia Regional 27 Port Authority make any transfer necessary to receive credit for the prior service. In order to receive credit for the-28 29 prior service, the transfer must be made by September 30,-1992. If the member dies after June 30, 1992, without making 30

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1 the transfer or without requesting the transfer necessary to
2 receive credit for the prior service authorized in paragraph3 (2), neither the member nor his estate shall receive credit
4 for the prior service.

5 (4) Any person who became employed by the Philadelphia Regional Port Authority between July 10, 1989, and passage of-6 7 this act and who becomes a State employee, as defined in-8 section 5102, and an active member of the system in a class of service other than Class CB, shall be eligible to obtain 9 10 retirement credit for service from the date of employmentwith the Philadelphia Regional Port Authority, provided that 11 the contributions are made in accordance with sections 5501, 12 13 5504, 5505.1 and 5506. 14 * * * (i) Ineligibility to purchase previous State service 15 credit. A State employee who is active member only of Class CB-16 or a multiple service member who is an active member only of 17 18 Class T I in the Public School Employees' Retirement System 19 shall not be eliqible to purchase service credit for previous State service, except to the extent that any other provision of 20 law requires or allows the crediting of any period of leave to 21 be purchased as State service after the member returns from the 22 23 leave to State service as an active member, and shall not be eligible to purchase creditable nonstate service. An active 24 25 member of Class CB who concurrently is performing service in a class of service other than Class CB may purchase State service 26 previously credited in a class of service other than Class CB, 27 28 previously uncredited State service if it is eligible to be 29 credited in a class of service other than Class CB and 30 creditable nonstate service as otherwise provided in this part.

Section 406. Sections 5303.2(a) and 5304(a) and (b) of Title 1 2 71 are amended to read: § 5303.2. Election to convert school service to State service. 3 (a) Eligibility. -- An active member or inactive member on-4 5 leave without pay who was an employee transferred from the Department of Education to the Department of Corrections-6 pursuant to section 908-B of the act of April 9, 1929 (P.L.177,-7 8 No.175), known as The Administrative Code of 1929, and who on the effective date of that transfer did not participate in an-9 10 independent retirement program approved by the Department of Education under 24 Pa.C.S. § 8301(a)(1) (relating to mandatory-11 and optional membership) or section 5301(a)(12) (relating to-12 13 <u>mandatory and optional membership <u>in the system and</u></u> participation in the plan), notwithstanding any other provision-14 15 of law or any collective bargaining agreement, arbitration 16 award, contract or term or conditions of any retirement systemor pension plan, may make a one-time election to convert all-17 18 service credited in the Public School Employees' Retirement-19 System as of June 30, 1999, and transfer to the system all-20 accumulated member contributions and statutory interest credited in the members' savings account in the Public School Employees' 21 Retirement System as of June 30, 1999, plus statutory interest 22 23 on that amount credited by the Public School Employees' 24 Retirement System from July 1, 1999, to the date of transfer to-25 the system. * * * 26 § 5304. Creditable nonstate service. 27 28 (a) Eligibility.---29 (1) An active member who first becomes an active member before January 1, 2011, or before December 1, 2010, as a 30

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1 member of the General Assembly and who is an active member of a class of service other than Class CB, or a multiple service-2 member who first becomes an active member before January 1, 3 2011, or before December 1, 2010, as a member of the General-4 5 Assembly, and who is a school employee and an active member of the Public School Employees' Retirement System in a class 6 of service other than Class T-I shall be eligible for Class A-7 service credit for creditable nonstate service as set forth-8 9 in subsections (b) and (c) except that intervening military service shall be credited in the class of service for which 10 the member was eligible at the time of entering into military-11 12 service and for which he makes the required contributions to 13 the fund and except that a multiple service member who is a 14 school employee and an active member of the Public School-15 Employees' Retirement System shall not be eligible topurchase service credit for creditable nonstate service set 16 17 forth in subsection (c) (5). 18 (2) An active member who first becomes an active member-19 on or after January 1, 2011, and is an active member of a 20 class of service other than Class CB, or on or after December-1, 2010, as a member of the General Assembly and is an active-21 member <u>of a class of service other than Class CB</u>, or a 22 23 multiple service member who first becomes an active member on-24 or after January 1, 2011, or on or after December 1, 2010, as-25 a member of the General Assembly, and who is a school 26 employee and an active member of the Public School Employees' 27 Retirement System in a class of service other than Class T-Ishall be eligible for Class A-3 service credit for creditable-28 29 nonstate service as set forth in subsections (b) and (c) except that intervening military service shall be credited in-30

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1 the class of service for which the member was eligible at the-2 time of entering into military service and for which he makes-3 the required contributions and except that a multiple servicemember who is a school employee and an active member of the 4 Public School Employees' Retirement System shall not be-5 eligible to purchase service credit for creditable nonstate 6 7 service set forth in subsection (c) (5). 8 (3) Notwithstanding paragraph (2) and subsection (b), an-9 active member of a class of service other than Class CB who has service credited in Class CB, shall be eligible for 10 11 credit for nonstate service as provided in this part to the extent that the member would be otherwise eligible based 12 13 solely on the member's service in classes other than Class 14 CB. 15 * * * 16 (b) Limitations on eligibility. An active member who is an active member of a class of service other than Class CB or a 17 18 multiple service member who is a school employee and an active-19 member of the Public School Employees' Retirement System and is_ an active member of a class of service other than Class T-I-20 shall be eligible as provided under subsection (a) to receive 21 22 credit for nonstate service provided that he does not have-23 credit for such service in the system or in the [school system] -24 Public School Employees' Retirement System and is not entitled 25 to receive, eligible to receive now or in the future, or is-26 receiving retirement benefits for such service in the system orunder a retirement system administered and wholly or partially-27 28 paid for by any other governmental agency or by any private-29 employer, or a retirement program approved by the employer in accordance with section 5301(a)(12) (relating to mandatory and 30

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1	optional membership in the system and participation in the
2	plan), and further provided, that such service is certified by
3	the previous employer and contributions are agreed upon and made
4	in accordance with section 5505 (relating to contributions for
5	the purchase of credit for creditable nonstate service).
6	* * *
7	Section 407. Section 5305(b) of Title 71 is amended and the
8	section is amended by adding a subsection to read:
9	§ 5305. Social security integration credits.
10	* * *
11	(b) Accrual of subsequent credits Any <u>active</u> member who
12	has social security integration accumulated deductions to his
13	credit or is receiving a benefit on account of social security
14	integration credits may accrue one social security integration
15	credit for each year of service as a State employee on or
16	subsequent to March 1, 1974 and a fractional credit for a
17	corresponding fractional year of service provided that
18	contributions are made to the fund, or would have been made to
19	the fund but for section 5502.1 (relating to waiver of regular
20	member contributions and Social Security integration member-
21	contributions) or the limitations under IRC § 401(a)(17) or
22	415(b) or limitations on contributions to the system applicable
23	to a Class A-3 member or Class A-4 member, in accordance with
24	section 5502 (relating to Social Security integration member-
25	contributions), and he:
26	(1) continues subsequent to March 1, 1974 as an active
27	member in either the [State or school system;] system in a
28	class of service other than Class CB or, if a multiple
29	service member, as an active member in the Public School
30	Employees' Retirement System in a class of service other than
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1 <u>Class T-I;</u>

2	(2) terminates such continuous service in the [State or-
3	school] system or the Public School Employees' Retirement_
4	System and returns to active membership in the [State] system
5	in a class of service other than Class CB within six months;
6	or
7	(3) terminates his status as a vestee or an annuitant-
8	and returns to State service <u>as an active member of the</u>
9	system in a class of service other than Class CB.
10	* * *
11	(e) Class CB service ineligible for creditNo social_
12	security integration credits shall accrue for any service
13	performed or credited in the system solely as Class CB service.
14	Section 408. Section 5305.1 of Title 71 is amended to read:
15	§ 5305.1. Eligibility for actuarial increase factor.
16	A person who <u>has credit for a class of service other than</u>
	-
17	Class CB and is:
17 18	<u>Class CB and</u> is: (1) an active member;
18	(1) an active member;
18 19	(1) an active member; (2) an inactive member on leave without pay; [or]
18 19 20	(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee
18 19 20 21	(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee and an active member of the Public School Employees'
18 19 20 21 22	(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System; or
18 19 20 21 22 23	<pre>(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System; or (4) a combined service employee who is an active</pre>
18 19 20 21 22 23 24	<pre>(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System; or (4) a combined service employee who is an active participant or inactive participant on leave without pay;</pre>
18 19 20 21 22 23 24 25	<pre>(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee and an active member of the Public School Employees'- Retirement System; or (4) a combined service employee who is an active participant or inactive participant on leave without pay; who terminates State service or school service, as the case may</pre>
18 19 20 21 22 23 24 25 26	<pre>(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee and an active member of the Public School Employees'- Retirement System; <u>or</u> (4) a combined service employee who is an active participant or inactive participant on leave without pay; who terminates State service or school service, as the case may be, after attaining age 70 and who applies for a superannuation</pre>
18 19 20 21 22 23 24 25 26 27	<pre>(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee and an active member of the Public School Employees'- Retirement System; or (4) a combined service employee who is an active participant or inactive participant on leave without pay; who terminates State service or school service, as the case may be, after attaining age 70 and who applies for a superannuation annuity with an effective date of retirement the day after the</pre>
18 19 20 21 22 23 24 25 26 27 28	<pre>(1) an active member; (2) an inactive member on leave without pay; [or] (3) a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System; or (4) a combined service employee who is an active participant or inactive participant on leave without pay; who terminates State service or school service, as the case may be, after attaining age 70 and who applies for a superannuation annuity with an effective date of retirement the day after the date of termination of State service or school service shall</pre>

1 annuity).

Section 409. Section 5306(a), (a.1), (a.2), (a.3) and (b) of-2 3 Title 71 are amended and the section is amended by addingsubsections to read: 4 \$ 5306. Classes of service. 5 (a) Class A and Class A - 3 membership. 6 (1) A State employee who is a member of Class A on the 7 8 effective date of this part or who first becomes a member of 9 the system subsequent to the effective date of this part and before January 1, 2011, or before December 1, 2010, as a 10 member of the General Assembly, shall be classified as a 11 Class A member and receive credit for Class A service upon 12 13 payment of regular and additional member contributions for 14 Class A service, provided that the State employee does not 15 become a member of Class AA pursuant to subsection (a.1) or amember of Class D-4 pursuant to subsection (a.2)[.] or a 16 participant in the plan. A State employee who is a member of 17 Class A on December 31, 2015, shall not be eligible to later 18 19 become a member of Class AA or Class D-4. 20 (2) A State employee who first becomes a member of the system other than as a member of Class CB on or after January-21 1, 2011, or on or after December 1, 2010, as a member of the 22 General Assembly, and, unless a DC plan exempt employee, 23 before January 1, 2016, shall be classified as a Class A-3-24 25 member and receive credit for Class A 3 service upon payment of regular member contributions and shared risk member 26 contributions for Class A-3 service provided that the State 27 28 employee does not become a member of Class A-4 pursuant to-29 subsection (a.3), except that a member of the judiciary shallbe classified as a member of such other class of service for 30

which the member of the judiciary is eligible, shall elect and make regular member contributions[.] and further provided that the State employee does not become a participant in the plan or is not eligible to be an optional participant of the plan under section 5301 (relating to mandatory and optional membership in the system and participation in the plan).

8 (1) A person who becomes a State employee and an active-9 member of the system after June 30, 2001, and who first became an active member before January 1, 2011, or before-10 December 1, 2010, as a member of the General Assembly, and 11 who is not a State police officer and not employed in a 12 13 position for which a class of service other than Class A or 14 Class CB is credited or could be elected shall be classified 15 as a Class AA member and receive credit for Class AA State service upon payment of regular member contributions for-16 Class AA service and, subject to the limitations contained in-17 paragraph (7) and section 5303(i) (relating to retention and 18 19 reinstatement of service credits), if previously a member of 20 Class A or previously employed in a position for which Class A service could have been earned, shall have all Class A-21 22 State service (other than State service performed as a State 23 police officer or for which a class of service other than-24 Class A was earned or could have been elected) classified as 25 Class AA service.

26 (2) A person who is a State employee on June 30, 2001,
and July 1, 2001, but is not an active member of the system
28 because membership in the system is optional or prohibited
29 pursuant to section 5301 (relating to mandatory and optional
30 membership in the system and participation in the plan) and

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1 who first becomes an active member after June 30, 2001, and before January 1, 2011, or before December 1, 2010, as a 2 3 member of the General Assembly, and who is not a State policeofficer and not employed in a position for which a class of 4 service other than Class A or Class CB is credited or could 5 be elected shall be classified as a Class AA member and 6 receive credit for Class AA State service upon payment of-7 8 regular member contributions for Class AA service and, subject to the limitations contained in paragraph (7) and 9 10 section 5303(i), if previously a member of Class A orpreviously employed in a position for which Class A service-11 could have been earned, shall have all Class A State service 12 13 (other than State service performed as a State Police officer-14 or for which a class of service other than Class A was earned or could have been elected) classified as Class AA service. 15 (3) Provided that an election to become a Class AA-16 member is made pursuant to section 5306.1 (relating to 17 18 election to become a Class AA member), a State employee, 19 other than a State employee who is a State police officer on or after July 1, 1989, who on June 30, 2001, and July 1,-20 2001, is: 21 22 (i) a member of Class A, other than a member of Class A who could have elected membership in a Class C, 23 24 Class D-3, Class E-1 or Class E-2; or 25 (ii) an inactive member on a leave without pay from a position in which the State employee would be a Class A 26 active member if the employee was not on leave without 27 28 pay, other than a position in which the State employee 29 could elect membership in Class C, Class D-3, Class E-1-30 or Class E-2;

1 shall be classified as a Class AA member and receive credit for Class AA State service performed after June 30, 2001,-2 3 upon payment of regular member contributions for Class AAservice and, subject to the limitations contained in-4 paragraph (7) and section 5303(i), shall receive Class AA-5 service credit for all Class A State service, other than-6 State service performed as a State police officer or as a 7 8 State employee in a position for which the member could have 9 elected membership in Class C, Class D-3, Class E 1 or Class 10 E-2, performed before July 1, 2001.

(4) Provided that an election to become a Class AA-11 member is made pursuant to section 5306.1, a former State-12 employee, other than a former State employee who was a State-13 14 police officer on or after July 1, 1989, who on June 30,-15 2001, and July 1, 2001, is a multiple service member and a school employee and a member of the Public School Employees' 16 Retirement System, subject to the limitations contained in-17 18 paragraph (7) and section 5303(i), shall receive Class AA-19 service credit for all Class A State service, other than-20 State service performed as a State police officer or as a State employee in a position in which the former State-21 22 employee could have elected a class of service other than-23 Class A, performed before July 1, 2001.

24 (5) A former State employee who first becomes a member
25 before January 1, 2011, or before December 1, 2010, as a
26 member of the General Assembly, other than a former State
27 employee who was a State police officer on or after July 1,
28 1989, who is a school employee and who on or after July 1,
29 2001, becomes a multiple service member, subject to the
30 limitations contained in paragraph (7) and section 5303(i),

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1 shall receive Class AA service credit for all Class A State service other than State service performed as a State-2 3 employee in a position in which the former State employeecould have elected a class of service other than Class A. 4 5 (6) A State employee who after June 30, 2001, becomes a State police officer or who is employed in a position in-6 which the member could elect membership in the system in a 7 8 class of service other than <u>Class CB</u>, Class AA or Class D 4-9 shall retain any Class AA service credited prior to becoming a State police officer or being so employed but shall be-10 ineligible to receive Class AA credit thereafter and instead 11 shall receive Class A credit for service as a member of the 12 judiciary if such judicial service begins before January 1, 13 14 2016, or if he first became a member before January 1, 2011, or December 1, 2010, as a member of the General Assembly, or-15 Class A 3 credit for service other than as a member of the 16 judiciary if the nonjudicial service is as a DC plan exempt 17 employee or begins before January 1, 2016, and is not service 18 19 as an elected officer, and he first became a member on or-20 after January 1, 2011, or December 1, 2010, as a member of 21 the General Assembly, unless a class of membership other than-Class A is elected. 22 23 (7) (i) State service performed as Class A service-24 before July 1, 2001, and State service for which Class A-25 service could have been credited but was not credited 26 because membership in the system was optional or prohibited pursuant to section 5301 shall be credited as-27 28 Class AA service only upon the completion of all acts-29 necessary for the State service to be credited as Class A service had this subsection not been enacted and upon-30

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1	payment of required Class AA member contributions as
2	provided in section 5504 (relating to member-
3	contributions for the purchase of credit for previous-
4	State service or to become a full coverage member).
5	(ii) A person who is not a State employee or a
6	school employee on June 30, 2001, and July 1, 2001, and
7	who has previous State service (except a disability
8	annuitant who returns to State service after June 30,
9	2001, upon termination of the disability annuity) shall-
10	not receive Class AA service credit for State service
11	performed before July 1, 2001, until <u>and unless</u> such-
12	person becomes an active member, or an active member of
13	the Public School Employees' Retirement System and a
14	multiple service member, <u>before January 1, 2016,</u> and
15	earns three eligibility points by performing credited
16	<u>State service in a class of service other than Class CB</u>
17	or credited school service <u>in a class of service other</u>
18	<u>than Class T-I</u> after June 30, 2001.
19	(iii) Nothing in this paragraph shall be construed
20	to authorize a member of Class CB or a multiple service
21	member who is a member of Class T-I in the Public School
22	Employees' Retirement System to reinstate or purchase
23	credit for previously credited or uncredited State
24	service other than as allowed under section 5303(i).
25	(a.2) Class of membership for members of the General
26	Assembly
27	(1) A person who:
28	(i) becomes a member of the General Assembly and an
29	active member of the system after June 30, 2001, and
30	before December 1, 2010; or

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1	(ii) is a member of the General Assembly on July 1,-
2	2001, but is not an active member of the system because
3	membership in the system is optional pursuant to section
4	5301 and who becomes an active member after June 30,
5	2001, and before December 1, 2010;
6	and who was not a State police officer on or after July 1,
7	1989, shall be classified as a Class D-4 member and <u>unless he</u>
8	later becomes a participant in the plan and a member of Class
9	<u>CB</u> receive credit as a Class D-4 member for all State service-
10	as a member of the system performed as a member of the
11	General Assembly upon payment of regular member contributions
12	for Class D 4 service and, subject to the limitations
13	contained in subsection (a.1)(7) and section 5303(i), if-
14	previously a member of Class A or employed in a position for-
15	which Class A service could have been earned, shall receive
16	Class AA service credit for all Class A State service, other-
17	than State service performed as a State police officer or for-
18	which a class of service other than Class A or Class D-4 was-
19	or could have been elected or credited.
20	(2) Provided an election to become a Class D-4 member is
21	made pursuant to section 5306.2 (relating to elections by-
22	members of the General Assembly), a State employee who was
23	not a State police officer on or after July 1, 1989, who on-
24	July 1, 2001, is a member of the General Assembly and an-
25	active member of the system and not a member of Class D-3-
26	shall be classified as a Class D-4 member and <u>unless he later</u>
27	becomes a participant in the plan and a member of Class CB
28	receive credit as a Class D 4 member for all State service <u>as</u>
29	<u>a member of the system</u> performed as a member of the General
30	Assembly not credited as another class other than Class A
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1 upon payment of regular member contributions for Class D-4service and, subject to the limitations contained in-2 paragraph (a.1)(7), shall receive Class AA service credit for-3 all Class A State service, other than State service performed 4 5 as a State police officer or as a State employee in a position in which the member could have elected a class of 6 service other than Class A, performed before July 1, 2001. 7 8 (3) A member of the General Assembly who after June 30, 9 2001, becomes a State police officer shall retain any Class AA service or Class D-4 service credited prior to becoming a 10 State police officer or being so employed but shall be 11 ineligible to receive Class AA or Class D-4 credit thereafter 12 and instead shall receive Class A credit or Class A 3 credit 13 14 if he first becomes a member of the system on or after 15 January 1, 2011, and before January 1, 2016, or as a DC plan 16 exempt employee. 17 (4) Notwithstanding the provisions of this subsection, 18 no service as a member of the General Assembly performed before December 1, 2010, that is not credited as Class D-4-19 20 service on November 30, 2010, shall be credited as Class D-4service, unless such service was previously credited in the 21 22 system as Class D 4 service and the member withdrew his total 23 accumulated deductions as provided in section 5311 (relating-24 to eligibility for refunds) or 5701 (relating to return of 25 total accumulated deductions and cash balance member accumulated deductions). No service as a member of the 26 27 General Assembly performed on or after December 1, 2010, shall be credited as Class D-4 service unless the member-28 29 previously was credited with Class D-4 service credits. 30 (a.3) Class A 4 membership. Provided that an election to

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1	become a Class A-4 member is made pursuant to section 5306.3
2	(relating to election to become a Class A-4 member), a State-
3	employee who first becomes a member before January 1, 2016, or
4	<u>is a DC plan exempt employee who</u> otherwise would be a member of
5	Class A-3 shall be classified as a Class A-4 member and <u>unless</u>
6	he later becomes a participant in the plan and a member of Class
7	<u>CB</u> receive Class A-4 credit for all creditable State service-
8	performed <u>as a member of the system</u> after the effective date of
9	membership in the system, except as a member of the judiciary,
10	upon payment of regular member contributions and shared risk-
11	member contributions for Class A-4 service.
12	<u>(a.4) Class CB membership.</u>
13	(1) A State employee who is an active participant in the
14	plan shall be an active member of Class CB concurrently and
15	shall receive credit for Class CB service upon payment of
16	cash balance member contributions for Class CB service.
17	(2) A State employee who is an active member of a class
18	of service other than Class CB who elects under section
19	5306.5 to be an active member of Class CB concurrently shall
20	receive credit for Class CB service upon payment of cash
21	balance member contributions concurrently with service in
22	other classes other than service as a member of Class A-3 or
23	<u>Class A-4 where Class A-3 or Class A-4 contributions are not</u>
24	being made due to or any provision of this part relating to
25	the limitations on contributions to the system applicable to
26	<u>a Class A 3 member or Class A 4 member who have exceeded the</u>
27	Class A-3 and Class A-4 compensation limit.
28	(b) Other class membership
29	(1) A State employee who is a member of a class of
30	service other than Class A on the effective date of this part

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1 shall retain his membership in that class until such serviceis discontinued or until the member becomes a participant in 2 the plan; any service as a member of the system thereafter 3 shall be credited as Class A service, Class AA service [or], 4 Class D-4 service or Class CB service as provided for in this-5 section. 6 7 (2) Notwithstanding any other provision of this section, 8 a State employee who is appointed [bail commissioner] 9 arraignment court magistrate of the Philadelphia Municipal Court under 42 Pa.C.S. § 1123(a)(5) (relating to jurisdiction-10 and venue) before January 1, 2016, may, within 30 days of the-11 effective date of this sentence or within 30 days of his-12 13 initial appointment as [a bail commissioner] an arraignment court magistrate, whichever is later, elect Class E-2 service-14 15 credit for service performed as [a bail commissioner] anarraignment court magistrate. This class of service 16 multiplier for E-2 service as [a bail commissioner] an 17 18 arraignment court magistrate shall be 1.5. 19 * * * (e) Ineligibility for active membership and classes of 20 service. An individual who is an elected officer or who is a 21 State employee on January 1, 2016, but is not a member of the 22 23 system or who first becomes a State employee on or after January-24 1, 2016, shall be ineligible for active membership in the system 25 other than as a member of Class CB if a participant in the plan, or the several classes of State service other than for service 26 performed as a DC plan exempt employee as otherwise provided for 27 28 under this section. Any such State employee, if eligible, may be 29 a participant in the plan and a member of Class CB as a result of such State service. 30

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1	Section 410. Sections 5306.1(c), 5306.2(b) and 5306.3(c) and
2	(d) of Title 71 are amended to read:
3	§ 5306.1. Election to become a Class AA member.
4	* * *
5	(c) Effect of election An election to become a Class AA
6	member shall become effective the later of July 1, 2001, or the
7	date when the election is filed with the board and shall remain
8	in effect until the termination of employment or becoming a
9	participant in the plan. Upon termination and a subsequent
10	reemployment that occurs before January 1, 2016, the member's
11	class of service shall be credited in the class of service
12	otherwise provided for in this part. If the reemployment occurs
13	on or after January 1, 2016, the State employee's eligibility
14	for membership in the system or participation in the plan shall
15	be as provided in this part.
16	* * *
17	
	§ 5306.2. Elections by members of the General Assembly.
18	$\frac{5306.2}{1000}$. Elections by members of the General Assembly.
18	<u>* * *</u>
18 19	* * * (b) Effect of electionMembership as a Class D-4 member-
18 19 20	* * * (b) Effect of election Membership as a Class D-4 member- shall become effective on July 1, 2001, and shall remain in-
18 19 20 21	* * * (b) Effect of election Membership as a Class D-4 member- shall become effective on July 1, 2001, and shall remain in effect until the termination of service as a member of the
18 19 20 21 22	* * * (b) Effect of election. Membership as a Class D-4 member shall become effective on July 1, 2001, and shall remain in effect until the termination of service as a member of the General Assembly <u>or becoming a participant in the plan</u> . Upon
18 19 20 21 22 23	* * * (b) Effect of election. Membership as a Class D-4 member shall become effective on July 1, 2001, and shall remain in effect until the termination of service as a member of the General Assembly <u>or becoming a participant in the plan</u> . Upon termination and <u>a</u> subsequent reemployment <u>that occurs before</u>
18 19 20 21 22 23 24	* * * (b) Effect of election. Membership as a Class D-4 member- shall become effective on July 1, 2001, and shall remain in- effect until the termination of service as a member of the- General Assembly <u>or becoming a participant in the plan</u> . Upon- termination and <u>a</u> subsequent reemployment <u>that occurs before</u> <u>January 1, 2016</u> , the member's class of service shall be credited-
 18 19 20 21 22 23 24 25 	*** (b) Effect of election. Membership as a Class D 4 member shall become effective on July 1, 2001, and shall remain in effect until the termination of service as a member of the General Assembly <u>or becoming a participant in the plan</u> . Upon- termination and <u>a</u> subsequent reemployment <u>that occurs before</u> <u>January 1, 2016</u> , the member's class of service shall be credited- in the class of service otherwise provided for in this part. <u>If</u>

29 <u>* * *</u>

30 § 5306.3. Election to become a Class A 4 member.

1 ***

2	(c) Effect of election. An election to become a Class A 4
3	member shall be irrevocable and shall become effective on the
4	effective date of membership in the system and shall remain in
5	effect for all future [creditable] State service creditable in
6	the system, other than service performed as a member of the
7	judiciary, but shall not apply to service performed after
8	December 31, 2015, as an elected officer. Payment of regular
9	member contributions for Class A-4 State service performed prior-
10	to the election of Class A-4 membership shall be made in a form,
11	manner and time determined by the board. Upon termination <u>of</u>
12	<u>State service</u> and <u>a</u> subsequent reemployment, a member who
13	elected Class A-4 membership shall be credited as a Class A-4-
14	member for creditable State service performed after reemployment-
15	unless the reemployment is as an elected officer and, except as
16	a member of the judiciary, regardless of termination of
17	employment, termination of membership by withdrawal of
18	accumulated deductions or status as an annuitant, vestee or
19	inactive member after the termination of service.
20	(d) Effect of failure to make election. Failure to elect to-
21	become a Class A-4 member within the election period set forth-
22	in subsection (b) shall result in all of the member's State-
23	service, other than service performed as a member of the-
24	judiciary, being credited as Class A 3 service, unless the State
25	employee is required to be a participant in the plan, and not
26	subject to further election or crediting as Class A-4 service.
27	Upon termination and subsequent employment, a member who failed
28	to elect to become a Class A-4 member shall not be eligible to-
29	make another election to become a Class A-4 member for either-
30	past or future State service.

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1	Section	411.	IICIE	7 1	Ч	amenueu	DY	auuing	Sections	 Teau.

2 <u>§ 5306.4. (Reserved).</u>

3 § 5306.5. Election to become a member of Class CB.

(a) General rule. An active member or an inactive member on-4 5 leave without pay in any class of service other than solely a member of Class CB may elect to become a member of Class CB in 6 addition to being a member of their current class of service. 7 8 (b) Time for making election. The election to become a member of Class_CB must be made by the member filing written_ 9 10 notice with the board in a form and manner determined by the board during periodic enrollment periods established by the 11 board after the effective date of this section. 12 (c) Effect of election. -- An election under this section 13 shall be revocable by the member during periodic enrollment 14 15 periods established by the board after the effective date of this section. The Class CB class of service multiplier to-16 17 determine cash balance member contributions for a State employee 18 who makes an election under this section shall be 0.6 unless a 19 lower class of service multiplier is elected by the member for their Class CB service. An election to become a Class CB member-20 and the class of service multiplier elected shall be effective 21 22 for all service as an active member after the effective date of 23 such election and shall remain effective until the election is 24 revoked or modified by the member during any subsequent 25 enrollment period. 26 Section 412. Sections 5307, 5308, 5308.1 introductory paragraph and (1), 5309, 5309.1 and 5311 of Title 71 are amended 27 28 to read: 29 § 5307. Eligibility points. 30 (a) General rule. An active member of the system shall

accrue one eligibility point for each year of credited service-1 2 as a member of the [State or] system and if a multiple service member as a member of the Public School Employees' Retirement 3 System. A member shall accrue an additional two thirds of an 4 eligibility point for each year of Class D-3 credited service. 5 6 In the case of a fractional part of a year of credited service,-7 a member shall accrue the corresponding fractional portion of 8 eligibility points to which the class of service entitles him. 9 (a.1) USERRA leave. A member of the system or participant 10 in the plan who is reemployed from USERRA leave or who dieswhile performing USERRA leave shall be granted the eligibility 11 points that he would have accrued had he continued in his State-12 office or employment instead of performing USERRA leave. In the-13 14 event that a State employee who is reemployed from USERRA leave-15 makes the member contributions or mandatory participant contributions to be granted State service credit for the USERRA-16 17 leave, no additional eligibility points will be granted. 18 (b) Transitional rule.---19 (1) In determining whether a member who is not a State-20 employee or school employee on June 30, 2001, and July 1, 2001, and who has previous State service (except a disability-21 22 annuitant who returns to State service after June 30, 2001, 23 upon termination of the disability annuity) has the five-24 eligibility points required by sections 5102 (relating to-25 definitions), 5308(b) (relating to eligibility for-26 annuities), 5309 (relating to eligibility for vesting), 27 5704(b) (relating to disability annuities) and 5705(a) 28 (relating to member's options), only eligibility points-29 earned by performing credited State service as an active 30 member of the system, USERRA leave or credited school service-20150SB1071PN1913

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1	as an active member of the Public School Employees'
2	Retirement System after June 30, 2001, shall be counted until
3	such member earns one eligibility point by performing
4	credited State service or credited school service after June-
5	30, 2001, at which time all eligibility points as determined
6	pursuant to subsection (a) shall be counted.
7	(2) Any member to whom paragraph (1) applies shall be
8	considered to have satisfied any requirement for five-
9	eligibility points contained in this part if the member:
10	(i) has ten or more eligibility points as determined
11	pursuant to subsection (a); or
12	(ii) has Class G, Class H, Class I, Class J, Class-
13	L, Class M or Class N service and has eight or more-
14	eligibility points as determined pursuant to subsection-
15	(a).
16	(c) Class CB concurrent service. An active member who is
ΤŪ	(c) crubb eb concarrent bervice. An active member who ib
17	earning Class CB service concurrently with service in another
17	earning Class CB service concurrently with service in another
17 18	earning Class CB service concurrently with service in another of the service shall receive service credit and eligibility of the service credit and eligibility of the service service credit and the service service credit and eligibility of the service service credit and the service service service credit and the service service service credit and the service service service service service service credit and the service se
17 18 19	earning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional
17 18 19 20	earning Class CB service concurrently with service in another <u>class of service shall receive service credit and eligibility</u> <u>points only for the other class of service. No additional</u> <u>service credit or eligibility points will be earned for the</u>
17 18 19 20 21	earning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional service credit or eligibility points will be earned for the concurrent Class CB service.
17 18 19 20 21 22	earning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional service credit or eligibility points will be earned for the concurrent Class CB service. § 5308. Eligibility for annuities.
17 18 19 20 21 22 23	<pre>earning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional service credit or eligibility points will be earned for the concurrent Class CB service. \$ 5308. Eligibility for annuities. (a) Superannuation annuityAttainment of superannuation</pre>
17 18 19 20 21 22 23 24	<pre>earning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional service credit or eligibility points will be earned for the concurrent Class CB service. \$ 5308. Eligibility for annuities. (a) Superannuation annuity. Attainment of superannuation age by an active member [or], an inactive member on leave</pre>
17 18 19 20 21 22 23 24 25	<pre>earning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional service credit or eligibility points will be earned for the concurrent Class CB service. \$ 5308. Eligibility for annuities. (a) Superannuation annuity. Attainment of superannuation age by an active member [or], an inactive member on leave without pay or combined service employee who is an active</pre>
17 18 19 20 21 22 23 24 25 26	<pre>earning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional service credit or eligibility points will be earned for the concurrent Class CB service. \$ 5308. Eligibility for annuities. (a) Superannuation annuity. Attainment of superannuation age by an active member [or], an inactive member on leave without pay or combined service employee who is an active participant or inactive participant on leave without pay with</pre>
17 18 19 20 21 22 23 24 25 26 27	<pre>sarning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional service credit or eligibility points will be earned for the concurrent Class CB service. \$ 5308. Eligibility for annuities. (a) Superannuation annuity. Attainment of superannuation age by an active member [or], an inactive member on leave- without pay or combined service employee who is an active participant or inactive participant on leave without pay with three or more eligibility points other than eligibility points</pre>
17 18 19 20 21 22 23 24 25 26 27 28	<pre>sarning Class CB service concurrently with service in another class of service shall receive service credit and eligibility points only for the other class of service. No additional service credit or eligibility points will be earned for the concurrent Class CB service. \$ 5308. Eligibility for annuities. (a) Superannuation annuity. Attainment of superannuation age by an active member [or], an inactive member on leave without pay or combined service employee who is an active participant or inactive participant on leave without pay with three or more eligibility points other than eligibility points resulting from nonstate service or nonschool service shall</pre>

1 to rights and duties of State employees [and], members and

2 participants).

3 (b) Withdrawal annuity.--

(1) Any vestee or any active member [or], inactive-4 5 member on leave without pay or combined service employee who is an active participant or inactive participant on leave-6 without pay who terminates State service having five or more-7 8 eligibility points and who does not have Class A-3 or Class 9 A-4 service credit or, if a multiple service member, Class T-E or Class T-F service credit in the Public School Employees' 10 Retirement System, or who has Class G, Class H, Class I,-11 12 Class J, Class K, Class L, Class M or Class N service and terminates State service having five or more eligibility-13 14 points, upon compliance with section 5907(f), (q) or (h) 15 shall be entitled to receive an annuity. 16 (2) Any vestee, active member [or], inactive member on leave without pay or combined service employee who is an 17

17Teave without pay or combined service employee who is an18active participant or inactive participant on leave without19pay who has Class A-3 or Class A-4 service credit or, if a20multiple service member, Class T-E or Class T-F service21credit in the Public School Employees' Retirement System who22terminates State service having ten or more eligibility23points, upon compliance with section 5907(f), (g) or (h),

24 shall be entitled to receive an annuity.

25 (3) Any vestee, active member [or], inactive member on
26 leave without pay or combined service employee who is an
27 active participant or inactive participant on leave without
28 pay who has either Class A 3 or Class A 4 service credit or,
29 if a multiple service member, Class T E or Class T F service
30 credit in the Public School Employees' Retirement System and

1 also has service credited in the system in one or more otherclasses of service who has five or more, but fewer than ten, 2 3 eligibility points, upon compliance with section 5907(f), (g)or (h), shall be eligible to receive an annuity calculated on-4 5 his service credited in classes of service other than Class A 3 or Class A 4, provided that the member has five or more-6 7 eligibility points resulting from service in classes other-8 than Class A 3 or Class A 4 or Class T E or Class T F service 9 in the Public School Employees' Retirement System.

10 (c) Disability annuity. - An active member or inactive memberon leave without pay who has five or more eligibility points-11 other than eligibility points resulting from membership in the-12 13 Public School Employees' Retirement System or any active member-14 or inactive member on leave without pay who is an officer of the-15 Pennsylvania State Police or an enforcement officer shall, uponcompliance with section 5907(k), be entitled to a disability 16 annuity if he becomes mentally or physically incapable of 17 18 continuing to perform the duties for which he is employed and 19 qualifies in accordance with the provisions of section 5905(c) 20 (1) (relating to duties of the board regarding applications and 21 elections of members and participants) [.]; provided, that no-22 disability annuity shall be paid to a combined service employee 23 who is an active participant. 24 (d) Eligibility of employees with Class CB service for annuities and benefits. - Subject to the limitation on-25 26 eligibility points for a member who is performing concurrent service in Class CB and in another class of service under_ 27 section 5307 (relating to eligibility points), eligibility 28 29 points earned as a result of credited service in Class CB shall

30 be included in determining if a member who has Class CB service

1	credit and service credit in one or more other classes of
2	service is eligible for an annuity under this section or
3	eligibility for other rights and benefits under this part,
4	unless provided otherwise. Eligibility points earned by a
5	<u>multiple service member as a result of Class T-I credited</u>
6	service in the Public School Employees' Retirement System
7	similarly shall be included if eligibility points for school
8	service in the Public School Employees 'Retirement System are
9	used to determine eligibility. Nothing in this subsection amends
10	or waives any other requirement to be eligible for an annuity or
11	other benefit. Upon termination of State service and compliance
12	with section 5907(f) a member with Class CB service credit is
13	eligible for an annuity as calculated under section 5702(a)(7)
14	(relating to maximum single life annuity).
15	(e) Required beginning date Members eligible for an
16	annuity must commence receiving the annuity by the member's
16 17	<u>annuity must commence receiving the annuity by the member's</u> required beginning date.
17	required beginning date.
17 18	required beginning date. § 5308.1. Eligibility for special early retirement.
17 18 19	<pre>required beginning date. § 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary,</pre>
17 18 19 20	<pre>required beginning date. \$ 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be-</pre>
17 18 19 20 21	<pre>required beginning date. \$ 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be applicable to specified eligible members [as follows]:</pre>
17 18 19 20 21 22	<pre>required beginning date. § 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be applicable to specified eligible members [as follows]: (1) During the period of July 1, 1985, to September 30,</pre>
17 18 19 20 21 22 23	<pre>required beginning date. \$ 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be applicable to specified eligible members [as follows]: (1) During the period of July 1, 1985, to September 30, 1991, an active member who has attained the age of at least</pre>
17 18 19 20 21 22 23 24	<pre>required beginning date. \$ 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be- applicable to specified eligible members [as follows]: (1) During the period of July 1, 1985, to September 30, 1991, an active member who has attained the age of at least- 53 years and has accrued at least 30 eligibility points shall-</pre>
17 18 19 20 21 22 23 24 25	<pre>required beginning date. \$ 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be- applicable to specified eligible members [as follows]: (1) During the period of July 1, 1985, to September 30, 1991, an active member who has attained the age of at least- 53 years and has accrued at least 30 eligibility points shall- be entitled, upon termination of State service and compliance-</pre>
17 18 19 20 21 22 23 24 25 26	<pre>required beginning date. \$ 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be applicable to specified eligible members [as follows]: (1) During the period of July 1, 1985, to September 30, 1991, an active member who has attained the age of at least 53 years and has accrued at least 30 eligibility points shall be entitled, upon termination of State service and compliance with section 5907(f) (relating to rights and duties of State</pre>
17 18 19 20 21 22 23 24 25 26 27	<pre>required beginning date. \$ 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be- applicable to specified eligible members [as follows]: (1) During the period of July 1, 1985, to September 30, 1991, an active member who has attained the age of at least- 53 years and has accrued at least 30 eligibility points shall- be entitled, upon termination of State service and compliance- with section 5907(f) (relating to rights and duties of State- employees [and], members and participants), to receive a-</pre>
17 18 19 20 21 22 23 24 25 26 27 28	<pre>required beginning date. \$ 5308.1. Eligibility for special early retirement. Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be- applicable to specified eligible members [as follows]: (1) During the period of July 1, 1985, to September 30, 1991, an active member who has attained the age of at least 53 years and has accrued at least 30 eligibility points shall be entitled, upon termination of State service and compliance- with section 5907(f) (relating to rights and duties of State- employees [and], members and participants), to receive a maximum single life annuity calculated under section 5702-</pre>

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1

the superannuation age.

2 ***

3 § 5309. Eligibility for vesting.

4 Any member who:

(1) Does not have Class A-3 [or], Class A-4 or Class CB 5 service credit or, if a multiple service member, Class T-E or 6 Class T F service credit in the Public School Employees' 7 8 Retirement System and terminates State service, or if a 9 multiple service member and an active member of the Public-School Employees' Retirement System terminates school-10 service, with five or more eligibility points, or any member-11 12 with Class G, Class H, Class I, Class J, Class K, Class L, 13 Class M or Class N service with five or more eligibility 14 points, shall be eligible until [attainment of superannuation-15 age] required beginning date to vest his retirement benefits. (2) Has only Class A 3 or Class A 4 service credit [or] 16 and, if a multiple service member, only Class T-E or Class T-17 18 F service credit in the Public School Employees' Retirement 19 System and terminates State service, or if a multiple service 20 member and an active member of the Public School Employees' Retirement System terminates school service, with ten or more-21 22 eligibility points shall be eligible until [attainment ofsuperannuation age] his required beginning date to vest his 23 24 retirement benefits. 25 (3) Has either Class A-3 or Class A-4 service credit 26 for and, if a multiple service member, Class T E or Class T-F service credit in the Public School Employees' Retirement 27 28 System, also has service credited in the system in one or-29 more other classes of service other than Class CB and has 30 five or more, but fewer than ten, eligibility points and

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1 terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement 2 System terminates school service, shall be eligible until-3 [the attainment of superannuation age] his required beginning_ 4 5 date to vest his retirement benefits calculated on his service credited in classes of service other than Class A 3 6 or Class A-4 and to be credited with statutory interest on-7 8 total accumulated deductions, regardless of whether or not 9 any part of his accumulated deductions are a result of Class-10 A-3 or Class A-4 service credit. (4) Has only Class CB service credit and terminates 11 State service shall be eligible to yest his retirement 12 13 benefits based on Class CB service except that a member who 14 has a small cash balance account subject to distribution as provided in section 5709(d) (relating to payment of benefits) 15 16 shall not be permitted to vest until his required beginning date unless otherwise required under the IRC. 17 18 (5) Has Class CB service credit and service credited in 19 one or more other classes or service and terminates State service, or if a multiple service member and an active member-20 of the Public School Employees' Retirement System terminates 21 22 school service, shall be eligible to vest his retirement 23 benefits based on Class CB service and, if he has five or 24 more eligibility points, to vest his retirement benefits on-25 all other classes of service other than Class A 3 or Class A-26 4 until the attainment of the applicable superannuation age and if he has 10 or more eligibility points to vest his 27 28 retirement benefits on all classes of service until-29 superannuation age. Any such member shall be credited with statutory interest on his total accumulated deductions and 30

1	treasury bond interest, but not excess interest on his total
2	cash balance accumulated deductions until the effective date
3	<u>of retirement.</u>
4	(6) A member with more than one class of credited
5	service who vests his retirement benefits in any class of
6	service may not receive distributions from other classes of
7	service until his effective date of retirement, regardless of
8	whether his benefits resulting from such other classes of
9	service are vested or he is eligible to receive an annuity. A
10	member with service credited in more than one class of
11	service may not separately vest those benefits and receive
12	annuities from different classes of service with different
13	<u>effective_dates.</u>
14	§ 5309.1. Eligibility for special vesting.
15	Any employee of The Pennsylvania State University who is a
16	member of the system with five or more but less than ten
17	eligibility points and who has a date of termination of service-
18	from The Pennsylvania State University of June 30, 1997, because-
19	of the transfer of his job position or duties to a controlled
20	organization of the Penn State Geisinger Health System or
21	because of the elimination of his job position or duties due to
	because of the elimination of his job position of autics aut to
22	the transfer of other job positions or duties to a controlled
22 23	
	the transfer of other job positions or duties to a controlled-
23	the transfer of other job positions or duties to a controlled- organization of the Penn State Geisinger Health System shall be-
23 24	the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System shall be eligible until the attainment of superannuation age <u>or his</u>
23 24 25	the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System shall be eligible until the attainment of superannuation age <u>or his</u> <u>required beginning date</u> to vest his retirement benefits
23 24 25 26	the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System shall be eligible until the attainment of superannuation age <u>or his</u> <u>required beginning date</u> to vest his retirement benefits according to the terms and conditions of this part.
23 24 25 26 27	the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System shall be eligible until the attainment of superannuation age <u>or his</u> <u>required beginning date</u> to vest his retirement benefits according to the terms and conditions of this part. § 5311. Eligibility for refunds.

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1	accumulated deductions by the required beginning date upon-
2	termination of service in lieu of any benefit <u>from the system</u> to
3	which he is entitled.
4	(b) Social security integration accumulated deductions. Any
5	active member at any time may elect to receive his social
6	security integration accumulated deductions and thereby to have-
7	all his social security integration credits and benefits
8	therefor cancelled, and shall not be entitled to accrue any
9	further social security integration credits or benefits; except-
10	that a disability annuitant who returns to State service <u>in a</u>
11	<u>class of service other than Class CB</u> shall have the right to-
12	reinstate his social security integration accumulated deductions
13	and credits therefor.
14	Section 413. Title 71 is amended by adding a chapter to
15	read:
16	<u>CHAPTER-54</u>
16 17	<u>CHAPTER 54</u> STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN
17	STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN
17 18	<u>STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN</u>
17 18 19	
17 18 19 20	<u>STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN</u> Sec. <u>5401. Establishment.</u> <u>5402. Plan document.</u>
17 18 19 20 21	<u>STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN</u> <u>Sec.</u> <u>5401. Establishment.</u> <u>5402. Plan document.</u> <u>5403. Individual investment accounts.</u>
17 18 19 20 21 22	<u>STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN</u> <u>Sec.</u> <u>5401. Establishment.</u> <u>5402. Plan document.</u> <u>5403. Individual investment accounts.</u> <u>5404. Participant contributions.</u>
17 18 19 20 21 22 23	STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN Sec. 5401. Establishment. 5402. Plan document. 5403. Individual investment accounts. 5404. Participant contributions. 5405. Mandatory pickup participant contributions.
17 18 19 20 21 22 23 24	State EMPLOYEES' DEFINED CONTRIBUTION PLAN Sec: 5401. Establishment. 5402. Plan document. 5403. Individual investment accounts. 5404. Participant contributions. 5405. Mandatory pickup participant contributions. 5406. Employer defined contributions.
17 18 19 20 21 22 23 24 25	Sec. 5401. Establishment. 5402. Plan document. 5403. Individual investment accounts. 5404. Participant contributions. 5405. Mandatory pickup participant contributions. 5406. Employer defined contributions. 5407. Eligibility for benefits.
17 18 19 20 21 22 23 24 25 26	Sec. 5401. Establishment. 5402. Plan document. 5403. Individual investment accounts. 5404. Participant contributions. 5405. Mandatory pickup participant contributions. 5406. Employer defined contributions. 5407. Eligibility for benefits. 5408. Death benefits.
17 18 19 20 21 22 23 24 25 26 27	STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN Sec: 5401. Establishment. 5402. Plan document. 5403. Individual investment accounts. 5404. Participant contributions. 5405. Mandatory pickup participant contributions. 5406. Employer defined contributions. 5407. Eligibility for benefits. 5408. Death benefits.

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1 <u>5412. Powers and duties of board.</u>

2 <u>5413. Responsibility for investment loss.</u>

- 3 5414. Investments based on participants' investment allocation
- 4 <u>choices.</u>
- 5 <u>5415. Expenses.</u>
- 6 <u>5416. Participation in the plan by members of Class A 3 or</u>
- 7 <u>Class A-4</u>.
- 8 <u>5417. Tax qualification.</u>

9 <u>§ 5401. Establishment.</u>

- 10 (a) State Employees' Defined Contribution Plan. -- The State-
- 11 Employees' Defined Contribution Plan is established. The board
- 12 shall administer and manage the plan which shall be a defined
- 13 <u>contribution plan exclusively for the benefit of those State</u>

14 <u>employees who participate in the plan and their beneficiaries</u>

- 15 within the meaning of and in conformity with IRC § 401(a). The
- 16 board shall determine the terms and provisions of the plan not
- 17 inconsistent with this part, the IRC or other applicable law and
- 18 shall provide for the plan's administration.
- 19 (b) State Employees' Defined Contribution Trust. The State
- 20 Employees' Defined Contribution Trust is established as part of
- 21 <u>the plan. The trust shall be comprised of the individual</u>
- 22 <u>investment accounts and all assets and money in those accounts.</u>
- 23 The members of the board shall be the trustees of the trust,
- 24 which shall be administered exclusively for the benefit of those
- 25 State employees who participate in the plan and their
- 26 beneficiaries within the meaning of and in conformity with IRC §
- 27 401(a). The board shall determine the terms and provisions of
- 28 the trust not inconsistent with this part, IRC or other
- 29 applicable law and shall provide for the investment and
- 30 <u>administration of the trust.</u>

1	(c) Assets held in trustAll assets and income in the plan
2	that have been or shall be withheld or contributed by the
3	participants, the Commonwealth and other employers in accordance
4	with this part shall be held in trust in any funding vehicle
5	permitted by the applicable provisions of the IRC for the
6	exclusive benefit of the participants and their beneficiaries
7	until such time as the funds are distributed to the participants
8	or their beneficiaries in accordance with the terms of the plan
9	document. The assets of the plan held in trust for the exclusive
10	benefit of the participants and their beneficiaries may be used
11	for the payment of the fees, costs and expenses related to the
12	administration and investment of the plan and the trust.
13	(d) Name for transacting business. All of the business of
14	the plan shall be transacted, the trust invested, all
15	requisitions for money drawn and payments made and all of its
16	cash and securities and other property shall be held by the name
17	of the "State Employees' Defined Contribution Plan."
18	Notwithstanding any other law to the contrary, the board may
19	establish a nominee registration procedure for the purpose of
20	registering securities in order to facilitate the purchase, sale
21	or other disposition of securities under the provisions of this
22	part.
23	<u>§ 5402. Plan document.</u>
24	The board shall set forth the terms and provisions of the
25	plan and trust in a document containing the terms and conditions
26	of the plan and in a trust declaration that shall be published
27	in the Pennsylvania Bulletin. The creation of the document
28	containing the terms and conditions of the plan and the trust
29	declaration and the establishment of the terms and provisions of
30	the plan and the trust need not be promulgated by regulation or
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1	formal rulemaking and shall not be subject to the act of July
2	31, 1968 (P.L.769, No.240), referred to as the Commonwealth
3	Documents Law. A reference in this part or other law to the plan
4	shall include the plan document unless the context clearly
5	indicates otherwise.
6	<u>§ 5403. Individual investment accounts.</u>
7	The board shall establish in the trust an individual
8	investment account for each participant in the plan. All
9	contributions by a participant or an employer for or on behalf
10	of a participant shall be credited to the participant's
11	individual investment account, together with all interest and
12	investment earnings and losses. Investment and administrative
13	fees, costs and expenses shall be charged to the participants'
14	individual investment accounts. Employer defined contributions
15	shall be recorded and accounted for separately from participant
16	contributions, but all interest, investment earnings and losses,
17	and investment and administrative fees, costs and expenses shall
18	be allocated proportionately.
19	<u>§ 5404. Participant contributions.</u>
20	(a) Mandatory contributions. A participant shall make
21	mandatory participant contributions through payroll deductions
22	to the participant's individual investment account equal to
23	3.00% of compensation for current State service. The employer
24	shall cause those contributions for current service to be made
25	and deducted from each payroll or on such schedule as
26	established by the board.
27	(b) Voluntary contributions A participant may make
28	voluntary contributions through payroll deductions or through
29	<u>direct trustee-to-trustee transfers or through transfers of</u>
30	money received in an eligible rollover into the trust to the
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1	extent allowed by IRC § 402. The rollovers shall be made in a
2	form and manner as determined by the board, shall be credited to
3	the participant's individual investment account and shall be
4	separately accounted for by the board.
5	(c) Prohibited contributionsNo contributions may be
6	allowed that would cause a violation of the limitations related
7	to contributions applicable to governmental plans contained in
8	IRC § 415 or in other provisions of law. In the event that any
9	disallowed contributions are made, any participant contributions
10	in excess of the limitations and investment earnings on those
11	contributions shall be refunded to the participant by the board.
12	<u>§ 5405. Mandatory pickup participant contributions.</u>
13	(a) Treatment for purposes of IRC § 414(h)The
14	contributions to the trust required to be made under section
15	5404 (relating to participant contributions) with respect to
16	current State service rendered by an active participant shall be
17	picked up by the employer and shall be treated as the employer's
18	contribution for purposes of IRC § 414(h). An employer employing
19	a participant in the plan shall pick up the required mandatory
20	participant contributions by a reduction in the compensation of
21	the participant.
22	(b) Treatment for other purposes. For all other purposes
23	under this part and otherwise, such mandatory pickup participant
24	contributions shall be treated as contributions made by a
25	<u>participant in the same manner and to the same extent as if the</u>
26	contributions were made directly by the participant and not
27	picked_up.
28	<u>§ 5406. Employer defined contributions.</u>
29	(a) Contributions for current serviceThe Commonwealth or
30	other employer of an active participant shall make employer

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1	defined contributions for current service of an active
2	participant that shall be credited to the active participant's
3	individual investment account. Employer defined contributions
4	shall be recorded and accounted for separately from participant
5	contributions.
6	(b) Contributions resulting from participants reemployed
7	from USERRA leaveWhen a State employee reemployed from USERRA
8	leave makes the mandatory participant contributions permitted to
9	be made for the USERRA leave, the Commonwealth or other employer
10	by whom the State employee is employed at the time the
11	participant contributions are made shall make whatever defined
12	contributions would have been made under this section had the
13	employee making the participant contributions continued to be
14	employed in the participant's State office or position instead
15	of performing USERRA leave. The employer defined contributions
16	shall be placed in the participant's individual investment
17	account as otherwise provided by this part.
18	<u>(c) Limitations on contributions. No contributions may be</u>
19	allowed that would cause a violation of the limitations related
20	to contributions applicable to governmental plans contained in
21	IRC § 415 or in other provisions of law. In the event that any
22	disallowed contributions are made, any employer defined
23	contributions in excess of the limitations and investment
24	earnings on the contributions shall be refunded to the employer
25	by the board.
26	<u>§ 5407. Eligibility for benefits.</u>
27	(a) Termination of service A participant who terminates
28	State service shall be eligible to withdraw the vested
29	accumulated total defined contributions standing to the
30	participant's credit in the participant's individual investment
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1	account or a lesser amount as the participant may request.
2	Payment shall be made in a lump sum unless the board has
3	established other forms of distribution in the plan document,
4	subject to the provisions of subsection (g). A participant who
5	withdraws his vested accumulated total defined contributions
6	shall no longer be a participant in the plan, notwithstanding
7	that the former State employee may continue to be a member of
8	the system or may have contracted to receive an annuity or other
9	form of payment from a provider retained by the board for such
10	purposes.
11	(b) Required distributions. All payments under this section
12	shall start and be made in compliance with the minimum
13	distribution requirements and incidental death benefit rules of
14	IRC § 401(a)(9). The board shall take any action and make any
15	distributions it may determine are necessary to comply with
16	those requirements.
ΤŪ	chose requirements.
17	<u>(c) (Reserved).</u>
-	
17	(c) (Reserved).
17 18	(c) (Reserved). (d) Prohibited distributions. A State employee must be
17 18 19	(c) (Reserved). (d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership
17 18 19 20	(c) (Reserved). (d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to
17 18 19 20 21	(c) (Reserved). (d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution.
17 18 19 20 21 22	(c) (Reserved). (d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution. (e) Loans. Loans or other distributions, including hardship
17 18 19 20 21 22 23	<u>(c) (Reserved).</u> <u>(d) Prohibited distributions. A State employee must be</u> <u>terminated from all positions that result in either membership</u> <u>in the system or participation in the plan to be eligible to</u> <u>receive a distribution.</u> <u>(e) Loans. Loans or other distributions, including hardship</u> <u>or unforeseeable emergency distributions, from the plan to State</u>
17 18 19 20 21 22 23 24	<pre>(c) (Reserved). (d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution. (e) Loans. Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to State employees who have not terminated State service are not</pre>
17 18 19 20 21 22 23 24 25	<pre>(c) (Reserved). (d) Prohibited distributions A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution. (e) Loans. Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to State employees who have not terminated State service are not permitted, except as required by law.</pre>
17 18 19 20 21 22 23 24 25 26	<pre>(c) (Reserved). (d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution. (e) Loans. Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to State employees who have not terminated State service are not permitted, except as required by law. (f) Small individual investment accounts.</pre>
17 18 19 20 21 22 23 24 25 26 27	<pre>(c) (Reserved). (d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution. (e) Loans. Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to State employees who have not terminated State service are not permitted, except as required by law. (f) Small individual investment accounts. (1) A participant who terminates State service and whose</pre>
17 18 19 20 21 22 23 24 25 26 27 28	<pre>(c) (Reserved). (d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution. (e) Loans. Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to State employees who have not terminated State service are not permitted, except as required by law. (f) Small individual investment accounts. (1) A participant who terminates State service and whose vested accumulated total defined contributions are below the</pre>

1	contributions in a lump sum as provided in IRC § 401(a)(31).
2	(2) The board may also provide in the plan document
3	that, notwithstanding subsection (g), a participant whose
4	vested accumulated employer defined contributions are below
5	the thresholds established by the board may receive those
6	distributions without the obligation to purchase an annuity.
7	The threshold may be established as a dollar amount, an
8	annuity amount, in some other form individually or in
9	combination as the board determines.
10	(g) Requirement to purchase annuity. Except as prohibited
11	by the IRC or as otherwise provided in this part, a participant
12	who is eligible and elects to receive a distribution of vested
13	accumulated employer defined contributions shall be required to
14	purchase an annuity with that distribution from an annuity
15	provider contracted by the board under section 5409(c) (relating
16	to death benefits) and under such conditions as provided in the
17	plan document. The conditions may include that the board is
18	authorized to make the distribution directly to the annuity
19	provider.
20	<u>§ 5408. Death benefits.</u>
21	(a) General ruleIn the event of the death of an active
22	participant or inactive participant, the board shall pay to the
23	participant's beneficiary the vested balance in the
24	<u>participant's individual investment account in a lump sum or in</u>
25	such other manner as the board may establish in the plan
26	document.
27	(b) Death of participant receiving distributions. In the
28	event of the death of a participant receiving distributions, the
29	board shall pay to the participant's beneficiary the vested
30	<u>balance in the participant's individual investment account in a</u>

1	<u>lump sum or in such other manner as the board may establish in</u>
2	the plan document or, if the board has established alternative
3	methods of distribution in the plan document under which the
4	participant was receiving distributions, to the participant's
5	beneficiary or successor payee, as the case may be, as provided
6	<u>in the plan document.</u>
7	(c) ContractsThe board may contract with financial
8	institutions, insurance companies or other types of third party
9	providers to allow participants who receive a lump sum
10	distribution to receive payments and death benefits in a form
11	and manner as provided by the contract.
12	<u>§ 5409. Vesting.</u>
13	(a) Participant and voluntary contributionsSubject to the
14	forfeiture and attachment provisions of section 5953 (relating
15	to taxation, attachment and assignment of funds) or otherwise as
16	provided by law, a participant shall be immediately vested with
17	respect to all mandatory participant contributions and voluntary
18	contributions paid by or on behalf of the participant to the
19	trust in addition to interest and investment gains or losses on
20	the participant contributions but not including investment fees
21	and administrative charges.
22	(b) Employer defined contributions.
23	(1) Subject to the forfeiture and attachment provisions
24	of section 5953 or otherwise as provided by law, a
25	participant shall be vested with respect to all employer
26	defined contributions paid to the participant's individual
27	investment account in the trust in addition to interest and
28	investment gains and losses on the employer defined
29	contributions but not including investment fees and
30	administrative charges according to the following schedule:
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1	(i) Until such time as a participant has earned two
2	eligibility points as a member of the system, 0%.
3	(ii) Upon the attainment of two eligibility points
4	as a member of the system, 50%.
5	(iii) Upon the attainment of three eligibility
6	points as a member of the system, 75%.
7	(iv) At and after the attainment of four eligibility
8	points as a member of the system, 100%.
9	(2) For purposes of this subsection, all eligibility
10	points credited to a member of the system in any class of
11	service shall be used for determining vested status in the
12	<u>plan even if the employee was not a participant in the plan</u>
13	at the time the eligibility points were earned.
14	(3) Nonvested employer defined contributions and the
15	interest and investment gains and losses on the nonvested
16	employer defined contributions that are forfeited when a
17	participant terminates State service before accruing four
18	eligibility points are credited to the participant's most
19	recent employer's future obligation assessed under section
20	5509 (relating to appropriations and assessments by the
21	<u>Commonwealth).</u>
22	(c) USERRA leave and eligibility points. A participant in
23	the plan who is reemployed from USERRA leave or who dies while
24	performing USERRA leave shall receive eligibility points under
25	this section for the State service that would have been
26	performed had the member not performed USERRA leave.
27	<u>§ 5410. Termination of distributions.</u>
28	(a) Return to State service
29	(1) A participant receiving distributions or an inactive
30	participant who returns to State service shall cease

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1	receiving distributions and shall not be eligible to receive
2	distributions until the participant subsequently terminates
3	State service, without regard to whether the participant is a
4	mandatory, optional or prohibited member of the system or
5	participant in the plan.
6	(2) This subsection shall not apply to a distribution of
7	accumulated employer defined contributions or other
8	distributions that the participant has received and used to
9	purchase an annuity from a provider contracted by the board.
10	(b) Return of benefits paid during USERRA leave
11	(1) If a former State employee is reemployed from USERRA
12	leave and received any payments or annuity from the plan
13	during the USERRA leave, the employee shall return to the
14	board the amount so received plus interest as provided in the
15	<u>plan document.</u>
16	(2) The amount payable shall be certified in each case
17	by the board in accordance with methods approved by the
18	<u>actuary and shall be paid in a lump sum within 30 days or in</u>
19	the case of an active participant may be amortized with
20	interest as provided in the plan document through salary
21	deductions to the trust in amounts agreed upon by the active
22	participant and the board, but for not longer than a period
23	that starts with the date of reemployment and continues for
24	up to three times the length of the active participant's
25	immediate past period of USERRA leave. The repayment period
26	<u>shall not exceed five years.</u>
27	<u>§ 5411. Agreements with financial institutions and other</u>
28	organizations.
29	(a) Written agreementTo establish and administer the
30	plan, the board shall enter into a written agreement with one or

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1	more financial institutions or other organizations to administer
2	the plan and the investment of funds held under the plan. The
3	administrator shall be selected in accordance with the
4	following:
5	(1) The board shall solicit proposals from financial
6	institutions and other organizations.
7	(2) The board shall publish the solicitation in the
8	Pennsylvania Bulletin.
9	(3) Proposals received shall be evaluated based on
10	specific criteria adopted by the board. The criteria shall
11	include experience, customer service history and other
12	criteria.
13	(b) Rebid A contract to administer the plan under_
14	subsection (a) shall be rebid at least once every ten years.
15	<u>§ 5412. Powers and duties of board.</u>
16	The board shall have the following powers and duties to
17	establish the plan and trust and administer the provisions of
18	this chapter and part:
19	(1) The board may commingle or pool assets with the
20	assets of other persons or entities.
21	(2) The board shall pay all administrative fees, costs
22	and expenses of managing, investing and administering the
23	plan, the trust and the individual investment accounts from
24	the balance of such individual investment accounts except as
25	otherwise provided in this part or as the General Assembly
26	otherwise provides by appropriations from the General Fund.
27	(3) The board may establish investment guidelines and
28	limits on the types of investments that participants may
29	make, consistent with the board's fiduciary obligations.
30	(4) The board shall have the power to change the terms
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1	of the plan as may be necessary to maintain the tax-qualified
2	status of the plan.
3	(5) The board may establish a process for election to
4	<u>participate in the plan by those State employees eligible to</u>
5	do so for whom participation is not mandatory.
6	(6) The board may perform an annual or more frequent
7	review of any qualified fund manager for the purpose of
8	assuring that the fund manager continues to meet all
9	standards and criteria established.
10	(7) The board may allow for eligible rollovers and
11	direct trustee to trustee transfers into the trust from
12	qualified plans of other employers, regardless of whether the
13	employers are a private employer or a public employer.
14	(8) The board may allow an inactive participant to
15	maintain the participant's individual investment account
16	within the plan.
17	(9) The board shall administer or ensure the
18	administration of the plan in compliance with the
19	qualifications and other rules of the IRC.
20	(10) The board may establish procedures to provide for
21	the lawful payment of benefits.
22	(11) The board shall determine what constitutes a
23	termination of State service.
24	(12) The board may establish procedures for
25	distributions of small accounts as required or permitted by
26	the IRC.
27	(13) The board may establish procedures in the plan
28	document or to promulgate rules and regulations as it deems
29	necessary for the administration and management of the plan,
30	including, but not limited to, establishing:

1	(i) Procedures for eligible participants to change
2	voluntary contribution amounts or their investment
3	choices on a periodic basis or make other elections
4	regarding their participation in the plan.
5	(ii) Procedures for deducting mandatory participant
6	contributions and voluntary contributions from a
7	participant's compensation.
8	(iii) Procedures for rollovers and trustee to
9	trustee transfers allowed under the IRC and permitted as
10	part of the plan.
11	(iv) Standards and criteria for providing not less
12	than 10 options in accordance with three or more
13	providers of investment options to eligible individuals
14	regarding investments of amounts deferred under the plan.
15	The standards and criteria must provide for a variety of
16	investment options and shall be reviewed in accordance
17	with criteria established by the board. One of the
18	available options must serve as the default option for
19	participants who do not make a timely election and, to
20	the extent commercially available, one option must have
21	<u>an annuity.</u>
22	(v) Standards and criteria for disclosing to the
23	participants the anticipated and actual income_
24	attributable to amounts invested, property rights and all
25	fees, costs and expenses to be made against amounts
26	deferred to cover the fees, costs and expenses of
27	administering and managing the plan or trust.
28	(vi) Procedures, standards and criteria for the
29	making of distributions from the plan upon termination
30	from employment or death or in other circumstances

1	consistent with the purpose of the plan.
2	(14) The board may waive any reporting or information
3	requirement contained in this part if the board determines
4	that the information is not needed for the administration of
5	<u>the plan.</u>
6	(15) The board may contract any services and duties in
7	lieu of staff, except final adjudications and as prohibited
8	by law. Any duties or responsibilities of the board not
9	required by law to be performed by the board can be delegated
10	to a third party provider subject to appeal to the board.
11	(16) The board may provide that any duties of the
12	employer or information provided by the participant to the
13	employer be performed or received directly by the board.
14	(17) The board shall ensure that participants are
15	provided with educational materials about investment options
16	and choices.
17	<u>§ 5413. Responsibility for investment loss.</u>
17 18	<u>§ 5413. Responsibility for investment loss.</u> The board, the Commonwealth, an employer or other political
18	The board, the Commonwealth, an employer or other political
18 19	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss
18 19 20	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to
18 19 20 21	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any
18 19 20 21 22	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other
18 19 20 21 22 23	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan.
 18 19 20 21 22 23 24 	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan. § 5414. Investments based on participant's investment
 18 19 20 21 22 23 24 25 	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan. § 5414. Investments based on participant's investment allocation choices.
 18 19 20 21 22 23 24 25 26 	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan. § 5414. Investments based on participant's investment allocation choices. (a) Investment by participant. All contributions, interest
 18 19 20 21 22 23 24 25 26 27 	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to carn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan. § 5414. Investments based on participant's investment allocation choices. (a) Investment by participant. All contributions, interest and investment carnings shall be invested based on a
 18 19 20 21 22 23 24 25 26 27 28 	The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan. § 5414. Investments based on participant's investment allocation choices. (a) Investment by participant. All contributions, interest and investment earnings shall be invested based on a participant's investment allocation choices. All investment

1	Each participant shall be credited individually with the amount
2	of contributions, interest and investment earnings.
3	(b) Investment of contributions made by entities other than
4	the Commonwealth. Investment of contributions by any
5	corporation, institution, insurance company, custodial bank or
6	other entity that the board has approved shall not be
7	unreasonably delayed and in no case may the investment of
8	contributions be delayed more than 30 days from the date of
9	payroll deduction or the date voluntary contributions are made
10	to the date that funds are invested. Any interest earned on the
11	funds pending investment shall be allocated to the Commonwealth
12	and credited to the individual investment accounts of
13	participants who re then participating in the plan unless
14	notwithstanding sections 5412(2) (relating to powers and duties
15	of board), 5415 (relating to expenses) and 5902(c) (relating to
16	administrative duties of the board), the interest is used to
17	defray administrative costs and fees that would otherwise be
18	required to be borne by participants who are then participating
19	<u>in the plan.</u>
20	<u>§ 5415. Expenses.</u>
21	All fees, costs and expenses of administering the plan and
22	the trust and investing the assets of the trust shall be borne
23	by the participants and paid from assessments against the
24	balances of the individual investment accounts as established by
25	the board, except that for fiscal years ending before July 1,
26	2016, the fees, costs and expenses of establishing and
27	administering the plan and the trust shall be paid by the
28	Commonwealth through annual appropriations from the General
29	Fund, made on the basis of estimates from the board.
30	<u>§ 5416. Participation in the plan by members of Class A 3 or</u>

1	Class A-4.
2	(a) General ruleFor any calendar year in which the
3	compensation of a member of Class A-3 or Class A-4 exceeds the
4	<u>Class A-3 and Class A-4 compensation limit, the member shall</u>
5	cease making contributions to the fund and, unless the plan
6	provides otherwise, shall become an active participant of the
7	<u>plan and a member of Class CB unless the member elects not to be</u>
8	a participant in the plan and a member of Class CB.
9	(b) Time for making the election An eligible member of
10	<u>Class a-3 or Class A-4 may elect not to become a participant in</u>
11	the plan and a member of Class CB by filing a written notice
12	with the board in a form and manner determined by the board
13	during periodic election periods established by the board or the
14	plan after the effective date of this section.
15	(c) Effect of election. An election not to become a
16	participant and a member of Class CB shall be effective until
17	the end of the calendar year for which the election is made,
18	unless the plan provides otherwise. The effective date of active
19	participation in the plan shall be as established in the plan. A
20	state employee who does not elect out of participation in the
21	<u>plan and membership in Class CB shall make mandatory participant</u>
22	contributions to the plan, and unless the State employee elects
23	otherwise, will make voluntary contributions of 3.25%, if a
24	<u>Class A 3 member, or voluntary contributions of 6.3%, if a Class</u>
25	<u>A 4 member. The Class CB class of service multiplier to </u>
26	determine cash balance member contributions for a member of
27	<u>Class CB who elects to be a participant in the plan shall be 0.6</u>
28	while an active participant of the plan. A State employee cannot
29	elect to not be an active participant and remain an active
30	member of Class CB and cannot elect to not be an active member

1	<u>of Class CB while remaining an active participant in the plan.</u>
2	<u>§ 5417. Tax qualification.</u>
3	(a) Required distributions. All payments under this chapter
4	shall start and be made in compliance with the minimum
5	distribution requirements and incidental death benefit rules of
6	<u>IRC § 401(a).</u>
7	(b) LimitationsThe following shall apply:
8	(1) (i) Except as provided under subparagraph (ii) and
9	notwithstanding a provision of this part, a contribution
10	or benefit related to the plan may not exceed any
11	limitation under IRC § 415 with respect to governmental
12	plans which is in effect on the date the contribution or
13	<u>benefit payment takes effect.</u>
14	(ii) An increase in a limitation under IRC § 415
15	shall apply to all participants on and after the
16	effective date of this section.
17	(iii) For the purposes of this paragraph, the term
18	"government plans" shall have the same meaning as the
19	term has in IRC § 414(d).
20	(1) Except as provided under subparagraph (11), an
21	amendment of this part on or after the effective date of
22	this section that increases contributions or benefits for
23	active participants, inactive participants or
24	participants receiving distributions shall not be deemed
25	to provide for a contribution or benefit in excess of any
26	limitation, adjusted on or after the effective date of
27	this section, under IRC § 415 unless specifically
28	provided by legislation.
29	(ii) Notwithstanding subparagraph (i), an increase
30	in benefits on or after the effective date of this

1	section for a participant in the plan shall be authorized
2	and apply to the fullest extent allowed by law.
3	Section 414. Sections 5501 and 5501.1 of Title 71 are
4	amended to read:
5	§ 5501. Regular member contributions and cash balance member
6	contributions for current service.
7	Regular member contributions <u>or cash balance member</u>
8	contributions shall be made to the fund on behalf of each active
9	member for current service except for any period of current
10	service in which the making of such contributions has ceased
11	solely by reason of section 5502.1 (relating to waiver of
12	regular member contributions and Social Security integration
13	member contributions) or any provision of this part relating to
14	the limitations under IRC § 401(a)(17) or [415(b)] <u>415 or</u>
15	limitations on contributions to the system applicable to a Class
16	<u>A 3 member or Class A 4 member</u> .
17	§ 5501.1. Shared-risk member contributions [for Class A-3 and
18	-Class A-4 service] and shared gain adjustments to
19	regular member contributions for Class A-3 and Class
20	<u>A 4 service</u> .
21	(a) GeneralShared-risk member contributions shall be made-
22	to the fund on behalf of each member of Class A-3 or Class A-4-
23	for current service credited as Class A-3 or Class A-4 as-
24	provided under this section, except for any period of current
25	service in which the making of the contributions has ceased
26	solely by reason of any provision of this part relating to the
27	limitations under IRC § 401(a)(17) or 415. Shared risk member-
28	contributions shall be credited to the members' savings account.
29	<u>A shared gain adjustment to regular member contributions for</u>
30	
50	<u>Class A-3 and Class A-4 service shall be made as provided under</u>

1 this section.

2	(b) Determination of shared risk contribution rate
3	(1) For the period from the effective date of this-
4	section until June 30, 2014, the shared risk contribution
5	rate for Class A 3 and Class A 4 service shall be zero.
6	* * *
7	(7) For any fiscal year in which the actual
8	contributions by the Commonwealth or an employer are lower-
9	than those required to be made under section 5507(d)
10	(relating to contributions to the system by the Commonwealth
11	and other employers), the prospective shared risk
12	contribution rate for those employees whose employers are not-
13	making the contributions required by section 5507(d) shall be-
14	zero and shall not subsequently be increased, except as-
15	otherwise provided in this section.
16	* * *
17	(c) Determination of shared gain adjustment to regular
18	member contributions for Class A-3 or Class A-4 serviceThe-
19	regular member contributions for Class A-3 or Class A-4 service-
20	shall be determined as follows:
21	(1) For the period from the effective date of this
22	section until June 30, 2017, the regular member contributions
23	for Class A 3 of Class A 4 service shall be determined as
24	otherwise provided in this part.
25	(2) For the period from July 1, 2017, to June 30, 2020,
26	if the shared risk contribution rate is zero and annual
27	interest rate adopted by the board for use during the period
28	from January 1, 2011, to December 31, 2016, for the
29	calculation of the normal contribution rate is more than 1%
30	lower than the actual rate of return, net of fees, of the
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1	investments of the fund based on market value over the
2	period, then the regular member contribution rate of each
3	member for Class A-3 or Class A-4 service shall be reduced by
4	0.5%. In all other situations, the regular member
5	contributions shall be determined as otherwise provided in
6	this part.
7	(3) For each subsequent three-year period, the regular
8	member contribution rate shall be decreased by 0.5% if the
9	annual interest rate adopted by the board for use during the
10	previous ten year period for the calculation of the normal
11	contribution rate is more than 1% lower than the actual rate
12	of return, net of fees, of the investments of the fund based
13	on market value over the period. The regular member
14	contribution rate shall be increased by 0.5% if the annual
15	interest rate adopted by the board for use during the
16	previous ten year period for the calculation of the normal
17	contribution rate is equal to or greater than the actual rate
18	of return, net of fees, of the investments of the fund based
19	on market value over that period.
20	(4) Notwithstanding paragraphs (2) and (3), the regular
21	member contribution rate may not be greater than the product
22	of the basic contribution rate and the class of service
23	multiplier; and the amount of the adjustment to a lower
24	regular member contribution rate may not be greater than the
25	reduction in the actuarially required contribution rate by
26	the experience adjustment factor resulting from investment
27	gains or losses in effect on the first day when the new rate
28	would be applied, expressed as a percentage of member
29	compensation. In no event may the adjustment to the regular
30	member contribution rate be more than 2%. For the
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1	determination of the regular member contribution rate to be
2	effective July 1, 2020, the determination period shall be
3	January 1, 2011, through December 31, 2019.
4	(5) The shared gain adjustment to the regular member
5	contribution rate and the factors entering into its
6	calculation must be certified by the actuary as part of the
7	annual valuations and the actuarial investigation and
8	evaluation of the system conducted every five years under
9	<u>section 5902(j) (relating to administrative duties of the</u>
10	board).
11	(6) If the annual interest rate adopted by the board for
12	the calculation is changed during the period used to
13	determine the shared-gain adjustment to the regular member
14	contribution rate, the board, with the advice of the actuary,
15	shall determine the applicable rate during the entire period,
16	expressed as an annual rate.
17	(d) Calculation of regular member contribution rateFor
18	purposes of this subsection, the regular member contribution
19	rate for each member is the product of the basic contribution
20	rate and the class of service multiplier used to determine the
21	regular member contributions for each member.
22	Section 415. Title 71 is amended by adding sections to read:
23	<u>§ 5501.3. Contribution savings program for members of Class AA</u>
24	and Class D-4.
25	The regular member contributions for Class AA and Class D-4
26	service of members shall be determined as follows:
27	(1) For the period from the effective date of this
28	section until June 30, 2019, the regular member contributions
29	for Class AA and Class D-4 service of members shall be
30	determined as otherwise provided in this part.

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1	(2) For the period from July 1, 2019, to June 30, 2022,
2	if the annual interest rate adopted by the board for use
3	during the period from January 1, 2016, to December 31, 2019,
4	for the calculation of the normal contribution rate is 1% or
5	more lower than the actual rate of return, net of fees, of
6	the investments of the fund based on market value over the
7	period, then the regular member contribution rate for Class
8	AA and Class D-4 service of members shall be reduced by 0.5%
9	for each percentage point that the annual interest rate is
10	lower than the actual rate of return. For the three fiscal
11	years starting July 1, 2022, and each subsequent period of
12	three fiscal years, the following apply:
13	(i) Except as set forth in subparagraph (ii), the
14	regular member contribution rate shall be as otherwise
15	provided in this part.
16	(ii) If the annual interest rate adopted by the
17	board for use during the prior three calendar years for
18	the calculation of the normal contribution rate is 1% or
19	more lower than the actual rate of return, net of fees,
20	of the investments of the fund based on market value over
21	the three calendar year period, then the regular member
22	contribution rate for Class AA and Class D 4 service of
23	members shall be reduced by 0.5% for each percentage
24	point that the annual interest rate is lower than the
25	actual rate of return.
26	(3) Notwithstanding paragraph (2), the regular member
27	contribution rate may not be greater than the product of the
28	basic contribution rate and the class of service multiplier;
29	and in no event may the amount of the adjustment to the
30	regular member contribution rate be more than 5%.

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1	(4) The contribution savings program adjustment to the
2	regular member contribution rate and the factors entering
3	into its calculation must be certified by the actuary as part
4	of the annual valuations and the actuarial investigation and
5	evaluation of the system conducted every five years under
6	<u>section 5902(j) (relating to administrative duties of the</u>
7	board).
8	(5) If the annual interest rate adopted by the board for
9	the calculation is changed during the period used to
10	determine the contribution savings program adjustment to the
11	regular member contribution rate, the board, with the advice
12	of the actuary, shall determine the applicable rate during
13	the entire period, expressed as an annual rate.
14	Section 416. Sections 5502.1, 5503.1(a) and 5504 of Title 71-
15	are amended to read:
16	§ 5502.1. Waiver of regular member contributions and Social
17	Security integration member contributions.
18	(a) General rule Notwithstanding the provisions of
19	sections 5501 (relating to regular member contributions <u>and cash</u>
20	<u>balance member contributions</u> for current service) and 5502
21	(relating to Social Security integration member contributions),
22	no regular member contributions or Social Security integration
23	member contributions shall be made by an active member for the
24	period from July 1 to the following June 30 if the maximum
25	single life annuity to which the member would have been entitled
26	to receive had the member retired with an effective date of
27	retirement on the preceding January 1 is greater than 110% of
28	the highest calendar year compensation of the member, provided
29	the member files a written election as prescribed by the board.
30	(b) Applicability. This section shall not apply to any
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1	member who has Class A-3 [or]_ Class A-4 or Class CB service-
2	credit.
_	
3	§ 5503.1. Pickup contributions.
4	(a) Treatment for purposes of IRC § 414(h). All
5	contributions to the fund required to be made under sections
6	5501 (relating to regular member contributions for current-
7	service and cash balance member contributions), 5501.1 (relating
8	to shared risk member contributions [for Class A-3 and Class A-4-
9	service] and shared-gain adjustments to regular member
10	contributions for Class A 3 and Class A 4 service), 5502
11	(relating to Social Security integration member contributions),-
12	5503 (relating to joint coverage member contributions) and
13	section 5505.1 (relating to additional member contributions),
14	with respect to current State service rendered by an active-
15	member on or after January 1, 1982, shall be picked up by the
16	Commonwealth or other employer and shall be treated as the
17	employer's contribution for purposes of IRC § 414(h).
18	* * *
19	§ 5504. Member contributions for the purchase of credit for
20	previous State service or to become a full coverage
21	member.
22	(a) Amount of contributions for service in other than Class
23	G through N and Class CB
24	(1) The contributions to be paid by an active member or
25	eligible school employee for credit [for] <u>in the system for</u>
26	the portion of total previous State service other than
27	service in Class G, Class H, Class I, Class J, Class K, Class
28	L, Class M and Class N and Class CB that a member is eligible_
29	to have credited or to become a full coverage member shall be
30	sufficient to provide an amount equal to the regular and
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1 additional accumulated deductions which would have been standing to the credit of the member for such service had-2 regular and additional member contributions been made with 3 full coverage in the class of service and at the rate of 4 5 contribution applicable during such period of previous service and had his regular and additional accumulated 6 deductions been credited with statutory interest during all 7 8 periods of subsequent State service as an active member or 9 inactive member on leave without pay and school service as anactive member or inactive member on leave without pay of the 10 Public School Employees' Retirement System up to the date of 11 purchase. A State employee who is an active member of the 12 13 system as a result of concurrently performing service in more-14 than one position or office at the time previously uncredited 15 State service is credited shall elect which position or office is used for the determination of required 16 contributions and crediting and classification of the 17 18 previously uncredited service. 19 (2) Notwithstanding paragraph (1), active members [with]-20 who perform State service credited as Class A 3 [State] service shall make contributions and receive credit for 21 22 previously uncredited State service as if the previous State-23 service was Class A 3 service, and active members [with] who 24 perform State service credited as Class A 4 [State] service 25 shall make contributions and receive credit as if the previous State service was Class A 4 service, even if it 26 would have been credited as a different class of service had 27 28 the State employee been a member of the system at the time-29 the service was performed unless it was mandatory that the 30 State employee be an active member of the system and the

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1 previous State service is being credited as the result of a

2 mandatory active membership requirement.

(3) (Reserved).

3

- 4 <u>(4) Notwithstanding paragraph (1), if a member is</u>
- 5 <u>purchasing credit for previously uncredited State service</u>
- 6 <u>that is first credited after December 31, 2015, the regular</u>
- 7 <u>member contributions shall be calculated without regard to</u>
- 8 <u>any adjustments that would have been applicable under</u>
- 9 <u>sections 5501.1(c) (relating to shared risk member</u>
- 10 <u>contributions and shared gain adjustments to regular member</u>
- 11 <u>contributions for Class A-3 and Class A-4 service) or 5501.3</u>
- 12 (relating to contribution savings program for members of
- 13 <u>Class AA and Class D-4) had regular member contributions been</u>
- 14 <u>made during such period of previous service.</u>
- 15 (a.1) Converted county service.--No contributions shall be
- 16 required to restore credit for previously credited State service-
- 17 in Class G, Class H, Class I, Class J, Class K, Class L, Class M-
- 18 and Class N. Such service shall be restored upon the
- 19 commencement of payment of the contributions by an active member-
- 20 of a class of service other than Class CB required to restore
- 21 credit in the system for all other previous State service other_
- 22 than Class CB service.

23 (b) Certification and method of payment. -- The amount payable-24 shall be certified in each case by the board in accordance with 25 methods approved by the actuary and shall be paid in a lump sum-26 within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School 27 28 Employees' Retirement System may be amortized with statutory-29 interest through salary deductions to the system in amountsagreed upon by the member and the board. The salary deduction 30

1	amortization plans agreed to by 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 <u>or</u>
4	beginning service as a participant without concurrently being an
5	active member or inactive member on leave without pay as the
6	board in its sole discretion decides to allow. The board may
7	limit the salary deduction amortization plans to such terms as
8	the board in its sole discretion determines. In the case of an
9	eligible school employee who is an active member of the Public
10	School Employees' Retirement System, the agreed upon salary-
11	deductions shall be remitted to the Public School Employees'
12	Retirement Board, which shall certify and transfer to the board-
13	the amounts paid.
14	Section 417. Section 5505(b), (c), (d) and (i)(4) of Title
15	71 are amended and the section is amended by adding subsections
16	to read:
16 17	to read: § 5505. Contributions for the purchase of credit for creditable
17	§ 5505. Contributions for the purchase of credit for creditable
17 18	§ 5505. Contributions for the purchase of credit for creditable nonstate service.
17 18 19	<pre>§ 5505. Contributions for the purchase of credit for creditable nonstate service. * * *</pre>
17 18 19 20	<pre>§ 5505. Contributions for the purchase of credit for creditable nonstate service. * * * (b) Nonintervening military service.</pre>
17 18 19 20 21	<pre>\$ 5505. Contributions for the purchase of credit for creditable nonstate service. * * * (b) Nonintervening military service. (1) The amount due for the purchase of credit for</pre>
17 18 19 20 21 22	<pre>\$ 5505. Contributions for the purchase of credit for creditable nonstate service. * * * (b) Nonintervening military service. (1) The amount due for the purchase of credit for military service other than intervening military service</pre>
17 18 19 20 21 22 23	<pre>§ 5505. Contributions for the purchase of credit for creditable</pre>
17 18 19 20 21 22 23 24	<pre>\$ 5505. Contributions for the purchase of credit for creditable</pre>
17 18 19 20 21 22 23 24 25	<pre>\$ 5505. Contributions for the purchase of credit for creditable</pre>
17 18 19 20 21 22 23 24 25 26	<pre>\$ 5505. Contributions for the purchase of credit for creditable nonstate service. * * * (b) Nonintervening military service (1) The amount due for the purchase of credit for- military service other than intervening military service- shall be determined by applying the member's basic- contribution rate, the additional contribution rate plus the- Commonwealth normal contribution rate for active members at the time of entry, subsequent to such military service, of-</pre>
17 18 19 20 21 22 23 24 25 26 27	<pre>\$ 5505. Contributions for the purchase of credit for creditable</pre>
17 18 19 20 21 22 23 24 25 26 27 28	<pre>\$ 5505. Contributions for the purchase of credit for creditable nonstate service. *** (b) Nonintervening military service. (1) The amount due for the purchase of credit for- military service other than intervening military service- shall be determined by applying the member's basic- contribution rate, the additional contribution rate plus the Commonwealth normal contribution rate for active members at the time of entry, subsequent to such military service, of the member into State service to his average annual rate of compensation over the first three years of such subsequent</pre>

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<u>Class A_4 compensation limit,</u> and multiplying the result by-1 the number of years and fractional part of a year of 2 3 creditable nonintervening military service being purchased together with statutory interest during all periods of 4 subsequent State service as an active member or inactive 5 member on leave without pay and school service as an active 6 member or inactive member on leave without pay of the Public-7 8 School Employees' Retirement System to date of purchase. Upon 9 application for credit for such service, payment shall be-10 made in a lump sum within 30 days or in the case of an activemember or eligible school employee who is an active member of 11 12 the Public School Employees' Retirement System it may be amortized with statutory interest through salary deductions -13 14 to the system in amounts agreed upon by the member and the 15 board. The salary deduction amortization plans agreed to by 16 members and the board may include a deferral of paymentamounts and statutory interest until the termination of 17 18 school service or State service or beginning service as a 19 participant without concurrently being an active member or 20 inactive member on leave without pay as the board in its solediscretion decides to allow. The board may limit salary 21 22 deduction amortization plans to such terms as the board in-23 its sole discretion determines. In the case of an eligible 24 school employee who is an active member of the Public School 25 Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' 26 27 Retirement Board, which shall certify and transfer to the 28 board the amounts paid. Application may be filed for all such-29 military service credit upon completion of three years of 30 subsequent State service and shall be credited as Class A

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1 service.

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	(c) Intervening military serviceContributions on account-
10	of credit for intervening military service shall be determined
11	by the member's regular contribution rate, shared risk
12	contribution rate, Social Security integration contribution
13	rate, the additional contribution rate which shall be applied
14	only to those members who began service on or after the
15	effective date of this amendatory act and compensation at the
16	time of entry of the member into active military service,
17	excluding any compensation for Class A-3 service or Class A-4
18	service in excess of the Class A-3 and Class A-4 compensation
19	limit, together with statutory interest during all periods of
20	subsequent State service as an active member or inactive member_
21	<u>on leave without pay</u> and school service <u>as an active member or</u>
22	inactive member on leave without pay of the Public School
23	Employees' Retirement System to date of purchase. Upon-
24	application for such credit the amount due shall be certified in
25	the case of each member by the board in accordance with methods-
26	approved by the actuary, and contributions may be made by:
27	(1) regular monthly payments during active military
28	service; or
29	(2) a lump sum payment within 30 days of certification;
30	or

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1 (3) salary deductions to the system in amounts agreed upon by the member or eligible school employee who is an 2 3 active member of the Public School Employees' Retirement-System and the board. 4 The salary deduction amortization plans agreed to by members and 5 the board may include a deferral of payment amounts and 6 7 statutory interest until the termination of school service or 8 State service or beginning service as a participant without concurrently being an active member or inactive member on leave 9 without pay as the board in its sole discretion decides to-10 allow. The board may limit salary deduction amortization plans 11 to such terms as the board in its sole discretion determines. In-12 13 the case of an eligible school employee who is an active member-14 of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School 15 16 Employees' Retirement Board, which shall certify and transfer to-17 the board the amounts paid. 18 (d) Nonmilitary and nonmagisterial service. -- Contributions-19 on account of credit for creditable nonstate service other than military and magisterial service by State employees who first 20 become members of the system before January 1, 2011, or before-21 22 December 1, 2010, as a member of the General Assembly shall be-23 determined by applying the member's basic contribution rate, the-24 additional contribution rate plus the Commonwealth normal-25 contribution rate for active members at the time of entry-26 subsequent to such creditable nonstate service of the member-27 into State service to his compensation at the time of entry into-28 State service as a member of the system and excluding any 29 compensation for Class A-3 service or Class A-4 service in excess of the Class A 3 and Class A 4 compensation limit and 30

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2 part of a year of creditable nonstate service being purcha 3 together with statutory interest during all periods of 4 subsequent State <u>service as an active member or inactive member</u> 5 <u>on leave without pay</u> and school service <u>as an active membe</u> 6 <u>inactive member on leave without pay of the Public School</u> 7 <u>Employees' Retirement System</u> to the date of purchase. Upon	<u>ember</u> <u>ror</u> - ade_in-
4 subsequent State <u>service as an active member or inactive member</u> 5 <u>on leave without pay</u> and school service <u>as an active membe</u> 6 <u>inactive member on leave without pay of the Public School</u>	<u>r or</u> - ade in-
5 <u>on leave without pay</u> and school service <u>as an active membe</u> 6 <u>inactive member on leave without pay of the Public School</u>	<u>r or</u> - ade in-
6 <u>inactive member on leave without pay of the Public School</u>	- ade in-
	_ ade_in_
7 Employees! Potirement System to the date of purchase Upon	ade in -
/ <u>Emproyees Netrement System</u> to the date of purchase, opon	
8 application for credit for such service payment shall be m	er or -
9 a lump sum within 30 days or in the case of an active memb	
10 eligible school employee who is an active member of the Pu	blic-
11 School Employees' Retirement System it may be amortized wi	th-
12 statutory interest through salary deductions to the system	—in—
13 amounts agreed upon by the member and the board. The salar	¥—
14 deduction amortization plans agreed to by members and the	board -
15 may include a deferral of payment amounts and statutory in	terest -
16 until the termination of school service or State service <u>o</u>	<u>r-</u>
17 beginning service as a participant without concurrently be	<u>ing an</u>
18 active member or inactive member on leave without pay as t	he —
19 board in its sole discretion decides to allow. The board m	ay-
20 limit salary deduction amortization plans to such terms as	-the-
21 board in its sole discretion determines. In the case of an	_
22 eligible school employee who is an active member of the Pu	blic-
23 School Employees' Retirement System, the agreed upon salar	¥—
24 deduction shall be remitted to the Public School Employees	<u>. </u>
25 Retirement Board, which shall certify and transfer to the	board -
26 the amounts paid.	
27 * * *	
28 (i) Purchases of nonstate service credit by State empl	oyees -

29 who first became members of the system on or after December 1,-30 2010. -

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* * *

2	(4) The payment for credit purchased under this
3	subsection shall be certified in each case by the board in
4	accordance with methods approved by the actuary and shall be
5	paid in a lump sum within 30 days or in the case of an active-
6	member or eligible school employee who is an active member of
7	the Public School Employees' Retirement System may be
8	amortized with statutory interest through salary deductions
9	to the system in amounts agreed upon by the member and the
10	board. The salary deduction amortization plans agreed to by
11	members and the board may include a deferral of payment
12	amounts and interest until the termination of school service
13	or State service <u>or beginning service as a participant</u>
14	without concurrently being an active member or inactive
15	member on leave without pay as the board in its sole-
16	discretion decides to allow. The board may limit the salary
17	deduction amortization plans to such terms as the board in
18	its sole discretion determines. In the case of an eligible
19	school employee who is an active member of the Public School
20	Employees' Retirement System, the agreed upon salary-
21	deductions shall be remitted to the Public School Employees'
22	Retirement Board, which shall certify and transfer to the
23	board the amounts paid.
24	(j) Inapplicability of adjustments. If a member is
25	purchasing creditable nonstate service that is first credited on
26	or after January 1, 2016, the regular member contributions
27	necessary to purchase such credit shall be determined without
28	regard to any adjustments applicable under sections 5501.1(c)
29	(relating to shared risk member contributions and shared gain
30	adjustments to regular member contributions for Class A-3 and
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1	Class A-4 service) or 5501.3 (relating to contribution savings
_	
2	program for members of Class AA and Class D 4).
3	(k) Calculation of employee contributions after December 31,
4	2015. If employee contributions for the payment of creditable
5	nonstate service purchased under this subsection are determined
6	<u>all or in part by the Commonwealth normal contribution rate</u>
7	after December 31, 2015, the Commonwealth normal contribution
8	for that purpose shall be the higher of the applicable actual
9	employer normal contribution rate determined under section
10	5508(b) (relating to actuarial cost method), or the employer
11	normal contribution rated determined as part of the actuarial
12	valuation for December 31, 2014.
13	Section 418. Sections 5506 and 5506.1(a) of Title 71 are-
14	amended to read:
15	§ 5506. Incomplete payments.
16	In the event that a member terminates State service or begins
17	service as a participant without concurrently being an active
18	member or inactive member on leave without pay or a multiple
19	service member who is an active member of the Public School-
20	Employees' Retirement System terminates school service before
21	the agreed upon payments for credit for previous State service,
22	USERRA leave, creditable nonstate service, social security
23	integration, full coverage membership or return of benefits on-
24	account of returning to State service or entering school service
25	and electing multiple service have been completed, the member or
26	multiple service member who is an active member of the Public-
27	School Employees' Retirement System shall have the right to pay-
28	within 30 days of termination of State service or school service
29	or beginning service as a participant the balance due, including
30	interest, in a lump sum and the annuity shall be calculated
0.01	

including full credit for the previous State service, creditable-1 nonstate service, social security integration, or full coverage-2 3 membership. In the event a member does not pay the balance duewithin 30 days of termination of State service or beginning 4 service as a participant or in the event a member dies in State 5 service or within 30 days of termination of State service or_ 6 7 beginning service as a participant or in the case of a multiple-8 service member who is an active member of the Public School Employees' Retirement System does not pay the balance due within-9 30 days of termination of school service or dies in school-10 service or within 30 days of termination of school service and 11 before the agreed upon payments have been completed, the present-12 13 value of the benefit otherwise payable shall be reduced by the balance due, including interest, and the benefit payable shall-14 15 be calculated as the actuarial equivalent of such reduced 16 present value. 17 § 5506.1. Annual compensation limit under IRC § 401(a)(17). 18 (a) General rule. In addition to other applicable 19 limitations set forth in this part, and notwithstanding any-20 provision of this part to the contrary, the annual compensation-21 of each noneligible member and each participant taken intoaccount for benefit purposes under this part shall not exceed 22 23 the limitation under IRC § 401(a)(17). On and after January 1, 24 1996, any reference in this part to the limitation under IRC § 25 401(a) (17) shall mean the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual 26 27 compensation limit set forth in this subsection. The OBRA '93annual compensation limit is \$150,000, as adjusted by the-28 29 commissioner for increases in the cost of living in accordancewith IRC § 401(a)(17)(B). The cost-of-living adjustment in-30

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1	effect for a calendar year applies to any determination period
2	which is a period, not exceeding 12 months, over which
3	compensation is determined, beginning in such calendar year. If
4	a determination period consists of fewer than 12 months, the
5	OBRA '93 compensation limit will be multiplied by a fraction,
6	the numerator of which is the number of months in the-
7	determination period and the denominator of which is 12.
8	* * *
9	Section 419. Title 71 is amended by adding a section to
10	read:
11	<u>§ 5506.2. Application of Class A-3 and Class A-4 compensation</u>
12	limit.
13	(a) General rule The Class A-3 and Class A-4 compensation
14	limit shall be applied to the total compensation received each
15	<u>calendar year for service as a member of Class A-3 or Class A-4</u>
16	and, if a multiple service member, for service in Class T E and
17	<u>Class T-F in the Public School Employees' Retirement System.</u>
18	(b) Final average salary adjustment required. For purposes
19	of calculating final average salary for the determination of
20	standard single life annuities and other benefits resulting from
21	post-January 2016 service as a member of Class A-3 or Class A-4,
22	the total compensation received, and the compensation received
23	excluding remuneration received for any overtime service as a
24	member of the system, each calendar year for Class A 3 service
25	and Class A-4 service and, if a multiple service member, as a
26	<u>school employee for service as a Class T-E member and Class T-F</u>
27	member of the Public School Employees' Retirement System, shall
28	be adjusted first by annualizing the compensation received for
29	any part-time service or for any partial year of credit on the
30	basis of the fractional portion of the year for which credit is
0.01	

1	received. After annualization, the amount of compensation in any
2	<u>calendar year resulting from Class A 3 service or Class A 4</u>
3	service shall be further adjusted downward so as to not exceed
4	the Class A 3 and Class A 4 compensation limit for that year.
5	(c) Member contribution limits. For purposes of determining
6	regular member contributions and shared risk member
7	<u>contributions resulting from post-January 2016 service as a</u>
8	member of Class A-3 or Class A-4 service, the compensation each
9	year is limited to the Class A-3 and Class A-4 compensation
10	<u>limit for that year.</u>
11	Section 420. Sections 5507 heading and (a) and (b), 5508(a),
12	(b), (c), (f), (h) and (i) and 5509 of Title 71 are amended to
13	read:
14	§ 5507. Contributions to the system by the Commonwealth and
15	other employers.
16	(a) Contributions on behalf of active members. The
17	Commonwealth and other employers whose employees are members of
18	the system shall make contributions to the fund on behalf of all
19	active members in such amounts as shall be certified by the-
20	board as necessary to provide, together with the members' total
21	accumulated deductions and cash balance member accumulated
22	deductions, annuity reserves on account of prospective annuities
23	other than those provided in sections 5708 (relating to
24	supplemental annuities), 5708.1 (relating to additional
25	supplemental annuities), 5708.2 (relating to further additional
26	supplemental annuities), 5708.3 (relating to supplemental
27	annuities commencing 1994), 5708.4 (relating to special
28	supplemental postretirement adjustment), 5708.5 (relating to
29	supplemental annuities commencing 1998), 5708.6 (relating to
30	supplemental annuities commencing 2002), 5708.7 (relating to
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supplemental annuities commencing 2003) and 5708.8 (relating to special supplemental postretirement adjustment of 2002), in accordance with the actuarial cost method provided in section 5508(a), (b), (c), (d) and (f) (relating to actuarial cost method).

(b) Contributions on behalf of annuitants. -- The Commonwealth-6 7 and other employers whose employees are members of the system-8 shall make contributions on behalf of annuitants in such amounts as shall be certified by the board as necessary to fund the-9 10 liabilities for supplemental annuities in accordance with the actuarial cost method provided in section 5508(e) [(relating to-11 12 actuarial cost method)]. * * * 13 § 5508. Actuarial cost method. 14 15 (a) Employer contribution rate on behalf of active members.-- [The] For each fiscal year, the amount of the-16 Commonwealth and other employer contributions on behalf of all-17 18 active members shall be computed by the actuary as a percentage of the total compensation of all active members during the-19 20 period for which the amount is determined and shall be socertified by the board. The actuarially required contribution-21 22 rate on behalf of all active members shall consist of the 23 employer normal contribution rate, as defined in subsection (b),-24 and the accrued liability contribution rate as defined insubsection (c). The actuarially required contribution rate on 25 26 behalf of all active members shall be modified by the experienceadjustment factor as calculated in subsection (f). 27

28 (b) Employer normal contribution rate. -- The employer normal-

29 contribution rate shall be determined after each actuarial-

30 valuation on the basis of an annual interest rate and such-

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mortality and other tables as shall be adopted by the board in-1 2 accordance with generally accepted actuarial principles. The 3 employer normal contribution rate shall be determined as a level percentage of the compensation of the average new active member, 4 which percentage, if contributed on the basis of his prospective-5 compensation through his entire period of active State service, 6 would be sufficient to fund the liability for any prospective 7 8 benefit payable to him in excess of that portion funded by hisprospective member contributions, excluding shared-risk member-9 10 contributions. In no case shall the employer normal contribution 11 rate be less than zero.

12

(c) Accrued liability contribution rate.--

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

1 gains and losses over a five-year period), excluding the-2 balance in the supplemental annuity account, and the present 3 value of employer normal contributions and of membercontributions payable with respect to all active members on 4 5 December 31, 2001, and excluding contributions to be transferred by county retirement systems or pension plans-6 pursuant to section 5507(c) (relating to contributions by the-7 8 Commonwealth and other employers). The amount of each annual 9 accrued liability contribution shall be equal to the amount-10 of such contribution for the fiscal year beginning July 1, 2002, except that, if the accrued liability is increased by 11 12 legislation enacted subsequent to June 30, 2002, but before 13 July 1, 2003, such additional liability shall be funded over-14 a period of ten years from the first day of July, coincident 15 with or next following the effective date of the increase. The amount of each annual accrued liability contribution for-16 such additional legislative liabilities shall be equal to the-17 18 amount of such contribution for the first annual payment. 19 (2) Notwithstanding any other provision of law, 20 beginning July 1, 2004, and ending June 30, 2010, the outstanding balance of the increase in accrued liability due-21 22 to the change in benefits enacted in 2001 shall be amortized 23 in equal dollar annual contributions over a period that ends-24 30 years after July 1, 2002, and the outstanding balance of 25 the net actuarial loss incurred in calendar year 2002 shall be amortized in equal dollar annual contributions over a-26 27 period that ends 30 years after July 1, 2003. For fiscalyears beginning on or after July 1, 2004, and ending June 30,-28 29 2010, if the accrued liability is increased by legislation 30 enacted subsequent to June 30, 2003, but before January 1,

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1 2009, such additional liability shall be funded in equal-2 dollar annual contributions over a period of ten years from-3 the first day of July coincident with or next following the-4 effective date of the increase.

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

1

such legislation is enacted.

2 ***

3

(f) Experience adjustment factor.--

(1) For each fiscal year after the establishment of the 4 5 accrued liability contribution rate and the supplemental annuity contribution rate for the fiscal year beginning July-6 1, 2010, any increase or decrease in the unfunded accrued 7 8 liability and any increase or decrease in the liabilities and 9 funding for supplemental annuities, due to actual experience-10 differing from assumed experience (recognizing all realized 11 and unrealized investment gains and losses over a five year 12 period), changes in contributions caused by the final-13 contribution rate being different from the actuariallyrequired contribution rate, State employees making shared-14 15 risk member contributions, adjustments to the regular membercontributions under sections 5501.1 (relating to shared risk 16 member contributions and shared gain adjustments to regular 17 18 member contributions for Class A-3 and Class A 4 service) and 19 5501.3 (relating to contribution savings program for members 20 of Class AA and Class D-4), changes in actuarial assumptions-21 or changes in the terms and conditions of the benefits 22 provided by the system by judicial, administrative or other 23 processes other than legislation, including, but not limited 24 to, reinterpretation of the provisions of this part, shall be-25 amortized in equal dollar annual contributions as a 26 percentage of compensation of all active members over a 27 period of 30 years beginning with the July 1 succeeding the 28 actuarial valuation determining said increases or decreases. 29 (2) The actuarially required contribution rate shall be 30 the sum of the normal contribution rate, the accrued

1 liability contribution rate and the supplemental annuity 2 contribution rate, modified by the experience adjustment-3 factor as calculated in paragraph (1).

4 ***

5 (h) Temporary application of collared contribution rate. The collared contribution rate for each <u>fiscal</u> year shall be 6 7 determined by comparing the actuarially required contribution-8 rate calculated without regard for costs added by legislation tothe prior year's final contribution rate. If, for any of the 9 fiscal years beginning July 1, 2011, July 1, 2012, and on or 10 after July 1, 2013, the actuarially required contribution rate-11 calculated without regard for costs added by legislation is more-12 13 than 3%, 3.5% and 4.5%, respectively, of the total compensation-14 of all active members greater than the prior year's finalcontribution rate, then the collared contribution rate shall be 15 applied and be equal to the prior year's final contribution rate-16 increased by the respective percentage above of total-17 18 compensation of all active members. Otherwise, and for all-19 subsequent fiscal years, the collared contribution rate shall not [be applicable] apply. In no case shall the collared 20 contribution rate be less than 4% of total compensation of all-21 22 active members. 23 (i) Final contribution rate. -- For the fiscal year beginning-24 July 1, 2010, the final contribution rate shall be 5% of total 25 compensation of all active members. For each subsequent fiscal 26 year for which the collared contribution rate is applicable, the-27 final contribution rate shall be the collared contribution rate 28 plus the costs added by legislation. For all other fiscal years, 29 the final contribution rate shall be the actuarially required 30 contribution rate, provided that the final contribution rate-

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1 shall not be less than the employer normal contribution rate, as

2 defined in subsection (b).

3 § 5509. Appropriations and assessments by the Commonwealth. (a) Annual submission of budget. The board shall prepare 4 and submit annually an itemized budget consisting of the amounts-5 necessary to be appropriated by the Commonwealth out of the-6 7 General Fund and special operating funds and the amounts to be-8 assessed the other employers required to meet the separate_ obligations to the fund and the trust accruing during the fiscal-9 10 period beginning the first day of July of the following year. (b) Appropriation and payment. -- The General Assembly shall-11 12 make an appropriation sufficient to provide for the separate 13 obligations of the Commonwealth to the fund and the trust. Such-14 amount shall be paid by the State Treasurer through the-Department of Revenue into the fund <u>or trust, as the case may</u> 15 16 be, in accordance with requisitions presented by the board. The 17 contributions to the system by the Commonwealth on behalf of 18 active members who are officers of the Pennsylvania State Police-19 shall be charged to the General Fund and to the Motor License-20 Fund in the same ratios as used to apportion the appropriations 21 for salaries of members of the Pennsylvania State Police. The-22 contributions to the system by the Commonwealth on behalf of 23 active members who are enforcement officers and investigators of-24 the Pennsylvania Liquor Control Board shall be charged to the 25 General Fund and to the State Stores Fund. (c) Contributions from funds other than General Fund. -- The 26 amounts assessed other employers who are required to make the 27 28 necessary separate contributions to the fund and the trust out 29 of funds other than the General Fund shall be paid by suchemployers into the fund or trust, as the case may be, in-30

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1	accordance with requisitions presented by the board. The General
2	Fund of the Commonwealth shall not be held liable to appropriate
3	the moneys required to build up the reserves in the fund
4	necessary for the payment of benefits from the system to
5	employees or to make the employer defined contributions for
6	employees of such other employers. In case any such other
7	employer shall fail to provide <u>to the fund</u> the moneys necessary
8	for such purpose, then the service of such members of the system
9	for such period for which money is not so provided shall be
10	credited and pickup contributions and cash balance member
11	contributions with respect to such members shall continue to be
12	credited to the members' savings account and the cash balance
13	savings account. The annuity to which such member is entitled
14	shall be determined as actuarially equivalent to the present
15	value of the maximum single life annuity of each such member-
16	reduced by the amount of employer contributions to the system
17	payable on account and attributable to his compensation during-
18	such service, except that no reduction shall be made as a result
19	of the failure of an employer to make contributions required for
20	a period of USERRA leave.
21	Section 421. Title 71 is amended by adding a section to-
22	read:
23	<u>§ 5510. Employer funding mandate protection.</u>
24	(a) Limited expansion of contractual right to funding.
25	Commencing on the July 1 following the actuarial valuation in
26	which the actuary certifies that the final contribution rate is
27	the actuarially required contribution, each active member of
28	shall have a contractual right to the timely payment of the
29	annual actuarially required contributions pursuant to section
30	5508 (relating to actuarial cost method) and section 5902(k)
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1	(relating to administrative duties of the board) by such
2	member's employer. The following apply:
3	(1) The failure of a member's employer to make the
4	annually required contribution to the fund will be deemed to
5	be an impairment of the contractual right of such member.
6	(2) Any claim of contract impairment shall be brought
7	against the employer of the member for whom contributions
8	were not paid, and neither the board nor the system or their
9	employees or agents shall be a defendant in any such action
10	or liable for any payments or damages arising from such
11	impairment.
12	(b) Jurisdiction of Supreme Court. Notwithstanding any
13	provision of 2 Pa.C.S. (relating to administrative law and
14	procedure), 42 Pa.C.S. (relating to judiciary and judicial
15	procedure) or any other provision of law, the Pennsylvania
16	Supreme Court shall have exclusive jurisdiction to do as
17	follows:
18	(1) hear any claim of contract impairment for failure to
18 19	(1) hear any claim of contract impairment for failure to pay certified contributions;
19	pay certified contributions;
19 20	<u>pay certified contributions;</u> <u>(2) render a declaratory judgment or take such other</u>
19 20 21	<u>pay certified contributions;</u> (2) render a declaratory judgment or take such other action as it deems appropriate, consistent with the Supreme
19 20 21 22	<u>pay certified contributions;</u> <u>(2) render a declaratory judgment or take such other</u> <u>action as it deems appropriate, consistent with the Supreme</u> <u>Court retaining jurisdiction over such matter; and</u>
19 20 21 22 23	<u>pay certified contributions;</u> <u>(2) render a declaratory judgment or take such other</u> <u>action as it deems appropriate, consistent with the Supreme</u> <u>Court retaining jurisdiction over such matter; and</u> <u>(3) find facts or expedite a final judgment in</u>
19 20 21 22 23 24	pay certified contributions; (2) render a declaratory judgment or take such other action as it deems appropriate, consistent with the Supreme Court retaining jurisdiction over such matter; and (3) find facts or expedite a final judgment in connection with such a challenge or request for declaratory
19 20 21 22 23 24 25	<u>pay certified contributions;</u> <u>(2) render a declaratory judgment or take such other</u> <u>action as it deems appropriate, consistent with the Supreme</u> <u>Court retaining jurisdiction over such matter; and</u> <u>(3) find facts or expedite a final judgment in</u> <u>connection with such a challenge or request for declaratory</u> <u>relief.</u>
19 20 21 22 23 24 25 26	<pre>pay certified contributions; (2) render a declaratory judgment or take such other action as it deems appropriate, consistent with the Supreme Court retaining jurisdiction over such matter; and (3) find facts or expedite a final judgment in connection with such a challenge or request for declaratory <u>relief.</u> (c) Sovereign immunity waived. Sovereign immunity is hereby</pre>
19 20 21 22 23 24 25 26 27	<pre>pay certified contributions; (2) render a declaratory judgment or take such other action as it deems appropriate, consistent with the Supreme Court retaining jurisdiction over such matter; and (3) find facts or expedite a final judgment in connection with such a challenge or request for declaratory relief. (c) Sovereign immunity waived. Sovereign immunity is hereby waived, and the provisions of 42 Pa.C.S. Ch. 85 (relating to</pre>
19 20 21 22 23 24 25 26 27 28	<pre>pay certified contributions; (2) render a declaratory judgment or take such other action as it deems appropriate, consistent with the Supreme Court retaining jurisdiction over such matter; and (3) find facts or expedite a final judgment in connection with such a challenge or request for declaratory <u>relief.</u> (c) Sovereign immunity waived. Sovereign immunity is hereby waived, and the provisions of 42 Pa.C.S. Ch. 85 (relating to matters affecting government units) or lack of jurisdiction by</pre>

1	(d) Attorney fees A member who prevails in a claim brought
2	under this part may be awarded reasonable attorney fees.
3	(e) Limitation of contract rightNothing in this section
4	shall be construed to create a contract right or claim of
5	contract impairment in any member as to any benefit formula,
6	benefit payment option, or any other provision of this part
7	other than the funding mandate of the member's employer, or to
8	change the jurisdiction of the board or the courts regarding any
9	claim other than for payment of the annual actuarially required
10	contributions.
11	(f) Employer contributionsNothing in this section shall
12	be deemed to supersede or conflict with the rights and
13	obligations set forth in section 5509 (relating to
14	appropriations and assessments by the Commonwealth).
15	(g) Board action. The board is authorized but not required
16	to bring an action under this section on behalf of itself or any
17	member, and, if the board prevails, it may be awarded reasonable
18	<u>attorney fees.</u>
19	Section 422. Sections 5701 and 5701.1 of Title 71 are
20	amended to read:
21	§ 5701. Return of total accumulated deductions and cash balance
22	member accumulated deductions.
23	Any member upon termination of service may, in lieu of all-
24	benefits payable from the system under this chapter to which he
25	may be entitled, elect to receive his total accumulated
26	deductions and his cash balance member accumulated deductions by
27	his required beginning date.
28	§ 5701.1. Transfer of accumulated deductions.
29	When an employee of the Juvenile Court Judges' Commission
30	elects membership in an independent retirement program pursuant-
0.0.1	

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1	to section 5301(f) (relating to mandatory and optional
2	membership <u>in the system and participation in the plan</u>), the
3	board shall transfer directly to the trustee or administrator of
4	the independent retirement program all accumulated deductions
5	resulting from service credited while an employee of the
6	Juvenile Court Judges' Commission.
7	Section 423. Sections 5702(a), (a.1) and (b) and 5704(a),
8	(c), (e) and (f) of Title 71 are amended and the sections are
9	amended by adding subsections to read:
10	§ 5702. Maximum single life annuity.
11	(a) General ruleAny full coverage member who is eligible-
12	to receive an annuity pursuant to the provisions of section
13	5308(a) or (b) (relating to eligibility for annuities) who
14	terminates State service, or if a multiple service member who is-
15	a school employee who is an active member of the Public School-
16	Employees' Retirement System who terminates school service,
17	before attaining age 70 shall be entitled to receive a maximum
18	single life annuity attributable to his credited service and
19	equal to the sum of the following single life annuities
20	beginning at the effective date of retirement:
21	(1) A single life annuity that is the sum of the
22	standard single life [annuity multiplied by the sum of the
23	products,] <u>annuities</u> determined separately for each class of
24	service, [obtained by multiplying] multiplied by the
25	appropriate class of service multiplier [by the ratio of
26	years of service credited in that class to the total credited
27	service] applicable to each standard single life annuity. In
28	case the member on the effective date of retirement is under-
29	superannuation age for any service, a reduction factor
30	calculated to provide benefits actuarially equivalent to an-
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annuity starting at superannuation age shall be applied to 1 the product determined for that service. The class of service-2 3 multiplier for any period of concurrent service determined without regard to service in Class CB shall be multiplied by 4 the proportion of total State and school compensation during-5 such period attributable to State service as a member of the 6 7 system. In the event a member has two multipliers for one-8 class of service [the class of service multiplier to be used 9 for calculating benefits for that class shall be the average 10 of the two multipliers weighted by the proportion of compensation attributable to each multiplier during the three-11 12 years of highest annual compensation in that class of 13 service: Provided, That in the case of a member of Class E-1,-14 a portion but not all of whose three years of highest annual 15 judicial compensation is prior to January 1, 1973, two class of service multipliers shall be calculated on the basis of 16 his entire judicial service, the one applying the judicial 17 18 class of service multipliers effective prior to January 1, 19 1973 and the second applying the class of service multipliers-20 effective subsequent to January 1, 1973. The average class of service multiplier to be used for calculating benefits for 21 22 his judicial service shall be the average of the two-23 calculated multipliers weighted by the proportion of-24 compensation attributable to each of the calculated 25 multipliers during the three years of highest annual 26 compensation in that class of service.], separate standard 27 single life annuities shall be calculated for the portion of service in such class applicable to each class of service 28 29 multiplier. 30 (2) If eligible, a single life annuity of 2% of his-

1 average noncovered salary for each year of social security integration credit as provided for in section 5305 (relating-2 to social security integration credits) multiplied, if on the-3 effective date of retirement the member is under 4 superannuation age for any service, by the actuarially 5 determined reduction factor for that service. 6 (3) If eligible, a single life annuity which is 7 8 actuarially equivalent to the regular and additional 9 accumulated deductions attributable to contributions as a member of Class C, but not less than such annuity determined 10 as if the member were age 60 on the effective date of 11 retirement, actuarially reduced in the event the member is 12 under superannuation age on the effective date of retirement. 13 14 (4) If eligible, a single life annuity which is 15 actuarially equivalent to the amount by which his regular and additional accumulated deductions attributable to any 16 credited service other than as a member of Class C are 17 18 greater than one half of the actuarially equivalent value on-19 the effective date of retirement of the annuity as provided 20 in paragraph (1) attributable to service other than Class C for which regular or joint coverage member contributions were-21 22 made. This paragraph shall not apply to any member with State-23 service credited as Class A-3 or Class A-4. 24 (5) If eligible, a single life annuity which is 25 actuarially equivalent to the amount by which his social security integration accumulated deductions are greater than-26 27 one half of the actuarially equivalent value on the effective 28 date of retirement of the annuity provided for under-29 paragraph (2). 30 (6) If eligible, a single life annuity sufficient

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1	together with the annuity g	provided for in paragraph (1) as a
2	Class A, Class AA, Class A-	3 and Class A 4 member and the
3	highest annuity provided for	or in paragraph (2) to which he is
4	entitled, or at his option	could have been entitled, to
5	produce that percentage of	[a] <u>the sums of the</u> standard
6	single life [annuity] <u>annui</u>	ties adjusted by the application
7	of the class of service mul	tiplier for Class A, Class AA,
8	Class A 3 or Class A 4 as s	set forth in paragraph (1) in the
9	case where any service is a	credited as a member of Class A,
10	Class AA, Class A-3 or Clas	as A 4 on the effective date of
11	retirement as determined by	y his total years of credited
12	service as a member of Clas	es A, Class AA, Class A 3 and Class
13	A-4 and by the following ta	able:
14	Total Years of	Percentage of <u>Sums of</u>
15	Credited Service	Standard
16	as a Member of	Single Life
17	Class A,	[Annuity] <u>Annuities</u> Adjusted for
18	Class AA, Class A-3	Class A, Class AA,
19	and Class A-4	Class A-3 and Class A-4
20	-	-Class-of
21	-	Service Multipliers
22	35-40	100%
23	41	102%
24	42	104%
25	43	106%
26	44	108%
27	45 or more	110%
28	(7) If eligible, a sir	ngle life annuity which is
29	actuarially equivalent to t	the total cash balance accumulated
30	deductions credited to the	member's individual cash balance
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1 <u>savings account.</u>

1 2

(a.1) Rule for terminations after attaining age 70.--

3 (1) Any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 5308(a) who 4 terminates State service, or if a multiple service member who-5 is a school employee and an active member of the Public-6 School Employees' Retirement System who terminates school 7 8 service, on or after attaining age 70 and who applies for a 9 superannuation annuity to be effective the day after thetermination of State service or school service, as the case 10 may be, shall be entitled to receive a maximum single life-11 12 annuity as of a determination date that is equal to the 13 greater of subparagraph (i) or (ii), plus any annuity the_ 14 member may be eligible to receive under subsection (a) (7): 15 (i) the sum of the annuities provided in subsection (a) (1) through (6) calculated as of the determination 16 date; and 17 18 (ii) the greater of [clause (A) or (B)]: 19 (A) the sum of the annuities provided in-20 subsection (a) (1), (3), (4) and (6) as of thepreceding determination date adjusted by the 21 22 actuarial increase factor, plus the annuities-23 provided in subsection (a) (2) and (5) as of the 24 determination date; [and] or 25 (B) the maximum single life annuity calculated 26 without including any annuity payable under 27 subsection (a) (7) as of the preceding determination 28 date adjusted by the actuarial increase factor. 29 The maximum single life annuity calculated without including any annuity payable under subsection (a) (7) shall be 30

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- 1 calculated for each determination date.
- 2 (2) For purposes of this subsection, the determination
 3 date shall be:
- 4 (i) the member's birthday, provided that as of such5 date the member qualifies for a maximum single life6 annuity under this subsection, determined excluding7 eligibility for annuity payable under subsection (a) (7);
 8 or

9 (ii) if the member's maximum single life annuity is 10 being determined as of the member's effective date of 11 retirement, then the determination date shall be the-12 member's effective date of retirement.

13 (3) In the event an active member, an inactive member on leave without pay or a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System has attained age 70 before the effective date of this subsection, or enters State service or

18 school service, as the case may be, after attaining age 70,

19 then section 5305.1 (relating to eligibility for actuarial-

20 increase factor) and subsections (a) and (a.1) shall be-

21 effective prospectively with respect to such member at the-

22 member's next birthday after the effective date of this-

23 subsection, entry into State service, or school service.

24 Nothing in this subsection shall be construed to provide an

25 actuarial increase factor for any period of service prior to the-

26 effective date of this subsection.

27 (b) Present value of annuity. The present value of the 28 maximum single life annuity as calculated in accordance with 29 subsection (a) of this section shall be <u>the sum of the products</u> 30 determined by:

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1	(1) multiplying the maximum single life annuity
2	calculated without including any annuity payable under
3	<u>subsection (a)(7)</u> by the cost of a dollar annuity <u>applicable</u>
4	to subsection (a)(1), (2), (3), (4), (5) and (6) on the
5	effective date of retirement[.]; and
6	(2) multiplying the annuity, if any, payable under
7	section (a)(7) by the cost of a dollar annuity applicable to
8	subsection (a)(7).
9	Such present value shall be decreased only as required under the
10	provisions of section 5506 (relating to incomplete payments),
11	5509(c) (relating to appropriations and assessments by the-
12	Commonwealth) or 5703 (relating to reduction of annuities on
13	account of social security old age insurance benefits).
14	* * *
15	(e) Coordination of benefits The determination and payment
16	of the maximum single life annuity under this section shall be
17	in addition to any payments a combined service employee, as a
18	result of being a participant in the plan, may be entitled to
18 19	<u>result of being a participant in the plan, may be entitled to</u> <u>receive, has received or is receiving.</u>
19	receive, has received or is receiving.
19 20	<pre>receive, has received or is receiving. \$ 5704. Disability annuities.</pre>
19 20 21	<pre>receive, has received or is receiving. § 5704. Disability annuities. (a) Amount of annuity</pre>
19 20 21 22	<pre>receive, has received or is receiving. \$ 5704. Disability annuities. (a) Amount of annuity <u>(1)</u> A member who has credit in one or more classes of</pre>
19 20 21 22 23	<pre>receive, has received or is receiving. \$ 5704. Disability annuities. (a) Amount of annuity. <u>(1)</u> A member who has credit in one or more classes of service other than Class CB and who has made application for</pre>
19 20 21 22 23 24	<pre>receive, has received or is receiving. \$ 5704. Disability annuities. (a) Amount of annuity <u>(1)</u> A member who has credit in one or more classes of service other than Class CB and who has made application for a disability annuity and has been found to be eligible in-</pre>
19 20 21 22 23 24 25	<pre>receive, has received or is receiving. \$ 5704. Disability annuities. (a) Amount of annuity (1) A member who has credit in one or more classes of service other than Class CB and who has made application for a disability annuity and has been found to be eligible in accordance with the provisions of section 5905(c)(1)-</pre>
19 20 21 22 23 24 25 26	<pre>receive, has received or is receiving. \$ 5704. Disability annuities. (a) Amount of annuity (1) A member who has credit in one or more classes of service other than Class CB and who has made application for a disability annuity and has been found to be eligible in- accordance with the provisions of section 5905(c)(1)- (relating to duties of the board regarding applications and-</pre>
19 20 21 22 23 24 25 26 27	<pre>receive, has received or is receiving. \$ 5704. Disability annuities. (a) Amount of annuity. <u>(1) A member who has credit in one or more classes of</u> <u>service other than Class CB and who has made application for</u> a disability annuity and has been found to be eligible in- accordance with the provisions of section 5905(c)(1)- (relating to duties of the board regarding applications and elections of members) shall receive a disability annuity</pre>
19 20 21 22 23 24 25 26 27 28	<pre>receive, has received or is receiving. \$ 5704. Disability annuities. (a) Amount of annuity. <u>(1) A member who has credit in one or more classes of</u> <u>service other than Class CB and who has made application for</u> a disability annuity and has been found to be eligible in- accordance with the provisions of section 5905(c)(1)- (relating to duties of the board regarding applications and elections of members) shall receive a disability annuity payable from the effective date of disability as determined-</pre>

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1 disability annuity. The disability annuity shall be a single-2 life annuity that is equal to [a] the sum of the standard 3 single life [annuity] annuities determined separately for each class of service other than Class CB multiplied by the 4 appropriate class of service multiplier applicable to the 5 class of service at the time of disability if the [product-6 of] sums of the products of each such class of service 7 8 multiplier and the [total] number of years and fractional 9 part of a year of credited service in each class, plus the number of years and fractional part of a year of service 10 11 credited in Class CB, if any, is greater than 16.667[,]; 12 otherwise [the] each standard single life annuity shall be 13 multiplied by the lesser of the following ratios: 14 MY*/Y or 16.667/Y 15 [where] Where Y = total number of years of credited service[,]; Y^* = total years of credited service if the member were to 16 continue as a State employee until attaining superannuation age-17 for each class of service other than Class CB as applicable at 18 19 the time of disability, or if the member has attained superannuation age for a class of service other than Class CB, 20 21 as applicable at the time of disability, then the number ofyears of credited service; and M = the class of service-22 multiplier as applicable to that class of service at the 23 24 effective date of disability. A member of Class C shall receive, 25 in addition, any annuity to which he may be eligible under-26 section 5702(a)(3) (relating to maximum single life annuity). 27 [The member shall be entitled to the election of a joint and survivor annuity on that portion of the disability annuity to-28 29 which he is entitled under section 5702. 30 (2) In addition to the amount of disability annuity

1	payable under paragraph (1), a member who has Class CB
2	service credit shall be entitled to a separate annuity
3	calculated under section 5702(a)(7) on the effective date of
4	<u>disability.</u>
5	(3) The member shall be entitled to the election of a
6	joint and survivor annuity on that portion of the disability
7	annuity to which he is entitled under section 5702.
8	* * *
9	(c) Reduction on account of earned incomeSubsequent to
10	January 1, 1972, payments on account of disability shall be
11	reduced by that amount by which the earned income of the-
12	annuitant, as reported in accordance with section 5908(b)
13	(relating to rights and duties of annuitants), for the preceding
14	calendar year together with the disability annuity payments
15	provided in this section other than subsection (b), for the-
16	year, exceeds the product of:
17	[(i)] <u>(1)</u> the last year's salary of the annuitant as a
18	[State employee] member of the system; and
19	[(ii)] (2) the ratio of the current monthly payment to
20	the monthly payment at the effective date of disability;
21	Provided, That the annuitant shall not receive less than his
22	member's annuity or the amount to which he may be entitled under-
23	section 5702 whichever is greater.
24	* * *
25	(e) Termination of State service. Upon termination of
26	disability annuity payments in excess of an annuity calculated
27	in accordance with section 5702, a disability annuitant who:
28	(1) does not have Class A 3 or Class A 4 service credit;
29	or
30	(2) has Class A 3 or Class A 4 service credit and fewer
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1 than ten eligibility points;

2	and who does not return to State service may file an application-
3	with the board for an amount equal to the excess, if any, of the-
4	sum of the shared-risk accumulated deductions plus the regular-
5	and additional accumulated deductions and cash balance member
6	accumulated deductions standing to his credit at the effective
7	date of disability over one-third of the total disability
8	annuity payments received. If the annuitant on the date of
9	termination of service was eligible for an annuity as provided
10	in section 5308(a) or (b) (relating to eligibility for-
11	annuities), he may file an application with the board for an
12	election of an optional modification of his annuity.
13	(f) Supplement for service connected disability
14	(1) If a member has been found to be eligible for a
15	disability annuity and if the disability has been found to be-
16	a service connected disability and if the member is receiving-
17	workers' compensation payments for other than medical
18	benefits, such member shall receive a supplement equal to-
19	[70% of his final average salary] the amount determined under_
20	<u>paragraph (2)</u> less the sum of the annuity as determined under-
21	subsection (a) and any payments paid or payable on account of
22	such disability under the act of June 2, 1915 (P.L.736,
23	No.338), known as the Workers' Compensation Act, the act of
24	June 21, 1939 (P.L.566, No.284), known as The Pennsylvania
25	Occupational Disease Act, and the Social Security Act (49-
26	Stat. 620, 42 U.S.C. § 301 et seq.). Such supplement shall-
27	continue as long as he is determined to be disabled and is
28	receiving workers' compensation payments for other than
29	medical benefits on account of his service connected
30	disability in accordance with the Workers' Compensation Act-
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1	or The Pennsylvania Occupational Disease Act. If the member-
2	has received a lump sum workers' compensation payment in lieu-
3	of future weekly compensation payments, the length in weeks
4	and calculation of the service connected disability
5	supplement shall be determined by dividing the lump sum
6	payment by the average weekly wage as determined by the
7	Workers' Compensation Board.
8	(2) For a member who does not have post January 2016
9	service, the amount to be used to determine eligibility for
10	the supplement under paragraph (1) shall be 70% of the
11	member's final average salary. For a member who has post-
12	January 2016 service, the amount to be used to determine
13	<u>eligibility for the supplement under paragraph (1) shall be</u>
14	calculated according to the following formula:
15	$A = .7[(Y^{W} - multiplied by FAS^{W}) + (Y^{XYZ} - multiplied by -$
16	FAS^{XYZ})]
16 17	<u>FAS^{XYZ})]</u> <u>Y</u> T <u>Y</u> T
17	<u>Y</u> 型 <u>Y</u> 型
17 18	<u>YT</u> <u>(3) The following apply to the formula in paragraph (2):</u>
17 18 19	$\frac{Y^{\text{T}}}{(3) \text{ The following apply to the formula in paragraph (2):}}$ $\frac{(i) \text{ A equals the amount used to determine the}}{(i) \text{ A equals the amount used to determine the}}$
17 18 19 20	<u>YT</u> <u>(3) The following apply to the formula in paragraph (2):</u> <u>(i) A equals the amount used to determine the</u> <u>supplement;</u>
17 18 19 20 21	<u>YT</u> <u>(3) The following apply to the formula in paragraph (2):</u> <u>(i) A equals the amount used to determine the</u> <u>supplement;</u> <u>(ii) YT equals total years of credited service;</u>
17 18 19 20 21 22	YT YT (3) The following apply to the formula in paragraph (2): (i) A equals the amount used to determine the supplement; (ii) YT equals total years of credited service; (iii) YT equals years of credited service that are
17 18 19 20 21 22 23	<u>Y</u> T <u>Y</u> T <u>(3) The following apply to the formula in paragraph (2):</u> <u>(i) A equals the amount used to determine the</u> <u>supplement;</u> <u>(ii) Y</u> T equals total years of credited service; <u>(iii) Y</u> T equals years of credited service that are <u>not post January 2016 service;</u>
17 18 19 20 21 22 23 24	YT YT (3) The following apply to the formula in paragraph (2): (i) A equals the amount used to determine the supplement; (ii) YT equals total years of credited service; (iii) YT equals years of credited service that are not post January 2016 service; (iv) FAST equals final average salary calculated for
17 18 19 20 21 22 23 24 25	<u>Y</u> T <u>Y</u> T (3) The following apply to the formula in paragraph (2): (i) A equals the amount used to determine the supplement; (ii) YT equals total years of credited service; (iii) YT equals years of credited service that are not post January 2016 service; (iv) FASW equals final average salary calculated for credited service other than post January 2016 service;
17 18 19 20 21 22 23 24 25 26	<u>YT</u> <u>YT</u> (3) The following apply to the formula in paragraph (2): (i) A equals the amount used to determine the supplement; (ii) YT equals total years of credited service; (iii) YT equals years of credited service that are not post January 2016 service; (iv) FAST equals final average salary calculated for credited service other than post January 2016 service; (v) YXZ equals years of service credited as post
17 18 19 20 21 22 23 24 25 26 27	<u>YT</u> (3) The following apply to the formula in paragraph (2): (i) A equals the amount used to determine the supplement; (ii) YT equals total years of credited service; (iii) YT equals years of credited service that are not post January 2016 service; (iv) FAST equals final average salary calculated for credited service other than post January 2016 service; (v) YXT equals years of service credited as post- January 2016 service; and

1	(h) Coordination of benefits. The determination and payment
2	of a disability annuity under this section is in addition to any
3	payments a combined service employee, as a result of being a
4	participant in the plan, may be entitled to receive, has
5	received or is receiving. A disability annuity may not be paid
6	to a combined service employee who is an active participant.
7	Section 424. Sections 5705, 5705.1, 5706(a), (a.1), (a.2),
8	(b) and (c) and 5707 of Title 71 are amended to read:
9	§ 5705. Member's options.
10	(a) General rule. Any special vestee [who has attained
11	superannuation age, any vestee who does not have Class A-3 or
12	Class A 4 service credit having five or more eligibility points
13	for service other than Class T-E or Class T-F service in the
14	Public School Employees' Retirement System, or vestee who has
15	Class A-3 or Class A-4 service credit having ten or more
16	eligibility points, any member with Class G, Class H, Class I,
17	Class J, Class K, Class L, Class M or Class N service having-
18	five or more eligibility points or any other eligible member-
19	upon termination of State service who has not withdrawn his
20	total accumulated deductions as provided in section 5701
21	(relating to return of total accumulated deductions)], vestee or
22	other member upon termination of State service who is eligible
23	to receive an annuity as provided in section 5308(a) or (b)
24	<u>(relating to eligibility for annuities)</u> may apply for and elect-
25	to receive either a maximum single life annuity, as calculated
26	in accordance with the provisions of section 5702 (relating to
27	maximum single life annuity), or a reduced annuity certified by-
28	the actuary to be actuarially equivalent to the maximum single-
29	life annuity payable after reduction under subsection (a.1) and
30	in accordance with one of the following options; except that no-

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member shall elect an annuity payable to one or more survivor 1 2 annuitants other than his spouse or alternate payee of such a 3 magnitude that the present value of the annuity payable to himfor life plus any lump sum payment under this subsection and 4 subsection (a.1) he may have elected to receive is less than 50% 5 of the present value of his maximum single life annuity[:]; and 6 no member may elect a payment option that would provide benefits 7 that do not satisfy the minimum distribution requirements or 8 would violate the incidental death benefit rules of IRC 401(a) 9 10 (9): (1) Option 1.--A life annuity to the member with a 11 12 quaranteed total payment equal to the present value of the 13 maximum single life annuity on the effective date of 14 retirement with the provision that, if, at his death, he has 15 received less than such present value, the unpaid balanceshall be payable to his beneficiary. 16 17 (2) Option 2. A joint and survivor annuity payable 18 during the lifetime of the member with the full amount of-19 such annuity payable thereafter to his survivor annuitant, if-20 living at his death. 21 (3) Option 3. A joint and fifty percent (50%) survivor 22 annuity payable during the lifetime of the member with one-23 half of such annuity payable thereafter to his survivor-24 annuitant, if living at his death. 25 (4) Option 4.--Some other benefit which shall be-26 certified by the actuary to be actuarially equivalent to the 27 maximum single life annuity, subject to the following-28 restrictions: (i) any annuity shall be payable without reduction 29 during the lifetime of the member; 30

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1 (ii) the sum of all annuities payable to the
2 designated survivor annuitants shall not be greater than
3 one and one half times the annuity payable to the member;
4 and

5	(iii) a portion of the benefit may be payable as a
6	lump sum, except that such lump sum payment shall not
7	exceed an amount equal to the total accumulated
8	deductions standing to the credit of the member that are
9	not the result of contributions and statutory interest
10	made or credited as a result of Class A-3 or Class A-4-
11	service. The balance of the present value of the maximum-
12	single life annuity adjusted in accordance with section-
13	5702(b) shall be paid in the form of an annuity with a
14	guaranteed total payment, a single life annuity, or a-
15	joint and survivor annuity or any combination thereof but-
16	subject to the restrictions of subparagraphs (i) and (ii)
17	under this option. If a member's effective date of
18	retirement is on or after January 1, 2016, then the
19	portion of the benefit payable under this subparagraph
20	shall be further limited to the total accumulated
21	deductions standing to the credit of the member on
22	December 31, 2015, that are not the result of
23	contributions and statutory interest made or credited as
24	a result of Class A-3 or Class A-4 service, plus any
25	statutory interest credited on those accumulated
26	deductions before the effective date of retirement.
27	(a.1) Additional lump sum withdrawalThe following shall
28	apply:
29	(1) After December 31, 2015, if a member has elected to
30	have the full amount allowed under subsection (a)(4)(iii)
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1	paid in lump sum, then the member may elect to receive an
2	additional amount payable in a lump sum at the same time as
3	the payment elected under subsection (a)(4)(iii).
4	(2) The additional amount payable in a lump sum may not
5	exceed the sum of:
6	(i) an amount equal to the excess of the total
7	accumulated deductions standing to the credit of the
8	member on the effective date of retirement that are not
9	the result of contributions and statutory interest made
10	or credited as a result of Class A-3 or Class A-4 service
11	over the amount payable under subsection (a)(4)(iii); and
12	(ii) an amount equal to the cash balance member
13	accumulated deductions standing to the credit of the
14	member.
15	(3) If a member elects to be paid an additional lump sum
16	amount under this subsection, then the maximum single life
17	annuity calculated under section 5702 and payable under
18	subsection (a) shall be reduced by the additional amount
19	withdrawn divided by the cost of a dollar annuity on the
20	effective date of retirement computed on the basis of the
21	annual interest rate adopted for that fiscal year by the
22	board for the calculation of the employer normal contribution
23	rate under section 5508(b) (relating to actuarial cost
24	method) and the mortality tables adopted by the board for the
25	determination of actuarially equivalent benefits under this
26	part. The reduction in the maximum single life annuity under
27	this paragraph shall apply before the election and
28	calculation of any reduced annuities payable under subsection
29	<u>(a).</u>
30	(b) Present value of joint coverage annuity. In calculating

1	an annuity payable to a member of the joint coverage group, the
2	present value of such adjusted annuity shall be determined by
3	taking into account prospectively the reduction applicable upon-
4	the attainment of the age at which full social security benefits
5	are payable.
6	§ 5705.1. Payment of accumulated deductions resulting from
7	[Class A-3 and Class A-4] more than one class of
8	service.
9	(a) Payment of accumulated deduction resulting from Class A-
10	<u>3 and Class A 4 service. Any superannuation or withdrawal</u>
11	annuitant who:
12	(1) has Class A 3 or Class A 4 service credit;
13	(2) has service credited in one or more classes of
14	service; and
15	(3) because he has five or more, but fewer than ten,
16	eligibility points is not eligible to receive an annuity on-
17	his Class A-3 or Class A-4 service
18	shall receive in a lump sum at the time of his retirement, in-
19	addition to any other annuity or lump sum payment which he may
20	elect, his accumulated deductions resulting from his Class A-3-
21	or Class A-4 service credit. Payment of these accumulated-
22	deductions resulting from Class A 3 or Class A 4 service credit-
23	shall not be eligible for installment payments pursuant to
24	section 5905.1 (relating to installment payments of accumulated
25	deductions) but shall be considered a lump sum payment for
26	purposes of section 5905.1(d).
27	(b) Payment of cash balance member accumulated deductions
28	resulting from Class CB service. Any annuitant who is a member
29	with Class CB service credit and one or more other classes of
30	service credit and who is receiving an annuity based on his
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1	<u>Class CB service but is not eligible to receive an annuity based</u>
2	on his service credited in one or more of his other classes of
3	service shall receive in a lump sum at the time of his
4	retirement, in addition to any other annuity which he may elect
5	for his Class CB service, his accumulated deductions resulting
6	from his service credit in classes of service other than Class
7	<u>CB for which he is not eligible to receive an annuity. Payment</u>
8	of these accumulated deductions resulting from service credit in
9	classes of service other than Class CB shall not be eligible for
10	installment payments under section 5905.1, but shall be
11	<u>considered a lump sum payment for purposes of section 5905.1(d).</u>
12	§ 5706. Termination of annuities.
13	(a) General ruleIf the annuitant returns to State service-
14	or enters or has entered school service and elects multiple-
15	service membership, any annuity payable to him under this part
16	shall cease effective upon the date of his return to State-
17	service or entering school service, without regard to whether he
18	is a mandatory, optional or prohibited member of the system or
19	participant in the plan or, if a multiple service member,
20	without regard to whether he is a mandatory, optional or
21	prohibited member or participant of the Public School Employees'
22	Retirement System or School Employees' Defined Contribution
23	<u>Plan;</u> and, in the case of an annuity other than a disability-
24	annuity the present value of such annuity, other than the
25	portion of the annuity that is being paid under section 5702(a)
26	(7) (relating to maximum single life annuity), adjusted for full-
27	coverage in the case of a joint coverage member who makes the
28	appropriate back contributions for full coverage, shall be-
29	frozen as of the date such annuity ceases[.] and the present
30	value of the portion of the annuity that is being paid under

1	section 5702(a)(7) shall be placed in the member's individual
2	cash balance saving account. An annuitant who is credited with
3	an additional 10% of Class A and Class C service as provided in
4	section 5302(c) (relating to credited State service) and who-
5	returns to State service shall forfeit such credited service and
6	shall have his frozen present value adjusted as if his 10%-
7	retirement incentive had not been applied to his account. In the
8	event that the cost-of-living increase enacted December 18, 1979-
9	occurred during the period of such State or school employment,
10	the frozen present value shall be increased, on or after the
11	member attains superannuation age, by the percent applicable had
12	he not returned to service. This subsection shall not apply in
13	the case of any annuitant who may render services to the
14	Commonwealth in the capacity of an independent contractor or as
15	a member of an independent board or commission or as a member of
16	a departmental administrative or advisory board or commission
17	when such members of independent or departmental boards or
18	commissions are compensated on a per diem basis for not more-
19	than 150 days per calendar year or as a member of an independent-
20	board or commission requiring appointment by the Governor, with
21	advice and consent of the Senate, where the annual salary-
22	payable to the member does not exceed \$35,000 and where the
23	member has been an annuitant for at least six months immediately
24	preceding the appointment. Such service shall not be subject to
25	<pre>member contributions [or]; not, result in additions, interest or_</pre>
26	excess interest to the member's individual cash balance saving
27	account; and not be eligible for qualification as creditable
28	State service or for participation in the plan, mandatory
29	participant contributions or employer defined contributions.
30	(a.1) Return to State service during emergency. When, in-
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the judgment of the employer, an emergency creates an increase-1 in the work load such that there is serious impairment of 2 3 service to the public, an annuitant may be returned to Stateservice for a period not to exceed 95 days in any calendar year-4 5 without loss of his annuity. In computing the number of days an 6 annuitant has returned to State service, any amount of time less-7 than one-half of a day shall be counted as one-half of a day. 8 For agencies, boards and commissions under the Governor's-9 jurisdiction, the approval of the Governor that an emergency 10 exists shall be required before an annuitant may be returned to-State service. This service shall not be subject to member-11 contributions; not result in additions, interest or excess_ 12 interest to the member's individual cash balance savings 13 account; and not be eligible for qualification as creditable 14 State service or for participation in the plan, mandatory 15 participant contributions or employer defined contributions. 16 (a.2) Return of benefits. -- In the event an annuitant whose 17 18 annuity from the system ceases pursuant to this section receives 19 any annuity payment, including a lump sum payment pursuant to 20 section 5705 (relating to member's options) on or after the dateof his return to State service or entering school service, the-21 22 annuitant shall return to the board the amount so received from 23 the system plus statutory interest. The amount payable shall be-24 certified in each case by the board in accordance with methods-25 approved by the actuary and shall be paid in a lump sum within 26 30 days or in the case of an active member or school employee 27 who is an active member of the Public School Employees' 28 Retirement System may be amortized with statutory interest-29 through salary deductions to the system in amounts agreed uponby the member and the board. The salary deduction amortization-30 20150SB1071PN1913 - 313 -

1	plans agreed to by the member and the board may include a
2	deferral of payment amounts and statutory interest until the
3	termination of school service or State service or beginning of
4	service as a participant without concurrently being an active
5	member or inactive member on leave without pay as the board in-
6	its sole discretion decides to allow. The board may limit salary
7	deduction amortization plans to such terms as the board in its
8	sole discretion determines. In the case of a school employee who
9	is an active member of the Public School Employees' Retirement-
10	System, the agreed upon salary deductions shall be remitted to
11	the Public School Employees' Retirement Board, which shall-
12	certify and transfer to the board the amounts paid.
13	<u>* * *</u>
14	(b) Subsequent discontinuance of serviceUpon subsequent-
15	discontinuance of service, such [member] terminating State
16	employee other than a former annuitant who had the effect of his-
17	frozen present value eliminated in accordance with subsection
18	(c) or a former disability annuitant shall be entitled to an
19	annuity which is actuarially equivalent to the sum of:
20	(1) the frozen present value as determined under-
21	subsection (a) [and];
22	(2) if the service after reemployment was a member of
23	the system, the present value of a maximum single life
24	annuity, calculated excluding any annuity payable under
25	section 5702(a)(7), based on years of service credited
26	subsequent to reentry in the system and his final average
27	salary computed by reference to his compensation as a member_
28	of the system or as a member of the Public School Employees'
29	Retirement System during his entire period of State and
30	<pre>school service[.], including only compensation received for</pre>
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1	service performed as a member of a class of service other
2	than Class CB or Class T-I in the Public School Employees'
3	Retirement System; and
4	(3) if eligible, an annuity payable under section
5	5702(a)(7) based on the total cash balance accumulated
6	deductions credited to the former annuitant in the cash
7	balance savings account.
8	(c) Elimination of the effect of frozen present value.
9	(1) An annuitant who returns to State service <u>as an</u>
10	active member of the system in a class of service other than
11	<u>Class CB</u> and earns three eligibility points by performing
12	credited State service following the most recent period of
13	receipt of an annuity under this part, or an annuitant who
14	enters school service other than as a participant in the
15	School Employees' Defined Contribution Plan or as member of
16	<u>Class T-I</u> and:
17	(i) is a multiple service member; or
18	(ii) who elects multiple service membership, and
19	earns three eligibility points <u>in classes of service other</u>
20	<u>than Class CB or Class T I</u> by performing credited State
21	service or credited school service following the most recent-
22	period of receipt of an annuity under this part, and who had
23	the present value of his annuity frozen in accordance with
24	subsection (a), shall qualify to have the effect of the
25	frozen present value resulting from all previous periods of
26	retirement eliminated, provided that all <u>lump sum</u> payments
27	under Option 4 or under section 5705(a.1) and annuity
28	payments, except those made under section 5702(a)(7), payable
29	during previous periods of retirement plus interest as set
30	forth in paragraph (3) shall be returned to the fund in the
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1 form of an actuarial adjustment to his subsequent benefits or
2 in such form as the board may otherwise direct.

3 (2) Upon subsequent discontinuance of service and the
4 filing of an application for an annuity, a former annuitant
5 who qualifies to have the effect of a frozen present value
6 eliminated under this subsection shall be entitled to receive
7 the higher of either:

(i) an annuity (prior to optional modification) -8 9 calculated as if the freezing of the former annuitant's account pursuant to subsection (a) had not occurred, 10 adjusted by crediting Class A State service as Class AA-11 12 service as provided for in section 5306(a.1) (relating to-13 classes of service) and further adjusted according to-14 paragraph (3), provided that a former annuitant of the 15 system or a former annuitant of the Public School Employees' Retirement System who retired under a 16 provision of law granting additional service credit if 17 18 termination of State or school service or retirement 19 occurred during a specific period of time shall not be 20 permitted to retain the additional service credit under the prior law when the annuity is computed for his most-21 22 recent retirement; or

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

30 (3) In addition to any other adjustment to the present

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1	value of the maximum single life annuity that a member may be-
2	entitled to receive that occurs as a result of any other-
3	provision of law, the present value of the maximum single
4	life annuity shall be reduced by all amounts paid or payable
5	to him during all previous periods of retirement, except
6	those made under section 5702(a)(7), plus interest on these
7	amounts until the date of subsequent retirement. The interest-
8	for each year shall be calculated based upon the annual
9	interest rate adopted for that fiscal year by the board for
10	the calculation of the normal contribution rate pursuant to-
11	section 5508(b) (relating to actuarial cost method).
12	§ 5707. Death benefits.
13	(a) Members without Class CB service eligible for
14	annuities. Any active member, inactive member on leave without
15	pay, combined service employee who is an active participant or
16	inactive participant on leave without pay, vestee or current or
17	former State employee performing USERRA leave who dies and does
18	not have Class CB service credit and was eligible for an annuity-
19	in accordance with section 5308(a) or (b) (relating to-
20	eligibility for annuities) or special vestee who has attained
21	superannuation age and dies before applying for a superannuation-
22	annuity shall be considered as having applied for an annuity to-
23	become effective the day before his death and in the event he
24	has not elected an option or such election has not been approved
25	prior to his death, it shall be assumed that he elected Option-
26	1 .
27	(b) Members without Class CB service ineligible for
28	annuities. In the event of the death of a special vestee, an-
29	active member, an inactive member on leave without pay, a
30	combined service employee who is an active participant or an
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1	inactive participant on leave without pay or a current or former
2	State employee performing USERRA leave who does not have Class
3	<u>CB service credit and who</u> is not entitled to a death benefit as
4	provided in subsection (a), his designated beneficiary shall be
5	paid the full amount of his total accumulated deductions.
6	(c) Disability annuitants eligible for withdrawal annuity.
7	In the event of the death of a disability annuitant who has
8	elected to receive a maximum disability annuity before he has
9	received in annuity payments, excluding any disability annuity
10	payments under section 5704(a)(2) (relating to disability
11	annuities), an amount equal to the present value, on the
12	effective date of disability, of the benefits to which he would
13	have been entitled under subsection (a) had he died while in
14	State service, the balance of such amount shall be paid to his
15	designated beneficiary. In addition, if the disability annuitant
16	was receiving disability annuity payments under section 5704(a)
17	(2), he may receive, if eligible, the total cash balance
18	accumulated deductions credited to his individual cash balance
19	savings account on the effective date of disability over one
20	third of the disability payments received under section 5704(a)
21	(2). For purposes of this subsection, the determination of
22	benefits to which the disability annuitant would have been
23	entitled under subsection (a) shall be made even though the
24	<u>disability annuitant may have Class CB service.</u>
25	(d) Disability annuitants ineligible for withdrawal
26	annuity. In the event of the death of a disability annuitant
27	who was not entitled to receive benefits under subsection (a),
28	except for the reason of having Class CB service credit, his
29	beneficiary shall be paid the excess of the sum of the regular
30	and additional accumulated deductions standing to his credit on
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1	the effective date of disability over one-third of the total-
2	disability payments received[.], excluding any disability
3	annuity payments under section 5704(a)(2). In addition, if he
4	was receiving disability annuity payments under section 5704(a)
5	(2), he may receive, if eligible, the total cash balance
6	accumulated deductions credited to his individual cash balance
7	savings account on the effective date of disability over one-
8	third of the disability payments received under section 5704(a)
9	<u>(2)</u> .
10	(e) Annuitants electing maximum single life annuity. In the
11	event of the death of an annuitant who has elected to receive
12	the maximum single life annuity before he has received in
13	annuity payments the full amount of the total accumulated
14	deductions and, if he was eligible for an annuity under section
15	5702(a)(7) (relating to maximum single life annuity), the total
16	<u>cash balance accumulated deductions</u> standing to his credit on
16 17	cash balance accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to
17	the effective date of retirement, the balance shall be paid to-
17 18	the effective date of retirement, the balance shall be paid to-
17 18 19	the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c)
17 18 19 20	the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c) Subject to the limitations contained in section 401(a)(9) of the
17 18 19 20 21	the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c). Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
17 18 19 20 21 22	the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c) Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)), the present value of any annuity in excess of that
17 18 19 20 21 22 23	<pre>the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c) Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §- 401(a)(9)), the present value of any annuity in excess of that payable under section 5702 [(relating to maximum single life-</pre>
17 18 19 20 21 22 23 24	the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c) Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(9)), the present value of any annuity in excess of that payable under section 5702 [(relating to maximum single life- annuity)] that is not subject to the limitations under section-
17 18 19 20 21 22 23 24 25	the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c). Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(9)), the present value of any annuity in excess of that payable under section 5702 [(relating to maximum single life annuity)] that is not subject to the limitations under section 415(b) of the Internal Revenue Code of 1986 shall be paid in a
17 18 19 20 21 22 23 24 25 26	the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c). Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)), the present value of any annuity in excess of that payable under section 5702 [(relating to maximum single life annuity)] that is not subject to the limitations under section 415(b) of the Internal Revenue Code of 1986 shall be paid in a lump sum to the beneficiary designated by the member after the
17 18 19 20 21 22 23 24 25 26 27	the effective date of retirement, the balance shall be paid to his designated beneficiary. (f) Members subject to limitations under section 5702(c). Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)), the present value of any annuity in excess of that payable under section 5702 [(relating to maximum single life annuity)] that is not subject to the limitations under section 415(b) of the Internal Revenue Code of 1986 shall be paid in a lump sum to the beneficiary designated by the member after the death of the member. A beneficiary receiving a benefit under
17 18 19 20 21 22 23 24 25 26 27 28	the effective date of retirement, the balance shall be paid to- his designated beneficiary. (f) Members subject to limitations under section 5702(c). Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(9)), the present value of any annuity in excess of that payable under section 5702 [(relating to maximum single life annuity)] that is not subject to the limitations under section 415(b) of the Internal Revenue Code of 1986 shall be paid in a lump sum to the beneficiary designated by the member after the death of the member. A beneficiary receiving a benefit under this subsection shall not be able to elect a payment method

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1	(g) Members with Class CB service. An active member,
2	<u>inactive member on leave without pay or vestee who has Class CB</u>
3	service credit who dies shall be paid the total cash balance
4	accumulated deductions credited to him in addition to any other
5	payments he would be eligible to receive under subsection (a) or
6	(b) calculated without regard to any annuity payable under
7	<u>section 5702(a)(7).</u>
8	(h) Required distributions. All payments under this section
9	shall start and be made in compliance with the minimum
10	distribution requirements and incidental death benefit rules of
11	IRC § 401(a)(9).
12	Section 425. Section 5709(a) and (b) of Title 71 are amended
13	and the section is amended by adding subsections to read:
14	§ 5709. Payment of benefits from the system.
15	(a) Annuities. Any annuity granted under the provisions of
16	this part and paid from the fund shall be paid in equal monthly-
17	installments.
18	(b) Death benefitsIf the amount of a death benefit
19	payable from the fund to a beneficiary of a member under section-
20	5707 (relating to death benefits) or under the provisions of
21	Option 1 of section 5705(a)(1) (relating to member's options) is-
22	\$10,000 or more, such beneficiary may elect to receive payment
23	according to one of the following options:
24	(1) a lump sum payment;
25	(2) an annuity actuarially equivalent to the amount-
26	payable; or
27	(3) a lump sum payment and an annuity such that the
28	annuity is actuarially equivalent to the amount payable less-
29	the lump sum payment specified by the beneficiary.
30	* * *

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1	(d) Small cash balance accounts A member with only Class
2	CB service who terminates State service and whose total cash
3	balance accumulated deductions are equal to or less than the
4	amount established under IRC \$401(a)(31) as of the date of
5	termination of service shall be paid his accumulated deductions
6	<u>in a lump sum as provided in IRC § 401(a)(31) and have all Class</u>
7	<u>CB service credit canceled. This payment of total cash balance</u>
8	accumulated deductions shall not be eligible for installment
9	payments under section 5905.1 (relating to installment payments
10	of accumulated deductions) but shall be considered a lump sum
11	payment for purposes of section 5905.1(d).
12	(e) Required distributions. All payments under this section
13	shall start and be made in compliance with the required
14	beginning date, minimum distribution requirements and incidental
15	<u>death benefit rules of IRC § 401(a)(9).</u>
16	Section 426. Section 5901(a), (c), (d) and (e) of Title 71
17	are amended and the section is amended by adding a subsection to
18	read:
19	§ 5901. The State Employees' Retirement Board.
20	(a) Status and membership. The board shall be an-
21	independent administrative board and consist of [11] 12 members:
22	the State Treasurer, ex officio, the Secretary of Banking and
23	Securities, ex officio, two Senators, two members of the House-
24	of Representatives and six members appointed by the Governor,
25	one of whom shall be an annuitant of the system or a participant
26	in the plan who has terminated State service and is receiving or
27	is eligible to receive distributions, for terms of four years,
28	subject to confirmation by the Senate. At least five board
29	members shall be active members of the system or active
30	participants in the plan, and at least two shall have ten or
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1	more years of credited State service[.] or shall have been
2	active participants in the plan for ten calendar years or have a
3	combination of years of credited State service in the system and
4	calendar years as active participants in the plan equal to ten
5	or more years. The chairman of the board shall be designated by-
6	the Governor from among the members of the board. <u>No member of</u>
7	the board who represents active members or annuitants or is a
8	current member of the General Assembly can serve as chairman.
9	Each member of the board who is a member of the General Assembly
10	may appoint a duly authorized designee to act in his stead. <u>In</u>
11	the event that a board member, who is designated as an active
12	<u>participant or as a participant in the plan who is receiving or</u>
13	is eligible to receive distributions, receives a total
14	distribution of his interest in the plan, that board member may
15	continue to serve on the board for the remainder of his term.
16	<u>* * *</u>
17	(c) Oath of officeEach member of the board shall take an-
18	oath of office that he will, so far as it devolves upon him,
19	diligently and honestly, administer the affairs of said board <u>,</u>
20	the system and the plan and that he will not knowingly violate
21	or willfully permit to be violated any of the provisions of law-
22	applicable to this part. Such oath shall be subscribed by the
23	member taking it and certified by the officer before whom it is
24	taken and shall be immediately filed in the Office of the
25	Secretary of the Commonwealth.
26	(d) Compensation and expenses. The members of the board who
27	are members of the system <u>or participants in the plan</u> shall-
28	serve without compensation but shall not suffer loss of salary
29	or wages through serving on the board. The members of the board
30	who are not members of the system or participants in the plan
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1	shall receive \$100 per day when attending meetings and all board
2	members shall be reimbursed for any necessary expenses. However,
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3	when the duties of the board as mandated are not executed, no
4	compensation or reimbursement for expenses of board members
5	shall be paid or payable during the period in which such duties
6	are not executed.
7	(e) Corporate power and legal advisorFor the purposes of
8	this part, the board shall possess the power and privileges of a
9	corporation. [The Attorney General of the Commonwealth shall be-
10	the legal advisor of the board.] Legal counsel to the board
11	shall serve independently from the Governor's Office of Chief
12	Counsel, the General Assembly and the Attorney General.
13	(f) Board trainingEach member of the board will be
14	required to obtain eight hours of mandatory training in
15	investment strategies, actuarial cost analysis and retirement
16	<u>portfolio management on an annual basis.</u>
17	Section 427. Section 5902(a.1), (b), (c), (e), (h), (i),
18	(j), (k), (l), (m) and (n) of Title 71 are amended and the
19	section is amended by adding subsections to read:
20	§ 5902. Administrative duties of the board.
21	* * *
22	(a.1) Secretary. The secretary shall act as chief
23	administrative officer for the board with respect to both the
24	system and the plan. In addition to other powers and duties
25	conferred upon and delegated to the secretary by the board, the
26	secretary shall:
27	(1) Serve as the administrative agent of the board.
28	(2) Serve as liaison between the board and applicable
29	legislative committees, the Treasury Department, the-
30	Department of the Auditor General, and between the board and
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1 the investment counsel and the mortgage supervisor in-2 arranging for investments to secure maximum returns to the 3 fund. (3) Review and analyze proposed legislation and 4 5 legislative developments affecting the system or the plan and present findings to the board, legislative committees, and 6 7 other interested groups or individuals. 8 (4) Direct the maintenance of files and records and 9 preparation of periodic reports required for actuarial 10 evaluation studies. 11 (5) Receive inquiries and requests for information-12 concerning the system or the plan from the press, Commonwealth officials, State employees, the general public, 13 research organizations, and officials and organizations from-14 15 other states, and provide information as authorized by the 16 board. (6) Supervise a staff of administrative, technical, and 17 18 clerical employees engaged in record keeping and clerical 19 processing activities for both the system and the plan in-20 maintaining files of members and participants, accounting for-21 contributions, processing payments to annuitants and 22 terminated participants, preparing required reports, and 23 retirement counseling. The board may utilize the staff of 24 employees provided for under this paragraph for both the 25 system and the plan but shall allocate the fees, costs and 26 expenses incurred under this paragraph between the system and 27 the plan as appropriate. 28 (b) Professional personnel. -- The board shall contract for-29 the services of a chief medical examiner, an actuary, investment advisors and counselors, and such other professional personnel 30

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1	as it deems advisable. The board may, with the approval of the
2	Attorney General, contract for legal services. The board may
3	utilize the same individuals and firms contracted under this
4	subsection for both the system and the plan but shall allocate
5	the fees, costs and expenses incurred under this subsection
6	between the system and the plan as appropriate.
7	(c) Expenses
8	(1) The board shall, through the Governor, submit to the
9	General Assembly annually a budget covering the
10	administrative expenses of [this part.] <u>the system and a</u>
11	separate budget covering the administrative expenses of the
12	plan. Budgets under this paragraph shall include those
13	expenses necessary to establish the plan and trust.
14	(2) Such expenses of the system as approved by the
15	General Assembly in an appropriation bill shall be paid from
16	investment earnings of the fund.
17	(3) For fiscal years ending before July 1, 2016, such
18	expenses of the plan as approved by the General Assembly in
19	an appropriation bill shall be paid from the General Fund.
20	For fiscal years beginning after June 30, 2016, such expenses
21	of the plan as approved by the General Assembly shall be paid
22	from interest, under section 5414(b) (relating to investments
23	based on participants' investment allocation choices),
24	assessments on the balances of the participants' individual
25	investment accounts or as otherwise provided in this part.
26	(4) Concurrently with its administrative budget, the
27	board shall also submit to the General Assembly annually a
28	list of proposed expenditures which the board intends to pay-
29	through the use of directed commissions, together with a list-
30	of the actual expenditures from the past year actually paid-
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by the board through the use of directed commissions. All such directed commission expenditures shall be made by the board for the exclusive benefit of the system and its members.

5 ***

6 (e) Records.

7 (1) The board shall keep a record of all its proceedings
8 which shall be open to [inspection] <u>access</u> by the public,
9 except as otherwise provided in this part or by other law.

10 (2) Any record, material or data received, prepared, used or retained by the board or its employees, investment 11 12 professionals or agents relating to an investment shall not-13 constitute a public record subject to public [inspection] -14 access under the act of [June 21, 1957 (P.L.390, No.212), 15 referred to as the Right-to-Know Law,] February 14, 2008-(P.L.6, No.3), known as the Right to Know Law, if, in the 16 reasonable judgment of the board, the [inspection] access 17 18 would:

19 (i) in the case of an alternative investment or 20 alternative investment vehicle, involve the release of 21 sensitive investment or financial information relating to 22 the alternative investment or alternative investment 23 vehicle which the fund <u>or trust</u> was able to obtain only 24 upon agreeing to maintain its confidentiality;

25 (ii) cause substantial competitive harm to the 26 person from whom sensitive investment or financial 27 information relating to the investment was received; or 28 (iii) have a substantial detrimental impact on the 29 value of an investment to be acquired, held or disposed 30 of by the fund <u>or trust</u> or would cause a breach of the

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1 standard of care or fiduciary duty set forth in this-

2 part.

3	(3) <u>The following apply:</u>
4	(i) The sensitive investment or financial
5	information excluded from [inspection] access under-
6	paragraph (2)(i), to the extent not otherwise excluded
7	from [inspection] access, shall constitute a public-
8	record subject to public [inspection] <u>access</u> under the
9	Right-to-Know Law once the board is no longer required by
10	its agreement to maintain confidentiality.
11	(ii) The sensitive investment or financial
12	information excluded from [inspection] access under-
13	paragraph (2)(ii), to the extent not otherwise excluded
14	from [inspection] access, shall constitute a public-
15	record subject to public [inspection] access under the
16	Right-to-Know Law once:
17	(A) the [inspection] <u>access</u> no longer causes
18	substantial competitive harm to the person from whom
19	the information was received; or
20	(B) the entity in which the investment was made
21	is liquidated;
22	whichever is later.
23	(iii) The sensitive investment or financial
24	information excluded from [inspection] access under-
25	paragraph (2)(iii), to the extent not otherwise excluded
26	from [inspection] access, shall constitute a public-
27	record subject to public [inspection] access under the
28	Right-to-Know Law once:
29	(A) the [inspection] <u>access</u> no longer has a
30	substantial detrimental impact on the value of an-

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2 breach of the atandard of care or fiduciary duty set- 3 forth in this part; or 4 (B) the entity in which the investment was made- 5 is liquidated; 6 whichever is later. 7 (4) Except for the provisions of paragraph (3); nothing- 8 in this subsection shall be construed to designate any 9 record, material or data received; prepared, used or retained 10 by the board or its employees, investment professionals or 11 agents relating to an investment as a public record subject 12 to public [inspection] access under the Right to Know Law. 13 (5) Any record, material or data received, prepared; 14 used or retained by the board or its employees, or agents 15 relating to the contributions, account value or benefits 16 payable to or on account of a participant shall not 17 constitute a public record subject to public access under the 18 hight to Know Law if, in the reasonable judgment of the 19 board, the access would disclose any of the following: 20 (i) The investment outions selections of any 21 information pertaining to the voluntary contributions, </th <th>1</th> <th>investment of the fund <u>or trust</u> and would not cause a</th>	1	investment of the fund <u>or trust</u> and would not cause a
4(B) the entity in which the investment was made5is liquidated;6whichever is later.7(4) Except for the provisions of paragraph (3), nothing8in this subsection shall be construed to designate any-9record, material or data received, prepared, used or retained10by the board or its employees, investment professionals or-11agents relating to an investment as a public record subject-12to public (inspection) access under the Right to Know Law.13(5) Any record, material or data received, prepared,14used or retained by the board or its employees, or agents15relating to the contributions, account value or benefits16payable to or on account of a participant shall not17constitute a public record subject to public access under the18Right to Know Law if, in the reasonable judgment of the19board, the access would disclose any of the following:10(j) The existence, date, amount and any other11information pertaining to the voluntary contributions,12including rollover contributions or trustee to trustee13(ji) The investment options selections of any14participant.15investment account, including the amount distributed to16participant, investment gains or losses or rates of17investment account, including the amount distributed to18he participant, investment gains or losses or rates of19investment account, including the amount distributed to<	2	breach of the standard of care or fiduciary duty set
5 is liquidated; 6 whichever is later. 7 (4) Except for the provisions of paragraph (3), nothing 8 in this subsection shall be construed to designate any. 9 record, material or data received, prepared, used or retained 10 by the board or its employees, investment professionals or 11 agents relating to an investment as a public record subject 12 to public (inspection) access under the Right to Know Law. 13 (5) Any record, material or data received, prepared, 14 used or retained by the board or its employees, or agents. 15 relating to the contributions, account value or benefits. 16 payable to or on account of a participant shall not. 17 constitute a public record subject to public access under the 18 Right to Know Law if, in the reasonable iudament of the 19 board, the access would disclose any of the following: 12 information pertaining to the voluntary contributions, 19 including rollover contributions or trustee to trustee 11 information pertaining to the voluntary contributions, 12 information pertaining to the voluntary contributions, 11 The investm	3	forth in this part; or
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7 (4) Except for the provisions of paragraph (3), nothing- 8 in this subsection shall be construed to designate any- 9 record, material or data received, prepared, used or retained- 10 by the board or its employees, investment professionals or- 11 agents relating to an investment as a public record subject- 12 to public [inspection] access under the Right to Know Law. 13 (5) Any record, material or data received, prepared, 14 used or retained by the board or its employees, or agents 15 relating to the contributions, account value or benefits 16 payable to or on account of a participant shall not 17 constitute a public record subject to public access under the 18 Right to Know Law if, in the reasonable judgment of the 19 board, the access would disclose any of the following: 10 (i) The existence, date, amount and any other 19 including rollover contributions or trustee to trustee 10 rensfers, of any participant. 12 (ii) The investment options selections of any 19 participant. 10 including the amount distributed to 11 The balance of a participant's indivi	5	is liquidated;
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13(5) Any record, material or data received, prepared,14used or retained by the board or its employees, or agents15relating to the contributions, account value or benefits16payable to or on account of a participant shall not17constitute a public record subject to public access under the18Right to Know Law if, in the reasonable judgment of the19board, the access would disclose any of the following:20(i) The existence, date, amount and any other21information pertaining to the voluntary contributions,22including rollover contributions or trustee to trustee23transfers, of any participant.24(ii) The investment options selections of any25participant.26(iii) The balance of a participant's individual27investment account, including the amount distributed to28the participant, investment gains or losses or rates of29return.	11	agents relating to an investment as a public record subject
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23 transfers, of any participant. 24 (ii) The investment options selections of any 25 participant. 26 (iii) The balance of a participant's individual 27 investment account, including the amount distributed to 28 the participant, investment gains or losses or rates of 29 return.	21	information pertaining to the voluntary contributions,
24 <u>(ii) The investment options selections of any</u> 25 <u>participant.</u> 26 <u>(iii) The balance of a participant's individual</u> 27 <u>investment account, including the amount distributed to</u> 28 <u>the participant, investment gains or losses or rates of</u> 29 <u>return.</u>	22	including rollover contributions or trustee to trustee
25 <u>participant.</u> 26 <u>(iii) The balance of a participant's individual</u> 27 <u>investment account, including the amount distributed to</u> 28 <u>the participant, investment gains or losses or rates of</u> 29 <u>return.</u>	23	transfers, of any participant.
26 <u>(iii) The balance of a participant's individual</u> 27 <u>investment account, including the amount distributed to</u> 28 <u>the participant, investment gains or losses or rates of</u> 29 <u>return.</u>	24	(ii) The investment options selections of any
 27 <u>investment account, including the amount distributed to</u> 28 <u>the participant, investment gains or losses or rates of</u> 29 <u>return.</u> 	25	participant.
28 <u>the participant, investment gains or losses or rates of</u> 29 <u>return.</u>	26	(iii) The balance of a participant's individual
29 <u>return.</u>	27	investment account, including the amount distributed to
	28	the participant, investment gains or losses or rates of
30 <u>(iv) The identity of a participant's designated</u>	29	return.
	30	(iv) The identity of a participant's designated

1	beneficiary, successor payee or alternate payee.
2	(v) The benefit payment option of a participant.
3	(6) Nothing in this subsection shall be construed to
4	designate any record, material or data received, prepared,
5	used or retained by the board or its employees, or agents
6	relating to the contributions, account value or benefits
7	payable to or on account of a participant as a public record
8	subject to public access under the Right to Know Law.
9	(7) The following apply:
10	(i) Nothing in this part shall be construed to mean
11	that the release or publicizing of a record, material or
12	data which would not constitute a public record under
13	this subsection shall be a violation of the board's
14	<u>fiduciary duties.</u>
15	(ii) This subsection shall apply to a record,
16	material or data under this subsection, notwithstanding
17	any of the following:
18	(A) Whether the record, material or data was
19	created, generated or stored before the effective
20	<u>date of this paragraph.</u>
21	(B) Whether the record, material or data was
22	previously released or made public.
23	(C) Whether a request for the record, material
24	or data was made or is pending final response under
25	the Right-to-Know Law.
26	* * *
27	(h) Regulations and procedures. The board shall, with the
28	advice of the Attorney General and the actuary, adopt and
29	promulgate rules and regulations for the uniform administration-
30	of the system. The actuary shall approve in writing all

1	computational procedures used in the calculation of
2	contributions and benefits pertaining to the system, and the
3	board shall by resolution adopt such computational procedures,
4	prior to their application by the board. Such rules, regulations-
5	and computational procedures as so adopted from time to time and
6	as in force and effect at any time, together with such tables as-
7	are adopted pursuant to subsection (j) as necessary for the-
8	calculation of annuities and other benefits, shall be as
9	effective as if fully set forth in this part. Any actuarial
10	assumption specified in or underlying any such rule, regulation
11	or computational procedure and utilized as a basis for-
12	determining any benefit shall be applied in a uniform manner.
13	(i) DataThe board shall keep in convenient form such data-
14	as are stipulated by the actuary in order that an annual
15	actuarial valuation of the various accounts of the fund can be
16	completed within six months of the close of each calendar year.
17	(j) Actuarial investigation and valuationThe board shall-
18	have the actuary make an annual valuation of the various
19	accounts of the fund within six months of the close of each
20	calendar year. In the year 1975 and in every fifth year
21	thereafter the board shall have the actuary conduct an actuarial
22	investigation and evaluation of the system based on data
23	including the mortality, service, and compensation experience
24	provided by the board annually during the preceding five years
25	concerning the members and beneficiaries of the system. The
26	board shall by resolution adopt such tables as are necessary for
27	the actuarial valuation of the fund and calculation of
28	contributions, annuities and other benefits based on the reports
29	and recommendations of the actuary. Within 30 days of their
30	adoption, the secretary of the board shall cause those tables
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which relate to the calculation of annuities and other benefits 1 to be published in the Pennsylvania Bulletin in accordance with 2 the provisions of 45 Pa.C.S. § 725(a) (relating to additional 3 contents of Pennsylvania Bulletin) and, unless the board 4 specifies therein a later effective date, such tables shall 5 become effective on such publication. The board shall include a 6 7 report on the significant facts, recommendations and data-8 developed in each five-year actuarial investigation and evaluation of the system in the annual financial statement-9 published pursuant to the requirements of subsection (m) for the-10 11 fiscal year in which such investigation and evaluation were-12 concluded. 13 (k) Certification of employer contributions to the fund.--14 The board shall, each year in addition to the itemized budget 15 required under section 5509 (relating to appropriations and 16 assessments by the Commonwealth), certify, as a percentage of 17 the members' payroll, the shared-risk contribution rate, the-18 employers' contributions as determined pursuant to section 5508-19 (relating to actuarial cost method) necessary for the funding ofprospective annuities for active members and the annuities of 20 21 annuitants and certify the rates and amounts of the employers' 22 normal contributions as determined pursuant to section 5508(b),-23 accrued liability contributions as determined pursuant to-24 section 5508(c), supplemental annuities contribution rate as-25 determined pursuant to section 5508(e), the experience 26 adjustment factor as determined pursuant to section 5508(f), the-27 collared contribution rate pursuant to section 5508(h) and the-28 final contribution rate pursuant to section 5508(i), which shall-29 be paid to the fund and credited to the appropriate accounts. The board may allocate the final contribution rate and certify-30

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1	various employer contribution rates and amounts based upon the
2	different benefit eligibility, class of service multiplier,-
3	superannuation age, final average salary calculation,
4	compensation limits and other benefit differences resulting from
5	State service credited for individual members even though such-
6	allocated employer contribution rate on behalf of any given
7	member may be more or less than 5% of the member's compensation
8	for the period from July 1, 2010, to June 30, 2011, or may-
9	differ from the prior year's contribution for that member by
10	more or less than the percentages used to calculate the collared
11	contribution rate for that year and may be below any minimum
12	contribution rate established for the collared contribution rate
13	or final contribution rate. These certifications shall be
14	regarded as final and not subject to modification by the
15	Secretary of the Budget.
16	(1) Member contributions. The board shall cause all pickup-
17	contributions and cash balance member contributions made on-
18	behalf of a member to be credited to the account of the member-
19	and credit to his account any other payment made by such member,
20	including, but not limited to, amounts collected by the Public-
21	School Employees' Retirement System for the reinstatement of
22	previous State service or creditable nonstate service and
23	amounts paid to return benefits paid after the date of return to-
24	State service or entering school service representing lump sum
25	payments made pursuant to section 5705(a)(4)(iii) or (a.1)
26	(relating to member's options) and member's annuity payments,
27	but not including other benefits returned pursuant to section
28	5706(a.2) or (a.3) (relating to termination of annuities), and
29	shall pay all such amounts into the fund.
30	(m) Annual financial statement. The board shall prepare and

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1	have published, on or before July 1 of each year, [a financial
2	statement] <u>financial statements</u> as of the calendar year ending
3	December 31 of the previous year showing the condition of the
4	fund, the trust and the various accounts, including, but not
5	limited to, the board's accrual and expenditure of directed
6	commissions, and setting forth such other facts,
7	recommendations, and data as may be of use in the advancement of
8	knowledge concerning annuities and other benefits provided by
9	this part. The board shall submit said financial [statement]
10	statements to the Governor and shall file copies with the head
11	of each department for the use of the State employees and the
12	public.
13	(n) Independent [audit] <u>audits</u> The board shall provide for-
14	[an annual audit] <u>annual audits</u> of the system <u>and the plan</u> by
15	[an] independent certified public [accountant, which audit]
16	accountants. The audits shall include the board's accrual and
17	expenditure of directed commissions. The board may use the same
18	independent certified public accountant for the audits of both
19	the system and the plan.
20	* * *
21	(p) Additional amounts credited to the members' cash balance
22	savings accounts. In addition to cash balance member
23	contributions and treasury bond interest on the contributions,
24	the board shall credit to the individual members' cash balance
25	savings accounts 0% of their compensation. The credited amounts
26	shall be credited with treasury bond interest. The board shall
27	further credit to the members' individual savings accounts
28	excess interest, if any is determined to be creditable, as
29	determined under subsection (q), allocated proportionally
30	between the cash balance member accumulated deductions and the

1	percentages of compensation credited under this section, plus
2	past treasury bond interest and excess interest.
3	(q) Determination of excess interest
4	(1) As part of the actuarial valuation made under
5	subsection (j) for calendar year 2016, and for each
6	subsequent calendar year, the board shall determine the
7	amount potentially available from that year for distribution
8	as excess interest as follows:
9	(i) The amount shall be the product of:
10	(A) one half of the investment gains and losses,
11	net of investment and administrative fees and costs,
12	above or below a rate of return of the annual
13	interest rate adopted by the board for the
14	calculation of the normal contribution rate of the
15	total assets in the fund; and
16	(B) the ratio of:
17	(I) the total amount credited in the cash
18	<u>balance savings account; to</u>
19	(II) the sum of:
20	(a) the total amount credited in the
21	cash balance savings account; and
22	(b) the accrued actuarial liability of
23	all benefits derived from all the service of
24	all members in all classes of service other
25	than Class CB.
26	(ii) The product under subparagraph (i) shall be
27	available in equal annual installments over five years.
28	(2) After the actuarial valuation made for calendar year
29	2018 and after the actuarial valuations for each subsequent
30	calendar year, the board shall determine if excess interest
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1	is to be awarded to those active members, inactive members on
2	leave without pay, and vestees who have Class CB service
3	credit on the date of the applicable actuarial valuation.
4	(3) For each determination period, excess interest shall
5	be granted if the sum of the amounts determined under
6	paragraph (1) for all the years of the determination period
7	is positive. If the sum is positive, then the percentage rate
8	of excess interest shall be determined by dividing this sum
9	by the total amount credited in the cash balance savings
10	account on the last day of the determination period. Each
11	member or inactive member on leave without pay who is not a
12	<u>Class CB exempt employee and who has Class CB cash balance</u>
13	member accumulated deductions on the last day of the
14	determination period and who is an active member, inactive
15	member on leave without pay or vestee on the next following
16	December 31 shall have excess interest at this rate credited
17	to his total cash balance accumulated deductions, which shall
18	be credited proportionally between the cash balance member
19	accumulated deductions and other amounts credited to his
20	individual cash balance savings account.
21	(4) The determination period for the period ending with
22	the actuarial valuation for calendar year 2018 shall be
23	calendar years 2016, 2017 and 2018. The determination period
24	for the period ending with the actuarial valuation for
25	<u>calendar year 2019 shall be calendar years 2016, 2017, 2018</u>
26	and 2019. The determination period for the periods ending
27	with calendar year 2020 and subsequent years shall be the
28	ending year and the four immediately previous calendar years.
29	(r) Participant and employer contributions to the trust
30	The board shall, each year in addition to any fees and itemized

1	budget required under section 5509, certify, as a percentage of
2	each participant's compensation, the employer defined
3	contributions, which shall be paid to the trust and credited to
4	each participant's individual investment account. Certifications
5	under this subsection shall be regarded as final and not subject
6	to modification by the Secretary of the Budget. The board shall
7	cause all mandatory participant contributions made on behalf of
8	a participant and all voluntary contributions made by a
9	participant to be credited to the participant's individual
10	investment account.
11	Section 428. Section 5903(a) and (b) of Title 71 are amended
12	and the section is amended by adding a subsection to read:
13	§ 5903. Duties of the board to advise and report to heads of
14	departments [and], members and participants.
15	(a) Manual of regulations The board shall, with the advice-
16	of the Attorney General and the actuary, prepare and provide,
17	within 90 days of the effective date of this part, a manual
18	incorporating rules and regulations consistent with the-
19	provisions of this part to the heads of departments who shall
20	make the information contained therein available to the general-
21	membership. The board shall thereafter advise the heads of
22	departments within 90 days of any changes in such rules and
23	regulations due to changes in the law or due to changes in-
24	administrative policies. As soon as practicable after the
25	commissioner's announcement with respect thereto, the board
26	shall also advise the heads of departments as to any cost of
27	living adjustment for the succeeding calendar year in the amount-
28	of the limitation under IRC § 401(a)(17) and the dollar amounts-
29	of the limitations under IRC § [415(b)] <u>415</u> . As soon as
30	practicable after January 1 of each year, the board shall also
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2pursuant to section 5502.1 (relating to waiver of regular member- contributions and Social Security integration member- contributions), pickup contributions are not to be made.3(b) Member status statements and certifications. The board shall furnish annually to the head of each department on or- before April 1, a statement for each member employed in such- department showing the total accumulated deductions and total gash palance accumulated deductions standing to his credit as of- December 31 of the previous year and requesting the member to- make any necessary corrections or revisions regarding his- designated beneficiary. In addition, for each member employed in- any department and for whom the department has furnished the- necessary information, the board shall certify the number of- years and fractional part of a year of credited service- attributable to each class of service, the number of years and- fractional part of a year attributable to social security- i integration credits in each class of service and, in the case of- a member eligible to receive an annuity, the benefit to which he- is entitled upon the attainment of superannuation age.2(b.1) Participant status statements. The board shall furnish ennually to each participant, by April 1 and more statement for each participant, by April 1 and more2statement for each participant in the plan showing the statement for each participant account, the nature and type- of investments and the investment allocation of futures contributions as of December 31 of the previous year and shall2if investments and the investment allocation of futures contributions as of December 31 of the previous year and shall2if equently is individual investment allocation of futures contributions as of December 31 of the previo	1	advise the heads of departments of the employees for whom,
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30 revision regarding the designated beneficiary.	29	request the participant to make any necessary correction or
	30	revision regarding the designated beneficiary.

1 ***

2 Section 429. Section 5904(c) of Title 71 is amended to read:
3 § 5904. Duties of the board to report to the Public School
4 Employees' Retirement Board.
5 * * *

(c) Applications for benefits for school employees. Upon
receipt of notification and the required data from the Public
School Employees' Retirement Board that a former State employee
who elected multiple service has applied for a public school
employees' retirement benefit or, in the event of his death, his
legally constituted representative has applied for such benefit,
the board shall:

13 (1) certify to the Public School Employees' Retirement-14 Board;

15 (i) the salary history as a member of the State
16 Employees' Retirement System and the final average salary
17 as calculated on the basis of the compensation received
18 as a State and school employee; and

19 (ii) the annuity or benefit to which the member or
20 his beneficiary is entitled as modified according to the
21 option selected; and

22 (2) transfer to the Public School Employees' Retirement-23 Fund the total accumulated deductions and cash balance member-24 accumulated deductions standing to such member's credit and 25 the actuarial reserve required on account of years of 26 credited service in the State system, final average salarydetermined on the basis of his compensation as a member in-27 28 both systems and the average noncovered salary to be charged 29 to the State accumulation account, the State Police benefit account or the enforcement officers' benefit account, as each-30

1	case may require.
2	* * *
3	Section 430. Section 5905(b), (c.1), (e), (e.1), (f) and (g)
4	of Title 71 are amended and the section is amended by adding-
5	subsections to read:
6	§ 5905. Duties of the board regarding applications and
7	elections of members.
8	* * *
9	(b) School employees electing multiple service status Upon-
10	receipt of notification from the Public School Employees'
11	Retirement Board that a former State employee has become an
12	active member in the Public School Employees' Retirement System-
13	and has elected to become a member with multiple service status-
14	the board shall:
15	(1) in case of a member receiving an annuity from the
16	system:
1 7	
17	(i) discontinue payments, transfer the present value-
18	(i) discontinue payments, transfer the present value of the member's annuity <u>other than any portion of the</u>
18	of the member's annuity other than any portion of the
18 19	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u>
18 19 20	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school
18 19 20 21	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school service, plus the amount withdrawn in a lump sum payment,
18 19 20 21 22	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school- service, plus the amount withdrawn in a lump sum payment, on or after the date of entering school service, pursuant
18 19 20 21 22 23	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school- service, plus the amount withdrawn in a lump sum payment, on or after the date of entering school service, pursuant to section 5705 (relating to member's options), with
 18 19 20 21 22 23 24 	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school- service, plus the amount withdrawn in a lump sum payment, on or after the date of entering school service, pursuant to section 5705 (relating to member's options), with statutory interest to date of transfer, minus the amount-
 18 19 20 21 22 23 24 25 	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school- service, plus the amount withdrawn in a lump sum payment, on or after the date of entering school service, pursuant- to section 5705 (relating to member's options), with- statutory interest to date of transfer, minus the amount- to be returned to the board on account of return to-
 18 19 20 21 22 23 24 25 26 	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school- service, plus the amount withdrawn in a lump sum payment, on or after the date of entering school service, pursuant to section 5705 (relating to member's options), with statutory interest to date of transfer, minus the amount to be returned to the board on account of return to- service, that the board has determined is to be credited
 18 19 20 21 22 23 24 25 26 27 	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school <u>service</u> , plus the amount withdrawn in a lump sum payment, on or after the date of entering school service, pursuant to section 5705 (relating to member's options), with statutory interest to date of transfer, minus the amount to be returned to the board on account of return to service, that the board has determined is to be credited in the members' savings account, from the annuity reserve
 18 19 20 21 22 23 24 25 26 27 28 	of the member's annuity <u>other than any portion of the</u> <u>member's annuity derived from cash balance member</u> <u>accumulated deductions</u> at the time of entering school- service, plus the amount withdrawn in a lump sum payment, on or after the date of entering school service, pursuant to section 5705 (relating to member's options), with- statutory interest to date of transfer, minus the amount- to be returned to the board on account of return to service, that the board has determined is to be credited in the members' savings account, from the annuity reserve- account to the members' savings account and resume-

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1	value of any portion of the member's annuity derived from
2	cash balance member accumulated deductions from the
3	annuity reserve account to the cash balance savings
4	account and resume crediting of treasury bond interest on
5	the amount so restored;
6	(ii) transfer the balance of the present value of
7	the total annuity, minus the amount to be returned to the
8	board on account of return to service that the board has
9	determined is to be credited in the State accumulation
10	account and the cash balance savings account, from the
11	annuity reserve account to the State accumulation
12	account; and
13	(iii) certify to the member the amount of lump sum-
14	and annuity payments with statutory interest the member-
15	is to return to the board and, of those amounts, which
16	amount shall be credited to the members' savings account
17	or the cash balance savings account and credited with
18	statutory interest or treasury bond interest as such-
19	payments are returned and which amount shall be credited
20	to the State accumulation account; or
21	(2) in case of a member who is not receiving an annuity
22	and has not withdrawn his total accumulated deductions and
23	cash balance member accumulated deductions, continue or
24	resume the crediting of statutory interest on his total
25	accumulated deductions and treasury bond interest on his
26	total cash balance accumulated deductions during the period
27	his total accumulated deductions and cash balance member_
28	accumulated deductions remain in the fund; or
29	(3) in case of a former State employee who is not
30	receiving an annuity from the system and his total
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1 accumulated deductions were withdrawn, certify to the former-2 State employee the accumulated deductions as they would have 3 been at the time of his separation had he been a full coverage member together with statutory interest for all-4 periods of subsequent State service eligible for membership 5 in the system and school service as a member of the Public 6 School Employees' Retirement System to the date of repayment. 7 8 Such amount shall be restored by him and shall be credited 9 with statutory interest as such payments are restored. * * * 10 (c.1) Termination of service by a member. -- In the case of 11 any member terminating State service who is entitled to an-12 13 annuity and who is not then a disability annuitant, the board shall advise such member in writing of any benefits from the_ 14 15 system to which he may be entitled under the provisions of this-

16 part and shall have the member prepare, on or before the date of termination of State service, one of the following three forms, 17

18 a copy of which shall be given to the member and the original of-

19 which shall be filed with the board:

20

(1) an application for the return of total accumulated deductions and cash balance member accumulated deductions; 21

(2) if eligible, an election to vest his retirement-22 23 rights and, if he is a joint coverage member and so desires, 24 elect to become a full coverage member and agree to pay-25 within 30 days of the date of termination of service the lump-26 sum required; or

27 (3) <u>if eliqible</u>, an application for an immediate annuity 28 and, if he desires:

29 (i) an election to convert his medical, major-30 medical and hospitalization insurance coverage to the

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1	plan for State annuitants; and
2	(ii) if he is a joint coverage member, an election
3	to become a full coverage member and an agreement to pay-
4	within 30 days of date of termination of service the lump
5	sum required.
6	(c.2) Termination of service by a participant In the case
7	of a participant terminating State service, the board shall
8	advise the participant in writing, of the vested accumulated
9	total defined contributions credited to the participant's
10	individual investment account as of the date stated in the
11	writing, any notices regarding rollover or other matters
12	required by IRC or other law, the obligation of the participant
13	to commence distributions from the plan by the participant's
14	required beginning date and the ability to receive all or part
15	of the vested balance in the participant's individual investment
16	account in a lump sum or in such other form as the board may
17	authorize or as required by law.
18	(e) Certification to vestees and special vestees terminating
19	service The board shall certify to a vestee or to a special
20	vestee within one year of termination of State service of such
21	member:
22	(1) the total accumulated deductions and total cash
23	balance accumulated deductions standing to his credit at the
24	date of termination of service;
25	(2) the number of years and fractional part of a year of
26	credit in each class of service; and
27	(3) the maximum single life annuity to which the vestee-
28	or special vestee shall become entitled upon the attainment
29	of superannuation age and the filing of an application for-
30	such annuity.
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1	(4) the obligation of the member to commence
2	distribution by the member's required beginning date.
3	(e.1) Notification to vestees and special vestees
4	approaching superannuation age. The board shall notify each
5	vestee and special vestee who is not an active participant or
6	inactive participant on leave without pay in writing 90 days
7	prior to his attainment of superannuation age that he shall-
8	apply for his annuity within 90 days of attainment of
9	superannuation age; that, if he does so apply, his effective
10	date of retirement will be the date of attainment of
11	superannuation age; that, if he does not so apply but defers his
12	application to a later date, then he has an obligation to apply
13	by his required beginning date and that his effective date of
14	retirement will be the later of the date of filing such
15	application or the date specified on the application[, whichever-
16	is later; and that, if he does not file an application within
17	seven years after attaining superannuation age, he shall be-
18	deemed to have elected to receive his total accumulated
19	deductions upon attainment of superannuation age.] which shall_
20	not be later than his required beginning date.
21	(e.2) Notification to inactive participants approaching
22	required beginning date. The board shall notify in writing each
23	inactive participant who has terminated State service and has
24	not commenced distribution by 90 days before the participant's
25	required beginning date, that the inactive participant has an
26	obligation to commence distributions by the required beginning
27	<u>date in a form and manner required by IRC § 401(a)(9) and other</u>
28	applicable provisions of the IRC.
29	(f) Initial annuity payment and certification The board-
30	shall make the first monthly payment to a member who is eligible-

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for an annuity within 60 days of the filing of his application 1 for an annuity or, in the case of a vestee or special vestee who 2 3 has deferred the filing of his application to a date later than 90 days following attainment of superannuation age, within 60 4 days of the effective date of retirement, and receipt of the-5 required data from the head of the department and, if the member-6 7 has Class G, Class H, Class I, Class J, Class K, Class L, Class 8 M or Class N service, any data required from the county-9 retirement system or pension plan to which the member was a 10 contributor before being a State employee. Concurrently, theboard shall certify to such member: 11 12 (1) the total accumulated deductions and total cash balance accumulated deductions standing to his credit showing 13 separately the amount contributed by the member, the pickup-14 contribution and the interest credited to the date of 15 termination of service; 16 (2) the number of years and fractional part of a year 17 18 credited in each class of service; 19 (3) the final average salary on which his annuity is 20 based as well as any applicable reduction factors due to age-21 and/or election of an option; and 22 (4) the total annuity payable under the option elected 23 and the amount and effective date of any future reduction-24 under section 5703 (relating to reduction of annuities on-25 account of social security old age insurance benefits). 26 (f.1) Initial payment to participants. The board shall make the initial payment to a participant who has applied for a 27 distribution within 60 days of the receipt of all information 28 necessary to process the application for a distribution. 29 (q) Death benefits. Upon receipt of notification from the 30 20150SB1071PN1913 - 344 -

head of a department of the death of an active member, a member-1 performing USERRA leave [or] _ a member on leave without pay, an_ 2 3 active participant, an inactive participant on leave without pay or a former participant performing USERRA leave, the board shall 4 advise the designated beneficiary of the benefits to which he is-5 entitled, and shall make the first payment to the beneficiary 6 7 within 60 days of receipt of certification of death and other 8 necessary data. If no beneficiary designation is in effect at the date of the member's death or no notice has been filed with 9 10 the board to pay the amount of the benefits to the member'sestate, the board is authorized to pay the benefits to the-11 12 executor, administrator, surviving spouse or next of kin of the 13 deceased member, and payment pursuant hereto shall fully discharge the fund from any further liability to make payment of-14 15 such benefits to any other person. If the surviving spouse or 16 next of kin of the deceased member cannot be found for the purpose of paying the benefits for a period of seven years from-17 18 the date of death of the member, then the benefits shall be 19 escheated to the Commonwealth for the benefit of the fund. If no-20 beneficiary designation is in effect at the date of a participant's death or no notice has been filed with the board 21 to pay the amount of the benefits to the participant's estate, 22 23 the board may pay the benefits to the surviving spouse, 24 executor, administrator or next of kin of the deceased 25 participant and payment pursuant hereto shall fully dischargethe fund from any further liability to make payment of such 26 27 benefits to any other person. * * * 28 29 Section 431. Section 5905.1(a), (b) and (d) of Title 71 are amended to read: 30

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§ 5905.1. Installment payments of accumulated deductions. 1 (a) General rule.--Notwithstanding any other provision of 2 3 this part, whenever a member elects to withdraw his total accumulated deductions and cash balance member accumulated 4 deductions pursuant to section 5311(a) (relating to eligibility-5 for refunds) or 5701 (relating to return of total accumulated 6 deductions and cash balance member accumulated deductions) or 7 elects to receive a portion of his benefit payable as a lump sum-8 pursuant to section 5705(a)(4)(iii) or (a.1) (relating to-9 10 member's options), the member may elect to receive the amount innot more than four installments. 11 12 (b) Payment of first installment. The payment of the first 13 installment shall be made in the amount and within seven days of 14 the date specified by the member, except as follows: 15 (1) Upon receipt of a member's application to withdraw his total accumulated deductions and cash balance member 16 accumulated deductions as provided in section 5311(a) or 5701-17 18 and upon receipt of all required data from the head of the department and, if the member has Class G, Class H, Class I, 19 20 Class J, Class K, Class L, Class M or Class N service, any 21 data required from the county retirement system or pension 22 plan to which the member was a contributor before being-23 transferred to State employment, the board shall not be-24 required to pay the first installment prior to 45 days after 25 the filing of the application and the receipt of the data or the date of termination of service, whichever is later. 26 27 (2) In the case of an election as provided in section 28 5705(a)(4)(iii) or (a.1) by a member terminating service 29 within 60 days prior to the end of a calendar year and upon-30 receipt of all required data from the head of the department 20150SB1071PN1913 - 346 -

1 and, if the member has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, any data 2 3 required from the county retirement system or pension plan towhich the member was a contributor before being transferred 4 5 to State employment, the board shall not be required to pay the first installment prior to 21 days after the later of the-6 7 filing of the application and the receipt of the data or the 8 date of termination of service, but, unless otherwise directed by the member, the payment shall be made no later 9 10 than 45 days after the filing of the application and thereceipt of the data or the date of termination of service, 11 whichever is later. 12

13 (3) In the case of an election as provided in section 14 5705(a)(4)(iii) or (a.1) by a member who is not terminating 15 service within 60 days prior to the end of a calendar year and upon receipt of all required data from the head of the 16 department and, if the member has Class G, Class H, Class I, 17 18 Class J, Class K, Class L, Class M or Class N service, any-19 data required from the county retirement system or pension-20 plan to which the member was a contributor before beingtransferred to State employment, the board shall not be-21 22 required to pay the first installment prior to 45 days after-23 the filing of the application and the receipt of the data or-24 the date of termination of service, whichever is later. 25 * * * 26 (d) [Statutory interest] Interest. -- Any lump sum, includinga lump sum payable pursuant to section 5705.1 (relating to-27 28 payment of accumulated deductions resulting from [Class A 3 and

29 Class A-4] more than one class of service), or installment-

30 payable shall include statutory interest credited to the date of-

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1	payment on all amounts other than payment of cash balance member
2	accumulated deductions which shall include treasury bond
3	interest credited to the date of payment, except in the case of
4	a member, other than a vestee or special vestee, who has not
5	filed his application prior to 90 days following his termination
6	of service.
7	Section 432. Sections 5906(a), (b), (c), (d), (e), (g), (h),
8	(i), (j) and (l) and 5907(a), (c), (d), (e), (f), (g), (h) and
9	(i) of Title 71 are amended and the sections are amended by
10	adding subsections to read:
11	§ 5906. Duties of heads of departments.
12	(a) Status of members and participants. The head of
13	department shall, at the end of each pay period, notify the-
14	board in a manner prescribed by the board of salary changes
15	effective during that period for any members and participants of
16	the department, the date of all removals from the payroll, and
17	the type of leave of any members and participants of the
18	department who have been removed from the payroll for any time-
19	during that period, and:
20	* * *
21	(i) in the case of death of the member <u>or</u>
22	participant the head of the department shall so notify
23	the board;
24	(ii) in the case of a service connected disability
25	of a member the head of department shall, to the best of
26	his ability, investigate the circumstances surrounding
27	the disablement of the member and submit in writing to
28	the board information which shall include but not-
29	necessarily be limited to the following: date, place and
30	time of disablement to the extent ascertainable; nature-

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of duties being performed at such time; and whether or not the duties being performed were authorized and included among the member's regular duties. In addition, the head of department shall furnish in writing to the board all such other information as may be related to the member's disablement;

* * *

7

8 (b) Records and information. At any time at the request of the board and at termination of service of a member or a 9 10 participant, the head of department shall furnish service and compensation records and such other information as the board may-11 12 require and shall maintain and preserve such records as the-13 board may direct for the expeditious discharge of its duties. 14 (c) Member contributions. -- The head of department shall-15 cause the required pickup contributions and cash balance membercontributions for current service to be made and shall cause to 16 be deducted any other required member contributions, including, 17 18 but not limited to, contributions owed by an active member with 19 multiple service membership for school service and creditable-20 nonschool service in the Public School Employees' Retirement-System and amounts certified by the Public School Employees' 21 22 Retirement Board as due and owing on account of termination of 23 annuities, from each payroll. The head of department shall-24 notify the board at times and in a manner prescribed by the-25 board of the compensation of any noneligible member to whom the-26 limitation under IRC § 401(a)(17) either applies or is expected to apply and shall cause such member's contributions deducted 27 28 from payroll to cease at the limitation under IRC § 401(a)(17)-29 on the payroll date if and when such limit shall be reached. Thehead of department shall certify to the State Treasurer the-30

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amounts picked up and deducted amounts of cash balance member-1 2 contributions deducted and shall send the total amount picked up-3 [and] or deducted together with a duplicate of such voucher tothe secretary of the board every pay period. The head of 4 5 department shall pay pickup contributions and cash balance member contributions from the same source of funds which is used 6 7 to pay other compensation to the employee. On or before January-8 31, 1997, and on or before January 31 of each year thereafter, the head of department shall, at the time when the income and 9 10 withholding information required by law is furnished to each 11 member, also furnish the amount of pickup contributions and cash_ 12 balance member contributions made on his behalf and notify the-13 board, if it has not been previously notified, of any-14 noneligible member whose compensation in the preceding year-15 exceeded the annual compensation limit under IRC § 401(a)(17). If the board shall determine that the member's savings account 16 17 or cash balance savings account shall have been credited with 18 pickup contributions or cash balance member contributions for a-19 noneligible member in the preceding year which are attributable-20 to compensation in excess of the limitation under IRC § 401(a) (17), or with total member contributions including contributions 21 22 as a result of Class CB service for such member which would cause such member's contributions or benefits to exceed any-23 24 applicable limitation under IRC § 401(a) (17) or 415(b), the 25 board shall as soon as practicable refund to the member from his-26 individual member account such amount, together with the 27 statutory interest or treasury bond interest thereon, as will 28 cause the member's total member contributions including 29 contributions as a result of Class CB service in the preceding 30 year not to exceed the applicable limit. The payment of any such 20150SB1071PN1913 - 350 -

1	refund to the member shall be charged to the member's savings
2	account or the member's individual cash balance savings account,
3	as the case may be.
4	(c.1) Participant and employer defined contributions. The
5	head of the department shall:
6	(1) Cause the mandatory participant contributions on
7	behalf of a participant to be made and cause to be deducted
8	any voluntary contributions authorized by a participant.
9	(2) Cause the employer defined contributions on behalf
10	<u>of a participant to be made.</u>
11	(3) Notify the board at times and in a manner prescribed
12	by the board of the compensation of any participant to whom
13	the limitation under IRC § 401(a)(17) either applies or is
14	expected to apply and cause the participant's contributions
15	to be deducted from payroll to cease at the limitation under
16	IRC § 401(a)(17) on the payroll date if and when such limit
17	shall be reached.
18	(4) Certify to the State Treasurer the amounts deducted
19	and the employer defined contributions being made and send
20	the total amount picked up, deducted and contributed together
21	with a duplicate of the voucher to the secretary of the board
22	every pay period or on such schedule as established by the
23	board.
24	(d) New employees subject to mandatory membership <u>or</u>
25	participation. Upon the assumption of duties of each new State
26	employee whose membership in the system or plan is mandatory,
27	the head of department shall cause an application for membership
28	or participation and a nomination of beneficiary to be made by
29	such employee and filed with the board and shall make pickup
30	contributions, cash balance member contributions or mandatory
201	E 0 0 D 1 0 7 1 D 1 1 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0

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1 participant contributions from the effective date of State-

2 employment.

3 (e) New employees subject to optional membership or participation. The head of department shall, upon the 4 employment or entering into office of any State employee whose-5 membership in the system or participation in the plan is not 6 7 mandatory, inform such employee of his opportunity to become a member of the system or participant in the plan. If such-8 employee so elects, the head of department shall cause an 9 application for membership or participation and a nomination of 10 beneficiary to be made by him and filed with the board and shall-11 12 cause proper contributions to be made from the effective date of-13 membership or participation. * * * 14 15 (g) Former school employee contributors.--16 (1) The head of department shall, upon the employment of 17 a former contributor to the Public School Employees' 18 Retirement System who is not an annuitant of the Public-19 School Employees' Retirement System, advise such employee of 20 his right to elect within 365 days of entry into the system to become a multiple service member, and in the case of any 21 22 such employee who so elects and has withdrawn his accumulated deductions, require him to reinstate his credit in the Public-23 24 School Employees' Retirement System. The head of the 25 department shall advise the board of such election. 26 (2) Paragraph (1) shall not apply to a State employee 27 who has only Class CB service credit in the system or who has only Class T-I credit in the Public School Employees' 28 29 Retirement System.

30 (h) Former school employee annuitants.

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1 (1) The head of department shall, upon the employment of an annuitant of the Public School Employees' Retirement 2 3 System who applies for membership in the system, advise such employee that he may elect multiple service membership within-4 5 365 days of entry into the system and if he so elects his public school employee's annuity will be discontinued 6 effective upon the date of his return to State service and, 7 8 upon termination of State service and application for an-9 annuity, the annuity will be adjusted in accordance with-10 section 5706 (relating to termination of annuities). The headof department shall advise the board of such election. 11 (2) Paragraph (1) shall not apply to a State employee 12 13 who has only Class CB service credit in the system or who has 14 only Class T I credit in the Public School Employees' 15 Retirement System. (i) Annual statement to members. -- Annually, upon receipt-16 from the board, the head of department shall furnish to each 17 18 member the statement specified in section 5903(b) (relating to-19 duties of the board to advise and report to heads of departments-20 [and] _ members and participants). (j) Termination of service. -- The head of department shall, 21 22 in the case of any member who does not have Class CB service, 23 who is terminating State service and who is ineligible for an 24 annuity before attainment of superannuation age, advise such-25 member in writing of any benefits to which he may be entitled 26 under the provisions of this part and shall have the member-27 prepare, on or before the date of termination of State service, 28 an application for the return of total accumulated deductionsor, on or before September 30, 1997, an application to be vested 29 as a special vestee, if eligible. 30

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2 (1) State employees performing USERRA or military related 3 leave of absence. The head of department shall report to the board any State employee who ceases to be an active member or 4 active participant to perform USERRA service, or who is granted 5 a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves 6 7 of absence for certain government employees) or a military leave-8 of absence under 51 Pa.C.S. § 7302 (relating to grantingmilitary leaves of absence), the date on which the USERRA-9 10 service, leave of absence or military leave of absence began, the date on which the State employee is reemployed from USERRA-11 leave or returns after the leave of absence or military leave of 12 13 absence, if the event occurs, and any other information the board may require or direct. 14 15 * * * § 5907. Rights and duties of State employees and members. 16 (a) Information on new employees.---Upon his assumption of 17 18 duties or becoming a participant each new State employee or 19 participant shall furnish the head of department with a complete-20 record of his previous State service, his school service or creditable nonstate service, and proof of his date of birth and 21 current status in the system and the plan and in the Public-22 23 School Employees' Retirement System and the School Employees' 24 Defined Contribution Plan. Willful failure to provide the 25 information required by this subsection to the extent available upon entrance into the system shall result in the forfeiture of-26 27 the right of the member to subsequently assert any right to-28 benefits based on any of the required information which he-29 failed to provide. In any case in which the board finds that a 30 member is receiving an annuity based on false information, the

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1	total amount received predicated on such false information-
2	together with statutory interest doubled and compounded shall be
3	deducted from the present value of any remaining benefits to
4	which the member is legally entitled.
5	<u>* * *</u>
6	(b.1) Application for participation. On or after January 1,
7	2016, in the case of an employee who is not currently a
8	participant in the plan and whose participation is mandatory, or
9	in the case of an employee whose participation is not mandatory
10	but is permitted and who desires to become a participant in the
11	plan, the employee shall execute an application for
12	participation and a nomination of a beneficiary.
13	(c) Multiple service membership[Any active member] <u>Any</u>
14	State employee who is an active member in a class of service
15	other than Class CB and who was formerly an active member in the
16	Public School Employees' Retirement System in a class of service
17	<u>other than Class T-I may elect to become a multiple service</u>
18	member. Such election shall occur no later than 365 days after-
19	becoming an active member in this system. A State employee who-
20	is eligible to elect to become a multiple service member who
21	begins USERRA leave during the election period without having
22	elected multiple service membership may make the election within
23	365 days after being reemployed from USERRA leave.
24	
25	(d) Credit for previous service or change in membership
	(d) Credit for previous service or change in membership status. Any active member or eligible school employee who
26	
26 27	status Any active member or eligible school employee who
	status Any active member or eligible school employee who desires to receive credit for <u>the portion of</u> his total previous
27	status. Any active member or eligible school employee who desires to receive credit for <u>the portion of</u> his total previous State service or creditable nonstate service to which he is
27 28	status. Any active member or eligible school employee who desires to receive credit for <u>the portion of</u> his total previous State service or creditable nonstate service to which he is entitled, or a joint coverage member who desires to become a

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1	payment of the amount due, the member shall receive credit for-
2	such service as of the date of such agreement.
3	* * *
4	(d.2) Contributions for USERRA leave. Any active
5	participant or inactive participant on leave without pay or
6	former participant who was reemployed from USERRA leave who
7	desires to make mandatory participant contributions and
8	voluntary contributions for his USERRA leave shall so notify the
9	board within the time period required under 38 U.S.C. Ch. 43
10	<u>(relating to employment and reemployment rights of members of </u>
11	the uniformed services) and IRC § 414(u) of his desire to make
12	such contributions. Upon making the permitted mandatory
13	participant contributions within the allowed time period, the
14	head of the department shall make the corresponding employer
15	defined contributions at the same time.
16	(d.3) Voluntary contributions by a participant. Any
17	participant who desires to make voluntary contributions to be
18	credited to his individual investment account shall notify the
19	board and, upon compliance with the requirements, procedures and
20	limitations established by the board in the plan document, may
21	do so subject to the limitations under IRC §§ 401(a) and 415 and
22	other applicable law.
23	(e) Beneficiary for death benefits from systemEvery-
24	member shall nominate a beneficiary by written designation filed
25	with the board as provided in section 5906(d) or (e) (relating-
26	to duties of heads of departments) to receive the death benefit
27	payable under section 5707 (relating to death benefits) or the-
28	benefit payable under the provisions of Option 1 of section
29	5705(a)(1) (relating to member's options). Such nomination may-
30	be changed at any time by the member by written designation
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1	filed with the board. A member may also nominate a contingent
2	beneficiary or beneficiaries to receive the death benefit
3	provided under section 5707 or the benefit payable under the
4	provisions of Option 1 of section 5705(a)(1).
5	(e.1) Beneficiary for death benefits from the planEvery
6	participant shall nominate a beneficiary by written designation
7	<u>filed with the board as provided in section 5906(d) or (e) to</u>
8	receive the death benefit payable under section 5408 (relating
9	to death benefits). A participant may also nominate a contingent
10	beneficiary or beneficiaries to receive the death benefit
11	provided under section 5408. Such nomination may be changed at
12	any time by the participant by written designation filed with
13	the board.
14	(e.2) Beneficiary for combined service employee A combined
15	service employee may designate or nominate different persons to
16	be beneficiaries, survivor annuitants and successor payees for
17	his benefits from the system and the plan.
18	(f) Termination of service <u>by members</u> . Each member who
19	terminates State service and who is not then a disability
20	annuitant shall execute on or before the date of termination of
21	service the appropriate application, duly attested by the member-
22	or his legally constituted representative, electing to:
23	(1) withdraw his total accumulated deductions and cash
24	balance member accumulated deductions; or
25	* * *
26	(g) Vesting of retirement rights. If a member elects to
27	vest his retirement rights he shall nominate a beneficiary by
28	written designation filed with the board and, if the member is
29	not an active participant or inactive participant on leave
30	without pay, he may anytime thereafter <u>but no later than his</u>
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1	required beginning date, withdraw the total accumulated
2	deductions and cash balance member accumulated deductions
3	standing to his credit or apply for an annuity.
4	(g.1) Deferral of retirement rightsIf a participant-
5	terminates State service and does not commence receiving a
6	distribution, he shall nominate a beneficiary, and he may
7	anytime thereafter, but no later than his required beginning
8	date, withdraw the vested accumulated total defined
9	contributions standing to his credit or apply for another form
10	of distribution required by law or authorized by the board.
11	(h) Vestees and special vestees attaining superannuation
12	age. Upon attainment of superannuation age a vestee or special
13	vestee who is not an active participant or inactive participant
14	on leave without pay shall execute and file an application for
15	an annuity. Any such application filed within 90 days after
16	attaining superannuation age shall be effective as of the date
17	of attainment of superannuation age. Any application filed after
18	such period shall be filed by the member's required beginning
19	date and shall be effective as of the date it is filed with the
20	board, subject to the provisions of section 5905(f) (relating to
21	duties of the board regarding applications and elections of
22	members <u>and participants</u>). If a vestee or special vestee <u>who is</u>
23	not an active participant or inactive participant on leave
24	without pay does not file an application within seven years
25	after attaining superannuation age, he shall be deemed to have
26	elected to receive his total accumulated deductions upon
27	attainment of superannuation age.
28	(i) Failure to apply for annuity. If a member is eligible
29	to receive an annuity and does not file a proper application
30	within 90 days of termination of service, his annuity will-

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filed with the board or the date designated on the application 2 3 [whichever is later] which shall not be later than his required beginning date. 4 * * * 5 Section 433. Sections 5931(b), 5932, 5933(a), 5934, 5935, 6 5936, 5937, 5938 and 5939 of Title 71 are amended to read: 7 8 § 5931. Management of fund and accounts. * * * 9 10 (b) Crediting of interest. -- The board, annually, shall allowthe required interest on the mean amount for the preceding year-11 to the credit of each of the accounts other than the individual 12 13 investment accounts and except excess interest credited to the cash balance savings account. The amount so allowed shall be 14 15 credited thereto by the board and transferred from the interest reserve account. Excess interest, if any, shall be credited to 16 the cash balance savings account as set forth in section 5902(q) 17 18 (relating to administrative duties of the board). 19 * * * 20 § 5932. State Employees' Retirement Fund. 21 (a) General rule. The fund shall consist of all balances in 22 the several separate accounts set apart to be used under the 23 direction of the board for the benefit of members of the system; and the Treasury Department shall credit to the fund all moneys-24 25 received from the Department of Revenue arising from the contributions relating to or on behalf of members of the system 26 required under the provisions of Chapter 55 (relating to-27 28 contributions), and any income earned by the investments ormoneys of said fund. There shall be established and maintained 29 by the board the several ledger accounts specified in sections-30 20150SB1071PN1913 - 359 -

become effective as of the later of the date the application is

1

1	5933 (relating to members' savings account), 5934 (relating to
2	State accumulation account), 5935 (relating to annuity reserve-
3	account), 5936 (relating to State Police benefit account), 5937-
4	(relating to enforcement officers' benefit account), 5938-
5	(relating to supplemental annuity account) and 5939 (relating to
6	interest reserve account) and 5942 (relating to cash balance
7	savings account).
8	(b) Individual investment accounts and trust. The
9	individual investment accounts that are part of the trust shall
10	not be part of the fund. Mandatory participant contributions,
11	voluntary contributions and employer defined contributions made
12	under this part and any income earned by the investment of such
13	contributions shall not be paid or credited to the fund but
14	shall be paid to the trust and credited to the individual
15	investment accounts.
16	§ 5933. Members' savings account.
17	(a) Credits to account. The members' savings account shall
18	be the ledger account to which shall be credited the amounts of
19	the pickup contributions made by the Commonwealth or other-
20	employer and contributions or lump sum payments made by active
21	members, other than for Class CB service, in accordance with the
22	provisions of sections 5501 (relating to regular member-
23	contributions and cash balance member contributions for current
24	service), 5501.1 (relating to shared risk member contributions
25	[for Class A-3 and Class A-4 service] and shared gain_
26	adjustments to regular member contributions for Class A-3 and
27	<u>Class A-4 service</u>), 5502 (relating to social security-
28	integration member contributions), 5503 (relating to joint-
29	coverage member contributions), 5504 (relating to member-
30	contributions for the purchase of credit for previous State
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service or to become a full coverage member), 5505.1 (relating
to additional member contributions) and 5505 (relating to
contributions for the purchase of credit for creditable nonstate
service) and transferred from the members' savings account of
the Public School Employees' Retirement System in accordance
with the provisions of section 5303.2 (relating to election to
convert school service to State service).

8 ***

9 § 5934. State accumulation account.

The State accumulation account shall be the ledger account to 10 which shall be credited all contributions of the Commonwealth or 11 other employers whose employees are members of the system and 12 13 made in accordance with the provisions of section 5507(a) or (d) (relating to contributions to the system by the Commonwealth and 14 15 other employers) except that the amounts received under the provisions of the act of May 12, 1943 (P.L.259, No.120), and the 16 amounts received under the provisions of the Liquor Code, act of-17 18 April 12, 1951 (P.L.90, No.21), shall be credited to the State-19 Police benefit account or the enforcement officers' benefit account as the case may be. All amounts transferred to the fund-20 by county retirement systems or pension plans in accordance with-21 the provisions of section 5507(c) also shall be credited to the-22 23 State accumulation account. All amounts transferred to the fundby the Public School Employees' Retirement System in accordance-24 25 with section 5303.2(e) (relating to election to convert school 26 service to State service), except amounts credited to the members' savings account, and all amounts paid by the Department-27 of Corrections in accordance with section 5303.2(f) also shall 28 29 be credited to the State accumulation account. The State accumulation account shall be credited with valuation interest. 30

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The reserves necessary for the payment of annuities and death-1 benefits resulting from membership in the system as approved by-2 3 the board and as provided in Chapter 57 (relating to benefits), other than annuities and benefits resulting from Class CB-4 service, shall be transferred from the State accumulation-5 account to the annuity reserve account provided for in section-6 7 5935 (relating to annuity reserve account), except that the-8 reserves necessary on account of a member who is an officer of the Pennsylvania State Police or an enforcement officer shall be-9 10 transferred from the State accumulation account to the State Police benefit account provided for in section 5936 (relating to-11 State Police benefit account) or to the enforcement officers' 12 13 benefit account as provided for in section 5937 (relating toenforcement officers' benefit account) as the case may be. The-14 15 reserves necessary for the payment of supplemental annuities in-16 excess of those reserves credited to the supplemental annuity account on June 30, 2010, shall be transferred from the State-17 18 accumulation account to the supplemental annuity account. In the 19 event that supplemental annuities are increased by legislation enacted after December 31, 2009, the necessary reserves shall be-20 transferred from the State accumulation account to the 21 supplemental annuity account. The amounts credited to the 22 23 members' individual cash balance savings accounts as provided 24 for in section 5902(p) shall be transferred from the State 25 accumulation account. § 5935. Annuity reserve account. 26 27 (a) Credits and charges to account. The annuity reserve-28 account shall be the ledger account to which shall be credited 29 the reserves held for payment of annuities and death benefits on-30 account of all annuitants except in the case of members who are 20150SB1071PN1913

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officers of the Pennsylvania State Police or enforcement-1 officers. The annuity reserve account shall be credited with 2 3 valuation interest. After the transfers provided in sections 5933 (relating to members' savings account), 5934 (relating to 4 5 State accumulation account) [and]_ 5938 (relating tosupplemental annuity account) and 5942 (relating to cash balance_ 6 7 savings account), all annuity and death benefit payments resulting from membership in the system except those payable to-8 any member who retires as an officer of the Pennsylvania State-9 10 Police or an enforcement officer shall be charged to the annuityreserve account and paid from the fund. 11 (b) Transfers from account. Should an annuitant other than 12 13 a member who was retired as an officer of the Pennsylvania State-Police or an enforcement officer be subsequently restored to 14 active service as a member of the system or as a participant in-15 the plan, the present value of his member's annuity at the time-16 of reentry into State service shall be transferred from the-17 18 annuity reserve account and placed to his individual credit in 19 the members' savings account or individual cash balance savings_ account, as appropriate. In addition, the actuarial reserve for 20 his annuity based on all classes of credited service other than 21 22 Class CB less the amount transferred to the members' savings-23 account shall be transferred from the annuity reserve account to-24 the State accumulation account. The present value of the annuity provided by section 5702(a)(7)(relating to maximum single life_ 25 26 annuity) at the time of reentry in State service shall be transferred from the annuity reserve account and placed to the 27 member's individual credit in the cash balance savings account. 28 29 § 5936. State Police benefit account. (a) Credits and charges to account. -- The State Police --30

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benefit account shall be the ledger account to which shall be 1 credited all contributions received under the provisions of the 2 3 act of May 12, 1943 (P.L.259, No.120), referred to as the_ Foreign Casualty Insurance Premium Tax Allocation Law, and any-4 additional Commonwealth or other employer contributions provided 5 for in section 5507 (relating to contributions to the system by-6 7 the Commonwealth and other employers) which are creditable to-8 the State Police benefit account. The State Police benefit account shall be credited with the required interest. In-9 10 addition, upon the filing of an application for an annuity by amember who is an officer of the Pennsylvania State Police, the 11 total accumulated deductions standing to the credit of the-12 13 member in the members' savings account, the total cash balance accumulated deductions standing to the credit of the member in_ 14 15 the cash balance savings account and the necessary reserves from 16 the State accumulation account shall be transferred to the State Police benefit account. Thereafter, the total annuity of such 17 18 annuitant shall be charged to the State Police benefit account 19 and paid from the fund. 20 (b) Transfers from account. Should the said annuitant be subsequently restored to active service as a member of the_ 21 22 system or as a participant in the plan, the present value of the-23 member's annuity at the time of reentry into State service shall-24 be transferred from the State Police benefit account and placed 25 to his individual credit in the members' savings account or 26 individual cash balance savings account, as appropriate. Inaddition, the actuarial reserve for his annuity, based on all 27 28 classes of credited service other than Class CB, calculated as-29 if he had been a member of Class A if he has Class A or Class Cservice credited; as if he had been a member of Class A 3 if the 30

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1	annuitant has Class A-3 State service credited; or as if he had-
2	been a member of Class A-4 if the annuitant has Class A-4-
3	service credited, less the amount transferred to the members'
4	savings account shall be transferred from the State Police
5	benefit account to the State accumulation account. The present
6	value of the annuity provided by section 5702(a)(7) (relating to
7	maximum single life annuity) at the time of reentry into State
8	service shall be transferred from the State Police benefit
9	account and placed to his individual credit in the cash balance
10	savings account. Upon subsequent retirement other than as an
11	officer of the Pennsylvania State Police the actuarial reserve-
12	remaining in the State Police benefit account shall be-
13	transferred to the appropriate reserve account.
14	§ 5937. Enforcement officers' benefit account.
15	(a) Credits and charges to accountThe enforcement-
16	officers' benefit account shall be the ledger account to which
17	shall be credited moneys transferred from the enforcement-
18	officers' retirement account in the State Stores Fund according
19	to the provisions of the act of April 12, 1951 (P.L.90, No.21),
20	known as the Liquor Code, and any additional Commonwealth or
21	other employer contributions provided for in section 5507-
22	(relating to contributions to the system by the Commonwealth and
23	other employers) which are creditable to the enforcement
24	officers' benefit account. The enforcement officers' benefit
25	account shall be credited with the required interest. In-
26	addition, upon the filing of an application for an annuity by a
27	member who is an enforcement officer of the Pennsylvania Liquor-
28	Control Board, the total accumulated deductions standing to the
29	credit of the member in the members' savings account, the total
30	cash balance accumulated deductions standing to the credit of

1	the member in the cash balance savings account and the necessary
2	reserves from the State accumulation account shall be
3	transferred to the enforcement officers' benefit account.
4	Thereafter, the total annuity of such annuitant shall be charged
5	to the enforcement officers' benefit account and paid from the
6	fund.
7	(b) Transfers from accountShould the said annuitant be-
8	subsequently restored to active service as a member of the
9	system or as a participant in the plan, the present value of the
10	member's annuity at the time of reentry into State service shall-
11	be transferred from the enforcement officers' benefit account
12	and placed to his individual credit in the members' savings-
13	account or individual cash balance savings account, as
14	appropriate. In addition, the actuarial reserve for his annuity,
15	based on all classes of credited service other than Class CB,
16	calculated as if he had been a member of Class A if the
17	annuitant does not have any Class AA, Class A-3 or Class A-4
18	service credited; as if he had been a member of Class AA if the
19	annuitant does have Class AA service credited; as if he had been
20	a member of Class A-3 if the annuitant has Class A-3 State-
21	service credited; or as if he had been a member of Class A 4 if
22	the annuitant has Class A-4 service credited, less the amount-
23	transferred to the members' savings account shall be transferred-
24	from the enforcement officers' benefit account to the State-
25	accumulation account. The present value of the annuity provided
26	<u>by section 5702(a)(7)(relating to maximum single life annuity)</u>
27	at the time of reentry into State service shall be transferred
28	from the enforcement officers' benefit account and placed to his
29	individual credit in the cash balance savings account. Upon-
30	subsequent retirement other than as an enforcement officer the
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1	actuarial reserve remaining in the enforcement officers' benefit
2	account shall be transferred to the appropriate reserve account.
3	§ 5938. Supplemental annuity account.
4	The supplemental annuity account shall be the ledger account
5	to which shall be credited all contributions from the
6	Commonwealth and other employers in accordance with section-
7	5507(b) (relating to contributions to the system by the
8	Commonwealth and other employers) for the payment of the
9	supplemental annuities provided in sections 5708 (relating to
10	supplemental annuities), 5708.1 (relating to additional
11	supplemental annuities), 5708.2 (relating to further additional-
12	supplemental annuities), 5708.3 (relating to supplemental
13	annuities commencing 1994), 5708.4 (relating to special-
14	supplemental postretirement adjustment), 5708.5 (relating to-
15	supplemental annuities commencing 1998), 5708.6 (relating to-
16	supplemental annuities commencing 2002), 5708.7 (relating to-
17	supplemental annuities commencing 2003) and 5708.8 (relating to-
18	special supplemental postretirement adjustment of 2002) made-
19	before July 1, 2010, the amount transferred from the State-
20	accumulation account to provide all additional reserves
21	necessary as of June 30, 2010, to pay such supplemental
22	annuities and adjustments, and the amounts transferred from the-
23	State accumulation account to provide all additional reserves
24	necessary as a result of supplemental annuities enacted after
25	December 31, 2009. The supplemental annuity account shall be-
26	credited with valuation interest. The reserves necessary for the
27	payment of such supplemental annuities shall be transferred from
28	the supplemental annuity account to the annuity reserve account
29	as provided in section 5935 (relating to annuity reserve-
30	account).

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1 § 5939. Interest reserve account.

2	The interest reserve account shall be the ledger account to
3	which shall be credited all income earned by the fund and to
4	which shall be charged all administrative and investment
5	expenses incurred by the fund. At the end of each year the
6	required interest shall be transferred from the interest reserve-
7	account to the credit of each of the accounts of the fund in
8	accordance with the provisions of this subchapter. In addition,
9	at the end of each accounting period, the interest reserve-
10	account shall be credited or charged with all recognized changes-
11	in the market valuation of the investments of the fund. The-
12	administrative and investment expenses of the board relating to
13	the administration of the system and investments of the fund
14	shall be paid from the fund out of earnings. Any surplus or-
15	deficit in the interest reserve account at the end of each year
16	shall be transferred to the State accumulation account.
17	Section 434. Title 71 is amended by adding a section to-
18	read:
19	<u>§ 5942. Cash balance savings account.</u>
20	(a) Credits to account. The cash balance savings account
21	shall be the ledger account to which shall be credited the
22	amounts of the cash balance member contributions made by the
23	<u>Commonwealth or other employers on behalf of members of Class CB</u>
24	and additional amounts credited to the individual members' cash
25	balance savings accounts in accordance with the provisions of
26	section 5501 (relating to regular member contributions and cash
27	<u>balance member contributions for current service) and 5902(p)</u>
28	(relating to administrative duties of the board).
29	(b) Interest and transfers from account. The cash balance
30	savings account in total and the individual member accounts

1	shall be credited with treasury bond interest, and if applicable
2	excess interest. The total cash balance accumulated deductions
3	credited to a member whose application for an annuity has been
4	approved shall be transferred from the cash balance savings
5	account to the annuity reserve account provided for under
6	section 5935 (relating to annuity reserve account), except in
7	the case of a member who is an officer of the Pennsylvania State
8	Police or an enforcement officer the total cash balance
9	accumulated deductions to his credit shall be transferred from
10	the cash balance savings account to the State Police benefit
11	account provided for under section 5936 (relating to State
12	Police benefit account) or to the enforcement officers' benefit
13	account provided for under section 5937 (relating to enforcement
14	officers' benefit account), as the case may be.
15	(c) Charges to accountUpon the election of a member to
16	withdraw his cash balance member accumulated deductions without
17	receiving a benefit or upon payment of a small cash balance
18	<u>account in a lump sum as provided for under section 5709(d)</u>
19	(relating to payment of benefits), the payment of such amount
20	shall be charged to the individual member's cash balance savings
21	account. Any amounts remaining in an individual member's cash
22	balance savings account after these charges shall be transferred
23	to the State accumulation account.
24	Section 435. Sections 5951, 5953, 5953.1, 5953.2, 5953.3 and
25	5953.4(a) of Title 71 are amended to read:
26	<u>§ 5951. State guarantee regarding the State Employees'</u>
27	Retirement System.
28	The required interest charges payable, the maintenance of
29	reserves in the fund, and the payment of all annuities and other-
30	benefits granted by the board <u>from the system</u> under the
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1	provisions of this part relating to the establishment and
2	administration of the system are hereby made obligations of the
3	Commonwealth. All income, interest, and dividends derived from-
4	deposits and investments of the system authorized by this part-
5	shall be used for the payment of the said obligations of the
6	Commonwealth and shall not be used for any obligations of the
7	<u>plan or trust</u> .
8	§ 5953. Taxation, attachment and assignment of funds.
9	(a) General rule
10	(1) Except as provided in paragraphs (2), (3) and (4),
11	the right of a person to any benefit or right accrued or-
12	accruing under the provisions of this part and the moneys in-
13	the fund and the trust are hereby exempt from any State or
14	municipal tax, levy and sale, garnishment, attachment,
15	spouse's election, the provisions of Article XIII.1 of the
16	act of April 9, 1929 (P.L.343, No.176), known as The Fiscal
17	<u>Code, or any other process whatsoever, and no participant or </u>
18	beneficiary, successor payee, or alternate payee of a
19	participant shall have the ability to commute, sell, assign,
20	<u>alienate, anticipate, mortgage, pledge, hypothecate, </u>
21	<u>commutate or otherwise transfer or convey any benefit or</u>
22	interest in an individual investment account or rights to
23	receive or direct distributions under this part or under
24	agreements entered into under this part except as otherwise
25	provided in this part and in the case of either a member or a
26	<u>participant</u> except for a set-off by the Commonwealth in the-
27	case provided in subparagraph (i), and shall be unassignable
28	except:
29	(i) To the Commonwealth in the case of a member <u>or</u>
30	participant who is terminating State service and has been

1determined to be obligated to the Commonwealth for the2repayment of money owed on account of his employment or3to the fund on account of a loan from a credit union to a4member which has been satisfied by the board from the5fund.

(ii) To a credit union as security for a loan to a 6 member not to exceed \$750 and interest not to exceed 6% 7 8 per annum discounted and/or fines thereon if the credit union is now or hereafter organized and incorporated 9 under the laws of this Commonwealth and the membership of-10 such credit union is limited solely to officials and 11 12 employees of the Commonwealth and if such credit union 13 has paid to the fund \$3 for each such assignment. 14 (2) (i) Rights under this part shall be subject to 15 forfeiture as provided by the act of July 8, 1978-16 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act, and by or pursuant to section 16(b) of 17 18 Article V of the Constitution of Pennsylvania. 19 Forfeitures under this subsection or under any other-20 provision of law may not be applied to increase the-21 benefits that any member would otherwise receive under-22 this part. (ii) In accordance with section 16(b) of Article V-23 24 of the Constitution of Pennsylvania and notwithstanding 25 this paragraph, the act of July 8, 1978 (P.L.752, 26 No.140), known as the Public Employee Pension Forfeiture 27 Act, or 42 Pa.C.S. § 3352 (relating to pension rights), the accumulated mandatory participant contributions and 28 29 accumulated voluntary contributions standing to the-30 credit of a participant shall not be forfeited but shall

1	be available for payment of fines and restitution as
2	provided by law. In accordance with section 16(b) of
3	Article V of the Constitution of Pennsylvania, amounts in
4	the trust that have been ordered to be distributed to an
5	alternate payee as the result of an equitable
6	distribution of marital property as part of an approved
7	domestic relations order entered before the date of the
8	order or action in a court or other tribunal resulting in
9	a forfeiture of a participant's interest in the trust
10	shall not be subject to the provisions of the Public
11	Employee Pension Forfeiture Act or 42 Pa.C.S. § 3352. Any
12	accumulated employer defined contributions forfeited as a
13	result of this paragraph or other law shall be retained
14	by the board and notwithstanding sections 5812(2)
15	(relating to powers and duties of board), 5815 (relating
16	to expenses) and 5902(c) (relating to administrative
17	duties of the board) used for the payment of expenses of
18	the plan.
19	(3) Rights under this part shall be subject to
20	attachment in favor of an alternate payee as set forth in an-
21	approved domestic relations order.
22	(4) Effective with distributions made on or after-
23	January 1, 1993, and notwithstanding any other provision of
24	this part to the contrary, a distributee may elect, at the
25	time and in the manner prescribed by the board, to have any
26	portion of an eligible rollover distribution paid directly to-
27	an eligible retirement plan by way of a direct rollover. For-
28	purposes of this paragraph, a "distributee" includes a member-
29	<pre>[and], a participant, a member's surviving spouse [and], a</pre>
30	participant's surviving spouse, a member's former spouse who-
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1	is an alternate payee under an approved domestic relations
2	<pre>order[.], a participant's former spouse who is an alternate</pre>
3	payee under an approved domestic relations order and anyone
4	else authorized under the IRC and the plan terms approved by
5	the board to have an eligible rollover distribution paid
6	<u>directly to an eligible retirement plan by way of a direct</u>
7	rollover. For purposes of this paragraph, the term "eligible-
8	rollover distribution" has the meaning given such term by IRC-
9	§ 402(f)(2)(A), and "eligible retirement plan" has the
10	<pre>meaning given such term by IRC \$ 402(c)(8)(B), except that a</pre>
11	qualified trust shall be considered an eligible retirement
12	plan only if it accepts the distributee's eligible rollover-
13	distribution; however, in the case of an eligible rollover-
14	distribution to a surviving spouse, an eligible retirement
15	plan is an "individual retirement account" or an "individual-
16	retirement annuity" as those terms are defined in IRC §
17	408(a) and (b).
18	(b) Authorized payments from fund and trust. The board
19	shall be authorized to pay from the fund and the trust:
20	(1) In the case of a member or participant who is-
21	terminating service, the amount determined after
22	certification by the head of the department that the member-
23	or participant is so obligated, and after review and approval
24	by the department or agency's legal representative or upon-
25	receipt of an assignment from the member <u>or participant</u> in
26	the amount so certified[.], except that no payment shall be
27	made from the individual investment account of a participant
28	until the participant otherwise applies for and receives a
29	distribution and shall not exceed the amount of the
30	distribution.

1	(2) In the case of a loan <u>to a member</u> the amount of the
2	loan and any fine or interest due thereon to the credit union-
3	except 5% of the total amount due which is to be retained in
4	the fund as a collection fee:
5	(i) if the member obtaining the loan shall have been
6	in default in required payments for a period of not less
7	than two years; or
8	(ii) at such time as the Department of Banking shall
9	require the credit union to charge the amount of the loan-
10	against the reserve fund of such credit union.
11	Any member who shall have pledged such rights as
12	security for a loan from a credit union and, on whose-
13	behalf the board shall have made any payment by reason of
14	that member's default, may not thereafter pledge or
15	assign such rights to a credit union.
16	(3) In the case of a participant whose former spouse is
17	an alternate payee of an equitable distribution of marital
18	assets under an approved domestic relations order, a lump sum
19	of the alternate payee's interest in the participant's
20	accumulated total defined contributions. This paragraph shall
21	apply without regard to whether the participant has not
22	terminated, is terminating or has terminated State service.
23	§ 5953.1. Approval of domestic relations orders.
24	(a) Certification regarding members. A domestic relations
25	order pertaining to a member of the system shall be certified as
26	an approved domestic relations order by the secretary of the
27	board, or his designated representative, only if that order-
28	meets all of the following:
29	(1) Requires the system to provide any type or form of
30	benefit or any option applicable to members already provided

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under this part.

2	(2) Requires the system to provide no more than the
3	total amount of benefits than the member would otherwise-
4	receive (determined on the basis of actuarial value) unless-
5	increased benefits are paid to the member or alternate payee
6	based upon cost-of-living increases or increases based on-
7	other than actuarial value.
8	(3) Specifies the amount or percentage of the member's
9	benefits to be paid by the system to each such alternate

10 payee or the manner in which such amount or percentage is to11 be determined.

12 (4) Specifies the retirement option to be selected by 13 the member upon retirement or states that the member may 14 select any retirement option offered by this part upon 15 retirement.

(5) Specifies the name and last known mailing address, 16 if any, of the member and the name and last known mailing-17 18 address of each alternate payee covered by the order and 19 states that it is the responsibility of each alternate payee-20 to keep a current mailing address on file with the system. (6) Does not grant an alternate payee any of the rights, 21 22 options or privileges of a member under this part. 23 (7) Requires the member to execute an authorization allowing each alternate payee to monitor the member's 24 25 compliance with the terms of the domestic relations order through access to information concerning the member-26 27 maintained by the system. An authorization granted pursuant to this section shall be construed as an authorization for 28 29 the alternate payee to receive information concerning the 30 administration, calculation and payment of the alternate

1	payee's share of the benefits payable pursuant to this part
2	and not as an authorization to exercise the rights afforded
3	to members or obtain information which is not related to the
4	administration, calculation and payment of alternate payee's
5	share of the benefits payable pursuant to this part.
6	(a.1) Certification regarding participants. A domestic
7	relations order pertaining to a participant shall be certified
8	as an approved domestic relations order by the secretary of the
9	board or his designated representative if that order meets all
10	<u>of the following:</u>
11	(1) Does not require the plan to provide a type or form
12	of benefit or an option applicable to members of the system
13	or participants in the plan.
14	(2) Does not require the segregation of the alternate
15	payee's share of the participant's individual investment
16	account into a subaccount or newly established individual
17	account titled in the name of the alternate payee.
18	(3) Does not require the plan to recover or distribute
19	funds which were distributed to the participant or at the
20	participant's direction prior to the approval of the domestic
21	relations order by the secretary of the board or his
22	designated representative.
23	(4) Requires the plan to pay to the alternate payee no
24	more than the lesser of the vested amount of the
25	participant's individual investment account specified by the
26	domestic relations order or the vested amount of the
27	participant's individual investment account as of the date of
28	the transfer of the alternate payee's share to the alternate
29	payee.
30	(5) States that the plan shall not be required to recoup

1	or make good for losses in value to the participant's
2	individual investment account incurred between the date of
3	the valuation of the account used for equitable distribution
4	purposes and the date of distribution to the alternate payee.
5	(6) Specifies the amount or percentage of the
6	participant's individual investment account to be paid to the
7	alternate payee and the date upon which such valuation is
8	based.
9	(7) Specifies the name and last known mailing address,
10	if any, of the participant and the name and last known
11	mailing address of each alternate payee covered by the order
12	and states that it is the responsibility of each alternate
13	payee to keep a current mailing address on file with the
14	plan.
15	(8) Does not grant an alternate payee the rights,
16	privileges or options available to a participant.
17	(9) Requires the participant to execute an authorization
18	allowing each alternate payee to monitor the participant's
19	compliance with the terms of the domestic relations order
20	through access to information concerning the participant
21	maintained by the plan. An authorization granted pursuant to
22	this section shall be construed as an authorization for the
23	alternate payee to receive information concerning the
24	participant which relates to the administration, calculation
25	and payment of the alternate payee's share of the
26	participant's account and not as an authorization to exercise
27	the rights afforded to participants or obtain information
28	which is not related to the administration, calculation and
29	payment of alternate payee's share of the participant's
30	<u>individual investment account.</u>

1	(10) Requires the immediate distribution of the
2	alternate payee's share of the participant's individual
3	investment account, which may be by direct payment, eligible
4	<u>rollover or trustee to trustee transfer to another eligible</u>
5	plan or qualified account owned by the alternate payee,
6	notwithstanding any other provision of this part or the plan
7	that would require a distribution of accumulated employer
8	defined contributions in the form of an annuity or to require
9	the purchase of an annuity.
10	(11) In the case of a participant who is currently
11	receiving distributions from the trust as of the date the
12	domestic relations order is approved by the secretary of the
13	board or his designated representative, may not order the
14	board to pay the alternate payee more than the balance
15	available in the participant's individual investment account
16	as of the date the order is approved or require that
17	distributions continue to the alternate payee after the death
18	of the participant and final settlement of the participant's
19	<u>individual investment account.</u>
20	(b) Determination by secretary. Within a reasonable period-
21	after receipt of a domestic relations order, the secretary of
22	the board, or his designated representative, shall determine
23	whether this order is an approved domestic relations order and
24	notify the member or participant and each alternate payee of
25	this determination. Notwithstanding any other provision of law,
26	the exclusive remedy of any member, participant or alternate
27	payee aggrieved by a decision of the secretary of the board, or-
28	his designated representative, shall be the right to an-
29	adjudication by the board under 2 Pa.C.S. Ch. 5 Subch. A-
30	(relating to practice and procedure) with appeal therefrom to
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1	the Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to-
2	judicial review) and 42 Pa.C.S. § 763(a)(1) (relating to direct-
3	appeals from government agencies).
4	(c) Other orders. The requirements for approval identified
5	in [subsection (a)] subsections (a) and (a.1) shall not apply to
6	any domestic relations order which is an order for support as
7	the term is defined at 23 Pa.C.S. § 4302 (relating to-
8	definitions) or an order for the enforcement of arrearages as
9	provided in 23 Pa.C.S. § 3703 (relating to enforcement of
10	arrearages). These orders shall be approved to the extent that
11	they do not attach moneys in excess of the limits on attachments
12	as established by the laws of the United States and this
13	Commonwealth[.], require distributions of benefits in a manner
14	which would violate the laws of the United States, any other
15	state or this Commonwealth or require the distribution of funds
16	for support or enforcement of arrearages against a participant
17	who is not receiving distributions from the plan at the time the
18	order is entered. These orders may be approved notwithstanding
19	any other provision of this part or the plan that would require
20	a distribution of accumulated employer defined contributions in
21	the form of an annuity or to require the purchase of an annuity.
22	(d) Obligation discharged. Only the requirements of this
23	part and any regulations promulgated hereunder shall be used to-
24	govern the approval or disapproval of a domestic relations
25	order. Therefore, if the secretary of the board, or his-
26	designated representative, acts in accordance with the
27	provisions of this part and any promulgated regulations in-
28	approving or disapproving a domestic relations order, then the
29	obligations of the system or the plan with respect to such-
30	approval or disapproval shall be discharged.
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1 § 5953.2. Irrevocable beneficiary.

2 Notwithstanding any other provision of this part, a domestic-3 relations order may provide for an irrevocable beneficiary. A domestic relations order requiring the nomination of an-4 irrevocable beneficiary shall be deemed to be one that requires-5 6 a member or participant to nominate an alternate payee as a 7 beneficiary and that prohibits the removal or change of that 8 beneficiary without approval of a court of competentjurisdiction, except by operation of law. Such a domestic-9 10 relations order may be certified as an approved domesticrelations order by the secretary of the board, or his designated 11 representative, after the member or participant makes such 12 13 nomination, in which case the irrevocable beneficiary so ordered by the court cannot be changed by the member or participant_ 14 15 without approval by the court. § 5953.3. Irrevocable survivor annuitant. 16 17 Notwithstanding any other provisions of this part, a domesticrelations order pertaining to a member may provide for an-18 19 irrevocable survivor annuitant. A domestic relations order 20 requiring the designation of an irrevocable survivor annuitant-21 shall be deemed to be one that requires a member to designate analternate payee as a survivor annuitant and that prohibits the-22 23 removal or change of that survivor annuitant without approval of-24 a court of competent jurisdiction, except by operation of law. 25 Such a domestic relations order may be certified as an approved 26 domestic relations order by the secretary of the board, or hisdesignated representative, in which case the irrevocable-27 28 survivor annuitant so ordered by the court cannot be changed by-29 the member without approval by the court. A person ineligible to-30 be designated as a survivor annuitant may not be designated as

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1	an irrevocable survivor annuitant.
2	§ 5953.4. Amendment of approved domestic relations orders.
3	(a) Deceased alternate payee. In the event that the
4	alternate payee predeceases the member or the participant and
5	there are benefits payable to the alternate payee, the divorce-
6	court may amend the approved domestic relations order to
7	substitute a person for the deceased alternate payee to receive
8	any benefits payable to the deceased alternate payee.
9	* * *
10	Section 436. Title 71 is amended by adding a section to-
11	read:
12	<u>§ 5953.6. Irrevocable successor payee.</u>
13	(a) ConditionNotwithstanding any other provision of this
14	part, a domestic relations order pertaining to a participant may
15	provide for an irrevocable successor payee if the participant is
16	receiving a payment pursuant to a payment option provided by the
17	board that allows for a successor payee.
18	(b) Determination. A domestic relations order requiring the
19	designation of an irrevocable successor payee shall be deemed to
20	be one that requires a participant who is receiving payments
21	from an annuity or other distribution option to designate an
22	alternate payee as a successor payee and that prohibits the
23	removal or change of the successor payee without approval of a
24	court of competent jurisdiction, except by operation of law.
25	(c) Certification. A domestic relations order under
26	subsection (b) may be certified as an approved domestic
27	relations order by the secretary of the board or his designated
28	representative. If a domestic relations order is certified under
29	this subsection, the irrevocable successor payee named in such
30	order shall not be changed by the participant without approval

1 by the court.

2	(d) Ineligibility. A person ineligible to be designated as
3	a successor payee shall not be designated as an irrevocable
4	successor payee. A court shall not name an irrevocable successor
5	payee if the alternate payee is eligible to receive a lump sum
6	distribution of the alternate payee's portion of the marital
7	portion of the pension benefit.
8	Section 437. Sections 5954, 5955 and 5957 of Title 71 are-
9	amended to read:
10	§ 5954. Fraud and adjustment of errors.
11	(a) Penalty for fraudAny person who shall knowingly make-
12	any false statement or shall falsify or permit to be falsified
13	any record or records of this system <u>or plan</u> in any attempt to
14	defraud the system <u>or plan</u> as a result of such act shall be-
15	guilty of a misdemeanor of the second degree.
16	(b) Adjustment of errors. Should any change or mistake in
17	records result in any member, participant, beneficiary [or],
18	survivor annuitant or successor payee receiving from the system
19	or plan more or less than he would have been entitled to receive-
20	had the records been correct, then regardless of the intentional-
21	or unintentional nature of the error and upon the discovery of
22	such error, the board shall correct the error and <u>if the error</u>
23	affected contributions to or payments from the system, then so-
24	far as practicable shall adjust the payments which may be made-
25	for and to such person in such a manner that the actuarial
26	equivalent of the benefit to which he was correctly entitled
27	shall be paid. If the error affected contributions to or
28	payments from the plan, the board shall take action as provided
29	for in the plan document.
30	§ 5955. Construction of part.

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1 (a) Exclusive source of rights and benefits .-- Regardless ofany other provision of law, pension and benefit rights of State 2 3 employees shall be determined solely by this part or any amendment thereto or the plan document established by the board, -4 and no collective bargaining agreement nor any arbitration award-5 6 between the Commonwealth and [its] other employers and the_ 7 Commonwealth's and other employer's employees or their 8 collective bargaining representatives shall be construed tochange any of the provisions herein, to require the board to-9 10 administer pension or retirement benefits not set forth in thispart or not established by the board in the plan document, to 11 12 require the board to modify, amend or change any of the terms 13 and provisions of the plan document, or otherwise require actionby any other government body pertaining to pension or retirement-14 15 benefits or rights of State employees. Notwithstanding the 16 foregoing, any pension or retirement benefits or rights-17 previously so established by or as a result of an arbitration 18 award shall remain in effect after the expiration of the current-19 collective bargaining agreement between the State employees so-20 affected and the Commonwealth until the expiration of each of 21 the collective bargaining agreements in effect on January 1, 22 2011, at which time the classes of membership and resultingmember contribution rates and contributions for creditable-23 24 nonstate service, eligibility for vesting, withdrawal and 25 superannuation annuities, optional modification of annuities and 26 other terms and conditions related to class of membership shall 27 be as determined by this part for employees covered by those and 28 successor collective bargaining agreements. For purposes of-29 administering this part, for those State employees who are-30 members of each such collective bargaining unit, the date

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1	January 1, 2011, contained in this part, except in this section,
2	shall be replaced with the date of the day immediately following
3	the expiration of each such collective bargaining agreement. The
4	provisions of this part insofar as they are the same as those of
5	existing law are intended as a continuation of such laws and not
6	as new enactments. The provisions of this part shall not affect
7	any act done, liability incurred, right accrued or vested, or-
8	any suit or prosecution pending or to be instituted to enforce
9	any right or penalty or to punish any offense under the
10	authority of any repealed laws.
11	(b) ReferencesReferences in this part to the Internal
12	<u>Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.)</u>
13	or the Uniformed Services Employment and Reemployment Rights Act
14	<u>of 1994 (Public Law 103-353, 108 Stat. 3149), including</u>
15	administrative regulations promulgated under the Internal
16	<u>Revenue Code of 1986 or the Uniformed Services Employment and </u>
16 17	Revenue Code of 1986 or the Uniformed Services Employment and Reemployment Rights Act of 1994, are intended to include laws
17	Reemployment Rights Act of 1994, are intended to include laws
17 18	Reemployment Rights Act of 1994, are intended to include laws
17 18 19	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection.
17 18 19 20	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the
17 18 19 20 21	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the effective date of this subsection.
17 18 19 20 21 22	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the effective date of this subsection. (c) Officer or member of the Pennsylvania State Police.
17 18 19 20 21 22 23	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the effective date of this subsection. (c) Officer or member of the Pennsylvania State Police. (1) Notwithstanding a provision of subsection (a) or
17 18 19 20 21 22 23 24	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the effective date of this subsection. (c) Officer or member of the Pennsylvania State Police. (1) Notwithstanding a provision of subsection (a) or section 12.1 of Act 120 of 2010, regarding the continued-
17 18 19 20 21 22 23 24 25	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the effective date of this subsection. (c) Officer or member of the Pennsylvania State Police. (1) Notwithstanding a provision of subsection (a) or section 12.1 of Act 120 of 2010, regarding the continued effectiveness of pension or retirement benefits or rights
17 18 19 20 21 22 23 24 25 26	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the effective date of this subsection. (c) Officer or member of the Pennsylvania State Police. (1) Notwithstanding a provision of subsection (a) or section 12.1 of Act 120 of 2010, regarding the continued effectiveness of pension or retirement benefits or rights previously established by or as a result of a binding
17 18 19 20 21 22 23 24 25 26 27	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the effective date of this subsection. (c) Officer or member of the Pennsylvania State Police. (1) Notwithstanding a provision of subsection (a) or section 12.1 of Act 120 of 2010, regarding the continued effectiveness of pension or retirement benefits or rights previously established by or as a result of a binding arbitration award issued before July 1, 1989, pursuant to the
17 18 19 20 21 22 23 24 25 26 27 28	Reemployment Rights Act of 1994, are intended to include laws and regulations: (1) In effect on the effective date of this subsection. (2) Amended, supplemented or supplanted on and after the effective date of this subsection. (c) Officer or member of the Pennsylvania State Police. (1) Notwithstanding a provision of subsection (a) or section 12.1 of Act 120 of 2010, regarding the continued effectiveness of pension or retirement benefits or rights previously established by or as a result of a binding arbitration award issued before July 1, 1989, pursuant to the act of June 24, 1968 (P.L.237, No.111), referred to as the

1	or rights of a State employee who is a current or former
2	State police officer shall be as provided in this part as if
3	the binding arbitration award was not issued, except as
4	provided under this subsection.
5	(2) A State employee who is a current or former State
6	police officer who terminates State service before January 1,
7	2016, shall be eligible to receive the maximum single life
8	annuity, before optional modification under section 5705
9	(relating to member's options), which the State employee
10	would have been eligible to receive if paragraph (1) had not
11	been enacted.
12	(3) A State employee who meets the following shall be
13	eligible to receive the maximum single life annuity, before
14	optional modification under section 5705, which the State
15	employee would have been eligible to receive if paragraph (1)
16	had not been enacted:
17	(i) is a current or former State police officer;
18	(ii) has 20 or more qualifying eligibility points;
19	(iii) does not have service credited in Class CB;
20	and
21	(iv) terminates State service on or after January 1,
22	2016.
23	(4) A State employee who meets all of the requirements
24	<u>in paragraph (3) other than the requirement in paragraph (3)</u>
25	(iii) shall be able to receive an annuity calculated under
26	section 5702(a)(7) in addition to the maximum single life
27	annuity, before optional modification under section 5705,
28	which the State employee would have been eligible to receive
29	if paragraph (1) had not been enacted.
30	(5) A State employee who is a current or former State
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1	<u>police officer who does not have 20 or more qualifying</u>
2	eligibility points shall be eligible to receive a maximum
3	single life annuity before optional modification under
4	section 5705 equal to the maximum single life annuity that
5	the State employee is eligible to receive under this part,
6	including an annuity calculated under section 5702(a)(7).
7	(6) To the extent that any officer or member of the
8	<u>Pennsylvania State Police who is eligible to retire after</u>
9	June 30, 1989, as provided in a binding arbitration award
10	issued before July 1, 1989, under the act of June 24, 1968
11	(P.L.237, No.111), referred to as the Policemen and Firemen
12	Collective Bargaining Act, as implemented by the board, with
13	<u>a benefit based on 50% of highest year salary upon accruing</u>
14	at least 20 years of credited State service or nonstate
15	service in the system or based on 75% of highest year salary
16	upon accruing at least 25 years of credited State or nonstate
17	service in the system, the eligibility shall be determined
18	solely on service credited, compensation paid and
19	contributions made as a member of the system other than as a
20	<u>member of Class CB.</u>
21	(7) Service as a State police officer credited in the
22	system shall not operate to prevent any State employee from
23	being a participant in the plan for any State service that
24	would otherwise result in participation in the plan. Any
25	State service performed, compensation paid and contributions
26	<u>made as a participant in the plan or as a member of Class CB</u>
27	shall not be included in determining eligibility for and the
28	amount of benefits provided from the system, except as
29	provided in paragraphs (4) and (5), provided that actual
30	payment and receipt of benefits is subject to the provisions
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1	of this part regarding employment and termination as a State
2	employee. Any benefit resulting from participation in the
3	plan shall be in addition to any benefit a State police
4	officer may be eligible to receive as a member of the system.
5	(8) For the purposes of this subsection, the following
6	terms shall have the meanings given to them in this
7	paragraph:
8	"Act 120 of 2010." The act of November 23, 2010
9	(P.L.1269, No.120), entitled "An act amending Titles 24
10	<u>(Education) and 71 (State Government) of the Pennsylvania</u>
11	Consolidated Statutes, in Title 24, further providing for
12	definitions, for mandatory and optional membership, for
13	contributions by the Commonwealth, for payments by employers,
14	for actuarial cost method, for additional supplemental
15	annuities, for further additional supplemental annuities, for
16	supplemental annuities commencing 1994, for supplemental
17	annuities commencing 1998, for supplemental annuities
18	commencing 2002, for supplemental annuities commencing 2003,
19	for administrative duties of board, for payments to school
20	entities by Commonwealth, for eligibility points for
21	retention and reinstatement of service credits and for
22	creditable nonschool service; providing for election to
23	become a Class T-F member; further providing for classes of
24	service, for eligibility for annuities, for eligibility for
25	vesting, for regular member contributions, for member
26	contributions for creditable school service, for
27	contributions for purchase of credit for creditable nonschool
28	service, for maximum single life annuity, for disability
29	annuities, for member's options, for duties of board
30	regarding applications and elections of members and for
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1	rights and duties of school employees and members; providing
2	for Independent Fiscal Office study; in Title 71,
3	establishing an independent fiscal office and making a
4	related repeal; further providing for definitions, for
5	credited State service, for retention and reinstatement of
6	service credits, for creditable nonstate service and for
7	classes of service; providing for election to become a Class
8	<u>A 4 member; further providing for eligibility for annuities</u>
9	and for eligibility for vesting; providing for shared-risk
10	member contributions for Class A 3 and Class A 4 service;
11	further providing for waiver of regular member contributions
12	and Social Security integration member contributions, for
13	member contributions for purchase of credit for previous
14	State service or to become a full coverage member, for
15	contributions for the purchase of credit for creditable
16	nonstate service, for contributions by the Commonwealth and
17	other employers, for actuarial cost method, for maximum
18	single life annuity, for disability annuities and for
19	member's options; providing for payment of accumulated
20	deductions resulting from Class A-3 service; further
21	providing for additional supplemental annuities, for further
22	additional supplemental annuities, for supplemental annuities
23	commencing 1994, for supplemental annuities commencing 1998,
24	for supplemental annuities commencing 2002, for supplemental
25	annuities commencing 2003, for special supplemental
26	postretirement adjustment of 2002, for administrative duties
27	of the board, for duties of board to advise and report to
28	heads of departments and members, for duties of board
29	regarding applications and elections of members, for
30	installment payments of accumulated deductions, for rights
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1	and duties of State employees and members, for members'
2	savings account, for State accumulation account, for State
3	Police Benefit Account, for Enforcement Officers' Benefit
4	Account, for supplemental annuity account and for
5	construction of part; and providing for Independent Fiscal
6	Office study, for retirement eligibility of Pennsylvania
7	State Police officers or members, for a prohibition on the
8	issuance of pension obligation bonds, for holding certain
9	public officials harmless, for construction of calculation or
10	actuarial method, for applicability and for certain
11	<u>operational provisions."</u>
12	"Binding arbitration award." A binding arbitration award
13	issued before July 1, 1989, pursuant to the act of June 24,
14	1968 (P.L.237, No.111), referred to as the Policemen and
15	Firemen Collective Bargaining Act, and was implemented by the
16	<u>State Employees' Retirement Board.</u>
17	<u>"Qualifying eligibility points." Eligibility points as a</u>
18	result of State service in a class of service other than
19	class CB, nonstate service or being reemployed from USERRA
20	leave.
21	(d) Adverse inference Nothing in this part shall be
22	construed to mean that the limitations on benefits or other
23	requirements under IRC § 401(a) or other applicable provisions
24	of the IRC which are applicable to participants in the plan do
25	not apply to the participants or to members of the system and
26	the benefits payable under this part.
27	(e) ApplicabilityThe amendment of this part regarding the
28	establishment of and participation in the plan shall apply to an
29	elected officer who is elected or reelected to a term of office
30	that begins on or after January 1, 2016, notwithstanding that

1	either immediately or at any time prior to beginning a term of
2	office on or after January 1, 2016, the elected officer was an
3	active member of the system or inactive member on leave without
4	pay. An individual who is elected or reelected to a term of
5	office as a member of the General Assembly that begins on or
6	after January 1, 2016:
7	(1) does so with the knowledge of the provisions, terms
8	and conditions of this part, including those provisions,
9	terms and conditions establishing the plan and determining
10	participation in the plan and membership in the system; and
11	(2) expressly consents to those provisions, terms and
12	conditions and the resulting contributions, obligations,
13	benefits and rights, or lack of contributions, obligations,
14	benefits and rights in the system and the plan.
15	(f) Furloughs For purposes of sections 5301(a)(17)
16	<pre>(relating to credited State service), 5306 (relating to classes_</pre>
17	of service) and this section, a State employee who is furloughed
18	under section 802 of the act of August 5, 1941 (P.L.752,
19	No.286), known as the Civil Service Act, and reemployed pursuant
20	to the Civil Service Act in any class of service or civil
21	service status which was previously held, shall not be treated
22	as having been terminated from State service and beginning a new
23	<u>period of State service.</u>
24	§ 5957. Independent Fiscal Office study.
25	The Independent Fiscal Office shall study and analyze the
26	implementation of shared risk contributions under section 5501.1
27	(relating to shared-risk member contributions [for Class A-3 and
28	Class A-4 service] and shared gain adjustments to regular member
29	contributions for Class A-3 and Class A-4 service) and its-
30	impact on the system. The study shall be completed by December-
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1	31, 2015, and shall be transmitted to the Appropriations
2	Committee and the Finance Committee of the Senate, the
3	Appropriations Committee and the Finance Committee of the House-
4	of Representatives and to the Governor.
5	Section 438. Title 71 is amended by adding a section to
6	read:
7	<u>§ 5958. Public Pension Management and Asset Investment Review</u>
8	<u>Commission.</u>
9	(a) Establishment A Public Pension Management and Asset
10	Investment Review Commission shall be established, which shall
11	be composed of three appointees of each of the following:
12	(1) Governor;
13	(2) President Pro tempore of the Senate; and
14	(3) Speaker of the House of Representatives.
15	The appointees shall be investment professionals and retirement
16	advisors and shall be appointed within 90 days of the effective
17	date of this section.
18	(b) DutiesThe duties of the Public Pension Management and
19	Asset Investment Review Commission are as follows:
20	(1) Study the performance of current investment
21	strategies and procedures of the State Employees' Retirement
22	System, comparing realized rates of return to established
23	benchmarks and considering associated fees paid for active
24	and passive management.
25	(2) Study the costs and benefits of both active and
26	passive investment strategies in relation to future
27	investment activities of the State Employees' Retirement
28	System.
29	(3) Study alternative future investment strategies with
30	available assets of the State Employees' Retirement System

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1	that will maximize future rates of return net of fees.
2	(4) Publish extensive and detailed findings on line,
3	including findings about:
4	(i) assets;
5	(ii) returns;
6	(iii) financial managers;
7	(iv) consultants;
8	(v) requests for proposals; and
9	(vi) investment performance measured against
10	<u>benchmarks.</u>
11	(5) Report its findings and recommendations to the
12	<u>Governor and the General Assembly within six months of its</u>
13	<u>first organizational meeting.</u>
14	(c) Quorum. A majority of appointed members shall
15	constitute a quorum for the purpose of conducting business. The
16	members shall select one of their number to be chairperson and
17	another to be the vice-chairperson.
18	(d) Transparency and ethics. The Public Pension Management
19	and Asset Investment Review Commission shall be subject to the
20	following laws:
21	(1) The act of July 19, 1957 (P.L.1017, No.451), known
22	as the State Adverse Interest Act.
23	(2) The act of October 4, 1978 (P.L.883, No.170), known
24	as the Public Official and Employee Ethics Act.
25	(3) The act of July 3, 1986 (P.L.388, No.84), known as
26	the Sunshine Act.
27	(4) The act of February 14, 2008 (P.L.6, No.3), known as
28	the Right to Know Law.
29	(e) Information gathering. The Public Pension Management
30	and Asset Investment Review Commission may conduct hearings and

1	otherwise gather pertinent information and analysis that it
2	considers appropriate and necessary to fulfill its duties.
3	(f) Transparency and ethicsThe Public Pension Management
4	and Asset Investment Review Commission may conduct hearings and
5	otherwise gather pertinent information and analysis that it
6	<u>considers appropriate.</u>
7	(g) Logistical and other support The Public Pension
8	Management and Asset Investment Review Commission shall receive
9	logistical and other support from the Joint State Government
10	Commission and may employ additional temporary staff as needed.
11	(h) ReimbursementThe members of the Public Pension
12	Management and Asset Investment Review Commission shall be
13	reimbursed for reasonable expenses.
14	(i) Expiration. The Public Pension Management and Asset
15	Investment Review Commission shall expire 60 days after delivery
16	of its report in accordance with subsection (b)(5). Any unspent
17	appropriation shall lapse back to the General Fund.
18	ARTICLE V
19	Section 501. The following shall apply:
20	(1) The following provisions shall not create in a
21	member of the Public School Employees' Retirement System, a
22	participant in the School Employees' Defined Contribution
23	Plan or another person claiming an interest in the account of
24	a member or participant an express or implied contractual
25	right in the provisions nor in a construction of 24 Pa.C.S.
26	Pt. IV, 51 Pa.C.S. or regulations adopted under 24 Pa.C.S.
27	Pt. IV or 51 Pa.C.S.:
28	(i) A provision of this act which amends 51 Pa.C.S.
29	
	or 24 Pa.C.S. Pt. IV in relation to requirements for any
30	or 24 Pa.C.S. Pt. IV in relation to requirements for any- of the following:

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1

(A) (Reserved).

-	
2	(B) Qualification of the School Employees'
3	Defined Contribution Plan as a qualified pension plan
4	under the Internal Revenue Code of 1986 (Public Law-
5	99-514, 26 U.S.C. §§ 401(a) and 415(b)), or
6	compliance with the Uniformed Services Employment and
7	Reemployment Rights Act of 1994 (Public Law 103-353,
8	108 Stat. 3149).
9	(C) Contributions to, participation in or
10	benefits from the School Employees' Defined
11	Contribution Plan or School Employees' Defined
12	Contribution Trust.
13	(D) Domestic relations orders regarding
14	alternate payees of participants in the School-
15	Employees' Defined Contribution Plan.
16	(ii) A construction of 24 Pa.C.S. Pt. IV or 51-
17	Pa.C.S. or regulations adopted under 24 Pa.C.S. Pt. IV or-
18	51 Pa.C.S. or a term or provision of the School-
19	Employees' Defined Contribution Plan or School Employees'
20	Defined Contribution Trust, established by statute or in-
21	the plan document or trust declaration.
22	(2) The provisions of 24 Pa.C.S. Pt. IV shall remain
23	subject to the Internal Revenue Code of 1986 and the-
24	Uniformed Services Employment and Reemployment Rights Act of
25	1994 (Public Law 103-353, 108 Stat. 3149), and regulations-
26	under those statutes, and the General Assembly reserves to
27	itself the further exercise of its legislative power to amend
28	or supplement the provisions as may be required in order to
29	maintain the qualification of the system as a qualified
30	pension plan under section 401(a) and other applicable
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1	provisions of the Internal Revenue Code of 1986 and the
2	Uniformed Services Employment and Reemployment Rights Act of
3	1994 (Public Law 103-353, 108 Stat. 3149).
4	(3) The following provisions shall not create in a
5	member of the State Employees' Retirement System, a-
6	participant in the State Employees' Defined Contribution Plan-
7	or another person claiming an interest in the account of a
8	member or participant an express or implied contractual right-
9	in the provisions nor in a construction of 51 Pa.C.S. § 7306,-
10	71 Pa.C.S. Pt. XXV, or regulations adopted under 51 Pa.C.S. §-
11	7306 or 71 Pa.C.S. Pt. XXV:
12	(i) A provision of this act which amends 51 Pa.C.S.
13	§ 7306 or 71 Pa.C.S. Pt. XXV in relation to requirements
14	for any of the following:
15	(A) (Reserved)
16	(B) Qualification of the State Employees'
17	Defined Contribution Plan as a qualified pension plan-
18	under the Internal Revenue Code of 1986 (Public Law-
19	99-514, 26 U.S.C. <u>\$</u> \$ 401(a) and 415(b)) or compliance
20	with the Uniformed Services Employment and
21	Reemployment Rights Act of 1994 (Public Law 103-353,-
22	108 Stat. 3149).
23	(C) Contributions to, participation in or-
24	benefits from the State Employees' Defined-
25	Contribution Plan or State Employees' Defined-
26	Contribution Trust.
27	(D) Domestic relations orders regarding
28	alternate payees of participants in the State-
29	Employees' Defined Contribution Plan.
30	
50	(ii) A construction of 51 Pa.C.S. or 71 Pa.C.S. Pt.

1 XXV or regulations adopted under 51 Pa.C.S. or 71 Pa.C.S. Pt. XXV or a term or provision of the State Employees' 2 3 Defined Contribution Plan or State Employees' Defined Contribution Trust, established by statute or in the plan-4 5 document or trust declaration. (4) The provisions of 71 Pa.C.S. Pt. XXV shall remain 6 subject to the Internal Revenue Code of 1986 and the 7 8 Uniformed Services Employment and Reemployment Rights Act of 9 1994 (Public Law 103-353, 108 Stat. 3149), and regulations-10 under those statutes, and the General Assembly reserves to itself the further exercise of its legislative power to amend-11 12 or supplement the provisions as may be required in order to-13 maintain the qualification of the system as a qualified 14 pension plan under section 401(a) and other applicable 15 provisions of the Internal Revenue Code of 1986 and the-Uniformed Services Employment and Reemployment Rights Act of 16 1994 (Public Law 103-353, 108 Stat. 3149). 17 18 Section 502. The following shall apply: 19 (1) Nothing in this act shall be construed to mean that-20 a calculation or actuarial method used by the School-Employees' Retirement Board, its actuaries or the Public-21 22 School Employees' Retirement System was not in accordance-23 with the provisions of 24 Pa.C.S. Pt. IV or other applicable-24 law prior to the effective date of this section. 25 (2) Nothing in this act shall be construed to mean that 26 a calculation or actuarial method used by the State-27 Employees' Retirement Board, its actuaries or the State-28 Employees' Retirement System was not in accordance with the 29 provisions of 71 Pa.C.S. Pt. XXV or other applicable law prior to the effective date of this section. 30

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1	Section 503. The following shall apply:
2	(1) (i) Payments required to fund a change in accrued
3	liability resulting from this act shall be subject to
4	limits imposed under 24 Pa.C.S. § 8328(g) on employer
5	contributions to the Public School Employees' Retirement-
6	System.
7	(ii) For purposes of 24 Pa.C.S. §§ 8326, 8327, and
8	8328, changes under this act shall not be considered to
9	be costs added by legislation.
10	(2) Notwithstanding any other provision of law, a change-
11	in accrued liability of the State Employees' Retirement-
12	System created under this act as a result of changes in-
13	benefits shall be funded in equal dollar installments over a
14	period of 30 years beginning July 1, 2016.
15	(3) (Reserved).
16	(4) Payments required to fund a change in accrued
17	liability resulting from this act shall be subject to limits-
18	imposed under 71 Pa.C.S § 5508(h) on employer contributions
19	to the State Employees' Retirement System.
20	(5) For purposes of 71 Pa.C.S. §§ 5501.2, 5507 and 5508,
21	changes under this act shall not be considered to be costs
22	added by legislation.
23	Section 504. The following shall apply:
24	(1) This act shall be construed and administered in such-
25	a manner that the Public School Employees' Retirement System-
26	and the School Employees' Defined Contribution Plan shall-
27	satisfy the requirements necessary to qualify as a qualified-
28	pension plan under section 401(a) of the Internal Revenue-
29	Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)), other-
30	applicable provisions of the Internal Revenue Code of 1986-
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1 and the Uniformed Services Employment and Reemployment Rights-Act of 1994 (Public Law 103-353, 108 Stat. 3149). The rules, 2 3 regulations and procedures adopted and promulgated by the Public School Employees' Retirement Board and the terms and 4 5 conditions of the plan document and trust declaration adopted by the Public School Employees' Retirement Board may include 6 7 provisions necessary to accomplish the purpose of this 8 section.

9 (2) This act shall be construed and administered in a 10 manner that the State Employees' Retirement System and the State Employees' Defined Contribution Plan shall satisfy the 11 12 requirements necessary to qualify as a qualified pension plan-13 under section 401(a) of the Internal Revenue Code of 1986-14 (Public Law 99 514, 26 U.S.C. § 401(a)), other applicable 15 provisions of the Internal Revenue Code of 1986 and the-Uniformed Services Employment and Reemployment Rights Act of 16 1994 (Public Law 103-353, 108 Stat. 3149). The rules, 17 regulations and procedures adopted and promulgated by the-18 19 State Employees' Retirement Board and the terms and 20 conditions of the plan document and trust declaration adopted by the State Employees' Retirement Board may include-21 22 provisions necessary to accomplish the purpose of this-23 section. 24 Section 505. The following shall apply: 25 (1) Notwithstanding any other provision of law, 26 fiduciary requirement, actuarial standard of practice or 27 other requirement, the members of the Public School-28 Employees' Retirement Board, the actuary and employees and 29 officials of the Public School Employees' Retirement System may not be held liable or in breach or violation of a law or-30

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1 standard as individuals, in their official capacity or as a 2 governmental or corporate entity, for an action or-3 calculation related to calculating and certifying a final contribution rate as provided under this act that is 4 different from the actuarially required contribution rate as-5 appropriately calculated under 24 Pa.C.S. Pt. IV. 6 7 (2) Notwithstanding any other provision of law, fiduciary requirement, actuarial standard of practice or-8 9 other requirement, the members of the State Employees' 10 Retirement Board, the actuary and other employees and officials of the State Employees' Retirement System may not 11 be held liable or in breach or violation of a law or standard 12 13 as individuals, in their official capacity or as a 14 governmental or corporate entity, for an action or-15 calculation related to calculating and certifying a final contribution rate as provided under this act that is 16 different from the actuarially required contribution rate as-17 18 appropriately calculated under 71 Pa.C.S. Pt. XXV. 19 Section 506. Nothing in this act shall be deemed to permit the restoration of service credit or retirement benefits which: 20 (1) were or are subject to section 16 of Article V of 21 22 the Constitution of Pennsylvania or 42 Pa.C.S. § 3352; or 23 (2) were or are the subject of an order of forfeiture 24 under the act of July 8, 1978 (P.L.752, No.140), known as the 25 Public Employee Pension Forfeiture Act. Section 507. (Reserved). 26 27 Section 508. If a provision of this act or its application 28 to any person or circumstance is held invalid, the invalidity 29 shall not affect other provisions or applications of this act that can be given effect without the invalid provision or-30

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1 application.

2	Section 509. Nothing in this act shall be construed to mean-
3	that an interpretation or application of 71 Pa.C.S. Pt. XXV or
4	benefits available to members of the State Employees' Retirement
5	System was not in accordance with 71 Pa.C.S. Pt. XXV or other
6	applicable law, including the Internal Revenue Code of 1986-
7	(Public Law 99-514, 26 U.S.C. § 1 et seq.) and the Uniformed
8	Services Employment and Reemployment Rights Act of 1994 (Public
9	Law 103-353, 108 Stat. 3149) before the effective date of this
10	section.
11	Section 510. Notwithstanding the provisions of 71 Pa.C.S. §
12	5903(b), the statement for each member prepared by the State
13	Employees' Retirement Board for the period ending December 31,
14	2015, and any other statements or estimates of benefits prepared
15	by the board pursuant to the provisions of 71 Pa.C.S. Pt. XXV
16	from the effective date of this section to June 30, 2016, shall-
17	not be required to reflect the provisions of this act.
18	Section 511. Notwithstanding the provisions of 71 Pa.C.S.
19	Pt. XXV, the obligation of the State Employees' Retirement Board-
20	to make payments to any individual whose rights, benefits and
21	obligations are affected by this act within specified time-
22	periods of the receipt of applications for benefits or other
23	information shall not apply from the effective date of this-
24	section to June 30, 2016.
25	Section 512. Section 502 of the act of October 15, 1980-
26	(P.L.950, No.164), known as the Commonwealth Attorneys Act, is-
27	repealed insofar as it is inconsistent with the amendment of 24
28	Pa.C.S. § 8501 and 71 Pa.C.S. § 5901.
29	Section 513. This act shall take effect immediately.
30	ARTICLE-I <

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SECTION 101. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE 1 2 PAYEE, " "BASIC CONTRIBUTION RATE, " "BENEFICIARY, " "CLASS OF-SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSCHOOL-3 SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," 4 5 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE-SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," 6 "IRREVOCABLE BENEFICIARY," "LEAVE FOR SERVICE WITH A COLLECTIVE-7 8 BARGAINING ORGANIZATION," "REEMPLOYED FROM USERRA LEAVE," 9 "SALARY DEDUCTIONS," "SHARED-RISK CONTRIBUTION RATE," "STANDARD-SINGLE LIFE ANNUITY, " "SUPERANNUATION OR NORMAL RETIREMENT AGE, " 10 "VALUATION INTEREST" AND "VESTEE" IN SECTION 8102 OF TITLE 24 11 12 OF THE PENNSYLVANIA CONSOLIDATED STATUTES ARE AMENDED AND THE 13 SECTION IS AMENDED BY ADDING DEFINITIONS TO READ: § 8102. DEFINITIONS. 14 15 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS PART SHALL 16 HAVE, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, THE 17 MEANINGS GIVEN TO THEM IN THIS SECTION: 18 * * * "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF 19 20 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY 21 22 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS 23 AND EXPENSES CREDITED OR CHARGED THEREON. 24 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL 25 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE 26 TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER 27 WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR 28 FEES, COSTS AND EXPENSES CREDITED OR CHARGED THEREON. 29 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE-30 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED

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1	EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
2	CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE
3	CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN
4	THE TRUST.
5	"ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF
6	VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND
7	ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A
8	DIRECT TRUSTEE TO TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH
9	ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,
10	COSTS AND EXPENSES CREDITED OR CHARGED THEREON.
11	* * *
12	"ACTIVE MEMBER." A SCHOOL EMPLOYEE FOR WHOM PICKUP
13	CONTRIBUTIONS ARE BEING MADE TO THE FUND OR FOR WHOM SUCH
14	CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE
15	NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART
16	RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR [415(B)]
17	415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26-
18	U.S.C. § 401(A)(17) OR [415(B)] <u>415</u>).
19	"ACTIVE PARTICIPANT." A SCHOOL EMPLOYEE FOR WHOM MANDATORY
20	PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR
21	FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED ARE NOT BEING MADE
22	SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE
23	LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL
24	<u>REVENUE CODE OF 1986 (PUBLIC LAW 99 514, 26 U.S.C. § 401(A)(17)</u>
25	OR 415).
26	* * *
27	"ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
28	DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A
29	DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A

30 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT

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1 UNDER THIS PART.

2 ***

3	"BASIC CONTRIBUTION RATE." FOR CLASS T-A, T-B AND T-C-
4	SERVICE, THE RATE OF 6 1/4%. FOR CLASS T D SERVICE, THE RATE OF
5	7 1/2%. FOR ALL ACTIVE MEMBERS ON THE EFFECTIVE DATE OF THIS
6	PROVISION WHO ARE CURRENTLY PAYING 5 1/4% AND ELECT CLASS T D
7	SERVICE, THE RATE OF 6 1/2%. FOR CLASS T-E SERVICE, THE RATE OF-
8	7 1/2%. FOR CLASS T F SERVICE, THE RATE OF 10.30%. FOR CLASS T-G
9	SERVICE, THE RATE OF 4.0%.
10	"BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON-
11	OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER-
12	TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON-
13	THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR
14	PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A PARTICIPANT
15	TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED TOTAL DEFINED
16	CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH OF THE
16 17	<u>CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH OF THE</u>
17	PARTICIPANT.
17 18	PARTICIPANT.
17 18 19	PARTICIPANT. * * * "CLASS OF SERVICE MULTIPLIER."
17 18 19 20	<u>PARTICIPANT.</u> * * * "CLASS OF SERVICE MULTIPLIER." CLASS OF SERVICE MULTIPLIER
17 18 19 20 21	PARTICIPANT. * * * "CLASS OF SERVICE MULTIPLIER." CLASS OF SERVICE MULTIPLIER T-A .714
17 18 19 20 21 22	PARTICIPANT. * * * "CLASS OF SERVICE MULTIPLIER." CLASS OF SERVICE MULTIPLIER T-A .714 T-B .625
17 18 19 20 21 22 23	PARTICIPANT. * * * "CLASS OF SERVICE MULTIPLIER." CLASS OF SERVICE MULTIPLIER T-A .714 T-B .625 T-C 1.000
17 18 19 20 21 22 23 24	PARTICIPANT. $\star \star \star$ "CLASS OF SERVICE MULTIPLIER."CLASS OF SERVICEMULTIPLIERT-A.714T-B.625T-C1.000T-D1.000
17 18 19 20 21 22 23 24 25	PARTICIPANT.*_*_*"CLASS OF SERVICE MULTIPLIER."CLASS OF SERVICEMULTIPLIERT-A.714T-B.625T-C1.000T-D1.000T-E1.000

29 "COMPENSATION." PICKUP CONTRIBUTIONS <u>AND MANDATORY PICKUP</u>
30 <u>PARTICIPANT CONTRIBUTIONS</u> PLUS ANY REMUNERATION RECEIVED AS A

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SCHOOL EMPLOYEE EXCLUDING REIMBURSEMENTS FOR EXPENSES INCIDENTAL 1 2 TO EMPLOYMENT AND EXCLUDING ANY BONUS, SEVERANCE PAYMENTS, ANY 3 OTHER REMUNERATION OR OTHER EMOLUMENT RECEIVED BY A SCHOOL 4 EMPLOYEE DURING HIS SCHOOL SERVICE WHICH IS NOT BASED ON THE-5 STANDARD SALARY SCHEDULE UNDER WHICH HE IS RENDERING SERVICE, PAYMENTS FOR UNUSED SICK LEAVE OR VACATION LEAVE, BONUSES OR-6 7 OTHER COMPENSATION FOR ATTENDING SCHOOL SEMINARS AND 8 CONVENTIONS, PAYMENTS UNDER HEALTH AND WELFARE PLANS BASED ON 9 HOURS OF EMPLOYMENT OR ANY OTHER PAYMENT OR EMOLUMENT WHICH MAY 10 BE PROVIDED FOR IN A COLLECTIVE BARGAINING AGREEMENT WHICH MAY BE DETERMINED BY THE PUBLIC SCHOOL EMPLOYEES! RETIREMENT BOARD 11 12 TO BE FOR THE PURPOSE OF ENHANCING COMPENSATION AS A FACTOR IN-13 THE DETERMINATION OF FINAL AVERAGE SALARY, AND EXCLUDING 14 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN 15 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER-51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN-16 17 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER 18 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF 19 ABSENCE), LEAVE GRANTED UNDER SECTION 1178 OF THE ACT OF MARCH-20 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF 1949, OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES OF 21 22 LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS DEFINED 23 IN IRC § 414 (U) (12) AND ANY OTHER PAYMENTS, PROVIDED, HOWEVER, 24 THAT THE LIMITATION UNDER SECTION 401(A)(17) OF THE INTERNAL 25 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17))-26 TAKEN INTO ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS, 27 INCLUDING REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS, 28 REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO EACH MEMBER WHO 29 FIRST BECAME A MEMBER OF THE PUBLIC SCHOOL EMPLOYES' RETIREMENT 30 SYSTEM ON OR AFTER JULY 1, 1996, AND WHO BY REASON OF SUCH FACT-

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1	IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE
2	PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION
3	LIMIT UNDER IRC § 401(A)(17)), AND SHALL APPLY TO EACH
4	PARTICIPANT PERTAINING TO THE PARTICIPANT'S PARTICIPATION IN THE
5	PLAN.
6	* * *
7	"CREDITABLE NONSCHOOL SERVICE." SERVICE OTHER THAN SERVICE
8	AS A SCHOOL EMPLOYEE FOR WHICH AN ACTIVE MEMBER MAY OBTAIN-
9	CREDIT IN THE SYSTEM.
10	"CREDITED SERVICE." SCHOOL OR CREDITABLE NONSCHOOL SERVICE
11	FOR WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND,
12	OR FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH-
13	SERVICE WERE NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS
14	PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR-
15	[415(B)] <u>415</u> OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
16	99-514, 26 U.S.C. § 401(A)(17) OR [415(B)] <u>415</u>), OR FOR WHICH-
17	SALARY DEDUCTIONS TO THE SYSTEM OR LUMP SUM PAYMENTS HAVE BEEN
18	AGREED UPON IN WRITING.
19	"DATE OF TERMINATION OF SERVICE." THE LATEST OF THE
20	FOLLOWING DATES:
21	(1) THE LAST [DATE] DAY OF SERVICE FOR WHICH PICKUP
22	CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR[,] OR FOR <
23	WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SERVICE WERE
24	NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART
25	RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415
26	OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26-
27	<u>U.S.C. § 401(A)(17) OR 415; OR</u>
28	(2) IN THE CASE OF AN INACTIVE MEMBER OR AN INACTIVE
29	PARTICIPANT, THE EFFECTIVE DATE OF HIS RESIGNATION OR THE
30	DATE HIS EMPLOYMENT IS FORMALLY DISCONTINUED BY HIS EMPLOYER
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1 OR TWO YEARS FOLLOWING THE LAST DAY OF SERVICE FOR WHICH-

2 CONTRIBUTIONS WERE MADE, WHICHEVER IS EARLIEST.

3 * * *

4 "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S-5 INTEREST IN EITHER THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND-OR THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH, 6 7 WHICH IS PAYABLE UNDER THIS PART. 8 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER, 9 INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED 10 ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW 11 12 WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR 13 FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO 14 RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR 15 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE 16 DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF 17 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. \$ 4302 (RELATING-18 TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS 19 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF 20 ARREARAGES). * * * 21 22 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS EQUAL TO 23 2.5% OF AN ACTIVE PARTICIPANT'S COMPENSATION THAT ARE MADE BY AN 24 EMPLOYER TO THE TRUST, TO BE CREDITED IN THE ACTIVE 25 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. 26 "FINAL AVERAGE SALARY." AS FOLLOWS: 27 [THE] (1) FOR PURPOSES OF CALCULATING ANNUITIES AND BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE 28 29 OTHER THAN CLASS T-G, THE HIGHEST AVERAGE COMPENSATION 30 RECEIVED AS AN ACTIVE MEMBER DURING ANY THREE NONOVERLAPPING-

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1 PERIODS OF 12 CONSECUTIVE MONTHS WITH THE COMPENSATION FOR 2 PART-TIME SERVICE BEING ANNUALIZED ON THE BASIS OF THE 3 FRACTIONAL PORTION OF THE SCHOOL YEAR FOR WHICH CREDIT IS 4 RECEIVED; EXCEPT, IF THE EMPLOYEE WAS NOT A MEMBER FOR THREE-5 SUCH PERIODS, THE TOTAL COMPENSATION RECEIVED AS AN ACTIVE 6 MEMBER ANNUALIZED IN THE CASE OF PART TIME SERVICE DIVIDED BY 7 THE NUMBER OF SUCH PERIODS OF MEMBERSHIP; IN THE CASE OF A 8 MEMBER WITH MULTIPLE SERVICE CREDIT, THE FINAL AVERAGE SALARY 9 SHALL BE DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY 10 HIM AS A SCHOOL EMPLOYEE OR A STATE EMPLOYEE OR BOTH; AND, IN-THE CASE OF A NONELIGIBLE MEMBER, SUBJECT TO THE APPLICATION-11 OF THE PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL 12 13 COMPENSATION LIMIT UNDER IRC § 401(A)(17)). FINAL AVERAGE 14 SALARY SHALL BE DETERMINED BY INCLUDING IN COMPENSATION, 15 PAYMENTS DEEMED TO HAVE BEEN MADE TO A MEMBER REEMPLOYED FROM-USERRA LEAVE TO THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN 16 17 MADE AS PROVIDED IN SECTION 8302(D)(2) (RELATING TO CREDITED-18 SCHOOL SERVICE) AND PAYMENTS MADE TO A MEMBER ON LEAVE OF 19 ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES OF 20 ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) AS PROVIDED IN-21 SECTION 8302(D)(6). 22 (2) FOR PURPOSES OF CALCULATING ANNUITIES AND BENEFITS 23 FROM THE SYSTEM ATTRIBUTABLE TO CLASS T-G SERVICE, THE 24 FOLLOWING SHALL APPLY: 25 (I) THE HIGHEST AVERAGE COMPENSATION RECEIVED AS AN ACTIVE MEMBER DURING ANY FIVE NONOVERLAPPING PERIODS OF 26 27 12 CONSECUTIVE MONTHS, WITH THE COMPENSATION FOR PART-28 TIME SERVICE BEING ANNUALIZED ON THE BASIS OF THE-29 FRACTIONAL PORTION OF THE SCHOOL YEAR FOR WHICH CREDIT IS-30 RECEIVED SHALL BE USED OR THE CALCULATION SHALL BE MADE-

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1	IN ACCORDANCE WITH THE FOLLOWING:
2	(A) IF THE EMPLOYEE WAS NOT A MEMBER FOR FIVE
3	PERIODS, THE TOTAL COMPENSATION RECEIVED AS AN ACTIVE
4	MEMBER ANNUALIZED IN THE CASE OF PART-TIME SERVICE
5	DIVIDED BY THE NUMBER OF PERIODS OF MEMBERSHIP.
6	(B) IN THE CASE OF A MEMBER WITH MULTIPLE
7	SERVICE CREDIT, THE FINAL AVERAGE SALARY, SHALL BE
8	DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY
9	THE MEMBER AS A SCHOOL EMPLOYEE OR A STATE EMPLOYEE
10	OR BOTH.
11	(C) IN THE CASE OF A NONELIGIBLE MEMBER, SUBJECT
12	TO THE APPLICATION OF THE PROVISIONS OF SECTION
13	<u>8325.1.</u>
14	(II) FINAL AVERAGE SALARY SHALL BE DETERMINED BY
15	INCLUDING IN COMPENSATION, PAYMENTS DEEMED TO HAVE BEEN
16	MADE TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE
17	EXTENT MEMBER CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN
18	SECTION 8302(D)(2) AND PAYMENTS MADE TO A MEMBER ON LEAVE
19	OF ABSENCE UNDER 51 PA.C.S. § 4102 AS PROVIDED IN SECTION
20	8302(D)(6).
21	* * *
22	"INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS-
23	ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE
24	MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR
25	CURRENT SCHOOL SERVICE ARE NOT BEING MADE SOLELY BY REASON OF
26	ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER
27	SECTION 401(A)(17) OR [415(B)] <u>415</u> OF THE INTERNAL REVENUE CODE-
28	OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17) OR [415(B)]-
29	415) OR BECAUSE THE MEMBER IS ON USERRA LEAVE, WHO HAS-
30	ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT IN THE FUND AND

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1 FOR WHOM CONTRIBUTIONS HAVE BEEN MADE WITHIN THE LAST TWO SCHOOL

2 YEARS OR A MULTIPLE SERVICE MEMBER WHO IS ACTIVE IN THE STATE

3 EMPLOYEES' RETIREMENT SYSTEM.

4 <u>"INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY</u>

5 <u>PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST,</u>

6 EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM THE

7 <u>CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE</u>

8 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART

9 RELATING TO LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE

10 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §

11 401(A)(17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED

12 CONTRIBUTIONS STANDING TO THE PARTICIPANT'S CREDIT IN THE TRUST

13 AND WHO HAS NOT FILED AN APPLICATION FOR A DISTRIBUTION.

14 "INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO-

15 WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A

16 PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH

17 THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INVESTMENT_

18 EARNINGS AFTER DEDUCTION FOR FEES, COSTS AND EXPENSES,

19 INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

20 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A-

21 MEMBER WHO WAS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE

22 <u>SYSTEM IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED</u>

23 SERVICES OR FORCES OF THE UNITED STATES IN ORDER TO MEET A DRAFT

24 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH-

25 OBLIGATIONAL SERVICE AND WHO BECOMES A SCHOOL EMPLOYEE AND AN_

26 ACTIVE MEMBER OF THE SYSTEM WITHIN 90 DAYS OF THE EXPIRATION OF

27 SUCH SERVICE.

28 ***

29 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
 30 DESIGNATED BY A MEMBER <u>OR PARTICIPANT</u> IN WRITING TO THE BOARD

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1	PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO RECEIVE ALL
2	OR A PORTION OF THE ACCUMULATED DEDUCTIONS, VESTED ACCUMULATED
3	TOTAL DEFINED CONTRIBUTIONS OR LUMP SUM BENEFIT PAYABLE UPON THE
4	DEATH OF SUCH MEMBER <u>OR PARTICIPANT</u>.
5	"IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY
6	DESIGNATED IN WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS
7	TO THE BOARD UNDER AN APPROVED DOMESTIC RELATIONS ORDER TO
8	RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
9	OF SUCH PARTICIPANT.
10	* * *
11	"LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING
12	ORGANIZATION." PAID LEAVE GRANTED TO AN ACTIVE MEMBER OR ACTIVE
13	PARTICIPANT BY AN EMPLOYER FOR PURPOSES OF WORKING FULL TIME FOR
14	OR SERVING FULL TIME AS AN OFFICER OF A STATEWIDE EMPLOYEE
15	ORGANIZATION OR A LOCAL COLLECTIVE BARGAINING REPRESENTATIVE
16	UNDER THE ACT OF JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE-
17	PUBLIC EMPLOYE RELATIONS ACT: PROVIDED, THAT GREATER THAN ONE-
18	HALF OF THE MEMBERS OF THE EMPLOYEE ORGANIZATION ARE ACTIVE -
19	MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE PLAN; THAT
20	THE EMPLOYER SHALL FULLY COMPENSATE THE MEMBER OR PARTICIPANT,
21	INCLUDING, BUT NOT LIMITED TO, SALARY, WAGES, PENSION AND
22	RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER DEFINED
23	CONTRIBUTIONS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN-
24	FULL TIME ACTIVE SERVICE; AND THAT THE EMPLOYEE ORGANIZATION
25	SHALL FULLY REIMBURSE THE EMPLOYER FOR SUCH SALARY, WAGES,
26	PENSION AND RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER
27	DEFINED CONTRIBUTIONS AND OTHER BENEFITS AND SENIORITY.
28	<u>"MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." CONTRIBUTIONS</u>
29	EQUAL TO 3.5% OF COMPENSATION THAT ARE MADE BY THE EMPLOYER FOR
30	ACTIVE PARTICIPANTS FOR CURRENT SCHOOL SERVICE THAT ARE PICKED

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1 UP BY THE EMPLOYER AND CREDITED IN THE PLAN.

2 * * *

3 <u>"PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT</u> 4 <u>OR PARTICIPANT RECEIVING DISTRIBUTIONS.</u> 5 <u>"PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE</u>

6 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM THE

7 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, BUT WHO HAS NOT

8 <u>RECEIVED A TOTAL DISTRIBUTION OF THE VESTED INTEREST IN THE</u>

9 INDIVIDUAL INVESTMENT ACCOUNT.

10 ***

11 <u>"Plan." The school employees' defined contribution plan as</u>

12 ESTABLISHED BY THE PROVISIONS OF THIS PART AND THE BOARD.

13 <u>"Plan document." The documents created by the board under</u>

14 <u>SECTION 8402 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS</u>

15 AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD

16 <u>REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF</u>

17 THE PLAN AND TRUST.

18 ***

19 "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE-

20 MEMBERSHIP OR ACTIVE PARTICIPATION AS A SCHOOL EMPLOYEE AFTER A

21 PERIOD OF USERRA LEAVE, IF THE RESUMPTION OF ACTIVE MEMBERSHIP

22 <u>OR ACTIVE PARTICIPATION</u> WAS WITHIN THE TIME PERIOD AND UNDER

23 CONDITIONS AND CIRCUMSTANCES SUCH THAT THE SCHOOL EMPLOYEE WAS

24 ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38 U.S.C. CH. 43 (RELATING-

25 TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE-

26 UNIFORMED SERVICES).

27 ***

28 "REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH-

29 <u>DISTRIBUTIONS OF A PARTICIPANT'S INTEREST IN THE PARTICIPANT'S</u>

30 **INDIVIDUAL INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION 401(A)**

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1 <u>(9) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26</u> 2 <u>U.S.C. § 401(A)(9)).</u>

3 ***

4 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,
5 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER <u>OR ACTIVE</u>
6 <u>PARTICIPANT</u> OR THE STATE SERVICE COMPENSATION OF A MULTIPLE
7 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
8 RETIREMENT SYSTEM AND PAID INTO THE FUND <u>OR TRUST</u>.

9 ***

10 "SHARED RISK CONTRIBUTION RATE." THE ADDITIONAL CONTRIBUTION 11 RATE THAT IS ADDED TO THE BASIC CONTRIBUTION RATE FOR [CLASS T E 12 AND T F] CLASS T C, CLASS T D, CLASS T E, CLASS T F AND CLASS T 13 G MEMBERS, AS PROVIDED FOR IN SECTION 8321(B) (RELATING TO 14 REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE).

15 "STANDARD SINGLE LIFE ANNUITY." FOR CLASS T A, T B AND T C 16 CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% OF THE-17 FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS 18 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A MEMBER. 19 FOR CLASS T-D CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO-20 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER 21 OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE. FOR 22 CLASS T E CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% 23 OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF 24 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A 25 MEMBER. FOR CLASS T F CREDITED SERVICE OF A MEMBER, AN ANNUITY 26 EOUAL TO 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE-27 TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED 28 SERVICE OF A MEMBER. FOR CLASS T G CREDITED SERVICE OF A MEMBER, 29 AN ANNUITY EQUAL TO 1% OF THE FINAL AVERAGE SALARY, MULTIPLIED 30 BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF

1 <u>CREDITED SERVICE OF A MEMBER.</u>

2	<u>"STATE EMPLOYEES' DEFINED CONT</u>	RIBUTION PLAN." THE DEFINED
3	CONTRIBUTION PLAN FOR STATE EMPLO	YEES ESTABLISHED BY 71 PA.C.S.
4	PT. XXV (RELATING TO RETIREMENT F	OR STATE EMPLOYEES AND
5	OFFICERS).	
6	* * *	
7	"SUCCESSOR PAYEE." THE PERSON	OR PERSONS LAST DESIGNATED IN
8	WRITING TO THE BOARD BY A PARTICI	PANT RECEIVING DISTRIBUTIONS TO
9	RECEIVE ONE OR MORE DISTRIBUTIONS	UPON THE DEATH OF THE
10	PARTICIPANT.	
11	* * *	
12	"SUPERANNUATION OR NORMAL RETI	REMENT AGE."
13	CLASS OF SERVICE	AGE
14	T-A	62 OR ANY AGE UPON ACCRUAL OF
15	_	35 ELIGIBILITY POINTS
16	T-B	62
17	T-C-AND-T-D	62 OR AGE 60 PROVIDED THE
18	_	MEMBER HAS AT LEAST 30-
19	_	ELIGIBILITY POINTS OR ANY
20	_	AGE UPON ACCRUAL OF 35-
21	_	ELIGIBILITY POINTS
22	T-E [AND]_ T-F AND T-G	65 WITH ACCRUAL OF AT LEAST
23		THREE ELIGIBILITY POINTS-
24		OR A COMBINATION OF AGE
25		AND ELIGIBILITY POINTS-
26		TOTALING 92, PROVIDED THE
27		MEMBER HAS ACCRUED AT
28		LEAST 35 ELIGIBILITY
29		POINTS
30	* * *	

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1	"TRUST." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST
2	ESTABLISHED UNDER CHAPTER 84 (RELATING TO SCHOOL EMPLOYEES!
3	DEFINED CONTRIBUTION PLAN).
4	* * *
5	"VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM,
6	COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND
7	OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.
8	"VESTEE." A MEMBER WITH FIVE OR MORE ELIGIBILITY POINTS IN A
9	<u>CLASS OF SERVICE OTHER THAN CLASS T E OR CLASS T F</u> WHO HAS
10	TERMINATED SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS
11	IN THE FUND AND IS DEFERRING FILING OF AN APPLICATION FOR
12	RECEIPT OF AN ANNUITY. FOR CLASS T E AND CLASS T F MEMBERS, A
13	MEMBER WITH TEN OR MORE ELIGIBILITY POINTS WHO HAS TERMINATED
14	SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS IN THE FUND-
15	AND IS DEFERRING FILING OF AN APPLICATION FOR RECEIPT OF AN-
16	ANNUITY.
17	"VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A
18	PARTICIPANT TO THE TRUST AND CREDITED TO THE PARTICIPANT'S
19	INDIVIDUAL INVESTMENT ACCOUNT IN EXCESS OF THE MANDATORY PICKUP
20	PARTICIPANT CONTRIBUTIONS, EITHER BY AFTER TAX SALARY DEDUCTIONS
21	PAID THROUGH THE EMPLOYER OR BY AN ELIGIBLE ROLLOVER OR DIRECT
22	TRUSTEE TO TRUSTEE TRANSFERS.
23	SECTION 102. SECTION 8103 OF TITLE 24 IS AMENDED BY ADDING
24	SUBSECTIONS TO READ:
25	§ 8103. CONSTRUCTION OF PART.
26	* * *
27	(C) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITSREGARDLESS OF
28	ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF SCHOOL
29	EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY
30	AMENDMENT THERETO, OR THE PLAN DOCUMENT ESTABLISHED BY THE

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1	BOARD, AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY
2	ARBITRATION AWARD BETWEEN THE EMPLOYER AND THE EMPLOYER'S
3	EMPLOYEES OR THE EMPLOYEE'S COLLECTIVE BARGAINING
4	REPRESENTATIVES SHALL BE CONSTRUED TO DO ANY OF THE FOLLOWING:
5	(1) CHANGE ANY OF THE PROVISIONS OF THIS PART.
6	(2) REQUIRE THE BOARD TO ADMINISTER PENSION OR
7	RETIREMENT BENEFITS NOT SET FORTH IN THIS PART OR NOT
8	ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT.
9	(3) REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF
10	THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT.
11	(4) OTHERWISE REQUIRE ACTION BY ANY OTHER GOVERNMENT
12	BODY PERTAINING TO PENSION OR RETIREMENT BENEFITS OR RIGHTS
13	OF SCHOOL EMPLOYEES.
14	(D) REFERENCES TO CERTAIN FEDERAL STATUTES. REFERENCES IN
15	THIS PART TO THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND
16	REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT.
17	3149), INCLUDING ADMINISTRATIVE REGULATIONS PROMULGATED UNDER
18	THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT
19	RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS AND REGULATIONS
20	IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND AMENDED,
21	SUPPLEMENTED OR SUPPLANTED ON AND AFTER THE EFFECTIVE DATE OF
22	THIS SECTION.
23	(E) CONSTRUCTION THIS PART MAY NOT BE CONSTRUED TO MEAN
24	ANY OF THE FOLLOWING:
25	(1) THAT THE LIMITATIONS ON BENEFITS OR OTHER
26	REQUIREMENTS UNDER IRC § 401 (A) OR OTHER APPLICABLE
27	PROVISIONS OF THE IRC THAT ARE APPLICABLE TO PARTICIPANTS IN
28	THE PLAN DO NOT APPLY TO THE PARTICIPANTS OR TO THE MEMBERS
29	OF THE SYSTEM AND THE BENEFITS PAYABLE UNDER THIS PART.
30	(2) THAT AN INTERPRETATION OR APPLICATION OF A PROVISION

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1	OF THIS PART OR BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC
2	SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE
3	WITH THE PROVISIONS OF PART IV OR OTHER APPLICABLE LAW,
4	INCLUDING THE IRC AND THE UNIFORMED SERVICES EMPLOYMENT AND
5	REEMPLOYMENT RIGHTS ACT OF 1994 BEFORE THE EFFECTIVE DATE OF
6	THIS SECTION.
7	(3) THAT THE RELEASE OR PUBLICIZING OF A RECORD,
8	MATERIAL OR DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD
9	<u>UNDER SECTION 8502(E)(2) (RELATING TO ADMINISTRATIVE DUTIES</u>
10	OF BOARD) IS A VIOLATION OF THE FIDUCIARY DUTIES OF THE
11	BOARD.
12	SECTION 103. TITLE 24 IS AMENDED BY ADDING A SECTION TO
13	READ:
14	<u>§ 8103.1. REFERENCE TO PUBLIC SCHOOL EMPLOYEES' RETIREMENT</u>
15	SYSTEM.
16	(A) GENERAL RULE. AS OF THE EFFECTIVE DATE OF THIS SECTION,
17	UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, A REFERENCE TO
17 18	UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY
18	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY
18 19	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING
18 19 20	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A
18 19 20 21	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL
18 19 20 21 22	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE
18 19 20 21 22 23	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE TRUST.
 18 19 20 21 22 23 24 	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE TRUST: (B) CERTAIN AGREEMENTS. THE AGREEMENT OF AN EMPLOYER TO
 18 19 20 21 22 23 24 25 	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE TRUST. (B) CERTAIN AGREEMENTS. THE AGREEMENT OF AN EMPLOYER TO MAKE CONTRIBUTIONS TO THE FUND OR TO ENROLL EMPLOYEES AS MEMBERS
18 19 20 21 22 23 24 25 26	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE TRUST: (B) CERTAIN AGREEMENTS. THE AGREEMENT OF AN EMPLOYEE AS MEMBERS IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE
 18 19 20 21 22 23 24 25 26 27 	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE TRUST. (B) CERTAIN AGREEMENTS. THE AGREEMENT OF AN EMPLOYER TO MAKE CONTRIBUTIONS TO THE FUND OR TO ENROLL EMPLOYEES AS MEMBERS IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE CONTRIBUTIONS TO THE TRUST OR TO ENROLL EMPLOYEES IN THE PLAN.

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

4 (1) ANY OFFICER OR EMPLOYEE OF THE DEPARTMENT OF
5 EDUCATION, STATE-OWNED EDUCATIONAL INSTITUTIONS, COMMUNITY6 COLLEGES, AREA VOCATIONAL TECHNICAL SCHOOLS, TECHNICAL7 INSTITUTES, OR [THE] <u>THE</u> PENNSYLVANIA STATE UNIVERSITY AND8 WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR9 A MEMBER OF ANOTHER RETIREMENT PROGRAM APPROVED BY THE10 EMPLOYER.

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

17 (3) ANY OFFICER OR EMPLOYEE OF A GOVERNMENTAL ENTITY WHO
18 SUBSEQUENT TO DECEMBER 22, 1965 AND PRIOR TO JULY 1, 197519 ADMINISTERS, SUPERVISES, OR TEACHES CLASSES FINANCED WHOLLY20 OR IN PART BY THE FEDERAL GOVERNMENT SO LONG AS HE CONTINUES21 IN SUCH SERVICE.

 22
 (4) ANY PART TIME SCHOOL EMPLOYEE WHO HAS AN INDIVIDUAL

 23
 RETIREMENT ACCOUNT PURSUANT TO THE FEDERAL ACT OF SEPTEMBER

24 2, 1974 (PUBLIC LAW 93-406, 88 STAT. 829), KNOWN AS THE-

25 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

26 (B) PROHIBITED MEMBERSHIP.--THE SCHOOL EMPLOYEES CATEGORIZED-

27 IN SUBSECTION (A) (1) AND (2) SHALL NOT HAVE THE RIGHT TO ELECT

28 MEMBERSHIP IN THE SYSTEM AND SHALL NOT BE ELIGIBLE TO

29 PARTICIPATE IN THE PLAN.

30 (C) OPTIONAL MEMBERSHIP. THE SCHOOL EMPLOYEES CATEGORIZED

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IN SUBSECTION (A) (3) AND, IF OTHERWISE ELIGIBLE, SUBSECTION 1 (A) (4) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM. 2 3 ONCE SUCH ELECTION IS EXERCISED, MEMBERSHIP SHALL COMMENCE FROM-4 THE ORIGINAL DATE OF ELIGIBILITY AND SHALL CONTINUE UNTIL THE 5 TERMINATION OF SUCH SERVICE. 6 (D) MANDATORY PARTICIPATION IN THE PLAN. A SCHOOL EMPLOYEE WHO IS A MANDATORY MEMBER OF CLASS T-G SHALL ALSO BE A MANDATORY-7 8 PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE DATE OF MEMBERSHIP 9 IN THE SYSTEM. 10 (E) OPTIONAL PARTICIPATION IN THE PLAN. - A SCHOOL EMPLOYEE WHO IS AN OPTIONAL MEMBER OF THE SYSTEM AS A MEMBER OF CLASS T G 11 12 ALSO IS AN OPTIONAL PARTICIPANT IN THE PLAN. THE SCHOOL EMPLOYEE 13 WHO ELECTS MEMBERSHIP IN THE SYSTEM AS A MEMBER OF CLASS T-G-14 ALSO ELECTS PARTICIPATION IN THE PLAN AS OF THE EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM. 15 16 SECTION 105. SECTION 8302(A), (C) AND (D) OF TITLE 24 ARE 17 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO-18 READ: 19 § 8302. CREDITED SCHOOL SERVICE. 20 (A) COMPUTATION OF CREDITED SERVICE. IN COMPUTING CREDITED 21 SCHOOL SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A 22 FULL TIME SALARIED SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF 23 CREDIT FOR EACH SCHOOL YEAR OR THE CORRESPONDING FRACTION 24 THEREOF, IN ACCORDANCE WITH THE PROPORTION OF THE FULL SCHOOL 25 YEAR FOR WHICH THE REQUIRED REGULAR MEMBER CONTRIBUTIONS HAVE 26 BEEN MADE TO THE FUND, OR FOR WHICH SUCH CONTRIBUTIONS OTHERWISE 27 REQUIRED FOR SUCH SERVICE WERE NOT MADE TO THE FUND SOLELY BY 28 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS 29 UNDER IRC § 401(A)(17) OR [415(B)] 415. A PER DIEM OR HOURLY 30 SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED SERVICE FOR

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EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS IN WHICH HE 1 2 IS EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND, OR 3 WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH LIMITATIONS UNDER-4 THE IRC, FOR AT LEAST 180 FULL DAY SESSIONS OR 1,100 HOURS OF 5 EMPLOYMENT. IF SUCH MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE MADE TO THE FUND FOR LESS THAN 180 FULL DAY SESSIONS OR 1,100 6 7 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A YEAR 8 DETERMINED BY THE RATIO OF THE NUMBER OF FULL DAY SESSIONS OR 9 HOURS OF SERVICE ACTUALLY RENDERED TO 180 FULL DAY SESSIONS OR 10 1,100 HOURS, AS THE CASE MAY BE. A PART TIME SALARIED EMPLOYEE SHALL BE CREDITED WITH THE FRACTIONAL PORTION OF THE YEAR WHICH-11 12 CORRESPONDS TO THE SERVICE ACTUALLY RENDERED AND FOR WHICH 13 CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND EXCEPT FOR 14 THE LIMITATIONS UNDER THE IRC IN RELATION TO THE SERVICE 15 REQUIRED AS A COMPARABLE FULL-TIME SALARIED EMPLOYEE. IN NO CASE 16 SHALL A MEMBER RECEIVE MORE THAN ONE YEAR OF CREDITED SERVICE 17 FOR ANY 12 CONSECUTIVE MONTHS OR A MEMBER WHO HAS ELECTED 18 MULTIPLE SERVICE RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE-19 THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS. * * * 20 (C) CANCELLATION OF CREDITED SERVICE. -- ALL CREDITED SERVICE 21 22 IN THE SYSTEM SHALL BE CANCELLED IF A MEMBER WITHDRAWS HIS-23 ACCUMULATED DEDUCTIONS, EXCEPT THAT A PARTIAL OR TOTAL 24 DISTRIBUTION OF ACCUMULATED TOTAL DEFINED CONTRIBUTIONS TO A 25 PARTICIPANT WHO IS ALSO MEMBER MAY NOT CANCEL SERVICE CREDITED 26 IN THE SYSTEM. 27 (D) CREDIT FOR MILITARY SERVICE. - A SCHOOL EMPLOYEE WHO HAS 28 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM AS 29 FOLLOWS: 30 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS

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1 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY-2 3 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED 4 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE-5 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73 6 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL 7 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE 8 PERIOD OF MILITARY SERVICE BEGAN, NOTWITHSTANDING IF THE 9 MEMBER IS NOT DEFINED AS AN EMPLOYEE UNDER 51 PA.C.S. § 7301 10 (RELATING TO DEFINITIONS). SCHOOL EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. \$-11 12 7306(A), (B) AND (C) (RELATING TO RETIREMENT RIGHTS) FOR 13 MILITARY LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF 14 THIS SUBSECTION, EXCEPT OTHERWISE PROVIDED UNDER THIS-15 SUBSECTION. (2) A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY 16 17 RECEIVE CREDIT AS PROVIDED BY THIS PARAGRAPH. 18 (I) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM USERRA 19 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED 20 AS NOT HAVING INCURRED A BREAK IN SCHOOL SERVICE BY-21 REASON OF THE USERRA LEAVE AND SHALL BE GRANTED 22 ELIGIBILITY POINTS AS IF THE SCHOOL EMPLOYEE HAD NOT BEEN-23 ON THE USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS 24 REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE 25 SYSTEM SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS, 26 SHARED RISK MEMBER CONTRIBUTIONS AND ANY OTHER MEMBER 27 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS 28 REQUIRED BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND 29 REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES) 30 AND IRC § 414 (U) AS IF THE SCHOOL EMPLOYEE HAD CONTINUED

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1 IN HIS SCHOOL OFFICE OR EMPLOYMENT AND PERFORMED SCHOOL 2 SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA 3 LEAVE, THEN THE SCHOOL EMPLOYEE SHALL BE GRANTED SCHOOL 4 SERVICE CREDIT FOR THE PERIOD OF USERRA LEAVE. THE 5 EMPLOYEE SHALL HAVE HIS BENEFITS, RIGHTS AND OBLIGATIONS-6 DETERMINED UNDER THIS PART AS IF HE WAS AN ACTIVE MEMBER 7 WHO PERFORMED CREDITABLE SCHOOL SERVICE DURING THE USERRA 8 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE-9 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON-10 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE SCHOOL SERVICE-CREDIT FOR THE USERRA LEAVE WERE DETERMINED. 11

12 (II) FOR PURPOSES OF DETERMINING WHETHER A SCHOOL 13 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR 14 SCHOOL SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE 15 WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER 16 OF THE SYSTEM TERMINATES SCHOOL SERVICE OR DIES IN SCHOOL 17 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT 18 PERIOD, SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE SHALL 19 BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS WERE 20 PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT OF 21 THE REQUIRED MEMBER CONTRIBUTIONS SHALL BE TREATED AS AN 22 INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF SECTION-23 8325 (RELATING TO INCOMPLETE PAYMENTS). UPON A SUBSEQUENT 24 RETURN TO SCHOOL SERVICE OR TO STATE SERVICE AS A 25 MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER-26 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE-27 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER 28 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP 29 SUM UNDER SECTION 8345(A) (4) (RELATING TO MEMBER'S-30 OPTIONS). FOR THIS PURPOSE, THE EXCLUSION OF CLASS T-E-

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1 AND CLASS T-F MEMBERS FROM ELECTING A FORM OF PAYMENT-

UNDER SECTION 8345(A)(4)(III) SHALL BE IGNORED.

3 (III) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM4 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM AND WHO
5 DOES NOT MAKE THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES
6 ONLY PART OF THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE
7 ALLOWED PAYMENT PERIOD SHALL NOT BE:

8 (A) GRANTED CREDITED SERVICE FOR THE PERIOD OF
 9 USERRA LEAVE FOR WHICH THE REQUIRED MEMBER
 10 CONTRIBUTIONS WERE NOT TIMELY MADE.

 11
 (B) ELIGIBLE TO SUBSEQUENTLY MAKE CONTRIBUTIONS.

 12
 (C) GRANTED EITHER SCHOOL SERVICE CREDIT OR

 13
 NONSCHOOL SERVICE CREDIT FOR THE PERIOD OF USERRA

 14
 LEAVE FOR WHICH THE REQUIRED MEMBER CONTRIBUTIONS

15 WERE NOT TIMELY MADE.

2

 16
 (3) A SCHOOL EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND

 17
 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN

 18
 REEMPLOYED FROM USERRA LEAVE HAD THE SCHOOL EMPLOYEE RETURNED

19 TO SCHOOL SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C.

20 CH. 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE-

21 ABLE TO RECEIVE CREDITABLE NONSCHOOL SERVICE AS

22 NONINTERVENING MILITARY SERVICE FOR THE PERIOD OF USERRA

23 LEAVE IF THE EMPLOYEE LATER RETURNS TO SCHOOL SERVICE AND IS-

24 OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE AS NONINTERVENING

25 MILITARY SERVICE.

(4) [A SCHOOL EMPLOYEE] <u>AN ACTIVE OR INACTIVE MEMBER</u>
 WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS
 GRANTED A LEAVE OF ABSENCE UNDER SECTION 1178 OF THE PUBLIC
 SCHOOL CODE, A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102

30 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT)

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EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73, THAT
 IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE CREDITABLE
 NONSCHOOL SERVICE AS NONINTERVENING MILITARY SERVICE SHOULD
 THE EMPLOYEE RETURN TO SCHOOL SERVICE <u>AS AN ACTIVE MEMBER OF</u>
 <u>THE SYSTEM</u> AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE
 AS NONINTERVENING MILITARY SERVICE.

7 (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THE
 8 BENEFICIARIES OR SURVIVOR ANNUITANTS OF THE DECEASED MEMBER
 9 SHALL BE ENTITLED TO ANY ADDITIONAL BENEFITS, INCLUDING
 10 ELIGIBILITY POINTS, OTHER THAN BENEFIT ACCRUALS RELATING TO
 11 THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS
 12 PART AS IF THE MEMBER RESUMED AND THEN TERMINATED EMPLOYMENT
 13 ON ACCOUNT OF DEATH.

14 (6) A SCHOOL EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM-15 HIS DUTIES AS A SCHOOL EMPLOYEE AND FOR WHICH 51 PA.C.S. \$ 4102 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR 16 17 EFFICIENCY SHALL NOT BE AN ACTIVE MEMBER, RECEIVE SERVICE 18 CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF ABSENCE 19 EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING THIS-20 PARAGRAPH, ANY PAY THE MEMBER RECEIVES UNDER SECTION 1178 OF 21 THE PUBLIC SCHOOL CODE OR 51 PA.C.S. § 4102 SHALL BE INCLUDED 22 IN THE DETERMINATION OF FINAL AVERAGE SALARY AND OTHER 23 CALCULATIONS IN THE SYSTEM UTILIZING COMPENSATION AS IF THE 24 PAYMENTS WERE COMPENSATION UNDER THIS PART. 25 (E) MILITARY SERVICE BY A PARTICIPANT. -- A PARTICIPANT WHO 26 HAS PERFORMED USERRA LEAVE SHALL BE TREATED AND MAY MAKE 27 CONTRIBUTIONS AS FOLLOWS: (1) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE 28 29 MAY NOT BE TREATED AS HAVING INCURRED A BREAK IN SCHOOL-

30 <u>SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE GRANTED</u>

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1	ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT BEEN ON
2	USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
3	LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP PARTICIPANT
4	CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS REQUIRED
5	BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT
6	RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U)
7	AS IF THE PARTICIPANT HAD CONTINUED IN THE PARTICIPANT'S
8	SCHOOL EMPLOYMENT AND PERFORMED SCHOOL SERVICE AND BEEN
9	COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE
10	PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER
11	DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE CONTRIBUTIONS,
12	BENEFITS, RIGHTS AND OBLIGATIONS DETERMINED UNDER THIS PART
13	AS IF THE EMPLOYEE WAS AN ACTIVE PARTICIPANT WHO PERFORMED
14	SCHOOL SERVICE DURING THE USERRA LEAVE IN THE JOB POSITION
15	THAT THE EMPLOYEE WOULD HAVE HELD HAD THE EMPLOYEE NOT BEEN
16	ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON WHICH THE
17	MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO RECEIVE SCHOOL
18	SERVICE CREDIT FOR THE USERRA LEAVE WERE DETERMINED,
19	INCLUDING THE RIGHT TO MAKE VOLUNTARY CONTRIBUTIONS ON SUCH
20	COMPENSATION AS PERMITTED BY LAW.
21	(2) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE
22	AND DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT
23	CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP
24	PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT PERIOD
25	MAY NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT
26	CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS AT A LATER DATE FOR
27	THE PERIOD OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP
28	PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.
29	(3) A PARTICIPANT WHO PERFORMS USERRA LEAVE FROM WHICH
30	THE EMPLOYEE COULD HAVE BEEN REEMPLOYED FROM USERRA LEAVE HAD

1	THE SCHOOL EMPLOYEE RETURNED TO SCHOOL SERVICE IN THE TIME
2	FRAMES REQUIRED BY 38 U.S.C. CH. 43 FOR REEMPLOYMENT RIGHTS,
3	BUT DID NOT DO SO, MAY NOT BE ELIGIBLE TO MAKE MANDATORY_
4	PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS
5	FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER
6	RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN.
7	(4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO,
8	ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
9	<u>a leave of absence under 51 pa.c.s. § 4102 (relating to</u>
10	LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A
11	MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 (RELATING TO MILITARY
12	LEAVE OF ABSENCE) THAT IS NOT USERRA LEAVE MAY NOT BE
13	ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
14	OR VOLUNTARY CONTRIBUTIONS DURING OR FOR THE LEAVE OF ABSENCE
15	OR MILITARY LEAVE, AND MAY NOT HAVE EMPLOYER DEFINED
16	CONTRIBUTIONS MADE DURING SUCH LEAVE, WITHOUT REGARD TO
17	WHETHER OR NOT THE PARTICIPANT RECEIVED SALARY, WAGES,
18	STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER PAYMENTS FROM
19	THE PARTICIPANT'S EMPLOYER DURING THE LEAVE, NOTWITHSTANDING
20	<u>ANY PROVISION TO THE CONTRARY IN 51 PA.C.S. § 4102 OR 51 PA.</u>
21	<u>C.S. CH. 73.</u>
22	(5) IF A PARTICIPANT DIES WHILE PERFORMING USERRA LEAVE,
23	THEN THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED
24	PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER
25	THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED
26	MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE
27	PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT
28	OF DEATH.
29	SECTION 106. SECTION 8303(C) AND (D) OF TITLE 24 ARE AMENDED
30	TO READ:

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1 § 8303. ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF
2 SERVICE CREDITS.
3 * * *
4 (C) PURCHASE OF PREVIOUS CREDITABLE SERVICE. EVERY ACTIVE

5 MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN6 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR
7 AFTER THE EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND
8 RECEIVE ELIGIBILITY POINTS:

9 (1) AS A MEMBER OF CLASS T-C, CLASS T-E [OR], CLASS T-F
 10 OR CLASS T-G FOR PREVIOUS CREDITABLE SCHOOL SERVICE OR

11 CREDITABLE NONSCHOOL SERVICE; OR

12 (2) AS A MEMBER OF CLASS T-D FOR PREVIOUS CREDITABLE
 13 SCHOOL SERVICE, PROVIDED THE MEMBER ELECTS TO BECOME A CLASS
 14 T-D MEMBER PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION

15 TO BECOME A CLASS T-D MEMBER);

16 UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE

17 MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE;

18 EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT

19 SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.

20 (D) PURCHASE OF PREVIOUS NONCREDITABLE SERVICE. -- CLASS T-C-

21 AND CLASS T-D MEMBERS WHO ARE ACTIVE MEMBERS ON THE EFFECTIVE-

22 DATE OF THIS SUBSECTION SHALL HAVE THREE YEARS FROM THE-

23 EFFECTIVE DATE OF THIS SUBSECTION TO FILE A WRITTEN APPLICATION-

24 WITH THE BOARD TO PURCHASE ANY PREVIOUS NONCREDITABLE SCHOOL

25 SERVICE. CLASS T-C AND CLASS T-D MEMBERS WHO ARE NOT ACTIVE-

26 MEMBERS ON THE EFFECTIVE DATE OF THIS SUBSECTION BUT WHO BECOME

27 ACTIVE MEMBERS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION AND

28 CLASS T-E [AND CLASS T-F], CLASS T-F AND CLASS T-G MEMBERS SHALL-

29 HAVE 365 DAYS FROM ENTRY INTO THE SYSTEM TO FILE A WRITTEN

30 APPLICATION WITH THE BOARD TO PURCHASE ANY PREVIOUS

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1 NONCREDITABLE SCHOOL SERVICE.

3 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO-

4 READ:

5 § 8305. CLASSES OF SERVICE.

6 ***

7 (C) CLASS T-D MEMBERSHIP.--

8 (1) A PERSON WHO BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE 9 MEMBER, OR A PERSON WHO BECOMES A MULTIPLE SERVICE MEMBER WHO 10 IS A STATE EMPLOYEE AND A MEMBER OF THE STATE EMPLOYEES'-11 RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF THIS

12 SUBSECTION AND BEFORE JULY 2011 SHALL BE CLASSIFIED AS A

13 CLASS T-D MEMBER UPON PAYMENT OF REGULAR MEMBER-

14 CONTRIBUTIONS. ANY PRIOR SCHOOL SERVICE CREDITED AS CLASS T C-

15 SERVICE SHALL BE CREDITED AS CLASS T-D SERVICE, SUBJECT TO-

16 THE LIMITATIONS CONTAINED IN PARAGRAPH (4).

17 ***

18 (D) CLASS T-E MEMBERSHIP. -- NOTWITHSTANDING ANY OTHER-

19 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN-

20 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE

21 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE

22 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF

23 THIS SUBSECTION AND BEFORE JULY 1, 2017, SHALL BE CLASSIFIED AS-

24 A CLASS T-E MEMBER UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS-

25 AND THE SHARED-RISK CONTRIBUTIONS.

26 ***

27 (F) CLASS T-G MEMBERSHIP.--

28 (1) A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN

29 ACTIVE MEMBER ON OR AFTER JULY 1, 2017, SHALL BE CLASSIFIED

30 AS A CLASS T G MEMBER UPON PAYMENT OF REGULAR MEMBER

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1	CONTRIBUTIONS AND THE SHARED RISK CONTRIBUTIONS.
2	(2) A CLASS T C, CLASS T D, CLASS T E OR CLASS T F
3	MEMBER SHALL HAVE THE RIGHT TO ELECT INTO CLASS T-G
4	MEMBERSHIP, IF THE PERSON ELECTS TO BECOME A CLASS T G MEMBER
5	UNDER SECTION 8305.3 (RELATING TO ELECTION TO BECOME A CLASS
6	T G MEMBER), UPON WRITTEN ELECTION FILED WITH THE BOARD AND
7	PAYMENT OF REGULAR MEMBER CONTRIBUTIONS.
8	SECTION 107.1. TITLE 24 IS AMENDED BY ADDING A SECTION TO
9	READ:
10	<u>§ 8305.3. ELECTION TO BECOME A CLASS T-G MEMBER.</u>
11	(A) GENERAL RULE. A PERSON WHO IS:
12	(1) A CLASS T-C, CLASS, T-D, CLASS T-E OR CLASS T-F
13	MEMBER OF THE SYSTEM OR A CLASS T C, CLASS T D, CLASS T E OR
14	<u>CLASS T-F MULTIPLE SERVICE MEMBER WHO IS A STATE EMPLOYEE AND</u>
15	A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM; AND
16	(2) WHO, ON THE EFFECTIVE DATE OF THIS SUBSECTION, IS AN
17	ACTIVE MEMBER OF THE SYSTEM OR AN ACTIVE MEMBER OF THE STATE
18	EMPLOYEES' RETIREMENT SYSTEM IF A MULTIPLE SERVICE MEMBER,
19	MAY ELECT TO BECOME A MEMBER OF CLASS T G.
20	(B) TIME FOR MAKING ELECTION. THE MEMBER MUST ELECT TO
21	BECOME A CLASS T G MEMBER BY FILING A WRITTEN NOTICE WITH THE
22	BOARD BEFORE THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE
23	AS APPLICABLE OR BY JUNE 30, 2017, WHICHEVER OCCURS FIRST. A
24	SCHOOL EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS T G
25	MEMBER WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD
26	WITHOUT HAVING ELECTED CLASS T G MEMBERSHIP MAY MAKE THE
27	ELECTION WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM USERRA
28	LEAVE. A SCHOOL EMPLOYEE WHO FIRST BECOMES ELIGIBLE TO ELECT TO
29	BECOME A CLASS T-G MEMBER WITHIN 45 DAYS BEFORE JUNE 30, 2017,
30	SHALL HAVE 45 DAYS TO MAKE THE ELECTION.

1	(C) EFFECT OF ELECTION. AN ELECTION TO BECOME A CLASS T G
2	MEMBER SHALL BE IRREVOCABLE. A MEMBER WHO ELECTS CLASS T G
3	MEMBERSHIP SHALL BE SUBJECT TO ALL PROVISIONS APPLICABLE TO
4	<u>CLASS T G MEMBERSHIP FOR SERVICE RENDERED ON AND AFTER THE DATE</u>
5	THE WRITTEN ELECTION IS RECEIVED AND PROCESSED BY THE BOARD. A
6	MEMBER WHO ELECTS CLASS T G MEMBERSHIP SHALL BE DEEMED TO HAVE
7	ACCEPTED THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T G
8	MEMBERS AS DETERMINED BY SECTION 8321 (RELATING TO REGULAR
9	MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) IN EFFECT AT THE TIME
10	OF THE ELECTION.
11	(D) EFFECT OF FAILURE TO MAKE ELECTIONIF THE MEMBER FAILS
12	TO TIMELY FILE AN ELECTION TO BECOME A CLASS T G MEMBER, THE
13	MEMBER SHALL CONTINUE TO BE ENROLLED AS A MEMBER OF CLASS T-C,
14	<u>CLASS T D, CLASS T E OR CLASS T F MEMBER AS APPLICABLE AND THE</u>
15	MEMBER SHALL NEVER BE ABLE TO ELECT CLASS T-G MEMBERSHIP,
16	REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR HAS A
17	BREAK IN SERVICE.
18	(E) FORMER MEMBERS. CLASS T C, CLASS T D, CLASS T E AND
19	CLASS T-F MEMBERS, OR FORMER CLASS T-C, CLASS T-D, CLASS T-E AND
20	<u>CLASS T F MEMBERS WHO, ON THE EFFECTIVE DATE OF THIS SECTION ARE</u>
21	NOT ELIGIBLE FOR CLASS T G MEMBERSHIP, OR WHO RETURN TO SERVICE
22	ON OR AFTER JULY 1, 2017, SHALL BE ELIGIBLE TO ELECT CLASS T-G
23	MEMBERSHIP AND MAY MAKE THE ELECTION WITHIN 45 DAYS OF BECOMING
24	ELIGIBLE OR RETURNING TO SERVICE.
25	SECTION 108. SECTIONS 8306, 8307, 8308, 8310 AND 8321 OF
26	TITLE 24 ARE AMENDED TO READ:
27	§ 8306. ELIGIBILITY POINTS.
28	(A) GENERAL RULE AN ACTIVE MEMBER OF THE SYSTEM SHALL-
29	ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE
30	AS A MEMBER OF THE [SCHOOL OR STATE RETIREMENT SYSTEM] SYSTEM OR

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1	IF A MULTIPLE SERVICE MEMBER, AS A MEMBER OF THE STATE
2	EMPLOYEE'S RETIREMENT SYSTEM RETIREMENT SYSTEM. A MEMBER SHALL
3	ACCRUE AN ADDITIONAL TWO-THIRDS OF AN ELIGIBILITY POINT FOR EACH
4	YEAR OF CLASS D-3 CREDITED SERVICE UNDER THE STATE EMPLOYEES'
5	RETIREMENT SYSTEM. IN THE CASE OF A FRACTIONAL PART OF A YEAR OF
6	CREDITED SERVICE, A MEMBER SHALL ACCRUE THE CORRESPONDING
7	FRACTIONAL PORTION OF AN ELIGIBILITY POINT.
8	(A.1) USERRA LEAVE A MEMBER OR PARTICIPANT WHO IS-
9	REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA-
10	LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE-
11	ACCRUED HAD HE CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT
12	INSTEAD OF PERFORMING USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS
13	REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER OR MANDATORY
14	PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED SCHOOL SERVICE
15	CREDIT FOR THE USERRA LEAVE, NO ADDITIONAL ELIGIBILITY POINTS
16	MAY BE GRANTED.
17	(B) TRANSITIONAL RULEFOR THE PURPOSES OF THE TRANSITION:
18	(1) IN DETERMINING WHETHER A MEMBER, OTHER THAN A
19	DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE
20	30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY, WHO IS
21	NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001,
22	AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE, HAS
23	THE FIVE ELIGIBILITY POINTS REQUIRED BY THE DEFINITION OF
24	"VESTEE" IN SECTIONS 8102 (RELATING TO DEFINITIONS), 8307-
25	(RELATING TO ELIGIBILITY FOR ANNUITIES), 8308 (RELATING TO
26	ELIGIBILITY FOR VESTING) AND 8345 (RELATING TO MEMBER'S
27	OPTIONS), ONLY ELIGIBILITY POINTS EARNED BY PERFORMING
28	CREDITED SCHOOL SERVICE, USERRA LEAVE OR CREDITED STATE
29	SERVICE AS AN ACTIVE MEMBER OF THE STATE EMPLOYEES!
30	RETIREMENT SYSTEM AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL
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1 SUCH MEMBER EARNS ONE ELIGIBILITY POINT BY PERFORMING

2 CREDITED SCHOOL SERVICE OR CREDITED STATE SERVICE AFTER JUNE

3 30, 2001, AT WHICH TIME ALL ELIGIBILITY POINTS AS DETERMINED

4 UNDER SUBSECTION (A) SHALL BE COUNTED.

5 (2) A MEMBER SUBJECT TO PARAGRAPH (1) SHALL BE

6 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE

7 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER HAS

8 AT LEAST TEN ELIGIBILITY POINTS DETERMINED UNDER SUBSECTION

9 (A).

10 § 8307. ELIGIBILITY FOR ANNUITIES.

11 (A) SUPERANNUATION ANNUITY. AN ACTIVE OR AN INACTIVE MEMBER 12 WHO ATTAINS SUPERANNUATION AGE SHALL BE ENTITLED TO RECEIVE A 13 SUPERANNUATION ANNUITY UPON TERMINATION OF SERVICE AND FILING OF 14 A PROPER APPLICATION.

15 (B) WITHDRAWAL ANNUITY.--

16 <u>(1)</u> A VESTEE IN CLASS T C [OR], CLASS T D <u>OR CLASS T G</u>
17 WITH FIVE OR MORE ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE18 CLASS T C [OR], CLASS T D <u>OR CLASS T G</u> MEMBER WHO TERMINATES
19 SCHOOL SERVICE HAVING FIVE OR MORE ELIGIBILITY POINTS SHALL,
20 UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN
21 EARLY ANNUITY.

22(2)A VESTEE IN CLASS T-E OR CLASS T-F WITH TEN OR MORE-23ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-E OR-

24 CLASS T-F MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR-

25 MORE ELIGIBILITY POINTS SHALL, UPON FILING A PROPER-

26 APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY.

27 (C) DISABILITY ANNUITY. AN ACTIVE OR INACTIVE MEMBER WHO

28 HAS CREDIT FOR AT LEAST FIVE YEARS OF SERVICE SHALL, UPON FILING

29 OF A PROPER APPLICATION, BE ENTITLED TO A DISABILITY ANNUITY IF

30 HE BECOMES MENTALLY OR PHYSICALLY INCAPABLE OF CONTINUING TO-

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PERFORM THE DUTIES FOR WHICH HE IS EMPLOYED AND QUALIFIES FOR AN-1 2 ANNUITY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8505(C)(1) 3 (RELATING TO DUTIES OF BOARD REGARDING APPLICATIONS AND 4 ELECTIONS OF MEMBERS AND PARTICIPANTS). 5 -MULTIPLE CLASSES OF SERVICE.--A MEMBER WITH MORE THAN (D)6 ONE CLASS OF SERVICE WHO VESTS HIS RETIREMENT BENEFITS IN ANY 7 CLASS OF SERVICE MAY NOT RECEIVE DISTRIBUTIONS FROM OTHER 8 CLASSES OF SERVICE UNTIL HIS EFFECTIVE DATE OF RETIREMENT, 9 REGARDLESS OF WHETHER HIS BENEFITS RESULTING FROM SUCH OTHER CLASSES OF SERVICE ARE VESTED OR HE IS ELIGIBLE TO RECEIVE AN 10 ANNUITY. A MEMBER WITH SERVICE CREDITED IN MORE THAN ONE CLASS 11 12 OF SERVICE MAY NOT SEPARATELY VEST THE BENEFITS AND RECEIVE-ANNUITIES FROM DIFFERENT CLASSES OF SERVICE WITH DIFFERENT 13 14 EFFECTIVE DATES. 15 § 8308. ELIGIBILITY FOR VESTING. 16 (A) GENERAL RULE. ANY CLASS T C [OR], CLASS T D OR CLASS T 17 G MEMBER WHO TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE SERVICE 18 MEMBER AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES RETIREMENT 19 SYSTEM WHO TERMINATES STATE SERVICE, WITH FIVE OR MORE-20 ELIGIBILITY POINTS SHALL BE ENTITLED TO VEST HIS RETIREMENT 21 BENEFITS UNTIL ATTAINMENT OF SUPERANNUATION AGE. ANY CLASS T-E-22 OR CLASS T F MEMBER WHO TERMINATES SCHOOL SERVICE, OR IF A 23 MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE STATE 24 EMPLOYEES RETIREMENT SYSTEM WHO TERMINATES STATE SERVICE, WITH-25 TEN OR MORE ELIGIBILITY POINTS SHALL BE ENTITLED TO VEST HIS-26 RETIREMENT BENEFITS UNTIL ATTAINMENT OF SUPERANNUATION AGE. 27 (B) MULTIPLE CLASSES OF SERVICE. - A MEMBER WITH MORE THAN 28 ONE CLASS OF SERVICE WHO VESTS HIS RETIREMENT BENEFITS IN ANY 29 CLASS OF SERVICE MAY NOT RECEIVE DISTRIBUTIONS FROM OTHER 30 CLASSES OF SERVICE UNTIL HIS EFFECTIVE DATE OF RETIREMENT,

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1	REGARDLESS OF WHETHER HIS BENEFITS RESULTING FROM SUCH OTHER
2	<u>CLASSES OF SERVICE ARE VESTED OR HE IS ELIGIBLE TO RECEIVE AN</u>
3	ANNUITY. A MEMBER WITH SERVICE CREDITED IN MORE THAN ONE CLASS
4	OF SERVICE MAY NOT SEPARATELY VEST THOSE BENEFITS AND RECEIVE
5	ANNUITIES FROM DIFFERENT CLASSES OF SERVICE WITH DIFFERENT_
6	EFFECTIVE DATES.
7	§ 8310. ELIGIBILITY FOR REFUNDS.
8	UPON TERMINATION OF SERVICE ANY ACTIVE MEMBER, REGARDLESS OF
9	ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS ACCUMULATED
10	DEDUCTIONS IN LIEU OF ANY BENEFIT FROM THE SYSTEM TO WHICH HE IS
11	ENTITLED.
12	§ 8321. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.
13	(A) GENERAL REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO-
14	THE FUND ON BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE
15	EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF
16	SUCH CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION
17	OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17)
18	OR [415(B)] <u>415</u>.
19	(B) CLASS <u>T-C, CLASS T-D, CLASS</u> T-E AND CLASS T-F SHARED-
20	RISK CONTRIBUTIONS.
21	(1) COMMENCING WITH THE ANNUAL ACTUARIAL VALUATION
22	PERFORMED UNDER SECTION 8502(J) (RELATING TO ADMINISTRATIVE
23	DUTIES OF BOARD), FOR THE PERIOD ENDING JUNE 30, 2014, AND-
24	EVERY THREE YEARS THEREAFTER, THE BOARD SHALL COMPARE THE
25	ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, TO THE ANNUAL
26	INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF THE
27	NORMAL CONTRIBUTION RATE, BASED ON THE MARKET VALUE OF
28	ASSETS, FOR THE PRIOR TEN YEAR PERIOD. IF THE ACTUAL
29	INVESTMENT RATE OF RETURN, NET OF FEES, IS LESS THAN THE
30	ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY AN AMOUNT OF 18-
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1 OR MORE, THE SHARED RISK CONTRIBUTION RATE OF CLASS [T E AND 2 T F] T C, CLASS T D, CLASS T E, CLASS T F AND CLASS T G 3 MEMBERS WILL INCREASE BY .5%. IF THE ACTUAL INVESTMENT RATE 4 OF RETURN, NET OF FEES, IS EOUAL TO OR EXCEEDS THE ANNUAL 5 INTEREST RATE ADOPTED BY THE BOARD BY LESS THAN 1%, THE-6 SHARED RISK CONTRIBUTIONS RATE OF CLASS [T E AND T F] T C, 7 CLASS T-D, CLASS T-E, CLASS T-F AND CLASS T-G MEMBERS WILL 8 DECREASE BY .5% [. CLASS T E AND T F MEMBERS WILL CONTRIBUTE -9 AT THE TOTAL MEMBER CONTRIBUTION RATE IN EFFECT WHEN THEY ARE 10 HIRED. THE], PROVIDED THE TOTAL MEMBER CONTRIBUTION RATE ON 11 THE DATE OF THE ACTUARIAL VALUATION IS ABOVE THE MEMBER'S BASIC CONTRIBUTION RATE. IF THE ACTUAL INVESTMENT RATE OF 12 13 RETURN, NET OF FEES, IS MORE THAN THE ANNUAL INTEREST RATE 14 ADOPTED BY THE BOARD BY AN AMOUNT OF 1% OR MORE, THE SHARED 15 RISK CONTRIBUTION RATE OF CLASS T-C, CLASS T-D, CLASS T-E, 16 CLASS T F AND CLASS T G MEMBERS WILL DECREASE BY .5%. IF THE 17 ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, IS EQUAL TO OR 18 BELOW THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY LESS 19 THAN 1%, THE SHARED RISK CONTRIBUTION RATE OF CLASS T-C, 20 CLASS T D, CLASS T E, CLASS T F, AND CLASS T G MEMBERS WILL 21 INCREASE BY .5%, PROVIDED THE TOTAL MEMBER CONTRIBUTION RATE 22 ON THE DATE OF THE ACTUARIAL VALUATION IS BELOW THE MEMBER'S 23 BASIC CONTRIBUTION RATE. 24 (2) NOTWITHSTANDING PARAGRAPH (1), THE TOTAL MEMBER 25 CONTRIBUTION RATE FOR CLASS T-D MEMBERS WHO ARE CURRENTLY 26 PAYING 7.5% ON THE EFFECTIVE DATE OF THIS PROVISION, AND FOR-27 CLASS T E MEMBERS SHALL NOT BE LESS THAN [7.5%] 5.5%, NOR-28 MORE THAN 9.5%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS 29 T-C MEMBERS WHO ARE CURRENTLY PAYING 6.25% ON THE EFFECTIVE 30 DATE OF THIS PROVISION SHALL NOT BE LESS THAN 4.25% NOR MORE-

1	THAN 8.25%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-D
2	MEMBERS WHO ARE CURRENTLY PAYING 6.5% ON THE EFFECTIVE DATE
3	OF THIS PROVISION SHALL NOT BE LESS THAN 4.5% NOR MORE THAN
4	8.5%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T F
5	MEMBERS SHALL NOT BE LESS THAN [10.3%] <u>8.3%</u> , NOR MORE THAN
6	12.3%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-G
7	MEMBERS SHALL NOT BE LESS THAN 2% NOR MORE THAN 6%.
8	NOTWITHSTANDING THIS SUBSECTION, IF THE SYSTEM'S ACTUARIAL
9	FUNDED STATUS IS 100% OR MORE AS OF THE DATE USED FOR THE
10	COMPARISON REQUIRED UNDER THIS SUBSECTION, AS DETERMINED IN
11	THE CURRENT ANNUAL ACTUARIAL VALUATION, THE SHARED-RISK-
12	CONTRIBUTION RATE SHALL [BE] NOT BE GREATER THAN ZERO. IN THE-
13	EVENT THAT THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR
14	THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS CHANGED
15	DURING THE PERIOD USED TO DETERMINE THE SHARED-RISK-
16	CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,
17	SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,
18	EXPRESSED AS AN ANNUAL RATE. THE FOLLOWING PROVISIONS APPLY:
19	[(1)] (I) UNTIL THE SYSTEM HAS A TEN-YEAR PERIOD OF
20	INVESTMENT RATE OF RETURN EXPERIENCE FOLLOWING THE
21	EFFECTIVE DATE OF THIS SUBSECTION, THE LOOK-BACK PERIOD-
22	SHALL BEGIN NOT EARLIER THAN THE EFFECTIVE DATE OF THIS-
23	SUBSECTION.
24	[(2)] (II) FOR ANY FISCAL YEAR IN WHICH THE EMPLOYER
25	CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION
26	RATE UNDER SECTION 8328(H) (RELATING TO ACTUARIAL COST
27	METHOD), THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS [T-
28	E AND T-F] <u>T-C, CLASS T-D, CLASS T-E, CLASS T-F, AND</u>
29	<u>CLASS T-G</u> MEMBERS SHALL BE PROSPECTIVELY RESET TO THE
30	BASIC CONTRIBUTION RATE.

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1	{(3)] <u>(III)</u> THERE SHALL BE NO INCREASE IN THE MEMBER
2	CONTRIBUTION RATE IF THERE HAS NOT BEEN AN EQUIVALENT
3	INCREASE TO THE EMPLOYER CONTRIBUTION RATE OVER THE
4	PREVIOUS THREE YEAR PERIOD.
5	(IV) NOTWITHSTANDING SUBPARAGRAPHS (I), (II) AND
6	(III), THE FIRST LOOK BACK PERIOD APPLICABLE TO CLASS T-C-
7	AND CLASS T-D MEMBERS SHALL BE FOR THE PERIOD ENDING JUNE
8	30, 2020.
9	SECTION 109. SECTIONS 8322.1(A), 8323(A), (C) AND (D)(1),
10	8324, 8325.1(A), 8326(A) AND (C), 8327, 8328(A), (B), (C), (E)
11	(1) AND (G) AND 8330 OF TITLE 24 ARE AMENDED TO READ:
12	§ 8322.1. PICKUP CONTRIBUTIONS.
13	(A) TREATMENT FOR PURPOSES OF IRC § 414(H)ALL-
14	CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS
15	8321 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
16	SERVICE) AND 8322 (RELATING TO JOINT COVERAGE MEMBER-
17	CONTRIBUTIONS), WITH RESPECT TO CURRENT SCHOOL SERVICE RENDERED
18	BY AN ACTIVE MEMBER ON OR AFTER JANUARY 1, 1983, SHALL BE PICKED
19	UP BY THE EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
20	CONTRIBUTION FOR PURPOSES OF IRC § 414(H).
21	* * *
22	§ 8323. MEMBER CONTRIBUTIONS FOR CREDITABLE SCHOOL SERVICE.
23	(A) PREVIOUS SCHOOL SERVICE, SABBATICAL LEAVE AND FULL
24	COVERAGE THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR
25	AN ELIGIBLE STATE EMPLOYEE FOR CREDIT IN THE SYSTEM FOR
26	REINSTATEMENT OF ALL PREVIOUSLY CREDITED SCHOOL SERVICE, SCHOOL
27	SERVICE NOT PREVIOUSLY CREDITED, SABBATICAL LEAVE AS IF HE HAD
28	BEEN IN FULL-TIME DAILY ATTENDANCE, OR FULL-COVERAGE MEMBERSHIP
29	SHALL BE SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE
30	ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE

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1	CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR MEMBER
2	CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE AT THE RATE OF
3	CONTRIBUTION NECESSARY TO BE CREDITED AS CLASS T-C SERVICE,-
4	CLASS T-D SERVICE IF THE MEMBER IS A CLASS T-D MEMBER, CLASS T-E-
5	SERVICE IF THE MEMBER IS A CLASS T-E MEMBER [OR] CLASS T-F-
6	SERVICE IF THE MEMBER IS A CLASS T F MEMBER OR CLASS T G SERVICE
7	IF THE MEMBER IS A CLASS T-G MEMBER AND HAD SUCH CONTRIBUTIONS
8	BEEN CREDITED WITH STATUTORY INTEREST DURING THE PERIOD THE
9	CONTRIBUTIONS WOULD HAVE BEEN MADE AND DURING ALL PERIODS OF
10	SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER
11	AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON
12	LEAVE WITHOUT PAY UP TO THE DATE OF PURCHASE.
13	* * *
14	(C) APPROVED LEAVE OF ABSENCE OTHER THAN SABBATICAL LEAVE
15	AND ACTIVATED MILITARY SERVICE LEAVE THE CONTRIBUTIONS TO BE-
16	PAID BY AN ACTIVE MEMBER FOR CREDIT FOR AN APPROVED LEAVE OF
17	ABSENCE, OTHER THAN SABBATICAL LEAVE AND ACTIVATED MILITARY
18	SERVICE LEAVE, SHALL BE SUFFICIENT TO TRANSFER HIS MEMBERSHIP TO
19	CLASS T-C OR TO CLASS T-D IF THE MEMBER IS A CLASS T-D MEMBER,
20	TO CLASS T-E IF THE MEMBER IS A CLASS T-E MEMBER [OR], TO CLASS
21	T-F IF THE MEMBER IS A CLASS T-F MEMBER OR TO CLASS T-G SERVICE
22	IF THE MEMBER IS A CLASS T G MEMBER AND FURTHER TO PROVIDE AN
23	ANNUITY AS A CLASS T-C MEMBER OR CLASS T-D MEMBER IF THE MEMBER-
24	IS A CLASS T-D MEMBER, TO CLASS T-E IF THE MEMBER IS A CLASS T-E-
25	MEMBER [OR], TO CLASS T-F IF THE MEMBER IS A CLASS T-F MEMBER OR
26	TO CLASS T-G SERVICE IF THE MEMBER IS A CLASS T-G MEMBER FOR
27	SUCH ADDITIONAL CREDITED SERVICE. SUCH AMOUNT SHALL BE THE SUM
28	OF THE AMOUNT REQUIRED IN ACCORDANCE WITH THE PROVISIONS OF
29	SUBSECTION (B) AND AN AMOUNT DETERMINED AS THE SUM OF THE
30	MEMBER'S BASIC CONTRIBUTION RATE AND THE NORMAL CONTRIBUTION
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RATE AS PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST 1 METHOD) DURING SUCH PERIOD MULTIPLIED BY THE COMPENSATION WHICH 2 3 WAS RECEIVED OR WHICH WOULD HAVE BEEN RECEIVED DURING SUCH-4 PERIOD AND WITH STATUTORY INTEREST DURING ALL PERIODS OF 5 SUBSEQUENT SCHOOL AND STATE SERVICE UP TO THE DATE OF PURCHASE. 6 * * * 7 (D) CERTIFICATION AND PAYMENT OF CONTRIBUTIONS. 8 (1) IN ALL CASES OTHER THAN FOR THE PURCHASE OF CREDIT 9 FOR SABBATICAL LEAVE AND ACTIVATED MILITARY SERVICE LEAVE 10 BEGINNING BEFORE THE EFFECTIVE DATE OF PARAGRAPH (2), THE AMOUNT PAYABLE SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE 11 WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID IN A 12 13 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR 14 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE-15 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH-STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN-16 17 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY 18 DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE 19 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY-20 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE-21 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. 22 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO 23 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN 24 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE-25 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED 26 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE-27 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER-28 TO THE BOARD THE AMOUNTS PAID. * * * 29

30 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE

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MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, THE COMMONWEALTH, OR A-6 7 COMBINATION THEREOF, AS PROVIDED BY LAW. 8 (B) NONINTERVENING MILITARY SERVICE. THE AMOUNT DUE FOR THE 9 PURCHASE OF CREDIT FOR MILITARY SERVICE OTHER THAN INTERVENING 10 MILITARY SERVICE SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS 11 12 PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) AT 13 THE TIME OF ENTRY OF THE MEMBER INTO SCHOOL SERVICE SUBSEQUENT 14 TO SUCH MILITARY SERVICE TO ONE THIRD OF HIS TOTAL COMPENSATION 15 RECEIVED DURING THE FIRST THREE YEARS OF SUCH SUBSEQUENT 16 CREDITED SCHOOL SERVICE AND MULTIPLYING THE PRODUCT BY THE-17 NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE 18 NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH 19 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND STATE SERVICE TO DATE OF PURCHASE. UPON CERTIFICATION OF THE 20 AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 DAYS OR 21 22 IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE 23 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT 24 SYSTEM IT MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH 25 SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE 26 MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS 27 AGREED TO BY MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF 28 PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF 29 SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE 30 DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY

2 (A) SOURCE OF CONTRIBUTIONS. THE TOTAL CONTRIBUTIONS TO
3 PURCHASE CREDIT AS A MEMBER OF CLASS T C, CLASS T E [OR], CLASS
4 T F OR CLASS T G FOR CREDITABLE NONSCHOOL SERVICE OF AN ACTIVE
5 MEMBER OR AN ELIGIBLE STATE EMPLOYEE SHALL BE PAID EITHER BY THE
6 MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, THE COMMONWEALTH, OR A
7 COMBINATION THEREOF AS PROVIDED BY LAW

NONSCHOOL SERVICE AND NONCREDITABLE SCHOOL SERVICE.

1

DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS-1 SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE 2 3 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES! 4 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE 5 REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION 6 7 MAY BE FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON-8 COMPLETION OF THREE YEARS OF SUBSEQUENT CREDITED SCHOOL SERVICE 9 AND SHALL BE CREDITED AS CLASS T-C SERVICE. IN THE EVENT THAT A 10 CLASS T E MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-E-11 12 SERVICE. IN THE EVENT THAT A CLASS T-F MEMBER MAKES A PURCHASE 13 OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH SERVICE SHALL BE-14 CREDITED AS CLASS T F SERVICE. IN THE EVENT THAT A CLASS T G 15 MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE, 16 THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T G SERVICE. 17 (C) INTERVENING MILITARY SERVICE. -- CONTRIBUTIONS ON ACCOUNT 18 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED 19 BY THE MEMBER'S BASIC CONTRIBUTION RATE AND COMPENSATION AT THE 20 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE, 21 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF 22 SUBSEQUENT SCHOOL AND STATE SERVICE TO DATE OF PURCHASE. UPON 23 APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN-24 THE CASE OF EACH MEMBER BY THE BOARD, IN ACCORDANCE WITH METHODS-25 APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY ONE OF 26 THE FOLLOWING METHODS: 27 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY

28 SERVICE.

29 (2) A LUMP SUM PAYMENT WITHIN 90 DAYS OF CERTIFICATION
 30 OF THE AMOUNT DUE.

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1 SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED (3)2 UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION 3 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY 4 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST 5 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS 6 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD 7 MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS 8 AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE 9 OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE-10 STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES! 11 12 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE-13 BOARD THE AMOUNTS PAID. 14 (D) OTHER CREDITABLE NONSCHOOL SERVICE AND NONCREDITABLE 15 SCHOOL SERVICE. (1) CONTRIBUTIONS ON ACCOUNT OF CLASS T C CREDIT FOR 16 17 CREDITABLE NONSCHOOL SERVICE OTHER THAN MILITARY SERVICE 18 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC-19 CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS 20 PROVIDED IN SECTION 8328 AT THE TIME OF THE MEMBER'S ENTRY-21 INTO SCHOOL SERVICE SUBSEQUENT TO SUCH CREDITABLE NONSCHOOL 22 SERVICE TO HIS TOTAL COMPENSATION RECEIVED DURING THE FIRST 23 YEAR OF SUBSEQUENT CREDITED SCHOOL SERVICE AND MULTIPLYING 24 THE PRODUCT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A 25 YEAR OF CREDITABLE NONSCHOOL SERVICE BEING PURCHASED TOGETHER 26 WITH STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT 27 SCHOOL OR STATE SERVICE TO THE DATE OF PURCHASE, EXCEPT THAT 28 IN THE CASE OF PURCHASE OF CREDIT FOR CREDITABLE NONSCHOOL 29 SERVICE AS SET FORTH IN SECTION 8304(B)(5) (RELATING TO-30 CREDITABLE NONSCHOOL SERVICE) THE MEMBER SHALL PAY ONLY THE

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1 EMPLOYEE'S SHARE UNLESS OTHERWISE PROVIDED BY LAW. UPON-2 CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE MADE IN A 3 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR 4 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE-5 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH-6 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN-7 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY 8 DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE 9 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY-10 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE-SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. 11 12 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO 13 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN-14 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE-15 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE 16 17 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER 18 TO THE BOARD THE AMOUNTS PAID. 19 (2) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E [OR], CLASS T-20 F OR CLASS T G CREDIT FOR CREDITABLE NONSCHOOL SERVICE OTHER THAN MILITARY SERVICE SHALL BE THE PRESENT VALUE OF THE FULL 21 22 ACTUARIAL COST OF THE INCREASE IN THE PROJECTED 23 SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL SERVICE 24 CREDITED ON ACCOUNT OF THE PURCHASE. UPON CERTIFICATION OF 25 THE AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 26 DAYS OR, IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE 27 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'-28 RETIREMENT SYSTEM, IT MAY BE AMORTIZED WITH STATUTORY-29 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS 30 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION

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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 THE TERMS AS-6 THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF 7 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-BOARD THE AMOUNTS PAID. 11 (3) CONTRIBUTIONS ON ACCOUNT OF CLASS T - [OR], CLASS T-12 13 F OR CLASS T-G CREDIT FOR NONCREDITABLE SCHOOL SERVICE OTHER 14 THAN MILITARY SERVICE SHALL BE THE PRESENT VALUE OF THE FULL-15 ACTUARIAL COST OF THE INCREASE IN THE PROJECTED SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL SERVICE 16 17 CREDITED ON ACCOUNT OF THE PURCHASE. UPON CERTIFICATION OF 18 THE AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 19 DAYS OR, IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE 20 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, IT MAY BE AMORTIZED WITH STATUTORY 21 22 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS 23 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION 24 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY 25 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST 26 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS 27 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD 28 MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO THE TERMS AS

29 THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF

30 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE-

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1 STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY 2 DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES! 3 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE-4 BOARD THE AMOUNTS PAID. 5 (E) CREDITABLE WORK EXPERIENCE. -- CONTRIBUTIONS ON ACCOUNT OF CLASS T-C, CLASS T-E [OR], CLASS T-F OR CLASS T-G CREDIT FOR 6 CREDITABLE WORK EXPERIENCE PURSUANT TO SECTION 8304 (B) (6) SHALL 7 8 BE THE PRESENT VALUE OF THE FULL ACTUARIAL COST OF THE INCREASE 9 IN THE PROJECTED SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL 10 SERVICE CREDITED ON ACCOUNT OF THE PURCHASE OF CREDITABLE WORK-EXPERIENCE. THE AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR 11 12 CREDITABLE WORK EXPERIENCE SHALL NOT BE PAYABLE AS A LUMP SUM-13 UNDER SECTION 8345(A)(4)(III) (RELATING TO MEMBER'S OPTIONS). 14 ANY INDIVIDUAL ELIGIBLE TO RECEIVE AN ANNUITY, EXCLUDING AN-15 ANNUITY RECEIVED UNDER THE FEDERAL SOCIAL SECURITY ACT (42-16 U.S.C. § 301 ET SEO.), IN ANOTHER PENSION SYSTEM, OTHER THAN A 17 MILITARY PENSION SYSTEM, SHALL NOT BE ELIGIBLE TO PURCHASE THIS 18 SERVICE. 19 (F) CREDITABLE MATERNITY LEAVE. -- CONTRIBUTIONS ON ACCOUNT OF 20 CLASS T C, CLASS T E OR CLASS T F CREDIT FOR CREDITABLE 21 MATERNITY LEAVE PURSUANT TO SECTION 8304 (B) (7) SHALL BE 22 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE PLUS 23 THE NORMAL CONTRIBUTION RATE AS PROVIDED IN SECTION 8328 AT THE-24 TIME OF THE MEMBER'S RETURN TO SCHOOL SERVICE TO THE TOTAL 25 COMPENSATION RECEIVED DURING THE FIRST YEAR OF SUBSEQUENT SCHOOL 26 SERVICE AND MULTIPLYING THE PRODUCT BY THE NUMBER OF YEARS AND 27 FRACTIONAL PART OF A YEAR OF CREDITABLE SERVICE BEING PURCHASED, 28 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF 29 SUBSEQUENT SCHOOL OR STATE SERVICE TO THE DATE OF PURCHASE. THE 30 AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR CREDITABLE MATERNITY

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1	LEAVE SHALL NOT BE ELIGIBLE FOR WITHDRAWAL AS A LUMP SUM UNDER
2	SECTION 8345(A)(4)(III).
3	§ 8325.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).
4	(A) GENERAL RULE. IN ADDITION TO OTHER APPLICABLE
5	LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY-
6	PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION
7	OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO
8	ACCOUNT FOR BENEFIT PURPOSES UNDER THIS SUBCHAPTER SHALL NOT
9	EXCEED THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JULY
10	1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC
11	§ 401(A)(17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF
12	1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL
13	COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93
14	ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE-
15	COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE
16	WITH IRC § 401(A)(17)(B). THE COST OF LIVING ADJUSTMENT IN
17	EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD
18	WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH-
19	COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF
20	A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE-
21	OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION,
22	THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE
23	DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.
24	* * *
25	§ 8326. CONTRIBUTIONS BY THE COMMONWEALTH.
26	(A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS THE-
27	COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE FUND ON BEHALF OF
28	ALL ACTIVE MEMBERS AND PARTICIPANTS, INCLUDING MEMBERS AND
29	PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE, IN AN AMOUNT
30	EQUAL TO ONE HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY

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TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY-1 RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS 2 3 PART IN ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST 4 METHOD). IN CASE A SCHOOL EMPLOYEE HAS ELECTED MEMBERSHIP IN A 5 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER, THE COMMONWEALTH SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS MEMBERSHIP AN-6 AMOUNT NO GREATER THAN THE AMOUNT IT WOULD HAVE CONTRIBUTED HAD 7 8 THE EMPLOYEE BEEN A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES! 9 RETIREMENT SYSTEM.

10 ***

11 (C) CONTRIBUTIONS AFTER JUNE 30, 1995.--

12 (1) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE 13 FUND ON BEHALF OF ALL ACTIVE MEMBERS AND PARTICIPANTS,

14 INCLUDING MEMBERS AND PARTICIPANTS ON ACTIVATED MILITARY

15 SERVICE LEAVE, FOR SERVICE PERFORMED AFTER JUNE 30, 1995, IN-16 THE FOLLOWING MANNER:

17 (1) FOR MEMBERS <u>AND PARTICIPANTS</u> WHO ARE EMPLOYEES
 18 OF EMPLOYERS THAT ARE SCHOOL ENTITIES, NO COMMONWEALTH
 19 CONTRIBUTIONS SHALL BE MADE.

20 (II) FOR MEMBERS <u>AND PARTICIPANTS</u> WHO ARE EMPLOYEES
 21 OF EMPLOYERS THAT ARE NOT SCHOOL ENTITIES, THE AMOUNT
 22 COMPUTED UNDER SUBSECTION (A).

23 (2) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE
 24 FUND ON BEHALF OF ANNUITANTS FOR ALL AMOUNTS DUE TO THE FUND
 25 AFTER JUNE 30, 1995, INCLUDING, BUT NOT LIMITED TO, AMOUNTS
 26 DUE PURSUANT TO SECTION 8328(D) AND (F), IN THE FOLLOWING
 27 MANNER:

28 (1) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
 29 OF EMPLOYERS WHO ARE SCHOOL ENTITIES, NO COMMONWEALTH
 30 CONTRIBUTIONS SHALL BE MADE.

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 1
 (II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES

 2
 OF EMPLOYERS WHO ARE NOT SCHOOL ENTITIES, THE AMOUNT

 3
 COMPUTED UNDER SUBSECTION (B).

4 * * *

5 § 8327. PAYMENTS BY EMPLOYERS.

6 (A) GENERAL RULE. EACH EMPLOYER, INCLUDING THE COMMONWEALTH-AS EMPLOYER OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-7 8 OWNED COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF 9 TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND 10 SCHOOL FOR VETERANS' CHILDREN[,] AND [THE] THE PENNSYLVANIA STATE UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND EACH QUARTER 11 12 IN AN AMOUNT EQUAL TO ONE HALF THE SUM OF THE PERCENTAGES, AS 13 DETERMINED UNDER SECTION 8328 (RELATING TO ACTUARIAL COST 14 METHOD), APPLIED TO THE TOTAL COMPENSATION DURING THE PAY-15 PERIODS IN THE PRECEDING QUARTER OF ALL ITS EMPLOYEES WHO WERE 16 MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING MEMBERS ON 17 ACTIVATED MILITARY SERVICE LEAVE. IN THE EVENT A MEMBER ON 18 ACTIVATED MILITARY SERVICE LEAVE DOES NOT RETURN TO SERVICE FOR 19 THE NECESSARY TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR 20 DISHONORABLE DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR 21 ACTIVATED MILITARY SERVICE UNDER SECTION 8302 (B.1) (3) (RELATING 22 TO CREDITED SCHOOL SERVICE), THE CONTRIBUTIONS MADE BY THE-23 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH 24 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER. 25 (B) DEDUCTION FROM APPROPRIATIONS. 26 (1) TO FACILITATE THE PAYMENT OF AMOUNTS DUE FROM ANY 27 EMPLOYER TO THE FUND AND THE TRUST THROUGH THE STATE 28 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE 29 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION-30 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID

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1 INTO THE FUND AND THE TRUST FROM THE AMOUNT OF ANY MONEYS DUE

2 TO ANY EMPLOYER ON ACCOUNT OF ANY APPROPRIATION FOR SCHOOLS

3 OR OTHER PURPOSES AMOUNTS EQUAL TO THE EMPLOYER

<u>CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS</u> AND PICKUP
 <u>CONTRIBUTIONS WHICH AN EMPLOYER IS REQUIRED TO PAY TO THE</u>
 <u>FUND AND THE TRUST</u>, AS CERTIFIED BY THE BOARD, AND AS REMAINS
 <u>UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD OTHERWISE BE</u>
 <u>PAID TO THE EMPLOYER. SUCH AMOUNT SHALL BE CREDITED TO THE</u>
 <u>APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST</u>.

10 (2) TO FACILITATE THE PAYMENTS OF AMOUNTS DUE FROM ANY CHARTER SCHOOL, AS DEFINED IN ARTICLE XVII-A OF THE ACT OF 11 12 MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL 13 CODE OF 1949, TO THE FUND AND THE TRUST THROUGH THE STATE 14 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE 15 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID 16 17 INTO THE FUND AND THE TRUST FROM ANY FUNDS APPROPRIATED TO 18 THE DEPARTMENT OF EDUCATION FOR BASIC EDUCATION OF THE 19 CHARTERING SCHOOL DISTRICT OF A CHARTER SCHOOL AND PUBLIC-20 SCHOOL EMPLOYEES ' RETIREMENT CONTRIBUTIONS AMOUNTS EQUAL TO 21 THE EMPLOYER CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS-22 AND PICKUP CONTRIBUTIONS WHICH A CHARTER SCHOOL IS REQUIRED 23 TO PAY TO THE FUND AND THE TRUST, AS CERTIFIED BY THE BOARD, 24 AND AS REMAINS UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD 25 OTHERWISE BE PAID TO THE CHARTERING SCHOOL DISTRICT OR 26 CHARTER SCHOOL. SUCH AMOUNTS SHALL BE CREDITED TO THE-27 APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST. ANY REDUCTION-28 IN PAYMENTS TO A CHARTERING SCHOOL DISTRICT MADE PURSUANT TO-29 THIS SECTION SHALL BE DEDUCTED FROM THE AMOUNT DUE TO THE-30 CHARTER SCHOOL DISTRICT PURSUANT TO THE PUBLIC SCHOOL CODE OF

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 $1 \frac{1949}{1}$

2 (C) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 1995, AND BEFORE 3 JUNE 30, 2017, -- AFTER JUNE 30, 1995, AND BEFORE JUNE 30, 2017, 4 EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER OF 5 EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE OWNED COLLEGES 6 AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND SCHOOL FOR 7 8 VETERANS' CHILDREN AND THE PENNSYLVANIA STATE UNIVERSITY, SHALL 9 MAKE PAYMENTS TO THE FUND AND THE TRUST EACH OUARTER IN AN-10 AMOUNT COMPUTED IN THE FOLLOWING MANNER: (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT 11 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 OUARTER OF ALL EMPLOYEES WHO WERE 15 ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE 16 PLAN DURING SUCH PERIOD, INCLUDING MEMBERS OR ACTIVE 17 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE. IN THE 18 EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE DOES NOT 19 RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES AN 20 UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE 21 22 UNDER SECTION 8302(B.1)(3), THE CONTRIBUTION MADE BY THE-23 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH-24 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER. 25 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE-26 AMOUNT COMPUTED UNDER SUBSECTION (A). 27 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN-28 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL 29 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS-30 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A

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1	NONELIGIBLE MEMBER ON THE BASIS OF WHICH MEMBER OR
2	PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY REASON OF THE
3	LIMITATION UNDER IRC § 401(A)(17), EXCEPT AS OTHERWISE
4	PROVIDED IN THIS PART. ANY AMOUNT OF CONTRIBUTION TO THE FUND
5	PAID BY THE EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE
6	BASIS OF COMPENSATION WHICH WAS SUBJECT TO EXCLUSION FROM-
7	TOTAL COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
8	PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON-
9	APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH-
10	VALUATION INTEREST. ANY AMOUNT OF CONTRIBUTION TO THE TRUST
11	PAID BY THE EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE
12	BASIS OF COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM
13	TOTAL COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
14	PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
15	APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER PLUS
16	INTEREST AND INVESTMENT GAINS OR LOSSES ON SUCH AMOUNT BUT
17	MINUS INVESTMENT FEES AND ADMINISTRATIVE CHARGES.
18	(D) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 2017. AFTER JUNE
19	30, 2017, EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER
20	OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE OWNED
21	COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF
22	TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND
23	SCHOOL FOR VETERANS' CHILDREN AND THE PENNSYLVANIA STATE
24	UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND AND THE TRUST EACH
25	QUARTER IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER:
26	(1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT
27	SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER
28	SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY
29	PERIODS IN THE PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE
30	ACTIVE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING
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1	MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE AND USERRA LEAVE.
2	IN THE EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE OR
3	USERRA LEAVE DOES NOT RETURN TO SERVICE FOR THE NECESSARY
4	TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE
5	DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED
6	MILITARY SERVICE UNDER SECTION 8302(B.1)(3) OR 8302(D), THE
7	CONTRIBUTION MADE BY THE EMPLOYER ON BEHALF OF SUCH MEMBER
8	SHALL BE RETURNED WITH VALUATION INTEREST UPON APPLICATION BY_
9	THE EMPLOYER.
10	(2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE
11	AMOUNT COMPUTED UNDER SUBSECTION (A).
12	(3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN
13	COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL
14	BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS
15	SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A
16	NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF WHICH
17	MEMBER OR PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY
18	REASON OF THE LIMITATION UNDER IRC § 401(A)(17). ANY AMOUNT
19	OF CONTRIBUTION TO THE FUND PAID BY THE EMPLOYER ON BEHALF OF
20	A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF
21	COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM TOTAL
22	COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
23	PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
24	APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH
25	VALUATION INTEREST.
26	(E) AGREEMENT. THE AGREEMENT OF AN EMPLOYER LISTED IN THE
27	DEFINITION OF SCHOOL EMPLOYEE UNDER SECTION 8102 (RELATING TO
28	DEFINITIONS) OR ANY OTHER LAW TO MAKE CONTRIBUTIONS TO THE FUND
29	OR TO ENROLL ITS EMPLOYEES AS MEMBERS IN THE SYSTEM SHALL BE
30	DEEMED TO BE AN AGREEMENT TO MAKE CONTRIBUTIONS TO THE TRUST OR
0.0.1	

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1 <u>ENROLL ITS EMPLOYEES IN THE PLAN.</u>

2	(F) CONTRIBUTIONS. THE EMPLOYER EMPLOYING A PARTICIPANT
3	SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT CONTRIBUTIONS
4	BY A REDUCTION IN THE COMPENSATION OF THE PARTICIPANT.
5	(G) REEMPLOYED FROM USERRA LEAVE WHEN A SCHOOL EMPLOYEE
6	REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER CONTRIBUTIONS
7	REQUIRED TO BE GRANTED SCHOOL SERVICE CREDIT FOR THE USERRA
8	LEAVE AFTER JUNE 30, 2017, EITHER BY ACTUAL PAYMENT OR BY
9	ACTUARIAL DEBT UNDER SECTION 8325 (RELATING TO INCOMPLETE
10	PAYMENTS), THE EMPLOYER THAT EMPLOYED THE SCHOOL EMPLOYEE WHEN
11	THE MEMBER CONTRIBUTIONS ARE MADE, OR THE LAST EMPLOYER BEFORE
12	TERMINATION IN THE CASE OF PAYMENT UNDER SECTION 8325, SHALL
13	MAKE THE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN MADE UNDER
14	THIS SECTION IF THE EMPLOYEE MAKING THE MEMBER CONTRIBUTIONS
15	AFTER HE IS REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE
16	EMPLOYED IN HIS SCHOOL OFFICE OR POSITION INSTEAD OF PERFORMING
17	USERRA LEAVE.
17 18	<u>userra leave.</u> § 8328. Actuarial cost method.
18	§ 8328. ACTUARIAL COST METHOD.
18 19	§ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL
18 19 20	§ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A
18 19 20 21	§ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND
18 19 20 21 22	\$ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS <u>AND</u> <u>ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH</u>
18 19 20 21 22 23	\$ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD.
18 19 20 21 22 23 24	S 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS <u>AND</u> <u>ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH</u> THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD. THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE
18 19 20 21 22 23 24 25	 \$ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS <u>AND</u> <u>ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH</u> THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD. THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (H) PLUS THE
18 19 20 21 22 23 24 25 26	<pre>\$ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD. THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (II) PLUS THE PREMIUM ASSISTANCE CONTRIBUTION RATE AS COMPUTED IN SUBSECTION</pre>
18 19 20 21 22 23 24 25 26 27	<pre>\$ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD. THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (H) PLUS THE PREMIUM ASSISTANCE CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (F). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL CONSIST OF</pre>
18 19 20 21 22 23 24 25 26 27 28	<pre>\$ 8328. ACTUARIAL COST METHOD. (A) EMPLOYER CONTRIBUTION RATE. THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS <u>AND</u> <u>ACTIVE PARTICIPANTS, AS APPLICABLE,</u> DURING THE PERIOD FOR WHICH- THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD. THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (H) PLUS THE PREMIUM ASSISTANCE CONTRIBUTION RATE AS COMPUTED IN SUBSECTION- (F). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL CONSIST OF THE NORMAL CONTRIBUTION RATE AS DEFINED IN SUBSECTION (B), THE</pre>

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SUBSECTION (D). BEGINNING JULY 1, 2004, THE ACTUARIALLY REQUIRED 1 CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT 2 3 FACTORS AS CALCULATED IN SUBSECTION (E). (B) NORMAL CONTRIBUTION RATE. THE NORMAL CONTRIBUTION RATE. 4 5 SHALL BE DETERMINED AFTER EACH ACTUARIAL VALUATION. UNTIL ALL ACCRUED LIABILITY CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL 6 CONTRIBUTION RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL 7 8 INTEREST RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE 9 ADOPTED BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED 10 ACTUARIAL PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION 11 OF [THE AVERAGE NEW ACTIVE MEMBER] ALL ACTIVE MEMBERS, WHICH-PERCENTAGE, IF CONTRIBUTED FROM THE START OF THEIR EMPLOYMENT ON-12 13 THE BASIS OF [HIS] THEIR PROSPECTIVE COMPENSATION THROUGH [THE] 14 THEIR ENTIRE PERIOD OF ACTIVE SCHOOL SERVICE, WOULD BE-15 SUFFICIENT TO FUND THE LIABILITY FOR ANY PROSPECTIVE BENEFIT 16 PAYABLE TO [HIM] THEM, IN EXCESS OF THAT PORTION FUNDED BY [HIS] 17 THEIR PROSPECTIVE MEMBER CONTRIBUTIONS, EXCLUDING THE SHARED-18 RISK CONTRIBUTIONS. IN NO CASE SHALL THE EMPLOYER'S NORMAL COST 19 BE LESS THAN ZERO. 20 (C) ACCRUED LIABILITY CONTRIBUTION RATE. --21 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND 22 ENDING JUNE 30, 2011, THE ACCRUED LIABILITY CONTRIBUTION RATE-23 SHALL BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL 24 ACTIVE MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS-25 SUFFICIENT TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1, 26 2002, THE PRESENT VALUE OF THE LIABILITIES FOR ALL 27 PROSPECTIVE BENEFITS OF ACTIVE MEMBERS, EXCEPT FOR THE-28 SUPPLEMENTAL BENEFITS PROVIDED IN SECTIONS 8348 (RELATING TO-29 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL 30 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER-

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1 ADDITIONAL SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO-2 SUPPLEMENTAL ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO-3 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5 4 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6 5 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND 6 8348.7 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2003), 7 IN EXCESS OF THE TOTAL ASSETS IN THE FUND (CALCULATED BY-8 RECOGNIZING THE ACTUARIALLY EXPECTED INVESTMENT RETURN 9 IMMEDIATELY AND RECOGNIZING THE DIFFERENCE BETWEEN THE ACTUAL 10 INVESTMENT RETURN AND THE ACTUARIALLY EXPECTED INVESTMENT RETURN OVER A FIVE YEAR PERIOD), EXCLUDING THE BALANCE IN THE 11 ANNUITY RESERVE ACCOUNT, AND OF THE PRESENT VALUE OF NORMAL 12 13 CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS ON JULY 1, 2002, DURING THE 14 15 REMAINDER OF THEIR ACTIVE SERVICE. (2) FOR THE FISCAL YEARS BEGINNING JULY 1, 2003, AND 16 ENDING JUNE 30, 2011, THE AMOUNT OF EACH ANNUAL ACCRUED 17 18 LIABILITY CONTRIBUTION SHALL BE EQUAL TO THE AMOUNT OF SUCH-19 CONTRIBUTION FOR THE FISCAL YEAR, BEGINNING JULY 1, 2002, 20 EXCEPT THAT, IF THE ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2002, BUT BEFORE 21 22 JULY 1, 2003, SUCH ADDITIONAL LIABILITY SHALL BE FUNDED OVER 23 A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY, COINCIDENT 24 WITH OR NEXT FOLLOWING THE EFFECTIVE DATE OF THE INCREASE. 25 THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION FOR 26 SUCH ADDITIONAL LEGISLATIVE LIABILITIES SHALL BE EQUAL TO THE 27 AMOUNT OF SUCH CONTRIBUTION FOR THE FIRST ANNUAL PAYMENT. 28 (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, 29 BEGINNING JULY 1, 2004, AND ENDING JUNE 30, 2011, THE-30 OUTSTANDING BALANCE OF THE INCREASE IN ACCRUED LIABILITY DUE-

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1 TO THE CHANGE IN BENEFITS ENACTED IN 2001 AND THE OUTSTANDING 2 BALANCE OF THE NET ACTUARIAL LOSS INCURRED IN FISCAL YEAR 3 2000-2001 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL 4 CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS AFTER JULY 1, 5 2002, AND THE OUTSTANDING BALANCE OF THE NET ACTUARIAL LOSS 6 INCURRED IN FISCAL YEAR 2001 2002 SHALL BE AMORTIZED IN EQUAL 7 DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS 8 AFTER JULY 1, 2003. FOR FISCAL YEARS BEGINNING ON OR AFTER 9 JULY 1, 2004, IF THE ACCRUED LIABILITY IS INCREASED BY 10 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2003, SUCH-ADDITIONAL LIABILITY SHALL BE FUNDED IN EQUAL DOLLAR ANNUAL 11 CONTRIBUTIONS OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY 12 13 OF JULY COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE 14 OF THE INCREASE.

15 (4) FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, THE-ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE 16 RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL 17 18 BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND AS A LEVEL 19 PERCENTAGE OF COMPENSATION OVER A PERIOD OF 24 YEARS FROM-20 JULY 1, 2011, THE PRESENT VALUE OF THE LIABILITIES FOR ALL-21 PROSPECTIVE BENEFITS CALCULATED AS OF JUNE 30, 2010, 22 INCLUDING THE SUPPLEMENTAL BENEFITS AS PROVIDED IN SECTIONS 23 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND 24 8348.7, IN EXCESS OF THE ACTUARIALLY CALCULATED ASSETS IN THE 25 FUND (CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED 26 INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL 27 INSTALLMENTS OVER A TEN-YEAR PERIOD). IN THE EVENT THAT THE 28 ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED 29 SUBSECUENT TO JUNE 30, 2010, AS A RESULT OF AN INCREASE IN 30 BENEFITS DETERMINED ON A TOTAL PLAN BASIS, SUCH ADDITIONAL

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1 LIABILITY SHALL BE FUNDED AS A LEVEL PERCENTAGE OF 2 COMPENSATION OVER A PERIOD OF TEN YEARS FROM THE JULY 1 3 SECOND SUCCEEDING THE DATE SUCH LEGISLATION IS ENACTED. 4 (5) FOR THE FISCAL YEAR BEGINNING ON OR AFTER JULY 1, 5 2016, THE ACTUARIALLY CALCULATED ASSETS IN THE FUND 6 DETERMINED IN ACCORDANCE WITH PARAGRAPH (4) SHALL BE NO LESS 7 THAN 70% AND NO MORE THAN 130% OF MARKET VALUE. * * * 8 9 (E) EXPERIENCE ADJUSTMENT FACTOR.--10 (1) FOR EACH FISCAL YEAR AFTER THE ESTABLISHMENT OF THE-ACCRUED LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR 11 12 BEGINNING JULY 1, 2011, ANY INCREASE OR DECREASE IN THE-13 UNFUNDED ACCRUED LIABILITY, EXCLUDING THE GAINS OR LOSSES ON-14 THE ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL 15 EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE, CHANGES IN-16 ACTUARIAL ASSUMPTIONS, CHANGES IN CONTRIBUTIONS CAUSED BY THE-17 FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY 18 REQUIRED CONTRIBUTION RATE, ACTIVE MEMBERS MAKING SHARED RISK-19 CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE 20 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE 21 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT-22 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART, 23 SHALL BE AMORTIZED AS A LEVEL PERCENTAGE OF COMPENSATION OVER 24 A PERIOD OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND 25 SUCCEEDING THE ACTUARIAL VALUATION DETERMINING SAID INCREASES 26 OR DECREASES. * * * 27 28 (G) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE. 29 (1) THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR

30 SHALL BE DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED

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CONTRIBUTION RATE, CALCULATED WITHOUT REGARD FOR THE COSTS
 ADDED BY LEGISLATION, TO THE PRIOR YEAR'S FINAL CONTRIBUTION RATE.

4	(2) IF, FOR ANY OF THE FISCAL YEARS BEGINNING JULY 1,
5	2011, JULY 1, 2012, AND ON OR AFTER JULY 1, 2013, THE
6	ACTUARIALLY REQUIRED CONTRIBUTION RATE, CALCULATED
7	WITHOUT REGARD FOR THE COSTS ADDED BY LEGISLATION, IS
8	MORE THAN 3%, 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL
9	COMPENSATION OF ALL ACTIVE MEMBERS GREATER THAN THE PRIOR
10	YEAR'S FINAL CONTRIBUTION RATE, THEN THE COLLARED
11	CONTRIBUTION RATE SHALL BE APPLIED AND BE EQUAL TO THE
12	PRIOR YEAR'S FINAL CONTRIBUTION RATE INCREASED BY 3%,
13	3.5% AND 4.5%, RESPECTIVELY, OF TOTAL COMPENSATION OF ALL
14	ACTIVE MEMBERS. OTHERWISE, AND FOR ALL OTHER FISCAL
15	YEARS, THE COLLARED CONTRIBUTION RATE SHALL NOT BE
16	APPLICABLE. IN NO CASE SHALL THE COLLARED CONTRIBUTION-
17	RATE BE LESS THAN 4% OF THE TOTAL COMPENSATION OF ALL
18	ACTIVE MEMBERS.
19	* * *
20	§ 8330. APPROPRIATIONS BY THE COMMONWEALTH.
21	(A) ANNUAL SUBMISSION OF BUDGET THE BOARD SHALL PREPARE
22	AND THROUGH THE GOVERNOR SUBMIT ANNUALLY TO THE GENERAL ASSEMBLY
23	AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS NECESSARY TO BE
24	APPROPRIATED BY THE COMMONWEALTH OUT OF THE GENERAL FUND
25	REQUIRED TO MEET THE <u>SEPARATE</u> OBLIGATIONS <u>TO THE FUND AND THE</u>
26	TRUST ACCRUING DURING THE FISCAL PERIOD BEGINNING JULY 1 OF THE

27 FOLLOWING YEAR.

(B) APPROPRIATION AND PAYMENT. THE GENERAL ASSEMBLY SHALL
 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE <u>SEPARATE</u>
 OBLIGATIONS OF THE COMMONWEALTH <u>TO THE FUND AND THE TRUST</u>. SUCH

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1	AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE
2	DEPARTMENT OF REVENUE INTO THE FUND <u>OR THE TRUST</u> WITHIN 30 DAYS
3	OF RECEIPT OF THE REQUISITION PRESENTED EACH QUARTER BY THE
4	BOARD.
5	SECTION 110. TITLE 24 IS AMENDED BY ADDING A SECTION TO-
6	READ:
7	<u>§ 8331. EMPLOYER FUNDING MANDATE PROTECTION.</u>
8	(A) LIMITED EXPANSION OF CONTRACTUAL RIGHT TO FUNDING
9	BEGINNING ON THE JULY 1 AFTER THE ACTUARIAL VALUATION IN WHICH
10	THE ACTUARY CERTIFIES THAT FINAL CONTRIBUTION RATE IS THE
11	ACTUARIALLY REQUIRED CONTRIBUTION, EACH ACTIVE MEMBER SHALL HAVE
12	A CONTRACTUAL RIGHT TO THE TIMELY PAYMENT OF THE ANNUAL
13	ACTUARIALLY REQUIRED CONTRIBUTIONS PURSUANT TO SECTION 8328
14	(RELATING TO ACTUARIAL COST METHOD) AND SECTION 8502 (K)
15	(RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD) BY SUCH
16	MEMBER'S EMPLOYER. THE FOLLOWING APPLY:
17	(1) THE FAILURE OF A MEMBER'S EMPLOYER TO MAKE THE
18	ANNUALLY REQUIRED CONTRIBUTION TO THE FUND WILL BE DEEMED TO
19	BE AN IMPAIRMENT OF THE CONTRACTUAL RIGHT OF SUCH MEMBER.
20	(2) ANY CLAIM OF CONTRACT IMPAIRMENT SHALL BE BROUGHT
21	AGAINST THE EMPLOYER OF THE MEMBER FOR WHOM CONTRIBUTIONS
22	WERE NOT PAID AND NEITHER THE BOARD NOR THE SYSTEM OR THEIR
23	EMPLOYEES OR AGENTS SHALL BE A DEFENDANT IN ANY SUCH ACTION
24	OR LIABLE FOR ANY PAYMENTS OR DAMAGES ARISING FROM SUCH
25	<u>IMPAIRMENT.</u>
26	(B) JURISDICTION OF SUPREME COURT. NOTWITHSTANDING 2
27	PA.C.S. (RELATING TO ADMINISTRATIVE LAW AND PROCEDURE), 42
28	PA.C.S. (RELATING TO JUDICIARY AND JUDICIAL PROCEDURE) OR ANY
29	OTHER PROVISION OF LAW, THE PENNSYLVANIA SUPREME COURT SHALL
30	HAVE EXCLUSIVE JURISDICTION TO DO AS FOLLOWS:
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1	(1) HEAR ANY CLAIM OF CONTRACT IMPAIRMENT FOR FAILURE TO
2	PAY CERTIFIED CONTRIBUTIONS;
3	(2) RENDER A DECLARATORY JUDGMENT OR TAKE SUCH OTHER
4	ACTION AS IT DEEMS APPROPRIATE, CONSISTENT WITH THE SUPREME
5	COURT RETAINING JURISDICTION OVER SUCH MATTER; AND
6	(3) TO FIND FACTS OR TO EXPEDITE A FINAL JUDGMENT IN
7	CONNECTION WITH SUCH A CHALLENGE OR REQUEST FOR DECLARATORY
8	RELIEF.
9	(C) SOVEREIGN IMMUNITY WAIVED. SOVEREIGN IMMUNITY IS HEREBY
10	WAIVED, AND THE PROVISIONS OF 42 PA.C.S. CH. 85 (RELATING TO
11	MATTERS AFFECTING GOVERNMENT UNITS) OR LACK OF JURISDICTION BY
12	THE SUPREME COURT SHALL NOT BE RAISED AS A DEFENSE AGAINST A
13	CLAIM BROUGHT AGAINST AN EMPLOYER UNDER THIS SECTION.
14	(D) ATTORNEY'S FEES. A MEMBER WHO PREVAILS IN A CLAIM
15	BROUGHT UNDER THIS PART MAY BE AWARDED REASONABLE ATTORNEY'S
16	FEES.
	<u>FEES.</u> (E) LIMITATION OF CONTRACT RIGHT NOTHING IN THIS SECTION -
16	
16 17	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION
16 17 18	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF
16 17 18 19	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA,
16 17 18 19 20	(E) LIMITATION OF CONTRACT RIGHT NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA, BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART
16 17 18 19 20 21	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA, BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO
16 17 18 19 20 21 22	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA, BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY
16 17 18 19 20 21 22 23	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA, BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED
16 17 18 19 20 21 22 23 24	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA, BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED CONTRIBUTIONS.
16 17 18 19 20 21 22 23 24 25	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OF CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA, BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED CONTRIBUTIONS.
16 17 18 19 20 21 22 23 24 25 26	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OF CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA, BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED CONTRIBUTIONS. (F) EMPLOYER CONTRIBUTIONS. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO SUPERSEDE OR CONFLICT WITH THE RIGHTS AND
16 17 18 19 20 21 22 23 24 25 26 27	(E) LIMITATION OF CONTRACT RIGHT. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OF CLAIM OF CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA, BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED CONTRIBUTIONS. (F) EMPLOYER CONTRIBUTIONS. NOTHING IN THIS SECTION SHALL DE CONSTRUED TO SUPERSEDE OR CONFLICT WITH THE RIGHTS AND OBLIGATIONS SET FORTH IN SECTION 8330 (RELATING TO

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ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL 1 BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE 2 3 MAY BE ENTITLED, ELECT TO RECEIVE HIS ACCUMULATED DEDUCTIONS. 4 SECTION 112. SECTIONS 8342(A) AND 8344(A), (B) AND (D) OF 5 TITLE 24 IS AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ: 6 7 § 8342. MAXIMUM SINGLE LIFE ANNUITY. 8 (A) GENERAL RULE. UPON TERMINATION OF SERVICE, ANY FULL 9 COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT 10 TO THE PROVISIONS OF SECTION 8307(A) OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN-11 12 ACCORDANCE WITH THE PROVISIONS OF SECTION 8507(F) (RELATING TO 13 RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS], MEMBERS AND 14 PARTICIPANTS) SHALL BE ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE-15 ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND EQUAL TO THE 16 SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES BEGINNING AT THE-17 EFFECTIVE DATE OF RETIREMENT AND, IN CASE THE MEMBER ON THE-18 EFFECTIVE DATE OF RETIREMENT IS UNDER SUPERANNUATION AGE, 19 MULTIPLIED BY A REDUCTION FACTOR CALCULATED TO PROVIDE BENEFITS 20 ACTUARIALLY EQUIVALENT TO AN ANNUITY STARTING AT SUPERANNUATION AGE: PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE 21 22 CASE OF ANY MEMBER WHO HAS ATTAINED AGE 55 AND HAS 25 OR MORE-23 ELIGIBILITY POINTS SUCH SUM OF SINGLE LIFE ANNUITIES SHALL BE 24 REDUCED BY A PERCENTAGE DETERMINED BY MULTIPLYING THE NUMBER OF 25 MONTHS, INCLUDING A FRACTION OF A MONTH AS A FULL MONTH, BY 26 WHICH THE EFFECTIVE DATE OF RETIREMENT PRECEDES SUPERANNUATION-27 AGE BY 1/4%: FURTHER PROVIDED, IN NO EVENT SHALL A CLASS T-E-28 [OR] CLASS T F OR CLASS T G MEMBER RECEIVE AN ANNUAL BENEFIT, 29 CALCULATED AS OF THE EFFECTIVE DATE OF RETIREMENT, GREATER THAN-30 THE MEMBER'S FINAL AVERAGE SALARY:

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 1
 (1) A [STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE]

 2
 SINGLE LIFE ANNUITY THAT IS THE SUM OF ANNUITIES DETERMINED

 3
 SEPARATELY FOR EACH CLASS OF SERVICE [MULTIPLIER] AND

 4
 CALCULATED ON THE BASIS OF THE NUMBER OF YEARS OF CREDITED

 5
 SCHOOL SERVICE OTHER THAN CONCURRENT SERVICE.

6 (2) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE 7 CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF 8 THE NUMBER OF YEARS OF CONCURRENT SERVICE AND MULTIPLIED BY 9 THE RATIO OF TOTAL COMPENSATION RECEIVED IN THE SCHOOL SYSTEM-10 DURING THE PERIOD OF CONCURRENT SERVICE TO THE TOTAL

11 COMPENSATION RECEIVED DURING SUCH PERIOD.

12 (3) A SUPPLEMENTAL ANNUITY SUCH THAT THE TOTAL ANNUITY
 13 PRIOR TO ANY OPTIONAL MODIFICATION OR ANY REDUCTION DUE TO
 14 RETIREMENT PRIOR TO SUPERANNUATION AGE SHALL BE AT LEAST \$100 15 FOR EACH FULL YEAR OF CREDITED SERVICE.

16 ***

17 (D) COORDINATION OF BENEFITS. THE DETERMINATION AND PAYMENT

18 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE

19 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,

20 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT

21 <u>IN THE PLAN.</u>

22 § 8344. DISABILITY ANNUITIES.

23 (A) AMOUNT OF ANNUITY. - A MEMBER WHO HAS MADE APPLICATION-

24 FOR A DISABILITY ANNUITY AS PROVIDED IN SECTION 8507(K)

25 (RELATING TO RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND],

26 MEMBERS AND PARTICIPANTS) AND HAS BEEN FOUND TO BE ELIGIBLE IN-

27 ACCORDANCE WITH THE PROVISIONS OF SECTIONS 8307(C) (RELATING TO-

28 ELIGIBILITY FOR ANNUITIES) AND 8505(C)(1) (RELATING TO DUTIES OF

29 BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS <u>AND</u>

30 PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM-

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THE EFFECTIVE DATE OF DISABILITY AND CONTINUED UNTIL A 1 SUBSEQUENT DETERMINATION BY THE BOARD THAT THE ANNUITANT IS NO-2 3 LONGER ENTITLED TO A DISABILITY ANNUITY. THE DISABILITY ANNUITY SHALL BE A SINGLE LIFE ANNUITY THAT IS EQUAL TO A SUM OF THE-4 STANDARD SINGLE LIFE [ANNUITY] ANNUITIES DETERMINED SEPARATELY 5 FOR EACH CLASS OF SERVICE IF THE TOTAL NUMBER OF YEARS OF 6 CREDITED SERVICE IS GREATER THAN 16.667, OTHERWISE [THE] EACH 7 8 STANDARD SINGLE LIFE ANNUITY SHALL BE MULTIPLIED BY THE LESSER 9 OF THE FOLLOWING RATIOS:

10

11

<u>Y*/Y OR 16.667/Y</u>

WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE AND Y* 12 TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE

13 AS A SCHOOL EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE, OR IF

14 THE MEMBER HAS ATTAINED SUPERANNUATION AGE THEN THE NUMBER OF

15 YEARS OF CREDITED SERVICE. IN NO EVENT SHALL THE DISABILITY

16 ANNUITY PLUS ANY COST OF LIVING INCREASES BE LESS THAN \$100 FOR

17 EACH FULL YEAR OF CREDITED SERVICE. THE MEMBER SHALL BE ENTITLED

18 TO THE ELECTION OF A JOINT AND SURVIVOR ANNUITY ON THAT PORTION-

19 OF THE DISABILITY ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION-

20 8342 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY).

21 (B) REDUCTION ON ACCOUNT OF EARNED INCOME. - PAYMENTS ON-

22 ACCOUNT OF DISABILITY SHALL BE REDUCED BY THAT AMOUNT BY WHICH-

23 THE EARNED INCOME OF THE ANNUITANT, AS REPORTED IN ACCORDANCE

24 WITH SECTION 8508 (B) (RELATING TO RIGHTS AND DUTIES OF

25 ANNUITANTS) FOR THE PRECEDING YEAR TOGETHER WITH THE DISABILITY

26 ANNUITY PAYMENTS FOR THE YEAR, EXCEEDS THE GREATER OF \$5,000 OR

27 THE LAST YEAR'S SALARY OF THE ANNUITANT AS A [SCHOOL EMPLOYEE]

28 MEMBER OF THE SYSTEM, PROVIDED THAT THE ANNUITANT SHALL NOT-

29 RECEIVE LESS THAN HIS MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE

30 MAY BE ENTITLED UNDER SECTION 8342, WHICHEVER IS GREATER.

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2 (D) WITHDRAWAL OF ACCUMULATED DEDUCTIONS. UPON TERMINATION

3 OF DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY-

4 CALCULATED IN ACCORDANCE WITH SECTION 8342, A DISABILITY

5 ANNUITANT WHO [:

6 (1) IS A CLASS T C OR CLASS T D MEMBER; OR

7 (2) IS A CLASS T-E OR CLASS T-F MEMBER WITH LESS THAN-

8 TEN ELIGIBILITY POINTS

9 AND WHO] DOES NOT RETURN TO SCHOOL SERVICE MAY FILE AN-

10 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE-

11 ACCUMULATED DEDUCTIONS, SHARED-RISK MEMBER CONTRIBUTIONS AND

12 STATUTORY INTEREST STANDING TO HIS CREDIT AT THE EFFECTIVE DATE-

13 OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED ON ACCOUNT OF HIS-14 MEMBER'S ANNUITY.

15 * * *

16 (F) COORDINATION OF BENEFITS. THE DETERMINATION AND PAYMENT

17 OF A DISABILITY ANNUITY UNDER THIS SECTION SHALL BE IN ADDITION

18 TO ANY PAYMENTS A SCHOOL EMPLOYEE MAY BE ENTITLED TO RECEIVE,

19 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT

20 <u>IN THE PLAN.</u>

21 SECTION 113. SECTIONS 8345(A), 8346(A), (A.1), (B), (B.1)(1)

22 AND (D) (1) (D), 8347 (A) AND (B) AND 8349 (A) 8349 HEADING, (A) <--

23 AND (B) OF TITLE 24 ARE AMENDED TO READ:

24 § 8345. MEMBER'S OPTIONS.

25 (A) GENERAL RULE. ANY CLASS T-C [OR], CLASS T-D OR CLASS T26 G MEMBER WHO IS A VESTEE WITH FIVE OR MORE ELIGIBILITY POINTS,
27 ANY CLASS T-E OR CLASS T-F MEMBER WHO IS A VESTEE WITH TEN OR
28 MORE ELIGIBILITY POINTS, OR ANY [OTHER] ELIGIBLE MEMBER UPON29 TERMINATION OF SCHOOL SERVICE [WHO HAS NOT WITHDRAWN HIS-

30 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 8341 (RELATING TO-

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RETURN OF ACCUMULATED DEDUCTIONS)] WHO IS ELIGIBLE TO RECEIVE AN 1 ANNUITY, MAY APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM 2 3 SINGLE LIFE ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE-4 5 ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN-6 ACCORDANCE WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO 7 8 MEMBER SHALL ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR 9 ANNUITANTS OTHER THAN HIS SPOUSE OR ALTERNATE PAYEE OF SUCH A 10 MAGNITUDE THAT THE PRESENT VALUE OF THE ANNUITY PAYABLE TO HIM-FOR LIFE PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO-11 RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM 12 13 SINGLE LIFE ANNUITY. IN NO EVENT SHALL A CLASS T-E OR CLASS T-F-14 MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF THE EFFECTIVE-15 DATE OF RETIREMENT, GREATER THAN THE MEMBER'S FINAL AVERAGE SALARY. 16

17 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH A-

18 GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE

19 MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF

20 RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS-

21 RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE

22 SHALL BE PAYABLE TO HIS BENEFICIARY.

23 (2) OPTION 2. A JOINT AND SURVIVOR ANNUITY PAYABLE
24 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
25 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
26 LIVING AT HIS DEATH.

27 (3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR 28 ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE 29 HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR-

30 ANNUITANT, IF LIVING AT HIS DEATH.

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1	(4) OPTION 4SOME OTHER BENEFIT WHICH SHALL BE
2	CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE-
3	MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
4	RESTRICTIONS:
5	(I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
6	DURING THE LIFETIME OF THE MEMBER.
7	(II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
8	DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN-
9	ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER.
10	(III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
11	LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
12	EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS-
13	STANDING TO THE CREDIT OF THE MEMBER. THE BALANCE OF THE-
14	PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED
15	IN ACCORDANCE WITH SECTION 8342(B) SHALL BE PAID IN THE
16	FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A
17	SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR
18	ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS
19	OF SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH. [THIS-
20	SUBPARAGRAPH SHALL NOT APPLY TO A CLASS T E OR CLASS T F
21	MEMBER.] FOR PURPOSES OF THIS SUBPARAGRAPH, THE TERM
22	"ACTUARIALLY EQUIVALENT," AS APPLIED TO:
23	(A) ANY LUMP SUM WITHDRAWAL ATTRIBUTABLE TO
24	CONTRIBUTIONS CREDITED TO THE MEMBER'S SAVINGS
25	ACCOUNT OF CLASS T C AND CLASS T D MEMBERS ON OR
26	AFTER JULY 1, 2016; OR
27	(B) ANY LUMP SUM WITHDRAWAL ATTRIBUTABLE TO
28	CONTRIBUTIONS CREDITED TO THE MEMBER'S SAVINGS
29	ACCOUNT OF CLASS T-E, CLASS T-F OR CLASS T-G MEMBERS,
30	TOGETHER WITH STATUTORY INTEREST THEREON, SHALL MEAN

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1	EQUAL PRESENT VALUES, COMPUTED ON THE BASIS OF THE
2	INTEREST RATE AND SUCH MORTALITY AND OTHER TABLES AS
3	ADOPTED BY THE BOARD PURSUANT TO SECTION 8328(B)
4	(RELATING TO ACTUARIAL COST METHOD) IN EFFECT ON THE
5	EFFECTIVE DATE OF RETIREMENT OF THE MEMBER. ANY
6	PARTIAL LUMP SUM WITHDRAWAL OF CLASS T-C AND CLASS T-
7	D MEMBERS SHALL BE APPLIED FIRST TO CONTRIBUTIONS
8	CREDITED TO THE MEMBER'S SAVINGS ACCOUNT BEFORE JULY
9	1, 2016, AND ALL STATUTORY INTEREST CREDITED THEREON.
10	* * *
11	§ 8346. TERMINATION OF ANNUITIES.
12	(A) GENERAL RULE IF AN ANNUITANT RETURNS TO SCHOOL SERVICE-
13	OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE
14	SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART-
15	SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL
16	SERVICE OR ENTERING STATE SERVICE WITHOUT REGARD TO WHETHER HE
17	IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
18	PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,
19	WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR
20	PARTICIPANT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR STATE
21	EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF AN-
22	ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF
23	SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT-
24	COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR
25	FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY-
26	CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF
27	MEMBERSHIP SERVICE AS PROVIDED IN SECTION 8302(B.2) (RELATING TO-
28	CREDITED SCHOOL SERVICE) AND WHO RETURNS TO SCHOOL SERVICE,
29	EXCEPT AS PROVIDED IN SUBSECTION (B), SHALL FORFEIT SUCH
30	CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE

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ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN APPLIED
 TO HIS ACCOUNT. IN THE EVENT THAT THE COST OF LIVING INCREASE
 ENACTED DECEMBER 18, 1979, OCCURRED DURING THE PERIOD OF SUCH
 STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE SHALL BE
 INCREASED, ON OR AFTER THE MEMBER ATTAINS SUPERANNUATION AGE, BY
 THE PERCENT APPLICABLE HAD HE NOT RETURNED TO SERVICE.

7 (A.1) RETURN OF BENEFITS. -- IN THE EVENT AN ANNUITANT WHOSE 8 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES 9 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO-10 SECTION 8345 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE OF HIS RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE, THE-11 12 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM 13 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE 14 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS-15 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN-90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR A STATE EMPLOYEE 16 17 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT 18 SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY 19 DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER 20 AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO-BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT 21 22 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL 23 SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION 24 DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION 25 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE 26 DISCRETION DETERMINES. IN THE CASE OF A STATE EMPLOYEE WHO IS AN-27 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE-28 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE-29 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO 30 THE BOARD THE AMOUNTS PAID.

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2	(B) RETURN TO SCHOOL SERVICE DURING EMERGENCY WHEN, IN THE-
3	JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE IN
4	THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF SERVICE -
5	TO THE PUBLIC OR IN THE EVENT OF A SHORTAGE OF APPROPRIATE
6	SUBJECT CERTIFIED TEACHERS OR OTHER PERSONNEL, AN ANNUITANT OR
7	PARTICIPANT RECEIVING DISTRIBUTIONS MAY BE RETURNED TO SCHOOL
8	SERVICE FOR A PERIOD NOT TO EXTEND BEYOND THE SCHOOL YEAR DURING
9	WHICH THE EMERGENCY OR SHORTAGE OCCURS, WITHOUT LOSS OF HIS-
10	ANNUITY OR DISTRIBUTIONS. THE ANNUITANT OR PARTICIPANT RECEIVING
11	DISTRIBUTIONS SHALL NOT BE ENTITLED TO EARN ANY CREDITED
12	SERVICE, AND NO CONTRIBUTIONS MAY BE MADE TO THE FUND OR THE
13	TRUST BY THE ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS,
14	THE EMPLOYER OR THE COMMONWEALTH ON ACCOUNT OF SUCH EMPLOYMENT.
15	SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR PARTICIPANT
16	CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE
17	SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY
18	PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR
19	EMPLOYER DEFINED CONTRIBUTIONS.
20	(B.1) RETURN TO SCHOOL SERVICE IN AN EXTRACURRICULAR
21	POSITION
22	(1) AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS
23	MAY BE EMPLOYED UNDER SEPARATE CONTRACT BY A PUBLIC SCHOOL OR
24	CHARTER SCHOOL IN AN EXTRACURRICULAR POSITION PERFORMED
25	PRIMARILY OUTSIDE REGULAR INSTRUCTIONAL HOURS AND NOT PART OF
26	MANDATED CURRICULUM WITHOUT LOSS OF ANNUITY. [NEITHER THE-
27	ANNUITANT NOR] THE ANNUITANT, THE PARTICIPANT RECEIVING
28	DISTRIBUTIONS AND THE EMPLOYER SHALL NOT MAKE CONTRIBUTIONS
29	TO THE MEMBER'S SAVINGS ACCOUNT, THE INDIVIDUAL INVESTMENT
30	ACCOUNT OR STATE ACCUMULATION ACCOUNT RESPECTIVELY FOR SUCH

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1	SERVICE. FURTHER, SUCH CONTRACT SHALL CONTAIN A WAIVER
2	WHEREBY THE ANNUITANT WAIVES ANY POTENTIAL RETIREMENT
3	BENEFITS THAT COULD ARISE FROM THE CONTRACT AND RELEASES THE
4	EMPLOYER AND THE BOARD FROM ANY LIABILITY FOR SUCH BENEFITS.
5	SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR PARTICIPANT
6	CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE
7	SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY
8	PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER DEFINED
9	CONTRIBUTIONS.
10	* * *
11	(D) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE
12	(1) AN ANNUITANT WHO RETURNS TO SCHOOL SERVICE AS AN
13	ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY
14	POINTS BY PERFORMING CREDITED SCHOOL SERVICE OR REEMPLOYMENT
15	FROM USERRA LEAVE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT-
16	OF AN ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO ENTERS
17	STATE SERVICE AND:
18	(I) IS A MULTIPLE SERVICE MEMBER; OR
19	(II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND
20	EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE
21	SERVICE, REEMPLOYMENT FROM USERRA LEAVE OR CREDITED SCHOOL
22	SERVICE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN
23	ANNUITY UNDER THIS PART, AND WHO HAD THE PRESENT VALUE OF HIS
24	ANNUITY FROZEN IN ACCORDANCE WITH SUBSECTION (A), SHALL
25	QUALIFY TO HAVE THE EFFECT OF THE FROZEN PRESENT VALUE
26	RESULTING FROM ALL PREVIOUS PERIODS OF RETIREMENT ELIMINATED,
27	PROVIDED THAT ALL PAYMENTS UNDER OPTION 4 AND ANNUITY
28	PAYMENTS PAYABLE DURING PREVIOUS PERIODS OF RETIREMENT PLUS
29	INTEREST AS SET FORTH IN PARAGRAPH (3) SHALL BE RETURNED TO
30	THE FUND IN THE FORM OF AN ACTUARIAL ADJUSTMENT TO HIS-
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1 SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE BOARD MAY-

2 OTHERWISE DIRECT.

3 (2) UPON SUBSEQUENT DISCONTINUANCE OF SERVICE AND THE
 4 FILING OF AN APPLICATION FOR AN ANNUITY <u>FROM THE SYSTEM</u>, A
 5 FORMER ANNUITANT WHO QUALIFIES TO HAVE THE EFFECT OF A FROZEN
 6 PRESENT VALUE ELIMINATED UNDER THIS SUBSECTION SHALL BE
 7 ENTITLED TO RECEIVE THE HIGHER OF EITHER:

8 (I) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION) 9 CALCULATED AS IF THE FREEZING OF THE FORMER ANNUITANT'S-10 ACCOUNT PURSUANT TO SUBSECTION (A) HAD NOT OCCURRED, ADJUSTED BY CREDITING CLASS T-C SCHOOL SERVICE AS CLASS 11 12 T-D SERVICE AS PROVIDED FOR IN SECTION 8305(C) (RELATING-13 TO CLASSES OF SERVICE) AND FURTHER ADJUSTED ACCORDING TO 14 PARAGRAPH (3), PROVIDED THAT A FORMER ANNUITANT OF THE-15 SYSTEM OR A FORMER ANNUITANT OF THE STATE EMPLOYEES! RETIREMENT SYSTEM WHO RETIRED UNDER A PROVISION OF LAW 16 17 GRANTING ADDITIONAL SERVICE CREDIT IF TERMINATION OF 18 SCHOOL OR STATE SERVICE OR RETIREMENT OCCURRED DURING A 19 SPECIFIC PERIOD OF TIME SHALL NOT BE PERMITTED TO RETAIN-20 THE ADDITIONAL SERVICE CREDIT UNDER THE PRIOR LAW WHEN-21 THE ANNUITY IS COMPUTED FOR HIS MOST RECENT RETIREMENT; 22 ΘR

(II) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)
 CALCULATED AS IF THE FORMER ANNUITANT DID NOT QUALIFY TO
 HAVE THE EFFECT ON THE FROZEN PRESENT VALUE ELIMINATED,
 UNLESS THE FORMER ANNUITANT NOTIFIES THE BOARD IN WRITING BY
 THE LATER OF THE DATE THE APPLICATION FOR ANNUITY IS FILED OR
 THE EFFECTIVE DATE OF RETIREMENT THAT THE FORMER ANNUITANT
 WISHES TO RECEIVE THE LOWER ANNUITY.

30 ***

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1 § 8347. DEATH BENEFITS.

(A) MEMBERS ELIGIBLE FOR ANNUITIES. ANY MEMBER OR FORMER 2 3 MEMBER ON USERRA LEAVE, OTHER THAN AN ANNUITANT, WHO DIES AND 4 WAS ELIGIBLE FOR AN ANNUITY IN ACCORDANCE WITH SECTION 8307(A) 5 OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) SHALL BE CONSIDERED AS HAVING APPLIED FOR AN ANNUITY FROM THE FUND TO 6 7 BECOME EFFECTIVE THE DAY BEFORE HIS DEATH; AND, IN THE EVENT HE 8 HAS NOT ELECTED AN OPTION, IT SHALL BE ASSUMED THAT HE ELECTED 9 OPTION 1 AND ASSIGNED AS BENEFICIARY THAT PERSON LAST DESIGNATED 10 IN WRITING TO THE BOARD. (B) MEMBERS INELIGIBLE FOR ANNUITIES. -- IN THE EVENT OF THE 11 12 DEATH OF ANY MEMBER OR FORMER MEMBER ON USERRA LEAVE, OTHER THAN-13 AN ANNUITANT, WHO IS NOT ENTITLED TO A DEATH BENEFIT AS PROVIDED 14 IN SUBSECTION (A), HIS DESIGNATED BENEFICIARY SHALL BE PAID THE-15 FULL AMOUNT OF HIS ACCUMULATED DEDUCTIONS PAYABLE FROM THE FUND. 16 * * * 17 § 8349. PAYMENT OF BENEFITS FROM THE SYSTEM. 18 (A) ANNUITIES. ANY ANNUITY GRANTED UNDER THE PROVISIONS OF 19 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY-20 INSTALLMENTS. 21 (B) DEATH BENEFITS. -- IF THE AMOUNT OF A DEATH BENEFIT 22 PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION-23 8347 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF 24 OPTION 1 OF SECTION 8345(A)(1) (RELATING TO MEMBER'S OPTIONS) IS-25 \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT 26 ACCORDING TO ONE OF THE FOLLOWING OPTIONS: 27 (1) A LUMP SUM PAYMENT. 28 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT 29 PAYABLE. 30 (3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE

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1	ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS
2	THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.
3	* * *
4	SECTION 114. TITLE 24 IS AMENDED BY ADDING A CHAPTER TO
5	READ:
6	<u>CHAPTER 84</u>
7	SCHOOL EMPLOYEES ' DEFINED CONTRIBUTION PLAN
8	<u>SEC.</u>
9	8401. ESTABLISHMENT.
10	8402. PLAN DOCUMENT.
11	8403. INDIVIDUAL INVESTMENT ACCOUNTS.
12	8404. PARTICIPANT CONTRIBUTIONS.
13	8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.
14	8406. EMPLOYER DEFINED CONTRIBUTIONS.
15	8407. ELIGIBILITY FOR BENEFITS.
16	8408. DEATH BENEFITS.
17	<u>8409. VESTING.</u>
18	8410. TERMINATION OF DISTRIBUTIONS.
19	8411. POWERS AND DUTIES OF BOARD.
20	8412. RESPONSIBILITY FOR INVESTMENT LOSS.
21	8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION
22	CHOICES.
23	8414. EXPENSES.
24	8415. TAX QUALIFICATION.
25	<u>§ 8401. ESTABLISHMENT.</u>
26	(A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN THE SCHOOL
27	EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD
28	SHALL ADMINISTER AND MANAGE THE PLAN, WHICH SHALL BE A DEFINED
29	CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL
30	EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES

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1	WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
2	BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT
3	INCONSISTENT WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW
4	AND SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.
5	(B) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUSTTHE
6	SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS
7	PART OF THE PLAN IN ACCORDANCE WITH THIS PART. THE TRUST SHALL
8	BE COMPRISED OF THE INDIVIDUAL INVESTMENT ACCOUNTS, ALL ASSETS
9	AND MONEYS IN THOSE ACCOUNTS AND ANY ASSETS AND MONIES HELD BY
10	THE BOARD AS PART OF THE PLAN THAT ARE NOT ALLOCATED TO THE
11	INDIVIDUAL INVESTMENT ACCOUNTS. THE MEMBERS OF THE BOARD SHALL
12	BE THE TRUSTEES OF THE TRUST, WHICH SHALL BE ADMINISTERED
13	EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL EMPLOYEES WHO
14	PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES WITHIN THE
15	MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE BOARD SHALL
16	DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT INCONSISTENT
17	WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW AND SHALL
18	PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE TRUST.
19	(C) ASSETS HELD IN TRUST ALL ASSETS AND INCOME IN THE PLAN
20	THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE
21	PARTICIPANTS, THE COMMONWEALTH AND EMPLOYERS IN ACCORDANCE WITH
22	THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
23	PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE
24	EXCLUSIVE BENEFIT OF THE PLAN'S PARTICIPANTS AND THEIR
25	BENEFICIARIES UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO
26	THE PARTICIPANTS OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE
27	TERMS OF THE PLAN DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST
28	FOR THE EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR
29	BENEFICIARIES MAY BE USED FOR THE PAYMENT OF THE FEES, COSTS AND
30	EXPENSES RELATED TO THE ADMINISTRATION AND INVESTMENT OF THE

1 <u>PLAN AND THE TRUST.</u>

2	(D) NAME FOR TRANSACTING BUSINESS. BY THE NAME OF "THE_
3	SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN," ALL OF THE
4	BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED,
5	ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF
6	ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD, EXCEPT
7	THAT, ANY OTHER LAW TO THE CONTRARY NOTWITHSTANDING, THE BOARD
8	MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE
9	OF REGISTERING SECURITIES TO FACILITATE THE PURCHASE, SALE OR
10	OTHER DISPOSITION OF SECURITIES PURSUANT TO THE PROVISIONS OF
11	THIS PART.
12	<u>§ 8402. plan document.</u>
13	THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE
14	PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS
15	OF THE PLAN AND IN A TRUST DECLARATION. THE CREATION OF THE
16	DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE
17	TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND
18	PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY
19	REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE
20	ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE
21	COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER
22	LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE
23	CONTEXT CLEARLY INDICATES OTHERWISE.
24	<u>§ 8403. INDIVIDUAL INVESTMENT ACCOUNTS.</u>
25	THE BOARD:
26	(1) SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
27	INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
28	CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON
29	BEHALF OF A PARTICIPANT SHALL BE CREDITED TO THE
30	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH

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1	ALL INTEREST AND INVESTMENT EARNINGS AND LOSSES. INVESTMENT
2	AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL BE CHARGED
3	TO THE PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.
4	(2) SHALL SEPARATELY TRACK PARTICIPANT CONTRIBUTIONS,
5	INCLUDING INVESTMENT GAINS AND LOSSES, AND EMPLOYER
6	CONTRIBUTIONS, INCLUDING INVESTMENT GAINS AND LOSSES, BUT ALL
7	INTEREST, INVESTMENT GAINS AND LOSSES AND ADMINISTRATIVE
8	FEES, COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.
9	(3) MAY CONTRACT WITH FINANCIAL INSTITUTIONS, INSURANCE
10	COMPANIES OR OTHER TYPES OF THIRD-PARTY PROVIDERS AND OTHER
11	VENDORS TO ALLOW PARTICIPANTS TO DEPOSIT PARTICIPANT
12	CONTRIBUTIONS INTO THE INDIVIDUAL INVESTMENT ACCOUNTS IN A
13	FORM AND MANNER AS PROVIDED BY THE CONTRACT.
14	<u>§ 8404. PARTICIPANT CONTRIBUTIONS.</u>
15	(A) MANDATORY CONTRIBUTIONS A PARTICIPANT SHALL MAKE
16	MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL
17	DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
18	FOR SCHOOL SERVICE REQUIRED TO BE CREDITED IN THE PLAN. THE
19	EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE REQUIRED TO
20	BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM EACH
21	PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.
22	(B) VOLUNTARY CONTRIBUTIONS. A PARTICIPANT MAY MAKE
23	VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH
24	DIRECT TRUSTEE TO TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF
25	MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE
26	EXTENT ALLOWED BY IRC § 402. ROLLOVERS SHALL BE MADE IN A FORM
27	AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO THE
28	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE
29	SEPARATELY ACCOUNTED FOR BY THE BOARD.
30	

30 <u>(C) PROHIBITION ON CONTRIBUTIONS. NO CONTRIBUTIONS SHALL BE</u>

1	ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
2	TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
3	IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
4	DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS
5	IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE
6	CONTRIBUTIONS SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.
7	§ 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.
8	(A) TREATMENT FOR PURPOSES OF IRC § 414(II)THE
9	CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION
10	8404(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO
11	SCHOOL SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED
12	UP BY THE EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
13	<u>CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE EFFECTIVE</u>
14	DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A PARTICIPANT IN THE
15	PLAN SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT
16	CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF THE
16 17	<u>CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF THE</u>
-	
17	PARTICIPANT.
17 18	<u>PARTICIPANT.</u> (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES
17 18 19	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT
17 18 19 20	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A
17 18 19 20 21	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE
17 18 19 20 21 22	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT
17 18 19 20 21 22 23	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP.
17 18 19 20 21 22 23 24	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED_UP. § 8406. EMPLOYER DEFINED CONTRIBUTIONS.
17 18 19 20 21 22 23 24 25	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP. \$ 8406. EMPLOYER DEFINED CONTRIBUTIONS. (A) CONTRIBUTIONS FOR SERVICE. THE EMPLOYER OF A
17 18 19 20 21 22 23 24 25 26	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP: \$ 8406. EMPLOYER DEFINED CONTRIBUTIONS. (A) CONTRIBUTIONS FOR SERVICE. THE EMPLOYER OF A PARTICIPANT SHALL MAKE EMPLOYER DEFINED CONTRIBUTIONS FOR
17 18 19 20 21 22 23 24 25 26 27	PARTICIPANT. (B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP. \$ 8406. EMPLOYER DEFINED CONTRIBUTIONS. (A) CONTRIBUTIONS FOR SERVICE. THE EMPLOYER OF A PARTICIPANT SHALL MAKE EMPLOYER DEFINED CONTRIBUTIONS FOR SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE CREDITED TO THE

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1	(B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED
2	FROM USERRA LEAVE. WHEN A SCHOOL EMPLOYEE REEMPLOYED FROM
3	USERRA LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT
4	CONTRIBUTIONS PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE
5	EMPLOYER BY WHOM THE SCHOOL EMPLOYEE IS EMPLOYED AT THE TIME THE
6	PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER EMPLOYER
7	DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS SECTION
8	HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS AFTER
9	BEING REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE EMPLOYED IN
10	THE EMPLOYEE'S SCHOOL POSITION INSTEAD OF PERFORMING USERRA
11	LEAVE. THE EMPLOYER DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE
12	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE
13	PROVIDED BY THIS PART.
14	(C) LIMITATIONS ON CONTRIBUTIONS. NO CONTRIBUTIONS SHALL BE
15	ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
16	TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
17	IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
18	DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
19	CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
20	EARNINGS THEREON SHALL BE REFUNDED TO THE EMPLOYER BY THE BOARD.
21	<u>§ 8407. ELIGIBILITY FOR BENEFITS.</u>
22	(A) TERMINATION OF SERVICE. A PARTICIPANT WHO TERMINATES
23	SCHOOL SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED
24	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE
25	PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
26	ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
27	PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
28	ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A
29	PARTICIPANT WHO WITHDRAWS THE VESTED ACCUMULATED TOTAL DEFINED
30	CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
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1	NOTWITHSTANDING THAT THE FORMER SCHOOL EMPLOYEE MAY CONTINUE TO
2	BE A MEMBER OF THE SYSTEM WITH CLASS T G SERVICE CREDIT, OR MAY
3	CONTRACT TO RECEIVE AN ANNUITY OR OTHER FORM OF PAYMENT FROM A
4	PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.
5	(B) REQUIRED DISTRIBUTIONS ALL PAYMENTS PURSUANT TO THIS
6	SECTION SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
7	DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
8	IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY
9	DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
10	THOSE REQUIREMENTS.
11	(C) PROHIBITED DISTRIBUTIONS A SCHOOL EMPLOYEE MUST BE
12	TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP
13	IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO
14	RECEIVE A DISTRIBUTION.
15	(D) LOANSLOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
16	OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO
17	SCHOOL EMPLOYEES WHO HAVE NOT TERMINATED SCHOOL SERVICE ARE NOT
18	PERMITTED, EXCEPT AS REQUIRED BY LAW.
19	(E) SMALL INDIVIDUAL INVESTMENT ACCOUNTSA PARTICIPANT WHO
20	TERMINATES SCHOOL SERVICE AND WHOSE VESTED ACCUMULATED TOTAL
21	DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW
22	AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED
23	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS
24	<u>PROVIDED IN IRC § 401(A)(31).</u>
25	<u>\$ 8408. DEATH BENEFITS.</u>
26	(A) GENERAL RULE IN THE EVENT OF THE DEATH OF AN ACTIVE
27	PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
28	PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
29	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
30	SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN

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1 DOCUMENT.

2	(B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS IN THE
3	EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE
4	BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
5	BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
6	LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
7	THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE
8	METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE
9	PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S
10	BENEFICIARY OR SUCCESSOR PAYEE AS PROVIDED IN THE PLAN DOCUMENT.
11	(C) CONTRACTS. THE BOARD MAY CONTRACT WITH FINANCIAL
12	INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD PARTY_
13	PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM
14	DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM
15	AND MANNER AS PROVIDED BY THE CONTRACT.
16	<u>§ 8409. VESTING.</u>
17	(A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS SUBJECT TO THE
18	FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 8533 (RELATING
19	TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS
20	PROVIDED BY LAW, A PARTICIPANT SHALL BE IMMEDIATELY VESTED WITH
21	RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
22	VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT
23	TO THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR LOSSES ON THE
24	PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND
25	ADMINISTRATIVE CHARGES.
26	(B) EMPLOYER DEFINED CONTRIBUTIONS.
27	(1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS
28	OF SECTION 8533 OR OTHERWISE AS PROVIDED BY LAW, A
29	PARTICIPANT SHALL BE VESTED WITH RESPECT TO EMPLOYER DEFINED
30	CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT

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1	ACCOUNT IN THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR
2	LOSSES ON THE EMPLOYER DEFINED CONTRIBUTIONS BUT MINUS
3	INVESTMENT FEES AND ADMINISTRATIVE CHARGES ACCORDING TO THE
4	FOLLOWING SCHEDULE:
5	(I) UNTIL SUCH TIME AS THE PARTICIPANT HAS EARNED
6	THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 0%;
7	(II) AT AND AFTER THE ATTAINMENT OF THREE
8	ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 100%.
9	(2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY
10	POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF
11	SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE
12	<u>PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN</u>
13	AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.
14	(3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS, INCLUDING
15	INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED
16	BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST
17	RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS.
18	(C) USERRA LEAVE AND ELIGIBILITY POINTS A PARTICIPANT IN-
19	THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
20	PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER
21	THIS SECTION FOR THE SCHOOL SERVICE THAT WOULD HAVE BEEN
22	PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.
23	<u>\$ 8410. TERMINATION OF DISTRIBUTIONS.</u>
24	(A) RETURN TO SCHOOL SERVICE.
25	(1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
26	PARTICIPANT WHO RETURNS TO SCHOOL SERVICE SHALL CEASE
27	RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE
28	DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
29	SCHOOL SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS
30	A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR

1 <u>PAI</u>

PARTICIPANT IN THE PLAN.

2	(2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION
3	THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN
4	ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.
5	(B) RETURN OF BENEFITS PAID DURING USERRA LEAVE
6	(1) IF A FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM
7	USERRA LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE
8	PLAN DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO
9	THE BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN
10	THE PLAN DOCUMENT.
11	(2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
12	BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
13	ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR, IN
14	THE CASE OF AN ACTIVE PARTICIPANT, MAY BE AMORTIZED WITH
15	INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY
16	DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE
17	PARTICIPANT AND THE BOARD, BUT NOT LONGER THAN A PERIOD THAT
18	STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUING FOR UP TO
19	THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S IMMEDIATE
20	PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD SHALL NOT
21	EXCEED_FIVE_YEARS.
22	<u>§ 8411. POWERS AND DUTIES OF BOARD.</u>
23	THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN
24	CHAPTER 85, SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
25	ESTABLISH THE PLAN AND TRUST AND TO ADMINISTER THE PROVISIONS OF
26	THIS PART:
27	(1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
28	ASSETS OF OTHER PERSONS OR ENTITIES.
29	(2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
30	AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE

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1	PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM
2	THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS, EXCEPT AS_
3	OTHERWISE PROVIDED IN THIS PART OR AS THE GENERAL ASSEMBLY
4	OTHERWISE PROVIDES THROUGH APPROPRIATIONS FROM THE GENERAL
5	FUND.
6	(3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND
7	LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY_
8	MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.
9	(4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS
10	OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX QUALIFIED
11	STATUS OF THE PLAN.
12	(5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO
13	PARTICIPATE IN THE PLAN BY THOSE SCHOOL EMPLOYEES FOR WHOM
14	PARTICIPATION IS NOT MANDATORY.
15	(6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT
16	REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF
17	ASSURING IT CONTINUES TO MEET ALL STANDARDS AND CRITERIA
18	ESTABLISHED.
19	(7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND
20	DIRECT TRUSTEE TO TRUSTEE TRANSFERS INTO THE TRUST FROM
21	QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE
22	EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.
23	(8) THE BOARD MAY ALLOW AN INACTIVE PARTICIPANT TO
24	MAINTAIN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
25	WITHIN THE PLAN.
26	(9) THE BOARD SHALL ADMINISTER OR ENSURE THE
27	ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE
28	QUALIFICATION AND OTHER RULES OF IRC.
29	(10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR
30	THE LAWFUL PAYMENT OF BENEFITS.

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1	(11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A
2	TERMINATION OF SCHOOL SERVICE.
3	(12) THE BOARD MAY ESTABLISH PROCEDURES FOR
4	DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
5	IRC.
6	(13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
7	DOCUMENT OR TO PROMULGATE RULES AND REGULATIONS AS IT DEEMS
8	NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
9	INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:
10	(I) PROCEDURES BY WHICH ELIGIBLE PARTICIPANTS MAY
11	CHANGE VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT
12	CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS
13	REGARDING THEIR PARTICIPATION IN THE PLAN.
14	(II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
15	PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS
16	FROM A PARTICIPANT'S COMPENSATION.
17	(III) PROCEDURES FOR ROLLOVERS AND TRUSTEE TO-
18	TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED BY
19	THE BOARD AS PART OF THE PLAN.
20	(IV) STANDARDS AND CRITERIA FOR PROVIDING OPTIONS TO <
21	ELIGIBLE INDIVIDUALS REGARDING INVESTMENT OF AMOUNTS
22	DEFERRED UNDER THE PLAN. ONE OF THE AVAILABLE OPTIONS
23	MUST SERVE AS THE DEFAULT OPTION FOR PARTICIPANTS WHO DO
24	NOT MAKE A TIMELY ELECTION.
25	(IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS <
26	THAN 10 OPTIONS WHICH ARE OFFERED BY THREE OR MORE
27	PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS
28	REGARDING INVESTMENTS OF AMOUNTS DEFERRED UNDER THE PLAN.
29	THE STANDARDS AND CRITERIA MUST PROVIDE FOR A VARIETY OF
30	INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE

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1	WITH CRITERIA ESTABLISHED BY THE BOARD.
2	(V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE
3	PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME
4	ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL
5	FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS
6	DEFERRED TO COVER THE COSTS AND EXPENSES OF ADMINISTERING
7	AND MANAGING THE PLAN OR TRUST.
8	(VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE
9	MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION
10	FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES
11	CONSISTENT WITH THE PURPOSE OF THE PLAN.
12	(14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION
13	REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES
14	THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF
15	THE PLAN.
16	(15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN
17	LIEU OF STAFF EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED BY
18	LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT REQUIRED
19	BY LAW TO BE PERFORMED BY THE BOARD MAY BE DELEGATED TO A
20	THIRD PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.
21	(16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE
22	EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE
23	EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.
24	(17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE
25	PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS
26	AND CHOICES.
27	(18) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
28	DOCUMENT FOR AUTOMATIC INCREASES IN A PARTICIPANT'S VOLUNTARY
29	CONTRIBUTIONS, WHETHER OR NOT THE PARTICIPANT IS THEN MAKING
30	VOLUNTARY CONTRIBUTIONS, AND PROCEDURES FOR A PARTICIPANT TO
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1	ELECT NOT TO HAVE INCREASED VOLUNTARY CONTRIBUTIONS.
2	<u>§ 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES!</u>
3	DEFINED CONTRIBUTION PLAN TO PROVIDERS OF 403(B)
4	PLANS.
5	(A) GENERAL RULE A FINANCIAL INSTITUTION OR PENSION
6	MANAGEMENT ORGANIZATION ENTERING INTO A WRITTEN AGREEMENT
7	PURSUANT TO SECTION 8411 (RELATING TO AGREEMENTS WITH FINANCIAL <
8	INSTITUTIONS AND OTHER ORGANIZATIONS POWERS AND DUTIES OF BOARD) <
9	MAY OFFER OR PROVIDE SERVICES TO ANY PLAN ESTABLISHED OR
10	MAINTAINED BY A SCHOOL DISTRICT UNDER IRC § 403(B) OR 457 IF THE
11	WRITTEN AGREEMENT FOR THE ADMINISTRATION OF THE SCHOOL
12	EMPLOYEES' DEFINED CONTRIBUTION PLAN IS NOT COMBINED WITH ANY
13	OTHER WRITTEN AGREEMENT FOR THE ADMINISTRATION OF A SCHOOL
14	DISTRICT'S 403(B) PLAN OR 457 PLAN. EACH SCHOOL DISTRICT THAT
15	PROVIDES A 403(B) PLAN SHALL MAKE AVAILABLE, IN THE MANNER
16	PROVIDED BY SUBSECTION (C), TO PARTICIPANTS, MULTIPLE FINANCIAL
17	INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS THAT HAVE NOT
18	ENTERED INTO A WRITTEN AGREEMENT PURSUANT TO SECTION 8411 AND
19	WHICH PROVIDE SERVICES TO THE SCHOOL DISTRICT'S 403(B) PLAN OR
20	<u>457 plan.</u>
21	(B) PLAN TRANSPARENCY AND ADMINISTRATION A FINANCIAL
22	INSTITUTION OR PENSION MANAGEMENT ORGANIZATION PROVIDING
23	SERVICES FOR ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL
24	DISTRICT UNDER IRC § 403(B) OR 457 SHALL:
25	(1) ENTER INTO AN AGREEMENT WITH THE SCHOOL DISTRICT OR
26	THE SCHOOL DISTRICT'S INDEPENDENT COMPLIANCE ADMINISTRATOR
27	THAT SHALL REQUIRE THE FINANCIAL INSTITUTION OR PENSION
28	MANAGEMENT ORGANIZATION TO PROVIDE IN AN ELECTRONIC FORMAT
29	<u>ALL DATA NECESSARY FOR THE ADMINISTRATION OF THE 403(B) PLAN</u>
30	OR 457 PLAN AS DETERMINED BY THE SCHOOL DISTRICT OR THE

1	SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR; AND
2	(2) PROVIDE ALL DATA REQUIRED BY THE SCHOOL DISTRICT OR
3	A SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR TO FACILITATE
4	DISCLOSURE OF ALL FEES, CHARGES, EXPENSES, COMMISSIONS,
5	COMPENSATION AND PAYMENTS TO THIRD PARTIES RELATED TO
6	INVESTMENTS OFFERED UNDER THE 403(B) PLAN OR 457 PLAN.
7	(C) PROVIDER SELECTION A SCHOOL DISTRICT THAT ESTABLISHES
8	<u>OR MAINTAINS A PLAN UNDER IRC § 403(B) OR 457 SHALL SELECT A</u>
9	MINIMUM OF FOUR FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT
10	ORGANIZATIONS, IN ADDITION TO THE FINANCIAL INSTITUTION OR
11	PENSION MANAGEMENT ORGANIZATION THAT ENTERED INTO AN AGREEMENT
12	PURSUANT TO SECTION 8411, TO PROVIDE SERVICES TO THE 403(B) PLAN
13	OR 457 PLAN. IF FEWER THAN FOUR SUCH ADDITIONAL FINANCIAL
14	INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS ARE DETERMINED
15	TO BE AVAILABLE OR ABLE TO MEET THE REQUIREMENTS ESTABLISHED IN
16	THIS SECTION, THEN THE SCHOOL DISTRICT SHALL SELECT THE NUMBER
17	OF AVAILABLE PROVIDERS ABLE TO MEET THE SCHOOL DISTRICT'S
18	REQUIREMENTS. A FINANCIAL INSTITUTION OR PENSION MANAGEMENT
19	ORGANIZATION SHALL BE DESIGNATED A 403(B) PLAN OR 457 PLAN
20	PROVIDER IF THE FINANCIAL INSTITUTION OR PENSION MANAGEMENT
21	ORGANIZATION ENTERS INTO AN AGREEMENT IN ACCORDANCE WITH
22	SUBSECTION (B).
23	<u>\$ 8412. RESPONSIBILITY FOR INVESTMENT LOSS.</u>
24	THE COMMONWEALTH, THE BOARD, AN EMPLOYER OR A SCHOOL ENTITY
25	OR OTHER POLITICAL SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY
26	INVESTMENT LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF
27	ANY INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO
28	EARN AS MUCH AS ANY OTHER INVESTMENT OPPORTUNITY OR TO COST LESS
29	THAN ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT SUCH OTHER
30	OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.

1	<u>§ 8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT</u>
2	ALLOCATION CHOICES.
3	(A) INVESTMENT BY PARTICIPANT ALL CONTRIBUTIONS, INTEREST
4	AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A
5	PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT
6	ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN
7	CONTRIBUTIONS FROM THE PARTICIPANT AND EMPLOYER DEFINED
8	CONTRIBUTIONS. EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY
9	WITH THE AMOUNT OF CONTRIBUTIONS, INTEREST AND INVESTMENT
10	EARNINGS.
11	(B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN
12	COMMONWEALTH. INVESTMENT OF CONTRIBUTIONS BY ANY CORPORATION,
13	INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK, OR OTHER ENTITY
14	THAT THE BOARD HAS APPROVED SHALL NOT BE UNREASONABLY DELAYED,
15	AND IN NO CASE SHALL THE INVESTMENT OF CONTRIBUTIONS BE DELAYED
16	MORE THAN 30 DAYS FROM THE DATE OF PAYROLL DEDUCTION OR
17	VOLUNTARY CONTRIBUTIONS ARE MADE TO THE DATE THAT FUNDS ARE
18	INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT
19	SHALL BE USED TO PAY ADMINISTRATIVE COSTS AND FEES THAT WOULD
20	OTHERWISE BE REQUIRED TO BE BORNE BY PARTICIPANTS WHO ARE THEN
21	PARTICIPATING IN THE PLAN OR THAT ARE FUNDED BY CONTRIBUTIONS
22	FROM THE EMPLOYERS.
23	<u>§ 8414. EXPENSES.</u>
24	ALL EXPENSES, FEES AND COSTS OF ADMINISTERING THE PLAN AND
25	THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE
26	BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE
27	BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY
28	THE BOARD, EXCEPT THAT FOR FISCAL YEARS 2015-2016 AND 2016-2017,
29	THE EXPENSES, FEES AND COSTS OF ESTABLISHING AND ADMINISTERING
30	THE PLAN AND TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH
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4 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM 5 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH DENEFIT RU 6 IRC 5 401(A). 7 (D) LIMITATIONS. THE FOLLOWING SHALL APPLY: 8 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 9 NOTWITHSTANDING A PROVIDED UNDER SUBPARAGRAPH (II 9 NOTWITHSTANDING A PROVIDED UNDER SUBPARAGRAPH (II 9 NOTWITHSTANDING A PROVIDED UNDER SUBPARAGRAPH (II 10 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A 11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A COVER 12 FLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION 13 BENEFIT PAYMENT TAKES EFFECT. 14 (II) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFF 16 DATE OF THIS SECTION. 17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS F 19 414(D). 20 (2) (I) EXCEPT AS PROVIDED UNDER SUPPARAGRAPH (I) 21 AMENDMENT OF THIS FART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF	1	ANNUAL APPROPRIATIONS.
4 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM 5 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH DENEFIT RU 6 IRC 5 401(A) 7 (D) LIMITATIONS. THE FOLLOWING SHALL APPLY: 8 (1) (1) EXCEPT AS PROVIDED UNDER SUDPARAGRAPH (1) 9 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRI- 10 OR DENEFIT RELATED TO THE PLAN MAY NOT EXCEED A 11 LIMITATION UNDER IRC 5 415 WITH RESPECT TO A COVER 12 FLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION 13 DENEFIT PAYMENT TAKES EFFECT. 14 (11) AN INCREASE IN A LIMITATION UNDER IRC 5 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFF 16 DATE OF THIS SECTION. 17 (111) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS F 19 414(D). 20 (2) (1) EXCEPT AS PROVIDED UNDER SUDPARAGRAPH (1) 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIDUTIONS OR DENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR. 24 FARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT DE DE	2	<u>§ 8415. TAX QUALIFICATION.</u>
Distribution Requirements and incidental death denerit ru IRC \$ 401(A). (D) LIMITATIONSTHE FOLLOWING SHALL APPLY: 8 (1) (1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (1) 9 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRI 10 OR DENEFIT RELATED TO THE PLAN MAY NOT EXCEED A. 11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 11 DENEFIT RELATED TO THE PLAN MAY NOT EXCEED A. 11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 12 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION 13 DENEFIT PAYMENT TAKES EFFECT. 14 (II) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFF 16 DATE OF THIS SECTION. 17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS IF 19 414(D). 20 (2) (1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIC SECTION THAT INCREASES CONTRIBUTIONS OR DENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR. 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY N	3	(A) REQUIRED DISTRIBUTIONS ALL PAYMENTS UNDER THIS CHAPTER-
6 IRC \$ 401(A). 7 (D) LIMITATIONS. THE FOLLOWING SHALL APPLY: 8 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 9 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRI 10 OR DENEFIT RELATED TO THE PLAN MAY NOT EXCEED A. 11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 11 DIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 12 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION 13 DENEFIT PAYMENT TAKES EFFECT. 14 (II) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFF 16 DATE OF THIS SECTION. 17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AC II 19 414(D). 20 (2) 21 III EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 22 THIS SECTION THAT INCREASES CONTRIbutions or BENEF 23 ACTIVE FARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR EENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIV	4	SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
(B) LIMITATIONS. THE FOLLOWING SHALL APPLY: 8 (1) (1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (1 9 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRI 10 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A 11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 12 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION 13 DENEFIT PAYMENT TAKES EFFECT. 14 (11) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFF 16 DATE OF THIS SECTION. 17 (11) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS IN 19 414(D). 11 20 (2) (1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (1) 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 11 22 THIS SECTION THAT INCREASES CONTRIDUTIONS OR DENEF 23 ACTIVE PARTICIPANTS, RECEIVING DISTRIBUTIONS MAY NOT DE DE 11 23 ACTIVE PARTICIPANTS, RECEIVING DISTRIBUTIONS MAY NOT DE DE 11 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT DE DE 11 </td <td>5</td> <td>DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF</td>	5	DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
8 (1) (1) EXCEPT AS PROVIDED UNDER SUDPARAGRAPH (1 9 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRI 10 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A 11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 12 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTIO 13 DENEFIT PAYMENT TAKES EFFECT. 14 (11) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFF 16 DATE OF THIS SECTION. 17 (111) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS I 19 414(D). 20 (2) (1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (1) 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR DENEF 23 ACTIVE FARTICIPANTS, INACTIVE FARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT DE DE 25 PROVIDE FOR A CONTRIBUTION OR DENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED DY LEGISLATION_	6	<u>IRC § 401(A).</u>
9 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRI 10 OR DENEFIT RELATED TO THE PLAN MAY NOT EXCEED A. 11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 12 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION 13 DENEFIT PAYMENT TAKES EFFECT. 14 (II) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EF 16 DATE OF THIS SECTION. 17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS I 19 414(D). 20 (2) (I) EXCEPT AS PROVIDED UNDER SUDPARAGRAPH (I) 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR DENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR DENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED DY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	7	(B) LIMITATIONS THE FOLLOWING SHALL APPLY:
10 OR DENEFIT RELATED TO THE PLAN MAY NOT EXCEED A. 11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 12 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION 13 DENEFIT PAYMENT TAKES EFFECT. 14 (II) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EF 16 DATE OF THIS SECTION. 17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS IN 19 414(D). 20 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I) 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR DENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT DE DE 25 PROVIDE FOR A CONTRIBUTION OR DENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED DY LEGISLATION: 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	8	(1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND
11 LIMITATION UNDER IRC \$ 415 WITH RESPECT TO A GOVER 12 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIDUTIO 13 DENEFIT PAYMENT TAKES EFFECT. 14 (II) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EF 16 DATE OF THIS SECTION. 17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS I 19 414(D). 20 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR DENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT DE DE 25 PROVIDE FOR A CONTRIBUTION OR DENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED DY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	9	NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION
12 PLAN_THAT_IS_IN_EFFECT_ON_THE_DATE_THE_CONTRIBUTION 13 DENEFIT_PAYMENT_TAKES_EFFECT. 14 (II) AN INCREASE IN A LIMITATION UNDER_IRC \$ 15 SHALL_APPLY TO THE PARTICIPANTS ON OR AFTER THE EF 16 DATE_OF_THIS_SECTION. 17 (III) FOR_THE_PURPOSES_OF_THIS_PARAGRAPH, THE 18 "GOVERNMENT_PLAN"_SHALL_HAVE_THE_SAME_MEANING AS_I 19 414(d). 20 (2) (I) EXCEPT_AS_PROVIDED_UNDER_SUDPARAGRAPH (I 21 AMENDMENT_OF_THIS_PART_ON_OR_AFTER_THE_EFFECTIVE_D 22 THIS_SECTION_THAT_INCREASES_CONTRIBUTIONS_OR_DENEF 23 ACTIVE_PARTICIPANTS, INACTIVE_PARTICIPANTS_OR 24 PARTICIPANTS_RECEIVING_DISTRIBUTIONS_MAY_NOT_BE_DE 25 PROVIDE_FOR A CONTRIBUTION OR DENEFIT_IN_EXCESS_OF 26 LIMITATION, ADJUSTED ON OR AFTER_THE_EFFECTIVE_DAT 27 THIS_SECTION, UNDER_IRC \$ 415 UNLESS_SPECIFICALLY 28 PROVIDED DY_LEGISLATION. 29 (II) NOTWITHSTANDING_SUBPARAGRAPH (I), AN INC	10	OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A
13 DENEFIT PAYMENT TAKES EFFECT. 14 (II) AN INCREASE IN A LIMITATION UNDER IRC \$ 15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EF 16 DATE OF THIS SECTION. 17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT FLAN" SHALL HAVE THE SAME MEANING AS IT 19 414(D). 20 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT DE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	11	LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL
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15 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EF 16 DATE OF THIS SECTION. 17 (HI) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS I 19 414(D). 20 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	13	BENEFIT PAYMENT TAKES EFFECT.
16 DATE OF THIS SECTION. 17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS I 19 414(D). 20 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	14	(II) AN INCREASE IN A LIMITATION UNDER IRC § 415
17 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE 18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS I 19 414(D). 20 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHISTANDING SUBPARAGRAPH (I), AN INC	15	SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFFECTIVE
18 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS I 19 414(D). 20 (2) (1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (I 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (11) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	16	DATE OF THIS SECTION.
19 414(D). 20 (2) (1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (1 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHISTANDING SUBPARAGRAPH (I), AN INC	17	(III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM
20 (2) (1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (1 21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	18	<u>"Government plan" shall have the same meaning as in irc §</u>
21 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE D 22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	19	<u>414(D).</u>
22 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEF 23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 <u>(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC</u>	20	(2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN
23 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR 24 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE 25 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF 26 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT 27 THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	21	AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF
24PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DE25PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF26LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT27THIS SECTION, UNDER IRC \$ 415 UNLESS SPECIFICALLY28PROVIDED BY LEGISLATION.29(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	22	THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR
 25 <u>PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF</u> 26 <u>LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT</u> 27 <u>THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY</u> 28 <u>PROVIDED BY LEGISLATION.</u> 29 <u>(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC</u> 	23	ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR
 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DAT THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY PROVIDED BY LEGISLATION. (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC 	24	PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DEEMED TO
27 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY 28 PROVIDED BY LEGISLATION. 29 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC	25	PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF A
28 <u>PROVIDED BY LEGISLATION.</u> 29 <u>(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC</u>	26	LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF
29 <u>(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INC</u>	27	THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY
	28	PROVIDED BY LEGISLATION.
30 <u>IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS</u>	29	(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE
	30	IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS

1 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED

2 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

3 SECTION 115. (RESERVED). 4 SECTION 116. SECTIONS 8501(A), (C), (D) AND (E) AND 8502(A), 5 (B), (C), (E), (H), (I), (J), (K), (M), (N) AND (O) OF TITLE 24 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS 6 7 TO READ: 8 \$ 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD. 9 (A) STATUS AND MEMBERSHIP. -- THE BOARD SHALL BE AN 10 INDEPENDENT ADMINISTRATIVE BOARD AND SHALL CONSIST OF [15] 16-MEMBERS: THE SECRETARY OF EDUCATION, EX OFFICIO; THE STATE-11 12 TREASURER, EX OFFICIO; THE SECRETARY OF BANKING AND SECURITIES, 13 EX OFFICIO; TWO SENATORS; TWO MEMBERS OF THE HOUSE OF 14 REPRESENTATIVES; THE EXECUTIVE SECRETARY OF THE PENNSYLVANIA

15 SCHOOL BOARDS ASSOCIATION, EX OFFICIO; TWO TO BE APPOINTED BY

16 THE GOVERNOR, AT LEAST ONE OF WHOM SHALL NOT BE A SCHOOL

17 EMPLOYEE OR AN OFFICER OR EMPLOYEE OF THE STATE; THREE TO BE-

18 ELECTED BY THE ACTIVE PROFESSIONAL MEMBERS OF THE SYSTEM AND

19 <u>ACTIVE PROFESSIONAL PARTICIPANTS OF THE PLAN</u> FROM AMONG THEIR

20 NUMBER; ONE TO BE ELECTED BY ANNUITANTS OR PARTICIPANTS OF THE

21 PLAN WHO HAVE TERMINATED SCHOOL SERVICE AND ARE RECEIVING OR ARE

22 <u>ELIGIBLE TO RECEIVE DISTRIBUTIONS</u> FROM AMONG THEIR NUMBER; ONE-

23 TO BE ELECTED BY THE ACTIVE NONPROFESSIONAL MEMBERS OF THE-

24 SYSTEM OR ACTIVE NONPROFESSIONAL PARTICIPANTS OF THE PLAN FROM-

25 AMONG THEIR NUMBER; AND ONE TO BE ELECTED BY MEMBERS OF

26 PENNSYLVANIA PUBLIC SCHOOL BOARDS FROM AMONG THEIR NUMBER. THE-

27 APPOINTMENTS MADE BY THE GOVERNOR SHALL BE CONFIRMED BY THE

28 SENATE AND EACH ELECTION SHALL BE CONDUCTED IN A MANNER APPROVED

29 BY THE BOARD. THE TERMS OF THE APPOINTED AND NONLEGISLATIVE

30 ELECTED MEMBERS SHALL BE THREE YEARS. THE MEMBERS FROM THE-

SENATE SHALL BE APPOINTED BY THE PRESIDENT PRO TEMPORE OF THE 1 2 SENATE AND SHALL CONSIST OF ONE MEMBER FROM THE MAJORITY AND ONE 3 MEMBER FROM THE MINORITY. THE MEMBERS FROM THE HOUSE OF 4 REPRESENTATIVES SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE 5 OF REPRESENTATIVES AND SHALL CONSIST OF ONE MEMBER FROM THE MAJORITY AND ONE MEMBER FROM THE MINORITY. THE LEGISLATIVE 6 MEMBERS SHALL SERVE ON THE BOARD FOR THE DURATION OF THEIR 7 8 LEGISLATIVE TERMS AND SHALL CONTINUE TO SERVE UNTIL 30 DAYS 9 AFTER THE CONVENING OF THE NEXT REGULAR SESSION OF THE GENERAL 10 ASSEMBLY AFTER THE EXPIRATION OF THEIR RESPECTIVE LEGISLATIVE TERMS OR UNTIL A SUCCESSOR IS APPOINTED FOR THE NEW TERM, 11 12 WHICHEVER OCCURS FIRST. THE CHAIRMAN OF THE BOARD SHALL BE-13 ELECTED BY THE BOARD MEMBERS. NO MEMBER OF THE BOARD WHO 14 REPRESENTS ACTIVE MEMBERS OR ANNUITANTS OR IS A CURRENT MEMBER OF THE GENERAL ASSEMBLY CAN SERVE AS CHAIRMAN. EACH EX OFFICIO 15 16 MEMBER OF THE BOARD AND EACH LEGISLATIVE MEMBER OF THE BOARD MAY 17 APPOINT A DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN THE 18 EVENT THAT A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE 19 PARTICIPANT OR AS THE PARTICIPANT IN THE PLAN WHO IS RECEIVING 20 OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL DISTRIBUTION OF THE BOARD MEMBER'S INTEREST IN THE PLAN, THAT 21 22 BOARD MEMBER MAY CONTINUE TO SERVE ON THE BOARD FOR THE 23 REMAINDER OF HIS TERM. * * * 24 25 (C) OATH OF OFFICE. - EACH MEMBER OF THE BOARD SHALL TAKE AN 26 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM, 27 DILIGENTLY AND HONESTLY ADMINISTER THE AFFAIRS OF SAID BOARD, 28 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE 29 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW 30 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE

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MEMBER MAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS 1 2 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE-3 SECRETARY OF THE COMMONWEALTH. (D) COMPENSATION AND EXPENSES. THE MEMBERS OF THE BOARD WHO 4 5 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL SERVE WITHOUT COMPENSATION. MEMBERS OF THE BOARD WHO ARE MEMBERS 6 OF THE SYSTEM OR PARTICIPANTS IN THE PLAN AND WHO ARE EMPLOYED 7 8 BY A GOVERNMENTAL ENTITY SHALL NOT SUFFER LOSS OF SALARY OR 9 WAGES THROUGH SERVING ON THE BOARD. THE BOARD, ON REQUEST OF THE 10 EMPLOYER OF ANY MEMBER OF THE BOARD WHO IS AN ACTIVE-PROFESSIONAL OR NONPROFESSIONAL MEMBER OF THE SYSTEM OR ACTIVE 11 12 PROFESSIONAL OR NONPROFESSIONAL PARTICIPANT IN THE PLAN, MAY 13 REIMBURSE SUCH EMPLOYER FOR THE SALARY OR WAGES OF THE MEMBER OR 14 PARTICIPANT, OR FOR THE COST OF EMPLOYING A SUBSTITUTE FOR SUCH-15 MEMBER OR PARTICIPANT, WHILE THE MEMBER OR PARTICIPANT IS 16 NECESSARILY ABSENT FROM EMPLOYMENT TO EXECUTE THE DUTIES OF THE-17 BOARD. THE EMPLOYER OF ANY SUCH MEMBER SHALL PROVIDE LEAVE TO 18 ALLOW SUCH MEMBER TO EXECUTE THE DUTIES OF THE BOARD, INCLUDING 19 BUT NOT LIMITED TO, ATTENDANCE AT THE LOCATION OF ALL REGULAR AND SPECIAL BOARD AND COMMITTEE MEETINGS. THE MEMBERS OF THE 20 BOARD WHO ARE NOT MEMBERS OF EITHER THE SCHOOL SYSTEM OR THE 21 22 STATE EMPLOYEES' RETIREMENT SYSTEM MAY BE PAID \$100 PER DAY WHEN-23 ATTENDING MEETINGS AND ALL BOARD MEMBERS SHALL BE REIMBURSED FOR 24 ANY NECESSARY EXPENSES. HOWEVER, WHEN THE DUTIES OF THE BOARD AS 25 MANDATED ARE NOT EXECUTED, NO COMPENSATION OR REIMBURSEMENT FOR-26 EXPENSES OF BOARD MEMBERS SHALL BE PAID OR PAYABLE DURING THE 27 PERIOD IN WHICH SUCH DUTIES ARE NOT EXECUTED. 28 (E) CORPORATE POWER AND LEGAL ADVISOR. FOR THE PURPOSES OF 29 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A

30 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE

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1	THE LEGAL ADVISOR OF THE BOARD.] <u>LEGAL COUNSEL TO THE BOARD</u>
2	SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF GENERAL
3	COUNSEL, THE GENERAL ASSEMBLY AND THE ATTORNEY GENERAL.
4	(F) BOARD TRAINING EACH MEMBER OF THE BOARD WILL BE
5	REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN
6	INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT
7	PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS.
8	§ 8502. ADMINISTRATIVE DUTIES OF BOARD.
9	-(A) EMPLOYEES
10	(1) EFFECTIVE 30 DAYS AFTER THE EFFECTIVE DATE OF THIS
11	PARAGRAPH, THE POSITIONS OF SECRETARY, ASSISTANT SECRETARY
12	AND INVESTMENT PROFESSIONAL SHALL BE PLACED UNDER THE
13	UNCLASSIFIED SERVICE PROVISIONS OF THE ACT OF AUGUST 5, 1941
14	(P.L.752, NO.286), KNOWN AS THE CIVIL SERVICE ACT, AS THOSE
15	POSITIONS ARE VACATED. ALL OTHER POSITIONS OF THE BOARD SHALL
16	BE PLACED IN EITHER THE CLASSIFIED OR UNCLASSIFIED SERVICE
17	ACCORDING TO THE DEFINITION OF THE TERMS UNDER THE CIVIL
18	SERVICE ACT.
19	(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
20	COMPENSATION OF INVESTMENT PROFESSIONALS SHALL BE ESTABLISHED
21	BY THE BOARD. THE COMPENSATION OF ALL OTHER OFFICERS AND
22	EMPLOYEES OF THE BOARD WHO ARE NOT COVERED BY A COLLECTIVE
23	BARGAINING AGREEMENT SHALL BE ESTABLISHED BY THE BOARD
24	CONSISTENT WITH THE STANDARDS OF COMPENSATION ESTABLISHED BY
25	THE EXECUTIVE BOARD OF THE COMMONWEALTH.
26	(3) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES
27	PROVIDED FOR UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND
28	THE PLAN, BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES
29	INCURRED UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE
30	<u>PLAN AS APPROPRIATE.</u>
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ESSIONAL PERSONNEL.--(B)

2	(1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF
3	MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS,
4	COUNSELORS, AN INVESTMENT COORDINATOR, AND SUCH OTHER
5	PROFESSIONAL PERSONNEL AS IT DEEMS ADVISABLE.
6	(2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS
7	CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE
8	PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED
9	UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS_
10	APPROPRIATE.
11	(C) EXPENSES
12	(1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE
13	GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE
14	ADMINISTRATIVE EXPENSES OF [THIS PART.] THE SYSTEM AND A
15	SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE
16	PLAN. THE SEPARATE BUDGETS SHALL INCLUDE THOSE EXPENSES
17	NECESSARY TO ESTABLISH THE PLAN AND TRUST.
18	(2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE
19	GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM-
20	INVESTMENT EARNINGS OF THE FUND.
21	(3) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2017,
22	THE EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY
23	SHALL BE PAID FROM INTEREST, PURSUANT TO SECTION 8413(B)
24	(RELATING TO INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT
25	ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE
26	PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR AS OTHERWISE
27	PROVIDED IN THIS PART.
28	(4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE
29	BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A
30	LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY
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OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID
BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL
SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE
BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS MEMBERS
AND FOR THE EXCLUSIVE BENEFIT OF THE PLAN AND ITS

THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST

7 <u>PARTICIPANTS, RESPECTIVELY</u>.

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9 (E) RECORDS.--

10 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
 11 WHICH SHALL BE [OPEN TO INSPECTION BY] <u>ACCESSIBLE TO</u> THE
 12 PUBLIC, EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER
 13 LAW.

14 (2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED, 15 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT 16 17 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]-18 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212), REFERRED TO] FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE 19 20 RIGHT TO KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE-21 BOARD, THE [INSPECTION] ACCESS WOULD:

22 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR 23 ALTERNATIVE INVESTMENT VEHICLE INVOLVE THE RELEASE OF 24 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO-25 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT 26 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY; 27 28 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE 29 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL 30 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

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1 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE 2 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED 3 OF BY THE FUND OR TRUST, OR WOULD CAUSE A BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS 4 5 PART. 6 (3) THE FOLLOWING APPLY: 7 (I) THE SENSITIVE INVESTMENT OR FINANCIAL 8 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER-9 PARAGRAPH (2) (1), TO THE EXTENT NOT OTHERWISE EXCLUDED 10 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC-RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE 11 12 RIGHT TO KNOW LAW ONCE THE BOARD IS NO LONGER REOUIRED BY 13 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY. 14 (II) THE SENSITIVE INVESTMENT OR FINANCIAL 15 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER-16 PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED 17 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC-18 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE 19 RIGHT-TO-KNOW LAW ONCE: 20 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES-SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM-21 22 THE INFORMATION WAS RECEIVED; OR 23 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE 24 IS LIQUIDATED; 25 WHICHEVER IS LATER. 26 (III) THE SENSITIVE INVESTMENT OR FINANCIAL 27 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER-28 PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED 29 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC-30 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE-

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1 RIGHT-TO-KNOW LAW ONCE: 2 (A) THE [INSPECTION] ACCESS NO LONGER HAS A 3 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A 4 5 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET 6 FORTH IN THIS PART; OR (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE 7 8 **IS LIQUIDATED:** WHICHEVER IS LATER. 9 10 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING-IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY 11 12 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED 13 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR 14 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT 15 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT TO KNOW LAW. 16 (5) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION, 17 THE FOLLOWING INFORMATION REGARDING AN ALTERNATIVE INVESTMENT 18 VEHICLE SHALL BE SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER-19 THE RIGHT-TO-KNOW LAW: 20 (I) THE NAME, ADDRESS AND VINTAGE YEAR OF THE 21 ALTERNATIVE INVESTMENT VEHICLE. 22 (II) THE IDENTITY OF THE MANAGER OF THE ALTERNATIVE-23 INVESTMENT VEHICLE. 24 (III) THE DOLLAR AMOUNT OF THE COMMITMENT MADE BY 25 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE. 26 (IV) THE DOLLAR AMOUNT OF CASH CONTRIBUTIONS MADE BY 27 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE-28 SINCE INCEPTION. 29 (V) THE DOLLAR AMOUNT OF CASH DISTRIBUTIONS RECEIVED 30 BY THE SYSTEM OR PLAN FROM THE ALTERNATIVE INVESTMENT

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VEHICLE SINCE INCEPTION.

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2 (VI) THE NET INTERNAL RATE OF RETURN OF THE 3 ALTERNATIVE INVESTMENT VEHICLE SINCE INCEPTION, PROVIDED 4 THAT THE SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE 5 THE NET INTERNAL RATE OF RETURN UNDER CIRCUMSTANCES IN 6 WHICH, BECAUSE OF THE LIMITED NUMBER OF PORTFOLIO ASSETS 7 REMAINING IN THE ALTERNATIVE INVESTMENT VEHICLE, THE-8 DISCLOSURE COULD REVEAL THE VALUES OF SPECIFICALLY 9 IDENTIFIABLE REMAINING PORTFOLIO ASSETS TO THE DETRIMENT 10 OF THE ALTERNATIVE INVESTMENT.

(VII) THE AGGREGATE VALUE OF THE REMAINING PORTFOLIO 11 ASSETS ATTRIBUTABLE TO THE SYSTEM'S OR PLAN'S INVESTMENT 12 13 IN THE ALTERNATIVE INVESTMENT VEHICLE, PROVIDED THAT THE-14 SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE THE-15 VALUE UNDER CIRCUMSTANCES IN WHICH, BECAUSE OF THE-16 LIMITED NUMBER OF PORTFOLIO ASSETS REMAINING IN THE-17 ALTERNATIVE INVESTMENT VEHICLE, THE DISCLOSURE COULD 18 REVEAL THE VALUES OF SPECIFICALLY IDENTIFIABLE REMAINING 19 PORTFOLIO ASSETS TO THE DETRIMENT OF THE ALTERNATIVE-20 INVESTMENT.

21 (VIII) THE DOLLAR AMOUNT OF TOTAL MANAGEMENT FEES 22 AND COSTS PAID TO THE ALTERNATIVE INVESTMENT VEHICLE BY-23 THE SYSTEM OR PLAN ON AN ANNUAL FISCAL YEAR END BASIS. 24 (6) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED, 25 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES OR AGENTS-26 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS-27 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT-28 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE 29 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE-30 BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:

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1	(I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER
2	INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,
3	INCLUDING ROLLOVER CONTRIBUTIONS AND TRUSTEE TO TRUSTEE
4	TRANSFERS, OF ANY PARTICIPANT.
5	(II) THE INVESTMENT OPTION SELECTIONS OF ANY
6	PARTICIPANT.
7	(III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
8	INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
9	THE PARTICIPANT, AND ANY INVESTMENT GAINS OR LOSSES, OR
10	RATES OF RETURN.
11	(IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED
12	BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.
13	(V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.
14	(7) THE FOLLOWING SHALL APPLY:
15	(I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
16	THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
17	DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER THIS
18	SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S FIDUCIARY
19	DUTIES.
20	(II) THIS SUBSECTION SHALL APPLY TO A RECORD,
21	MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
22	WHETHER:
23	(A) THE RECORD, MATERIAL OR DATA WAS CREATED,
24	GENERATED OR STORED BEFORE THE EFFECTIVE DATE OF THIS
25	SECTION;
26	(B) THE RECORD, MATERIAL OR DATA WAS PREVIOUSLY
27	RELEASED OR MADE PUBLIC; OR
28	(C) A REQUEST FOR THE RECORD, MATERIAL OR DATA
29	WAS MADE OR IS PENDING FINAL RESPONSE UNDER THE
30	FORMER ACT OF JUNE 21, 1957 (P.L.390, NO.212),
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 REFERRED TO AS THE RIGHT TO KNOW LAW, OR THE RIGHT

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 TO KNOW LAW.
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(II) REGULATIONS AND PROCEDURES. THE BOARD SHALL, WITH THE 4 5 ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION-6 7 OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL 8 COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF 9 CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE 10 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES, PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS 11 12 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND 13 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS 14 ARE ADOPTED AND PUBLISHED PURSUANT TO SUBSECTION (J) AS 15 NECESSARY FOR THE CALCULATION OF ANNUITIES AND OTHER BENEFITS, 16 SHALL BE AS EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY 17 ACTUARIAL ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, 18 REGULATION OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS 19 FOR DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM 20 MANNER. 21 (I) DATA. THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA 22 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL 23 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE 24 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH FISCAL YEAR. 25 THE BOARD SHALL HAVE FINAL AUTHORITY OVER THE MEANS BY WHICH-26 DATA IS COLLECTED, MAINTAINED AND STORED AND IN SO DOING SHALL 27 PROTECT THE RIGHTS OF ITS MEMBERSHIP AS TO PRIVACY AND 28 CONFIDENTIALITY.

29 (J) ACTUARIAL INVESTIGATION AND VALUATION. — THE BOARD SHALL
 30 HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS –

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ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH 1 FISCAL YEAR. IN THE FISCAL YEAR 1975 AND IN EVERY FIFTH YEAR 2 3 THEREAFTER, THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN 4 ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON 5 DATA INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING 6 7 FIVE YEARS CONCERNING THE MEMBERS AND BENEFICIARIES OF THE-8 SYSTEM. THE BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE 9 NECESSARY FOR THE ACTUARIAL VALUATION OF THE FUND AND 10 CALCULATION OF CONTRIBUTIONS, ANNUITIES, AND OTHER BENEFITS BASED ON THE REPORTS AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 11 12 30 DAYS OF THEIR ADOPTION, THE SECRETARY OF THE BOARD SHALL 13 CAUSE THOSE TABLES WHICH RELATE TO THE CALCULATION OF ANNUITIES 14 AND OTHER BENEFITS TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN-15 IN ACCORDANCE WITH THE PROVISIONS OF 45 PA.C.S. § 725(A) 16 (RELATING TO ADDITIONAL CONTENTS OF PENNSYLVANIA BULLETIN) AND, 17 UNLESS THE BOARD SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH-18 TABLES SHALL BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD 19 SHALL INCLUDE A REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS 20 AND DATA DEVELOPED IN EACH FIVE YEAR ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT 21 22 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (N) FOR THE-23 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE-24 CONCLUDED. 25 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND. -- THE-26 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET 27 REQUIRED UNDER SECTION 8330 (RELATING TO APPROPRIATIONS BY THE-28 COMMONWEALTH), CERTIFY TO THE EMPLOYERS AND THE COMMONWEALTH THE-29 EMPLOYER CONTRIBUTION RATE EXPRESSED AS A PERCENTAGE OF MEMBERS' 30 PAYROLL NECESSARY FOR THE FUNDING OF PROSPECTIVE ANNUITIES FOR

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1	ACTIVE MEMBERS AND THE ANNUITIES OF ANNUITANTS, AND CERTIFY THE
2	RATES AND AMOUNTS OF THE NORMAL CONTRIBUTIONS AS DETERMINED
3	PURSUANT TO SECTION 8328(B) (RELATING TO ACTUARIAL COST METHOD),
4	ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO
5	SECTION 8328(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS
6	DETERMINED PURSUANT TO SECTION 8328(D), THE EXPERIENCE
7	ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 8328(E),
8	PREMIUM ASSISTANCE CONTRIBUTIONS AS DETERMINED PURSUANT TO
9	SECTION 8328(F), THE COSTS ADDED BY LEGISLATION AS DETERMINED
10	PURSUANT TO SECTION 8328(I), THE ACTUARIAL REQUIRED CONTRIBUTION-
11	RATE AS DETERMINED PURSUANT TO SECTION 8328(I), THE COLLARED
12	CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION 8328(G), THE-
13	FINAL CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION
14	8328(II) AND THE SHARED-RISK CONTRIBUTION RATE AS DETERMINED
15	UNDER SECTION 8321(B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS
16	FOR CURRENT SERVICE), WHICH SHALL BE PAID TO THE FUND AND
17	CREDITED TO THE APPROPRIATE ACCOUNTS. THESE CERTIFICATIONS SHALL
18	BE REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE
19	SECRETARY OF THE BUDGET.
20	* * *
21	(M) MEMBER CONTRIBUTIONS AND INTEREST THE BOARD SHALL-
22	CAUSE EACH MEMBER'S CONTRIBUTIONS, INCLUDING PAYROLL DEDUCTIONS,
23	PICKUP CONTRIBUTIONS, SHARED RISK CONTRIBUTIONS AND ALL OTHER
24	PAYMENTS, INCLUDING, BUT NOT LIMITED TO, AMOUNTS COLLECTED BY
25	THE STATE EMPLOYEES RETIREMENT SYSTEM FOR THE REINSTATEMENT OF
26	PREVIOUS SCHOOL SERVICE OR CREDITABLE NONSCHOOL SERVICE AND
27	AMOUNTS PAID TO RETURN BENEFITS PAID AFTER THE DATE OF RETURN TO
28	SCHOOL SERVICE OR ENTERING STATE SERVICE REPRESENTING LUMP SUM
29	PAYMENTS MADE PURSUANT TO SECTION 8345(A)(4)(III) (RELATING TO
30	MEMBER'S OPTIONS) AND MEMBER'S ANNUITY PAYMENTS, BUT NOT
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INCLUDING OTHER BENEFITS RETURNED PURSUANT TO SECTION 8346(A.1) 1 AND (A.2) (RELATING TO TERMINATION OF ANNUITIES), TO BE CREDITED 2 3 TO THE ACCOUNT OF SUCH MEMBER AND SHALL PAY ALL SUCH AMOUNTS 4 INTO THE FUND. SUCH CONTRIBUTIONS SHALL BE CREDITED WITH 5 STATUTORY INTEREST UNTIL DATE OF TERMINATION OF SERVICE, EXCEPT-IN THE CASE OF A VESTEE, WHO SHALL HAVE SUCH INTEREST CREDITED 6 UNTIL THE EFFECTIVE DATE OF RETIREMENT OR UNTIL THE RETURN OF 7 8 HIS ACCUMULATED DEDUCTIONS, IF HE SO ELECTS; AND IN THE CASE OF 9 A MULTIPLE SERVICE MEMBER WHO SHALL HAVE SUCH INTEREST CREDITED 10 UNTIL TERMINATION OF SERVICE IN BOTH THE SCHOOL AND THE STATE 11 SYSTEMS. (N) ANNUAL FINANCIAL [STATEMENT] STATEMENTS. THE BOARD 12 13 SHALL PREPARE AND HAVE PUBLISHED, ON OR BEFORE JANUARY 1 OF EACH 14 YEAR, [A FINANCIAL STATEMENT] FINANCIAL STATEMENTS AS OF THE-15 FISCAL YEAR ENDING JUNE 30 OF THE PREVIOUS YEAR SHOWING THE-CONDITION OF THE FUND, THE TRUST AND THE VARIOUS ACCOUNTS, 16 INCLUDING, BUT NOT LIMITED TO, THE BOARD'S ACCRUAL AND 17 18 EXPENDITURE OF DIRECTED COMMISSIONS, AND SETTING FORTH SUCH-19 OTHER FACTS, RECOMMENDATIONS AND DATA AS MAY BE OF USE IN THE-20 ADVANCEMENT OF KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS 21 PROVIDED BY THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL 22 [STATEMENT] STATEMENTS TO THE GOVERNOR AND SHALL MAKE COPIES-23 AVAILABLE TO THE EMPLOYERS FOR THE USE OF THE SCHOOL EMPLOYEES 24 AND THE PUBLIC. 25 (O) INDEPENDENT [AUDIT] AUDITS. THE BOARD SHALL PROVIDE FOR 26 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY AN-27 INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM[, WHICH AUDIT]. THE 28 AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND EXPENDITURE OF 29 DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME INDEPENDENT 30 CERTIFIED PUBLIC ACCOUNTING FIRM FOR THE AUDITS OF BOTH THE-

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1 <u>System and the plan.</u>

2 ***

3	(Q) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST THE
4	BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED
5	BUDGET REQUIRED UNDER SECTION 8330, CERTIFY, AS A PERCENTAGE OF
6	EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED
7	CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO
8	EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE
9	CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO
10	MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL
11	CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON
12	BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY
13	A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
14	INVESTMENT ACCOUNT.
15	(R) MANAGEMENT FEES <
16	(1) AT THE BEGINNING OF THE NEXT FISCAL YEAR AFTER THE
17	<u>REPORT IN SECTION 8538(B)(5) (RELATING TO PUBLIC PENSION</u>
18	MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION) IS
19	DELIVERED TO THE GOVERNOR AND THE GENERAL ASSEMBLY, THE BOARD
20	SHALL IMPLEMENT A STRATEGY TO REDUCE PENSION MANAGEMENT FEES
21	TO BE WITHIN THE 75% LEAST EXPENSIVE SYSTEMS COMPARED TO
22	OTHER STATEWIDE PUBLIC PENSION FUNDS PERFORMING IN THE UNITED
23	STATES BY THE FIFTH FISCAL YEAR, BASED ON BENCHMARKING
24	ANALYSIS PROVIDED BY A CONSULTANT WITH DATA AND EXPERTISE ON
25	PENSION FUNDS.
26	(2) SUBSEQUENT TO THE FIVE YEAR PERIOD DESCRIBED IN
27	PARAGRAPH (1), THE BOARD SHALL IMPLEMENT AN ADDITIONAL
28	STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT FEES TO BE WITHIN
29	THE 60% LEAST COSTLY STATEWIDE PUBLIC PENSION SYSTEMS
30	PERFORMING IN THE UNITED STATES BY THE TENTH FISCAL YEAR,

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1	BASED ON BENCHMARKING ANALYSIS PROVIDED BY A CONSULTANT WITH
2	DATA AND EXPERTISE ON PENSION FUNDS.
3	(3) FOR THE PURPOSES OF THIS SECTION, PENSION MANAGEMENT
4	FEES SHALL MEAN INVESTMENT MANAGEMENT FEES EXPRESSED AS A
5	PERCENTAGE OF ASSETS UNDER MANAGEMENT.
6	SECTION 117. SECTION 8502.2(A) OF TITLE 24 IS AMENDED TO
7	READ:
8	§ 8502.2. HEALTH INSURANCE.
9	(A) AUTHORITYTHE BOARD MAY SPONSOR A PARTICIPANT-FUNDED-
10	GROUP HEALTH INSURANCE PROGRAM FOR ANNUITANTS, PARTICIPANTS_
11	RECEIVING DISTRIBUTIONS, SPOUSES OF ANNUITANTS AND PARTICIPANTS
12	RECEIVING DISTRIBUTIONS, SURVIVOR ANNUITANTS AND THEIR-
13	DEPENDENTS. THE BOARD MAY PROMULGATE REGULATIONS REGARDING THE
14	PRUDENT AND EFFICIENT OPERATION OF THE PROGRAM, INCLUDING, BUT-
15	NOT LIMITED TO:
16	(1) ESTABLISHMENT OF AN ANNUAL BUDGET AND DISBURSEMENTS-
17	IN ACCORDANCE WITH THE BUDGET.
18	(2) DETERMINATION OF THE BENEFITS STRUCTURE.
19	(3) DETERMINATION OF ENROLLMENT PROCEDURES.
20	(4) ESTABLISHMENT OF PREMIUM RATES SUFFICIENT TO FULLY
21	FUND THE PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES.
22	(5) CONTRACTING FOR GOODS, EQUIPMENT, SERVICES,
23	CONSULTANTS AND OTHER PROFESSIONAL PERSONNEL AS NEEDED TO
24	OPERATE THE PROGRAM.
25	* * *
26	SECTION 118. SECTIONS 8503(A) 8503 HEADING, (A) AND (B), <
27	8505 HEADING, (H) AND (I), 8506(A), (D), (E), (F), (I) AND (K)
28	AND 8507(A) 8507 HEADING, (A), (E), (F) AND (I) OF TITLE 24 ARE <
29	AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO
30	READ:

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1 § 8503. DUTIES OF BOARD TO ADVISE AND REPORT TO EMPLOYERS [AND

2

MEMBERS], MEMBERS AND PARTICIPANTS.

3 (A) MANUAL OF REGULATIONS. -- THE BOARD SHALL, WITH THE ADVICE-4 OF THE ATTORNEY GENERAL AND THE ACTUARY, PREPARE, WITHIN 90 DAYS 5 OF THE EFFECTIVE DATE OF THIS PART, A MANUAL INCORPORATING RULES AND REGULATIONS CONSISTENT WITH THE PROVISIONS OF THIS PART FOR 6 7 THE EMPLOYERS WHO SHALL MAKE INFORMATION CONTAINED THEREIN-8 AVAILABLE TO THE GENERAL MEMBERSHIP. THE BOARD SHALL THEREAFTER 9 ADVISE THE EMPLOYERS WITHIN 90 DAYS OF ANY CHANGES IN SUCH RULES 10 AND REGULATIONS DUE TO CHANGES IN THE LAW OR DUE TO CHANGES IN-ADMINISTRATIVE POLICIES. AS SOON AS PRACTICABLE AFTER THE-11 12 COMMISSIONER'S PUBLICATION WITH RESPECT THERETO, THE BOARD SHALL 13 ALSO ADVISE THE EMPLOYERS AS TO ANY COST OF LIVING ADJUSTMENT 14 FOR THE SUCCEEDING CALENDAR YEAR IN THE AMOUNT OF THE LIMITATION-15 UNDER IRC § 401(A)(17) AND THE DOLLAR AMOUNTS OF THE LIMITATIONS 16 UNDER IRC § [415(B)] 415. (B) MEMBER STATUS STATEMENTS. -- THE BOARD SHALL FURNISH-17 18 ANNUALLY ON OR BEFORE DECEMBER 31, A STATEMENT TO EACH MEMBER 19 SHOWING THE ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE 20 MEMBER AND THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF SERVICE CREDITED IN EACH CLASS OF SERVICE, AS APPLICABLE, AS OF 21 22 JUNE 30 OF THAT YEAR. EACH MEMBER'S STATEMENT SHALL [BE MAILED-23 TO HIS HOME ADDRESS AND SHALL] INCLUDE A REQUEST THAT THE MEMBER-24 MAKE ANY NECESSARY CORRECTIONS OR REVISIONS REGARDING HIS-25 DESIGNATED BENEFICIARY, WHOSE NAME AT THE REQUEST OF THE MEMBER 26 SHALL REMAIN CONFIDENTIAL AND NOT APPEAR ON THIS STATEMENT. 27 (B.1) PARTICIPANT STATUS STATEMENTS. THE BOARD SHALL 28 FURNISH ANNUALLY TO EACH PARTICIPANT ON OR BEFORE DECEMBER 31, 29 AND MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY 30 LAW, A STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED

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1	CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL
2	INVESTMENT ACCOUNT, THE NATURE AND TYPE OF INVESTMENTS AND THE
3	INVESTMENT ALLOCATION OF FUTURE CONTRIBUTIONS AS OF JUNE 30 OF
4	THE CURRENT YEAR AND SHALL REQUEST THE PARTICIPANT TO MAKE ANY
5	NECESSARY CORRECTION OR REVISION REGARDING HIS DESIGNATED
6	BENEFICIARY.
7	* * *
8	§ 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF
9	MEMBERS AND PARTICIPANTS.
10	* * *
11	(E.1) CERTIFICATION TO PARTICIPANTS TERMINATING SERVICE.
12	THE BOARD SHALL CERTIFY TO THE PARTICIPANT IN WRITING WITHIN ONE
13	YEAR OF TERMINATION OF SERVICE OF THE PARTICIPANTS OF THE VESTED
14	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE
15	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE
16	STATED IN THE WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER
17	MATTERS REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE
18	PARTICIPANT TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE
19	PARTICIPANT'S REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE
20	ALL OR PART OF THE VESTED BALANCE IN THE PARTICIPANT'S
21	INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN SUCH OTHER
22	FORM AS THE BOARD MAY AUTHORIZE OR AS REQUIRED BY LAW.
23	<u>* * *</u>
24	(F.1) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING
25	REQUIRED BEGINNING DATE. THE BOARD SHALL NOTIFY IN WRITING EACH
26	INACTIVE PARTICIPANT WHO HAS TERMINATED SCHOOL SERVICE AND WHO
27	HAS NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE
28	PARTICIPANT'S REQUIRED BEGINNING DATE THAT THE INACTIVE
29	PARTICIPANT HAS AN OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE
30	REQUIRED BEGINNING DATE IN A FORM AND MANNER REQUIRED BY IRC §

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401(A)(9) AND OTHER APPLICABLE PROVISIONS OF IRC. 1 2 * * * 3 (G.1) INITIAL PAYMENT TO A PARTICIPANT. -- THE BOARD SHALL-4 MAKE THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A-5 DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION AND 6 RECEIPT OF THE REQUIRED DATA FROM THE EMPLOYER OF THE 7 PARTICIPANT AND OTHER NECESSARY DATA. 8 (II) DEATH BENEFITS. UPON RECEIPT OF NOTIFICATION OF THE 9 DEATH OF A MEMBER OR FORMER MEMBER ON USERRA LEAVE OR AN ACTIVE-PARTICIPANT, AN INACTIVE PARTICIPANT OR A FORMER PARTICIPANT 10 PERFORMING USERRA LEAVE, THE BOARD SHALL NOTIFY THE DESIGNATED 11 12 BENEFICIARY OR SURVIVOR ANNUITANT OF THE BENEFITS TO WHICH HE IS 13 ENTITLED AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY 14 UNDER THE [PLAN] BENEFITS ELECTED BY THE BENEFICIARY WITHIN 60-15 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER NECESSARY 16 DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF 17 THE MEMBER'S OR PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED 18 WITH THE BOARD TO PAY THE AMOUNT OF SUCH BENEFITS TO THE-19 MEMBER'S OR PARTICIPANT'S ESTATE, THE BOARD IS AUTHORIZED TO PAY-20 SUCH BENEFITS TO THE EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE 21 OR NEXT OF KIN OF THE DECEASED MEMBER OR PARTICIPANT, AND 22 PAYMENT PURSUANT HERETO SHALL FULLY DISCHARGE THE FUND OR PLAN 23 FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO-24 ANY OTHER PERSON. IF THE SURVIVING SPOUSE OR NEXT OF KIN OF THE 25 DECEASED MEMBER OR PARTICIPANT CANNOT BE FOUND FOR THE PURPOSE 26 OF PAYING SUCH BENEFITS FOR A PERIOD OF SEVEN YEARS FROM THE-27 DATE OF DEATH OF THE MEMBER OR PARTICIPANT, THEN SUCH BENEFITS 28 SHALL BE ESCHEATED TO THE COMMONWEALTH FOR THE BENEFIT OF THE-

29 FUND OR PLAN.

30 (I) MEDICAL INSURANCE COVERAGE. UPON RECEIPT OF

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NOTIFICATION FROM AN INSURANCE CARRIER OFFERING A HEALTH-1 INSURANCE PROGRAM APPROVED BY THE BOARD THAT AN ANNUITANT OR-2 3 PARTICIPANT WHO HAS ATTAINED AGE 65 HAS ELECTED MEDICAL, MAJOR 4 MEDICAL, AND HOSPITALIZATION INSURANCE COVERAGE OR NOTIFICATION-5 THAT ANNUITANTS WITH LESS THAN 24 1/2 ELIGIBILITY POINTS (OTHER-THAN DISABILITY ANNUITANTS), SPOUSES OF ANNUITANTS AND SURVIVOR 6 ANNUITANTS ELIGIBLE TO ELECT TO ENROLL IN THE APPROVED HEALTH 7 8 INSURANCE PROGRAM HAVE ELECTED PARTICIPATION IN SUCH HEALTH 9 INSURANCE PROGRAM, THE BOARD MAY DEDUCT FROM THE ANNUITY PAYMENTS, FROM PAYMENTS TO A PARTICIPANT RECEIVING DISTRIBUTIONS 10 OR FROM A SUCCESSOR PAYEE, THE APPROPRIATE ANNUAL CHARGES IN 11 12 EQUAL MONTHLY INSTALLMENTS. SUCH DEDUCTIONS SHALL BE TRANSMITTED 13 TO THE INSURANCE CARRIER. * * * 14 § 8506. DUTIES OF EMPLOYERS. 15 (A) STATUS OF MEMBERS AND PARTICIPANTS. THE EMPLOYER SHALL, 16 17 EACH MONTH, NOTIFY THE BOARD IN A MANNER PRESCRIBED BY THE BOARD 18 OF THE SALARY CHANGES EFFECTIVE DURING THE PAST MONTH, THE DATE-19 OF ALL REMOVALS FROM THE PAYROLL, AND THE TYPE OF LEAVE OF ANY 20 MEMBER OR PARTICIPANT WHO HAS BEEN REMOVED FROM THE PAYROLL FOR 21 ANY TIME DURING THAT MONTH, AND: 22 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, THE-23 EMPLOYER SHALL FURNISH THE BOARD WITH THE DATE OF BEGINNING 24 LEAVE, THE DATE OF RETURN TO SERVICE, AND THE REASON FOR-25 LEAVE; 26 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER 27 EMPLOYER, THE FORMER EMPLOYER SHALL FURNISH SUCH EMPLOYER AND 28 THE BOARD WITH A COMPLETE SCHOOL SERVICE RECORD, INCLUDING 29 CREDITED OR CREDITABLE NONSCHOOL SERVICE; OR 30 (3) IF THE REMOVAL IS DUE TO TERMINATION OF SCHOOL

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1	SERVICE, THE EMPLOYER SHALL FURNISH THE BOARD WITH A COMPLETE
2	SCHOOL SERVICE RECORD INCLUDING CREDITED OR CREDITABLE
3	NONSCHOOL SERVICE AND IN THE CASE OF DEATH OF THE MEMBER OR
4	PARTICIPANT THE EMPLOYER SHALL SO NOTIFY THE BOARD.
5	<u>* * *</u>
6	(C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS. THE
7	EMPLOYER SHALL CAUSE THE MANDATORY PICKUP PARTICIPANT
8	CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE AND SHALL
9	CAUSE TO BE DEDUCTED ANY VOLUNTARY CONTRIBUTIONS AUTHORIZED BY A
10	PARTICIPANT. THE EMPLOYER SHALL ALSO CAUSE THE EMPLOYER DEFINED
11	CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE. THE
12	EMPLOYER SHALL NOTIFY THE BOARD AT TIMES AND IN A MANNER
13	PRESCRIBED BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT
14	TO WHOM THE LIMITATION UNDER IRC § 401(A)(17) EITHER APPLIES OR
15	IS EXPECTED TO APPLY AND SHALL CAUSE THE PARTICIPANT'S
16	CONTRIBUTIONS TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE
17	LIMITATION UNDER IRC § 401(A)(17) ON THE PAYROLL DATE IF AND
18	WHEN SUCH LIMIT SHALL BE REACHED. THE EMPLOYER SHALL CERTIFY TO
19	THE BOARD THE AMOUNTS PICKED UP AND DEDUCTED AND THE EMPLOYER
20	DEFINED CONTRIBUTIONS BEING MADE AND SHALL SEND THE TOTAL AMOUNT
21	PICKED UP, DEDUCTED AND CONTRIBUTED TOGETHER WITH A DUPLICATE OF
22	SUCH VOUCHER TO THE SECRETARY OF THE BOARD EVERY PAY PERIOD OR
23	ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.
24	(D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR
25	PARTICIPATIONUPON THE ASSUMPTION OF DUTIES OF EACH NEW SCHOOL-
26	EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,
27	THE EMPLOYER SHALL NO LATER THAN 30 DAYS THEREAFTER CAUSE AN
28	APPLICATION FOR MEMBERSHIP OR PARTICIPATION, WHICH APPLICATION
29	SHALL INCLUDE THE EMPLOYEE'S HOME ADDRESS, BIRTHDATE CERTIFIED
30	BY THE EMPLOYER, PREVIOUS SCHOOL OR STATE SERVICE AND ANY OTHER
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1	INFORMATION REQUESTED BY THE BOARD, AND A NOMINATION OF
2	BENEFICIARY TO BE MADE BY SUCH EMPLOYEE AND FILED WITH THE BOARD
3	AND SHALL MAKE PICKUP CONTRIBUTIONS OR MANDATORY PICKUP
4	PARTICIPANT CONTRIBUTIONS FROM THE EFFECTIVE DATE OF SCHOOL
5	EMPLOYMENT.
6	(E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR
7	PARTICIPATION THE EMPLOYER SHALL INFORM ANY ELIGIBLE SCHOOL
8	EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE
9	PLAN IS NOT MANDATORY OF HIS OPPORTUNITY TO BECOME A MEMBER OF
10	THE SYSTEM OR PARTICIPANT IN THE PLAN PROVIDED THAT HE ELECTS TO
11	PURCHASE CREDIT FOR ALL SUCH CONTINUOUS CREDITABLE SERVICE. IF
12	SUCH EMPLOYEE SO ELECTS, THE EMPLOYER SHALL NO LATER THAN 30
13	DAYS THEREAFTER CAUSE AN APPLICATION FOR MEMBERSHIP OR
14	PARTICIPATION WHICH APPLICATION SHALL INCLUDE THE EMPLOYEE'S
15	HOME ADDRESS, BIRTHDATE CERTIFIED BY THE EMPLOYER, PREVIOUS
16	SCHOOL OR STATE SERVICE AND ANY OTHER INFORMATION REQUESTED BY
17	THE BOARD, AND A NOMINATION OF BENEFICIARY TO BE MADE BY HIM AND
18	FILED WITH THE BOARD AND SHALL CAUSE PROPER CONTRIBUTIONS TO BE
19	MADE FROM THE DATE OF ELECTION OF MEMBERSHIP OR PARTICIPATION.
20	(F) ADVISING MEMBERS OF DUTIES. THE EMPLOYER SHALL ADVISE
21	HIS EMPLOYEES OF THEIR DUTIES AS MEMBERS OF THE SYSTEM AND
22	PARTICIPANTS OF THE PLAN. LOCAL SCHOOL DISTRICTS SHALL BE HELD
23	HARMLESS FROM DECISIONS MADE BY THE EMPLOYEE IN THIS REGARD.
24	* * *
25	(I) TERMINATION OF SERVICE <u>BY MEMBERS</u> THE EMPLOYER SHALL,
26	IN THE CASE OF ANY MEMBER TERMINATING SCHOOL SERVICE, ADVISE
27	SUCH MEMBER IN WRITING OF ANY BENEFITS <u>FROM THE SYSTEM</u> TO WHICH
28	HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND SHALL
29	HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF TERMINATION OF
30	SCHOOL SERVICE, ONE OF THE FOLLOWING THREE FORMS, A COPY OF

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1	WHICH SHALL BE GIVEN TO THE MEMBER AND THE ORIGINAL OF WHICH
2	SHALL BE FILED WITH THE BOARD:
3	(1) AN APPLICATION FOR THE RETURN OF ACCUMULATED
4	DEDUCTIONS.
5	(2) AN ELECTION TO VEST HIS RETIREMENT RIGHTS, IF
6	ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO-
7	DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
8	AGREEMENT TO PAY WITHIN 30 DAYS OF THE DATE OF TERMINATION OF
9	SERVICE THE LUMP SUM REQUIRED.
10	(3) AN APPLICATION FOR AN IMMEDIATE ANNUITY, IF
11	ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO
12	DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
13	AGREEMENT TO PAY WITHIN 30 DAYS OF DATE OF TERMINATION OF
14	SERVICE THE LUMP SUM REQUIRED.
15	* * *
16	(K) SCHOOL EMPLOYEES PERFORMING USERRA OR MILITARY RELATED
17	LEAVE OF ABSENCE. THE EMPLOYER SHALL REPORT TO THE BOARD ALL OF
18	THE FOLLOWING:
19	(1) ANY SCHOOL EMPLOYEE WHO:
20	(I) CEASES TO BE AN ACTIVE MEMBER OR ACTIVE
21	PARTICIPANT TO PERFORM USERRA SERVICE; OR
22	(II) IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S.
23	§ 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN-
24	GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE OF ABSENCE
25	UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY-
26	LEAVES OF ABSENCE).
27	(2) THE DATE ON WHICH THE USERRA SERVICE, LEAVE OF
28	ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN.
29	(3) THE DATE ON WHICH THE SCHOOL EMPLOYEE IS REEMPLOYED
30	FROM USERRA LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR

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1 MILITARY LEAVE OF ABSENCE, IF APPLICABLE.

2	(4) ANY OTHER INFORMATION THE BOARD MAY REQUIRE.
3	(L) DIFFERENTIAL WAGE PAYMENTS AND MILITARY LEAVE OF ABSENCE
4	PAYMENTS NOTWITHSTANDING THE EXCLUSION OF DIFFERENTIAL WAGE
5	PAYMENTS AS DEFINED IN IRC § 414(U)(12) FROM COMPENSATION UNDER
6	THIS PART, THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON USERRA LEAVE
7	SHALL REPORT DIFFERENTIAL WAGE PAYMENTS MADE TO THE EMPLOYEE TO
8	THE BOARD, AND THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON LEAVE OF
9	ABSENCE PURSUANT TO 51 PA.C.S. § 4102, SHALL REPORT ANY PAYMENT
10	MADE TO THE EMPLOYEE IN THE FORM AND MANNER ESTABLISHED BY THE
11	BOARD.
12	§ 8507. RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS],
13	<u>MEMBERS AND PARTICIPANTS</u> .
14	(A) INFORMATION ON NEW EMPLOYEES. UPON HIS ASSUMPTION OF
15	DUTIES, EACH NEW SCHOOL EMPLOYEE SHALL FURNISH HIS EMPLOYER WITH
16	A COMPLETE RECORD OF HIS PREVIOUS SCHOOL OR STATE SERVICE, OR
17	CREDITABLE NONSCHOOL SERVICE, PROOF OF HIS DATE OF BIRTH, HIS
18	HOME ADDRESS, HIS CURRENT STATUS IN THE SYSTEM AND THE PLAN AND
19	IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE STATE
20	EMPLOYEES' DEFINED CONTRIBUTION PLAN AND SUCH OTHER INFORMATION
21	AS THE BOARD MAY REQUIRE. WILLFUL FAILURE TO PROVIDE THE
22	INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE
23	OR THE PROVISION OF ERRONEOUS INFORMATION UPON ENTRANCE INTO THE
24	SYSTEM <u>OR PLAN</u> SHALL RESULT IN THE FORFEITURE OF THE RIGHT OF
25	THE MEMBER OR PARTICIPANT TO SUBSEQUENTLY ASSERT ANY RIGHT TO
26	BENEFITS BASED ON ERRONEOUS INFORMATION OR ON ANY OF THE
27	REQUIRED INFORMATION WHICH HE FAILED TO PROVIDE. IN ANY CASE IN-
28	WHICH THE BOARD FINDS THAT A MEMBER <u>OR PARTICIPANT</u> IS RECEIVING
29	AN ANNUITY BASED ON FALSE INFORMATION, THE ADDITIONAL AMOUNTS
30	RECEIVED PREDICATED ON SUCH FALSE INFORMATION TOGETHER WITH

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1	STATUTORY INTEREST DOUBLED AND COMPOUNDED SHALL BE DEDUCTED FROM-
2	THE PRESENT VALUE OF ANY REMAINING BENEFITS TO WHICH THE MEMBER-
3	OR PARTICIPANT IS LEGALLY ENTITLED AND SUCH REMAINING BENEFITS
4	SHALL BE CORRESPONDINGLY DECREASED.
5	<u>* * *</u>
6	(B.1) APPLICATION FOR PARTICIPATION ON OR AFTER JULY 1,
7	2017, IN THE CASE OF A NEW EMPLOYEE WHO IS NOT CURRENTLY A
8	PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY, OR
9	IN THE CASE OF A NEW EMPLOYEE WHOSE PARTICIPATION IS NOT
10	MANDATORY BUT IS PERMITTED AND WHO DESIRES TO BECOME A
11	PARTICIPANT IN THE PLAN, THE NEW EMPLOYEE SHALL EXECUTE AN
12	APPLICATION FOR PARTICIPATION AND A NOMINATION OF A BENEFICIARY.
13	* * *
14	(D.2) CONTRIBUTIONS FOR USERRA LEAVE. ANY ACTIVE
15	PARTICIPANT OR INACTIVE PARTICIPANT OR FORMER PARTICIPANT WHO
16	WAS REEMPLOYED FROM USERRA LEAVE AND WHO DESIRES TO MAKE
17	MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY
18	CONTRIBUTIONS FOR HIS USERRA LEAVE SHALL SO NOTIFY THE BOARD
19	WITHIN THE TIME PERIOD REQUIRED UNDER 38 U.S.C. CH. 43 (RELATING
20	TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE
21	UNIFORMED SERVICES) AND IRC § 414(U) OF HIS DESIRE TO MAKE SUCH
22	CONTRIBUTIONS. UPON MAKING THE PERMITTED MANDATORY PICKUP
23	PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED TIME PERIOD, THE
24	EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER DEFINED
25	CONTRIBUTIONS AT THE SAME TIME.
26	(D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT. ANY
27	PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE
28	<u>CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE</u>
29	BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND
30	LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY

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1	DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND
2	OTHER APPLICABLE LAW.
3	(E) BENEFICIARY FOR DEATH BENEFITS <u>FROM SYSTEMEVERY</u>
4	MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED
5	WITH THE BOARD TO RECEIVE THE DEATH BENEFIT OR THE BENEFIT
6	PAYABLE FROM THE SYSTEM UNDER THE PROVISIONS OF OPTION 1. SUCH
7	NOMINATION MAY BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN
8	DESIGNATION FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A
9	CONTINGENT BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH
10	BENEFIT OR THE BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1.
11	(E.1) BENEFICIARY FOR DEATH BENEFITS FROM PLANEVERY
12	PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION
13	FILED WITH THE BOARD AS PROVIDED IN SECTION 8506 (RELATING TO
14	DUTIES OF EMPLOYERS) TO RECEIVE THE DEATH BENEFIT PAYABLE UNDER
15	SECTION 8408 (RELATING TO DEATH BENEFITS). A PARTICIPANT MAY
16	ALSO NOMINATE A CONTINGENT BENEFICIARY OR BENEFICIARIES TO
17	RECEIVE THE DEATH BENEFIT PROVIDED UNDER SECTION 8408. SUCH
18	NOMINATIONS MAY BE CHANGED AT ANY TIME BY THE PARTICIPANT BY
19	WRITTEN DESIGNATION FILED WITH THE BOARD.
20	(E.2) BENEFICIARY DESIGNATION A SCHOOL EMPLOYEE MAY
21	DESIGNATE OR NOMINATE DIFFERENT PERSONS TO BE BENEFICIARIES,
22	SURVIVOR ANNUITANTS AND SUCCESSOR PAYEES FOR HIS BENEFITS FROM
23	THE SYSTEM AND THE PLAN.
24	(F) TERMINATION OF SERVICE <u>BY MEMBERS</u> EACH MEMBER WHO-
25	TERMINATES SCHOOL SERVICE AND WHO IS NOT THEN A DISABILITY
26	ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
27	SERVICE A WRITTEN APPLICATION, DULY ATTESTED BY THE MEMBER OR
28	HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO DO ONE <u>OR</u>
29	MORE OF THE FOLLOWING:
30	(1) WITHDRAW HIS ACCUMULATED DEDUCTIONS.

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1	(2) VEST HIS RETIREMENT RIGHTS, IF ELIGIBLE, AND IF HE
2	IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A
3	FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE
4	DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED.
5	(3) RECEIVE AN IMMEDIATE ANNUITY, IF ELIGIBLE, AND MAY,
6	IF HE IS A JOINT COVERAGE MEMBER, ELECT TO BECOME A FULL-
7	COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF DATE OF
8	TERMINATION OF SERVICE THE LUMP SUM REQUIRED.
9	* * *
10	(G.1) DEFERRAL OF RETIREMENT RIGHTS. IF A PARTICIPANT
11	TERMINATES SCHOOL SERVICE AND DOES NOT COMMENCE RECEIVING A
12	DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY BY WRITTEN
13	DESIGNATION FILED WITH THE BOARD, AND HE MAY ANYTIME THEREAFTER,
14	BUT NO LATER THAN HIS REQUIRED BEGINNING DATE, WITHDRAW THE
15	VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO HIS
16	CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION REQUIRED BY LAW
17	OR AUTHORIZED BY THE BOARD.
18	* * *
19	(I) FAILURE TO APPLY FOR ANNUITYIF A MEMBER IS ELIGIBLE-
20	TO RECEIVE AN ANNUITY FROM THE SYSTEM AND DOES NOT FILE A PROPER
21	APPLICATION WITHIN 90 DAYS OF TERMINATION OF SERVICE, HE SHALL
22	BE DEEMED TO HAVE ELECTED TO VEST, AND HIS ANNUITY WILL BECOME
23	EFFECTIVE AS OF THE DATE AN APPLICATION IS FILED WITH THE BOARD-
24	OR THE DATE DESIGNATED ON THE APPLICATION WHICHEVER IS LATER.
25	* * *
26	SECTION 119. SECTIONS 8521(B), 8522, 8524, 8525 AND 8531 OF
27	TITLE 24 ARE AMENDED TO READ:
28	§ 8521. MANAGEMENT OF FUND AND ACCOUNTS.
29	* * *
~ ~	

30 (B) CREDITING OF INTEREST. THE BOARD ANNUALLY SHALL ALLOW

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STATUTORY INTEREST, EXCLUDING THE INDIVIDUAL INVESTMENT 1 ACCOUNTS, TO THE CREDIT OF THE MEMBERS' SAVINGS ACCOUNT ON THE 2 3 MEAN AMOUNT OF THE ACCUMULATED DEDUCTIONS OF ALL MEMBERS FOR 4 WHOM INTEREST IS PAYABLE FOR THE PRECEDING YEAR AND VALUATION-5 INTEREST ON THE MEAN AMOUNT OF THE ANNUITY RESERVE ACCOUNT FOR THE PRECEDING YEAR TO THE CREDIT OF THAT ACCOUNT. THE BOARD 6 7 ANNUALLY SHALL ALLOW VALUATION INTEREST CALCULATED ON THE MEAN-8 AMOUNT FOR THE PRECEDING YEAR OF THE BALANCE IN THE STATE 9 ACCUMULATION ACCOUNT EXCLUDING ANY EARNINGS OF THE FUND CREDITED 10 TO THE ACCOUNT DURING THAT YEAR. IN THE EVENT THE TOTAL EARNINGS FOR THE YEAR DO NOT EXCEED 5 1/2% OF THE MEAN AMOUNT FOR THE-11 12 PRECEDING YEAR OF THE TOTAL ASSETS OF THE FUND LESS EARNINGS 13 CREDITED TO THE FUND DURING THAT YEAR PLUS THE ADMINISTRATIVE 14 EXPENSES OF THE BOARD, THE DIFFERENCE REQUIRED TO BE-15 APPROPRIATED FROM THE GENERAL FUND SHALL BE CREDITED TO THE 16 STATE ACCUMULATION ACCOUNT. * * * 17 18 § 8522. PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND. 19 (A) GENERAL RULE. -- THE FUND SHALL CONSIST OF ALL MONEYS IN-20 THE SEVERAL SEPARATE FUNDS IN THE STATE TREASURY SET APART TO BE-USED UNDER THE DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS-21 22 OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE 23 FUND ALL MONEYS RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING 24 FROM THE CONTRIBUTIONS RELATING TO OR ON BEHALF OF THE MEMBERS 25 OF THE SYSTEM REQUIRED UNDER THE PROVISIONS OF CHAPTER 83 26 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) AND ALL-27 EARNINGS FROM INVESTMENTS OR MONEYS OF SAID FUND. THERE SHALL BE 28 ESTABLISHED AND MAINTAINED BY THE BOARD THE SEVERAL LEDGER 29 ACCOUNTS SPECIFIED IN SECTIONS 8523 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 8524 (RELATING TO STATE ACCUMULATION ACCOUNT), 30

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1 8525 (RELATING TO ANNUITY RESERVE ACCOUNT) AND 8526 (RELATING TO-

2 HEALTH INSURANCE ACCOUNT).

3 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST. -- THE-

4 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST ARE

5 <u>NOT PART OF THE FUND. MANDATORY PICKUP PARTICIPANT</u>

6 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED

7 <u>CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE</u>

8 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED

9 <u>TO THE FUND BUT INSTEAD SHALL BE PAID TO THE TRUST AND CREDITED</u>

10 TO THE INDIVIDUAL INVESTMENT ACCOUNTS.

11 § 8524. STATE ACCUMULATION ACCOUNT.

12 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO 13 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH 14 AND OTHER EMPLOYERS AS WELL AS THE EARNINGS OF THE FUND, EXCEPT 15 THE PREMIUM ASSISTANCE CONTRIBUTIONS AND EARNINGS THEREON IN THE 16 HEALTH INSURANCE ACCOUNT. VALUATION INTEREST SHALL BE ALLOWED ON-17 THE TOTAL AMOUNT OF SUCH ACCOUNT LESS ANY EARNINGS OF THE FUND-18 CREDITED DURING THE YEAR. THE RESERVES NECESSARY FOR THE PAYMENT 19 OF ANNUITIES AND DEATH BENEFITS RESULTING FROM MEMBERSHIP IN THE 20 SYSTEM AS APPROVED BY THE BOARD AND AS PROVIDED IN CHAPTER 83 21 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) SHALL BE 22 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE ANNUITY 23 RESERVE ACCOUNT. AT THE END OF EACH YEAR THE REQUIRED INTEREST 24 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE 25 CREDIT OF THE MEMBERS' SAVINGS ACCOUNT AND THE ANNUITY RESERVE 26 ACCOUNT. THE ADMINISTRATIVE EXPENSES OF THE BOARD SHALL BE-27 CHARGED TO THE STATE ACCUMULATION ACCOUNT. EMPLOYER DEFINED 28 CONTRIBUTIONS, MANDATORY PICKUP CONTRIBUTIONS AND A 29 PARTICIPANT'S VOLUNTARY CONTRIBUTIONS, TOGETHER WITH ANY INCOME 30 OR INTEREST EARNED THEREON, MAY BE TEMPORARILY PLACED INTO THE-

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1		ACCUMULT ATTON				
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2 TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

3 § 8525. ANNUITY RESERVE ACCOUNT.

4 (A) CREDITS AND CHARGES TO ACCOUNT. THE ANNUITY RESERVE 5 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE RESERVES HELD FOR THE PAYMENT OF ANNUITIES AND DEATH-6 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM ON ACCOUNT OF 7 8 ALL ANNUITANTS AND THE CONTRIBUTIONS FROM THE COMMONWEALTH AND 9 OTHER EMPLOYERS AS DETERMINED IN ACCORDANCE WITH SECTION 8328 10 (RELATING TO ACTUARIAL COST METHOD) FOR THE PAYMENT OF THE-11 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348 (RELATING TO-12 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL 13 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER ADDITIONAL 14 SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO SUPPLEMENTAL 15 ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO SPECIAL 16 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5 (RELATING TO-17 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6 (RELATING TO-18 SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND 8348.7 (RELATING TO-19 SUPPLEMENTAL ANNUITIES COMMENCING 2003). THE ANNUITY RESERVE 20 ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER THE 21 TRANSFERS PROVIDED IN SECTIONS 8523 (RELATING TO MEMBERS' 22 SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION-23 ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE-24 CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND. 25 (B) TRANSFERS FROM ACCOUNT. -- SHOULD AN ANNUITANT BE-26 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE EITHER AS A MEMBER OF 27 THE SYSTEM OR PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF HIS-28 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO SCHOOL SERVICE-29 SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN-30

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ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY LESS THE AMOUNT 1 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED 2 3 FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION 4 ACCOUNT. § 8531. STATE GUARANTEE <u>REGARDING THE SYSTEM.</u> 5 6 STATUTORY INTEREST CHARGES PAYABLE, THE MAINTENANCE OF 7 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER 8 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND 9 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE 10 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM-11 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART 12 13 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE-14 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE PLAN OR TRUST. 15 16 SECTION 120. SECTION 8533(A), (B) AND (D) OF TITLE 24 ARE 17 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO-18 READ: 19 § 8533. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS. 20 (A) GENERAL RULE. EXCEPT AS PROVIDED IN SUBSECTIONS (B), (C) AND (D), THE RIGHT OF A PERSON TO A MEMBER'S ANNUITY, A 21 22 STATE ANNUITY, OR RETIREMENT ALLOWANCE, TO THE RETURN OF 23 CONTRIBUTIONS, ANY BENEFIT OR RIGHT ACCRUED OR ACCRUING TO ANY 24 PERSON UNDER THE PROVISIONS OF THIS PART, AND THE MONEYS IN THE-25 FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR MUNICIPAL 26 TAX, [AND EXEMPT FROM] LEVY AND SALE, GARNISHMENT, ATTACHMENT, 27 THE PROVISIONS OF ARTICLE XIII.1 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, OR ANY OTHER-28 29 PROCESS WHATSOEVER, AND SHALL BE UNASSIGNABLE. 30 (A.1) INDIVIDUAL INVESTMENT ACCOUNTS AND DISTRIBUTIONS. NO

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1	PARTICIPANT OR BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE
2	OF A PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL,
3	ASSIGN, ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,
4	COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR
5	INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO
6	RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER
7	AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE
8	PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A
9	PARTICIPANT.
10	(B) FORFEITURE.
11	(1) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
12	FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,
13	NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT.
14	FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
15	PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS
16	THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER THIS PART.
17	(2) IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V OF THE
18	CONSTITUTION OF PENNSYLVANIA AND NOTWITHSTANDING PARAGRAPH
19	(1), THE ACT OF JULY 8, 1978 (P.L.752, NO. 140), KNOWN AS THE
20	PUBLIC EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352
21	(RELATING TO PENSION RIGHTS), THE ACCUMULATED MANDATORY
22	PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
23	CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT SHALL
24	NOT BE FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES
25	AND RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT
26	HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE AS
27	THE RESULT OF AN EQUITABLE DISTRIBUTION OF MARITAL PROPERTY
28	AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER ENTERED
29	BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT OR OTHER
30	TRIBUNAL RESULTING IN A FORFEITURE OF A PARTICIPANT'S
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1	INTEREST IN THE TRUST SHALL NOT BE SUBJECT TO THE PUBLIC
2	EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY
3	ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A
4	RESULT OF THIS SUBSECTION OR OTHER LAW SHALL BE RETAINED BY
5	THE BOARD AND USED FOR THE PAYMENT OF EXPENSES OF THE PLAN.
6	* * *
7	(D) DIRECT ROLLOVEREFFECTIVE WITH DISTRIBUTIONS MADE ON
8	OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER
9	PROVISION OF THIS PART TO THE CONTRARY, A DISTRIBUTEE MAY ELECT,
10	AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE
11	ANY PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY
12	TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
13	PURPOSES OF THIS SUBSECTION, A "DISTRIBUTEE" INCLUDES A MEMBER
14	[AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A
15	PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO IS
16	AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS
17	ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE
18	PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE
19	AUTHORIZED UNDER IRC AND THE PLAN TERMS APPROVED BY THE BOARD TO
20	HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN
21	ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
22	PURPOSES OF THIS SUBSECTION, THE TERM "ELIGIBLE ROLLOVER-
23	DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(F)(2)
24	(A) AND "ELIGIBLE RETIREMENT PLAN" HAS THE MEANING GIVEN SUCH-
25	TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A QUALIFIED TRUST SHALL-
26	BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE
27	DISTRIBUTEE'S ELIGIBLE ROLLOVER DISTRIBUTION; HOWEVER, IN THE
28	CASE OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE,
29	AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT-
30	ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS-

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ARE DEFINED IN IRC § 408(A) AND (B). 1 2 SECTION 121. SECTIONS 8533.1, 8533.2, 8533.3 AND 8533.4 (A) 3 OF TITLE 24 ARE AMENDED TO READ: \$ 8533.1. APPROVAL OF DOMESTIC RELATIONS ORDERS. 4 5 (A) CERTIFICATION REGARDING MEMBERS. -- A DOMESTIC RELATIONS-ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS-6 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE-7 8 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF SUCH ORDER MEETS ALL OF THE FOLLOWING: 9 10 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED 11 12 UNDER THIS PART. 13 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE 14 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE-15 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS 16 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE 17 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON 18 OTHER THAN ACTUARIAL VALUE.

19 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
 20 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
 21 PAYEE OR THE MANNER IN WHICH THE AMOUNT OR PERCENTAGE IS TO
 22 BE DETERMINED.

23 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
 24 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY
 25 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON
 26 RETIREMENT.

27 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
 28 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
 29 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND
 30 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE

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1 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM. 2 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS, 3 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART. 4 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION 5 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S-6 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER 7 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER-8 MAINTAINED BY THE SYSTEM. AN AUTHORIZATION GRANTED PURSUANT 9 TO THIS SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR 10 THE ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE-11 ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART 12 13 AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED TO MEMBERS OR OBTAIN INFORMATION THAT IS NOT RELATED TO THE 14 ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S 15 16 SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART. 17 (A.1) CERTIFICATION REGARDING PARTICIPANTS. -- A DOMESTIC-18 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED 19 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE-20 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER MEETS ALL OF THE FOLLOWING: 21 22 (1) DOES NOT REQUIRE THE PLAN TO PROVIDE ANY TYPE OR 23 FORM OF BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS OF THE 24 SYSTEM OR PARTICIPANTS IN THE PLAN. 25 (2)DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE 26 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT 27 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL 28 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE. 29 (3) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE 30 ANY FUNDS THAT WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE-

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1	PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC
2	RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS-
3	DESIGNATED REPRESENTATIVE.
4	(4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
5	MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE
6	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE
7	DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE
8	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF
9	THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE
10	PAYEE.
11	(5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP
12	OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S
13	INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF
14	THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION
15	PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.
16	(6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE
17	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE
18	ALTERNATE PAYEE AND THE DATE UPON WHICH SUCH VALUATION IS
19	BASED.
20	(7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
21	IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN
22	MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER
23	AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE
24	PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE
25	PLAN.
26	(8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,
27	PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.
28	(9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION
29	ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S
30	COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER

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1	THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT
2	MAINTAINED BY THE PLAN. ANY AUTHORIZATION GRANTED PURSUANT TO
3	THIS SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
4	ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
5	PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION
6	AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE
7	PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE
8	THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION
9	THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND
10	PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S
11	INDIVIDUAL INVESTMENT ACCOUNT.
12	(10) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE
13	ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL
14	INVESTMENT ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT,
15	ELIGIBLE ROLLOVER OR TRUSTEE TO-TRUSTEE TRANSFER TO ANOTHER
16	ELIGIBLE PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE
17	PAYEE.
18	(11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
19	RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
20	DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE
21	BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE
22	BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE
23	AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
24	AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT
25	DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH
26	OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S
27	INDIVIDUAL INVESTMENT ACCOUNT.
28	(B) DETERMINATION BY SECRETARY WITHIN A REASONABLE PERIOD-
29	OF TIME AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE
30	SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL

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DETERMINE WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS 1 ORDER AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE 2 3 PAYEE OF THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION 4 OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR 5 ALTERNATE PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE-BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO 6 AN ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 (RELATING TO-7 8 PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO THE-9 COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO JUDICIAL 10 REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT APPEALS FROM GOVERNMENT AGENCIES). 11 12 (C) OTHER ORDERS. THE REQUIREMENTS FOR APPROVAL IDENTIFIED 13 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO 14 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS 15 THAT TERM IS DEFINED IN 23 PA.C.S. § 4302 (RELATING TO-16 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS 17 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF 18 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT 19 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS 20 AS ESTABLISHED BY THE LAWS OF THIS COMMONWEALTH AND THE UNITED 21 STATES [.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER THAT 22 WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER STATE OR 23 THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS FOR-24 SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST ANY PARTICIPANT WHO 25 IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE-26 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING 27 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD 28 OTHERWISE REQUIRE A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED 29 CONTRIBUTIONS IN THE FORM OF AN ANNUITY OR TO REQUIRE THE 30 PURCHASE OF AN ANNUITY.

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(D) OBLIGATION DISCHARGED. ONLY THE REQUIREMENTS OF THIS 1 2 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO-3 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS-4 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS-5 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN-6 7 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE 8 OBLIGATIONS OF THE SYSTEM OR PLAN WITH RESPECT TO SUCH APPROVAL 9 OR DISAPPROVAL SHALL BE DISCHARGED. 10 § 8533.2. IRREVOCABLE BENEFICIARY. NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC-11 12 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A 13 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN 14 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES 15 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT 16 17 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT 18 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC 19 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC 20 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED 21 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH-22 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED 23 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT 24 WITHOUT APPROVAL BY THE COURT. 25 § 8533.3. IRREVOCABLE SURVIVOR ANNUITANT. 26 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC-27 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR 28 ANNUITANT PERTAINING TO A MEMBER. A DOMESTIC RELATIONS ORDER 29 REOUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT 30 OF A MEMBER OF THE FUND SHALL BE DEEMED TO BE ONE THAT REQUIRES

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A MEMBER TO DESIGNATE AN ALTERNATE PAYEE AS A SURVIVOR ANNUITANT 1 2 AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT SURVIVOR 3 ANNUITANT FOR BENEFITS PAYABLE FROM THE FUND WITHOUT APPROVAL OF 4 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW. 5 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS-6 7 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE 8 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY 9 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO 10 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AN IRREVOCABLE SURVIVOR ANNUITANT. 11 12 13 (A) DECEASED ALTERNATE PAYEE. -- IN THE EVENT THAT THE 14 ALTERNATE PAYEE PREDECEASES THE MEMBER OR PARTICIPANT AND THERE-15 ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE COURT 16 MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO SUBSTITUTE A 17 PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE ANY BENEFITS 18 PAYABLE TO THE DECEASED ALTERNATE PAYEE. * * * 19 20 SECTION 122. TITLE 24 IS AMENDED BY ADDING A SECTION TO-21 READ: 22 § 8533.5. IRREVOCABLE SUCCESSOR PAYEE. 23 (A) CONDITION. -- NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS-24 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY 25 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE ONLY IF THE-26 PARTICIPANT IS RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION-

- 27 PROVIDED BY THE BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.
- 28 (B) DETERMINATION. -- A DOMESTIC RELATIONS ORDER REQUIRING THE
- 29 <u>DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO</u>
- 30 <u>BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS</u>

1	FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN
2	ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE
3	REMOVAL OR CHANGE OF THAT SUCCESSOR PAYEE WITHOUT APPROVAL OF A
4	COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.
5	(C) CERTIFICATION A DOMESTIC RELATIONS ORDER UNDER
6	SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC
7	RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
8	REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE SUCCESSOR PAYEE SO
9	ORDERED BY THE COURT CANNOT BE CHANGED BY THE PARTICIPANT
10	WITHOUT APPROVAL BY THE COURT.
11	(D) INELIGIBILITYA PERSON INELIGIBLE TO BE DESIGNATED AS
12	A SUCCESSOR PAYEE MAY NOT BE DESIGNATED AS AN IRREVOCABLE
13	SUCCESSOR PAYEE. A COURT MAY NOT NAME AN IRREVOCABLE SUCCESSOR
14	PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM
15	DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL
16	PORTION OF THE PENSION BENEFIT.
17	SECTION 123. SECTIONS 8534 AND 8535 OF TITLE 24 ARE AMENDED
18	TO READ:
19	§ 8534. FRAUD AND ADJUSTMENT OF ERRORS.
20	(A) PENALTY FOR FRAUD. ANY PERSON WHO SHALL KNOWINGLY MAKE
21	ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED
22	ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO
23	DEFRAUD THE SYSTEM <u>OR PLAN</u> AS A RESULT OF SUCH ACT SHALL BE
24	GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.
25	(B) ADJUSTMENT OF ERRORS SHOULD ANY CHANGE OR MISTAKE IN-
26	RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY, [OR],
27	SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
28	OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
29	HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
30	OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
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SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR 1 2 AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO-3 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL 4 5 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED 6 SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS 7 FROM THE PLAN, THE BOARD SHALL TAKE SUCH ACTION AS SHALL BE-8 PROVIDED FOR IN THE PLAN DOCUMENT. 9 § 8535. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH. 10 FOR EACH SCHOOL YEAR BEGINNING WITH THE 1995-1996 SCHOOL YEAR AND ENDING WITH THE 2016-2017 SCHOOL YEAR, EACH SCHOOL ENTITY-11 12 SHALL BE PAID BY THE COMMONWEALTH FOR CONTRIBUTIONS BASED UPON 13 SCHOOL SERVICE OF ACTIVE MEMBERS OF THE SYSTEM AFTER JUNE 30, 1995, AS FOLLOWS: 14 15 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR-16 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 17 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS, 18 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHOSE 19 EFFECTIVE DATES OF EMPLOYMENT WITH THEIR SCHOOL ENTITIES ARE 20 AFTER JUNE 30, 1994, AND WHO ALSO HAD NOT PREVIOUSLY BEEN 21 EMPLOYED BY ANY SCHOOL ENTITY WITHIN THIS COMMONWEALTH AN 22 AMOUNT EOUAL TO THE AMOUNT CERTIFIED BY THE PUBLIC SCHOOL 23 EMPLOYEES' RETIREMENT BOARD AS NECESSARY TO PROVIDE, TOGETHER-24 WITH THE MEMBERS' CONTRIBUTIONS, RESERVES ON ACCOUNT OF 25 PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND THE PREMIUM-26 ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN ACCORDANCE 27 WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD), 28 MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF THE SCHOOL

29 ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY RECEIVE

30 LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET

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1 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF

2 THE PUBLIC SCHOOL CODE [OF 1949] WAS 0.50.

3 (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR 4 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 5 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS, 6 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHO 7 ARE NOT DESCRIBED IN PARAGRAPH (1), ONE HALF OF THE AMOUNT 8 CERTIFIED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AS 9 NECESSARY TO PROVIDE, TOGETHER WITH THE MEMBERS' 10 CONTRIBUTIONS, RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS 11 12 PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328. 13 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER 14 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S 15 LIABILITY TO [MAKE] FORWARD THE PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND. SCHOOL ENTITIES ARE EXPECTED TO 16 MAKE THE FULL PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES! 17 18 RETIREMENT FUND IN ACCORDANCE WITH SECTION 8327 (RELATING TO-PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE 19 20 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED 21 BECAUSE OF DELINOUENT SALARY REPORTING OR OTHER CONDUCT BY 22 THE SCHOOL ENTITIES. 23 SECTION 124. TITLE 24 IS AMENDED BY ADDING SECTIONS TO READ: 24 \$ 8535.1. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH 25 COMMENCING WITH THE 2017-2018 SCHOOL YEAR. 26 FOR EACH SCHOOL YEAR, BEGINNING WITH THE 2017-2018 SCHOOL-27 YEAR, EACH SCHOOL ENTITY SHALL BE PAID BY THE COMMONWEALTH FOR 28 CONTRIBUTIONS BASED UPON SCHOOL SERVICE OF ACTIVE MEMBERS OF THE 29 SYSTEM AND ACTIVE PARTICIPANTS OF THE PLAN AFTER JUNE 30, 2017, 30 AS FOLLOWS:

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1	(1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
2	CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL
3	SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,
4	INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED OR USERRA
5	MILITARY SERVICE LEAVE, WHOSE EFFECTIVE DATES OF EMPLOYMENT
6	WITH THEIR SCHOOL ENTITIES ARE AFTER JUNE 30, 1994, AND WHO
7	ALSO HAD NOT PREVIOUSLY BEEN EMPLOYED BY ANY SCHOOL ENTITY
8	WITHIN THIS COMMONWEALTH, AN AMOUNT EQUAL TO THE AMOUNT
9	CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH
10	THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON
11	ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND
12	THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN
13	ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST
14	METHOD), MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF
15	THE SCHOOL ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY_
16	RECEIVE LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET
17	VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF
18	THE PUBLIC SCHOOL CODE WAS 0.50.
19	(2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
20	CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL
21	SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,
22	INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED MILITARY
23	SERVICE LEAVE, AND ACTIVE PARTICIPANTS OF THE PLAN WHO ARE
24	NOT DESCRIBED IN PARAGRAPH (1) ONE HALF OF THE AMOUNT
25	CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH
26	THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON
27	ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND
28	THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN
29	ACCORDANCE WITH SECTION 8328.
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 FORWARD THE PAYMENT TO THE FUND OR THE TRUST.
3	SCHOOL ENTITIES ARE EXPECTED TO MAKE THE FULL PAYMENT TO THE
4	FUND OR THE TRUST IN ACCORDANCE WITH SECTION 8327 (RELATING
5	TO PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE
6	<u>COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED</u>
7	BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY
8	THE SCHOOL ENTITIES.
9	(4) EMPLOYERS WHOSE PAYMENTS TO THE PUBLIC SCHOOL
10	EMPLOYEES RETIREMENT FUND ARE DELINQUENT SHALL BE CHARGED
11	INTEREST BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND AT
12	THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD PURSUANT TO
13	<u>SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) IN EFFECT IN</u>
14	THE FISCAL YEAR IN WHICH THE PAYMENTS ARE REQUIRED TO BE
15	PAID.
16	<u>§ 8537. INTERNAL REVENUE CODE LIMITATIONS.</u>
16 17	<u>§ 8537. INTERNAL REVENUE CODE LIMITATIONS.</u> NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,
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17	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,
17 18	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,
17 18 19	<u>NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,</u> <u>NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES'</u> <u>DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT</u>
17 18 19 20	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY, NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC
17 18 19 20 21	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY, NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC \$ 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS
17 18 19 20 21 22	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY, NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC § 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS DEFINED IN IRC § 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT
17 18 19 20 21 22 23	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY, NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC \$ 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS DEFINED IN IRC \$ 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC
17 18 19 20 21 22 23 24	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY, NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC \$ 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS DEFINED IN IRC \$ 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC \$ 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE-
17 18 19 20 21 22 23 24 25	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY, NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC \$ 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS DEFINED IN IRC \$ 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC \$ 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE PARTICIPANTS.
17 18 19 20 21 22 23 24 25 26	NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY, NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC \$ 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS DEFINED IN IRC \$ 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC \$ 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE PARTICIPANTS. \$ 8538. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
17 18 19 20 21 22 23 24 25 26 27	NOTWITHISTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY, NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC \$ 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS DEFINED IN IRC \$ 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC \$ 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE PARTICIPANTS. \$ 8538. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION.

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1 <u>FOLLOWING:</u>

2	(1) GOVERNOR.
3	(2) PRESIDENT PRO TEMPORE OF THE SENATE.
4	(3) THE MINORITY LEADER OF THE SENATE.
5	(4) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
6	(5) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES.
7	THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT
8	<u>ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE</u>
9	DATE OF THIS SECTION.
10	(B) DUTIES. THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND
11	ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:
12	(1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT
13	STRATEGIES AND PROCEDURES OF THE PUBLIC SCHOOL EMPLOYEES!
14	RETIREMENT SYSTEM, COMPARING REALIZED RATES OF RETURN TO
15	ESTABLISHED BENCHMARKS AND CONSIDERING ASSOCIATED FEES PAID
16	FOR ACTIVE AND PASSIVE MANAGEMENT.
17	(2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND
18	PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE
19	INVESTMENT ACTIVITIES OF THE PUBLIC SCHOOL EMPLOYEES'
20	RETIREMENT SYSTEM.
21	(3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH
22	AVAILABLE ASSETS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
23	SYSTEM THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.
24	(3.1) THE COMMISSION SHALL EVALUATE AND MAKE
25	RECOMMENDATIONS ON:
26	(I) IMPROVING INVESTMENT FEE TRANSPARENCY ON
27	ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED
28	REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED
29	PARTNERS ASSOCIATION.
30	(II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY

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1 OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST
2 <u>THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF</u>
3 <u>INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED</u>
4 <u>RETURN.</u>
5 <u>(4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ON-LINE</u> ,
6 <u>INCLUDING FINDINGS ABOUT:</u>
7 <u>(I) ASSETS.</u>
8 <u>(II) RETURNS.</u>
9 <u>(III) FINANCIAL MANAGERS.</u>
10 <u>(IV) CONSULTANTS.</u>
11 (V) REQUESTS FOR PROPOSALS.
12 (VI) INVESTMENT PERFORMANCE MEASURED AGAINST
13 <u>BENCHMARKS.</u>
14 (5) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE
15 <u>Governor and the general assembly within six months of its</u>
16 <u>FIRST ORGANIZATIONAL MEETING.</u>
17 (C) QUORUMA MAJORITY OF APPOINTED MEMBERS SHALL
18 <u>CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE</u>
19 <u>members shall select one of their number to be chairperson and</u>
20 ANOTHER TO BE VICE CHAIRPERSON.
21 (D) TRANSPARENCY AND ETHICS THE PUBLIC PENSION MANAGEMENT
22 AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE
23 <u>Following Laws:</u>
24 <u>(1) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS</u>
25 <u>THE RIGHT TO KNOW LAW.</u>
26 <u>(2) THE ACT OF JULY 3, 1986 (P.L.388, NO.84), KNOWN AS</u>
27 <u>THE SUNSHINE ACT.</u>
28 (3) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN
29 AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS ACT.
30 <u>(4) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN</u>
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1	AS THE STATE ADVERSE INTEREST ACT.
2	(E) INFORMATION GATHERING. THE PUBLIC PENSION MANAGEMENT
3	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND
4	OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT
5	CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES.
6	(F) LOGISTICAL AND OTHER SUPPORT THE PUBLIC PENSION
7	MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE
8	LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT
9	COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED.
10	(G) REIMBURSEMENT THE MEMBERS OF THE PUBLIC PENSION
11	MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE
12	REIMBURSED FOR REASONABLE EXPENSES.
13	(H) EXPIRATION THE PUBLIC PENSION MANAGEMENT AND ASSET
14	INVESTMENT REVIEW COMMISSION SHALL EXPIRE 60 DAYS AFTER DELIVERY
15	OF ITS REPORT IN ACCORDANCE WITH SUBSECTION (B) (5). ANY UNSPENT
16	APPROPRIATION SHALL LAPSE BACK TO THE GENERAL FUND.
17	SECTION 125. THE DEFINITION OF "ELIGIBLE PERSON" IN SECTION
18	8702(A) OF TITLE 24 IS AMENDED TO READ:
19	§ 8702. DEFINITIONS.
20	(A) GENERAL RULE. SUBJECT TO ADDITIONAL DEFINITIONS
21	CONTAINED IN SUBSEQUENT PROVISIONS OF THIS PART WHICH ARE
22	APPLICABLE TO SPECIFIC PROVISIONS OF THIS PART, THE FOLLOWING
23	WORDS AND PHRASES WHEN USED IN THIS PART SHALL HAVE THE MEANINGS
24	GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY
25	INDICATES OTHERWISE:
26	"ELIGIBLE PERSON." AN INDIVIDUAL WHO IS:
27	(1) AN ANNUITANT OR SURVIVOR ANNUITANT OR THE SPOUSE OR
28	DEPENDENT OF AN ANNUITANT OR SURVIVOR ANNUITANT[.]; OR
29	(2) A PARTICIPANT RECEIVING DISTRIBUTIONS OR A SUCCESSOR
30	PAYEE, OR THE SPOUSE OR DEPENDENT OF A PARTICIPANT RECEIVING
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1 DISTRIBUTIONS OR A SUCCESSOR PAYEE. 2 * * * 3 ARTICLE II 4 SECTION 201. SECTION 7306(A) INTRODUCTORY PARAGRAPH OF TITLE 5 51 IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION-TO READ: 6 § 7306. RETIREMENT RIGHTS. 7 8 (A) OPTIONS AVAILABLE TO EMPLOYEES. ANY EMPLOYEE WHO IS A 9 MEMBER OF A RETIREMENT SYSTEM OTHER THAN AN ACTIVE MEMBER OR 10 INACTIVE MEMBER ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES! 11 RETIREMENT SYSTEM [OR], AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' DEFINED 12 13 CONTRIBUTION PLAN, AN ACTIVE OR INACTIVE MEMBER OF THE PUBLIC 14 SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR AN ACTIVE OR INACTIVE-15 PARTICIPANT OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN-AT THE TIME HE IS GRANTED A MILITARY LEAVE OF ABSENCE SHALL BE 16 17 ENTITLED TO EXERCISE ANY ONE OF THE FOLLOWING OPTIONS IN REGARD 18 THERETO: * * * 19 20 (F) PARTICIPANT OF A DEFINED CONTRIBUTION PLAN. 21 (1) AN EMPLOYEE WHO IS AN ACTIVE OR INACTIVE PARTICIPANT 22 OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AT THE 23 TIME THE EMPLOYEE IS GRANTED A MILITARY LEAVE OF ABSENCE-24 SHALL BE ENTITLED TO MAKE CONTRIBUTIONS TO THE SCHOOL 25 EMPLOYEES' DEFINED CONTRIBUTION TRUST FOR THE LEAVE AS 26 PROVIDED IN 24 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR 27 SCHOOL EMPLOYEES) . 28 (2) AN EMPLOYEE WHO IS AN ACTIVE PARTICIPANT OR INACTIVE 29 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' 30 DEFINED CONTRIBUTION PLAN AT THE TIME HE IS GRANTED A

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1	MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO MAKE
2	CONTRIBUTIONS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION
3	TRUST FOR THE LEAVE AS PROVIDED IN 71 PA.C.S. PT. XXV
4	(RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS).
5	ARTICLE III
6	SECTION 301. SECTION 4104(A)(7) OF TITLE 71 IS AMENDED TO
7	READ:
8	§ 4104. DUTIES OF OFFICE.
9	(A) MANDATORY THE OFFICE SHALL:
10	* * *
11	(7) STUDY AND ANALYZE THE IMPACT OF SHARED-RISK
12	CONTRIBUTIONS UNDER 24 PA.C.S. § 8321(B) (RELATING TO REGULAR
13	MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) AND SECTION 5501.1
14	(RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3-
15	AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR
16	<u>MEMBER CONTRIBUTIONS).</u>
16 17	<u>MEMBER CONTRIBUTIONS).</u>
-	
17	
17 18	* * * SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE
17 18 19	* * * SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF
17 18 19 20	* * * SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE
17 18 19 20 21	* * * SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"
17 18 19 20 21 22	* * * SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE
17 18 19 20 21 22 23	* * * SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE,"
17 18 19 20 21 22 23 24	* * * SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," "IRREVOCABLE BENEFICIARY," "REEMPLOYED FROM USERRA LEAVE,"
17 18 19 20 21 22 23 24 25	* * * SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," "IRREVOCABLE BENEFICIARY," "REEMPLOYED FROM USERRA LEAVE," "REGULAR MEMBER CONTRIBUTIONS," "RETIREMENT COUNSELOR," "SALARY
17 18 19 20 21 22 23 24 25 26	**** SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE- SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," "IRREVOCABLE DENEFICIARY," "REEMPLOYED FROM USERRA LEAVE," "REGULAR MEMBER CONTRIBUTIONS," "RETIREMENT COUNSELOR," "SALARY DEDUCTIONS," "SHARED RISK MEMBER CONTRIBUTIONS," "SPECIAL-
17 18 19 20 21 22 23 24 25 26 27	*** SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE- PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF- SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE- SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE- SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," "IRREVOCABLE DENEFICIARY," "REEMPLOYED FROM USERRA LEAVE," "REGULAR MEMBER CONTRIBUTIONS," "RETIREMENT COUNSELOR," "SALARY- DEDUCTIONS," "SHARED-RISK MEMBER CONTRIBUTIONS," "SPECIAL- VESTEE," "STANDARD SINGLE LIFE ANNUITY," "STATE EMPLOYEE,"

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1 § 5102. DEFINITIONS.

2 THE FOLLOWING WORDS AND PHRASES AS USED IN THIS PART, UNLESS
3 A DIFFERENT MEANING IS PLAINLY REQUIRED BY THE CONTEXT, SHALL
4 HAVE THE FOLLOWING MEANINGS:

5 * * *

6 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF

7 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON

8 ACCOUNT OF A PARTICIPANT'S STATE SERVICE TOGETHER WITH ANY

9 <u>INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS</u>

10 AND EXPENSES CREDITED OR CHARGED THEREON.

11 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL

12 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE

13 TRUST ON ACCOUNT OF A PARTICIPANT'S STATE SERVICE TOGETHER WITH_

14 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,

15 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

16 <u>"ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE</u>

17 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED

18 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY

19 <u>CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE</u>

20 <u>CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN</u>

21 <u>THE TRUST.</u>

22 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF

23 VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND

24 ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A

25 <u>DIRECT TRUSTEE TO TRUSTEE TRANSFER INTO THE TRUST TOGETHER WITH</u>

26 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES,

27 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

28 "ACTIVE MEMBER." A STATE EMPLOYEE, OR A MEMBER ON LEAVE

29 WITHOUT PAY, FOR WHOM PICKUP CONTRIBUTIONS ARE BEING MADE TO THE-

30 FUND OR FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR-

CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF 1 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER 2 3 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER 4 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE-5 LIMITATIONS UNDER SECTION 401(A)(17) OR SECTION [415(B)] 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99 514, 26 U.S.C. 6 7 § 401 (A) (17) OR [415 (B)] 415). 8 "ACTIVE PARTICIPANT." A STATE EMPLOYEE FOR WHOM MANDATORY 9 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED FOR STATE SERVICE 10 REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE SOLELY BY 11 12 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL REVENUE CODE OF 13 14 <u>1986 (PUBLIC LAW 99 514, 26 U.S.C. § 401(A)(17) OR 415).</u> * * * 15 16 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR 17 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A 18 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A 19 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT 20 UNDER THIS PART. * * * 21 22 "AVERAGE NONCOVERED SALARY." THE AVERAGE OF THE AMOUNTS OF 23 COMPENSATION RECEIVED EACH CALENDAR YEAR SINCE JANUARY 1, 1956, 24 EXCLUSIVE OF THE AMOUNT WHICH WAS OR COULD HAVE BEEN COVERED BY 25 THE FEDERAL SOCIAL SECURITY ACT[, 42 U.S.C. § 301 ET SEO.] (42 26 U.S.C. § 301 ET SEO.), DURING THAT PORTION OF THE MEMBER'S 27 SERVICE SINCE JANUARY 1, 1956, FOR WHICH HE HAS RECEIVED SOCIAL 28 SECURITY INTEGRATION CREDIT. * * * 29

30 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON-

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1	OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER
2	TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON
3	THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR
4	PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY THE
5	PARTICIPANT TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED
6	TOTAL DEFINED CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH
7	OF THE PARTICIPANT.
8	* * *
9	<u>"CLASS A-5 EXEMPT EMPLOYEE." ANY OF THE FOLLOWING:</u>
10	(1) A SWORN POLICE OFFICER.
11	(2) AN ENFORCEMENT OFFICER.
12	(3) A WILDLIFE CONSERVATION OFFICER OR OTHER
13	COMMISSIONED LAW ENFORCEMENT PERSONNEL EMPLOYED BY THE
14	PENNSYLVANIA GAME COMMISSION WHO HAS AND EXERCISES THE SAME
15	LAW ENFORCEMENT POWERS AS A WILDLIFE CONSERVATION OFFICER.
16	THE TERM SHALL NOT INCLUDE A DEPUTY WILDLIFE CONSERVATION
17	OFFICER.
18	(4) A DELAWARE RIVER PORT AUTHORITY POLICEMAN.
19	(5) A PARK RANGER.
20	(6) A CAPITOL POLICE OFFICER.
21	(7) A CAMPUS POLICE OFFICER EMPLOYED BY A STATE-OWNED
22	EDUCATIONAL INSTITUTION, COMMUNITY COLLEGE OR THE
23	PENNSYLVANIA STATE UNIVERSITY.
24	(8) A POLICE OFFICER EMPLOYED BY FORT INDIANTOWN GAP OR
25	OTHER DESIGNATED COMMONWEALTH MILITARY INSTALLATION OR
26	FACILITY.
27	(9) A CORRECTION OFFICER.
28	"CLASS OF SERVICE MULTIPLIER."
29	CLASS OF SERVICE MULTIPLIER
30	A 1
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1	AA	FOR ALL PURPOSES	
2	_	EXCEPT-	
3	_	CALCULATING-	
4	_	REGULAR MEMBER	
5	_	CONTRIBUTIONS ON	
6	_	COMPENSATION-	
7	_	PAID PRIOR TO	
8	_	JANUARY 1, 2002	1.25
9	AA	FOR PURPOSES OF	
10	_	CALCULATING-	
11	_	REGULAR MEMBER	
12	_	CONTRIBUTIONS -	
13	_	ON COMPENSATION	
14	_	PAID PRIOR TO	
15	_	JANUARY 1, 2002	1
16	A 3	FOR ALL PURPOSES	
17	_	EXCEPT THE	
18	_	CALCULATION OF	
19	_	REGULAR MEMBER	
20	_	CONTRIBUTIONS-	
21	_	AND-	
22	_	CONTRIBUTIONS -	
23	_	FOR CREDITABLE	
24	_	NONSTATE SERVICE	÷
25	A-3	FOR PURPOSES OF	
26	_	CALCULATING-	
27		REGULAR MEMBER	
28	_	CONTRIBUTIONS-	
29	_	AND-	
30	_	CONTRIBUTIONS-	

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1	_	FOR CREDITABLE	
2	_	NONSTATE SERVICE	1.25
3	A-4	FOR ALL PURPOSES	
4	_	EXCEPT THE -	
5	_	CALCULATION OF	
6	_	REGULAR MEMBER	
7	_	CONTRIBUTIONS	1.25
8	A-4	FOR PURPOSES OF	
9	_	CALCULATING-	
10	_	REGULAR MEMBER	
11	_	CONTRIBUTIONS	1.86
12	A-5	FOR ALL PURPOSES	
13	_	EXCEPT THE	
14	_	CALCULATION OF	
15	_	REGULAR MEMBER	
16		CONTRIBUTIONS	<u>.5</u>
17	<u>A-5</u>	FOR PURPOSES OF	
18	_	CALCULATING-	
19	_	REGULAR MEMBER	
20	_	CONTRIBUTIONS	.6
21	₽		.625
22	e		÷
23	Ð		1.25
24	D-1	PRIOR TO JANUARY-	
25	_	1, 1973	1.875
26	D-1	on and	
27	_	SUBSEQUENT TO-	
28	_	JANUARY 1, 1973	1.731
29	D-2	PRIOR TO JANUARY-	
30	_	1, 1973	2.5

1		D-2	on and		
2		_	SUBSEQUENT TO-		
3		_	JANUARY 1, 1973	1.731	
4		D-3	PRIOR TO JANUARY		
5		_	1, 1973	3.75	
6		D-3	on and		
7		_	SUBSEQUENT TO-		
8		_	JANUARY 1, 1973	1.731	EXCEPT PRIOR TO-
9		_			DECEMBER 1, 1974
10		_			AS APPLIED TO-
11		_			ANY ADDITIONAL-
12		_			LEGISLATIVE-
13		_			COMPENSATION AS-
14		_			AN OFFICER OF
15					THE GENERAL
16					ASSEMBLY
17		_		3.75	
18		D-4	FOR ALL PURPOSES		
19	_		EXCEPT-		
20	-		CALCULATING-		
21	_		REGULAR MEMBER-		
22	_		CONTRIBUTIONS-		
23	-		ON COMPENSATION -		
24	_		PAID PRIOR TO		
25	_		JULY 1, 2001	1.5	
26		D-4	FOR PURPOSES OF		
27	-		CALCULATING-		
28	-		REGULAR MEMBER-		
29	_		CONTRIBUTIONS ON		
29 30	_		CONTRIBUTIONS ON ON ON ON COMPENSATION		

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1	_		PAID PRIOR TO		
2	-		JULY 1, 2001	÷	
3		E, E-1	PRIOR TO JANUARY-		
4	_		1, 1973	2	FOR EACH OF THE
5	_				FIRST TEN YEARS-
6					OF JUDICIAL
7					SERVICE, AND
8		_		1.5	FOR EACH
9		_			SUBSEQUENT YEAR
10		_			OF JUDICIAL
11		_			SERVICE
12		E, E-1	on and		
13			SUBSEQUENT TO		
14			JANUARY 1, 1973	1.50	FOR EACH OF THE
15					FIRST TEN YEARS-
16					OF JUDICIAL
17					SERVICE AND
18				1.125	FOR EACH
19					SUBSEQUENT YEAR
20					OF JUDICIAL
21					SERVICE
22		E-2	PRIOR TO		
23			SEPTEMBER 1,		
24			1973	1.5	
25		E-2	on and		
26		_	SUBSEQUENT TO		
27		_	SEPTEMBER 1,		
28		_	1973 -	1.125	
29		Ð		0.417	
30		Ħ		0.500	

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22	A STATE EMPLOYEE EXCLUDING REFUNDS FOR EXPENSES, CONTINGENCY AND
23	ACCOUNTABLE EXPENSE ALLOWANCES; EXCLUDING ANY SEVERANCE PAYMENTS
24	OR PAYMENTS FOR UNUSED VACATION OR SICK LEAVE; AND EXCLUDING
25	PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN
26	EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER
27	51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
28	GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER
29	51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF
30	ABSENCE) OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES

"COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP

21 PARTICIPANT CONTRIBUTIONS PLUS REMUNERATION ACTUALLY RECEIVED AS

19 ***

20

1	Ŧ	0.625
2	£	0.714
3	K	0.834
4	Ŧ	1.000
5	M	1.100
6	H	1.250
7	T-C (PUBLIC SCHOOL	
8	EMPLOYEES '	
9	RETIREMENT CODE)	÷
10	T-E (PUBLIC SCHOOL	
11	EMPLOYEES '	
12	RETIREMENT CODE)	÷
13	T-F (PUBLIC SCHOOL	
14	EMPLOYEES'	
15	RETIREMENT CODE)	÷
16	T-G (PUBLIC SCHOOL	
17	EMPLOYEES '	
18	RETIREMENT CODE)	土

1	OF LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS-
2	DEFINED IN IRC § 414(U)(12) AND ANY OTHER PAYMENTS: PROVIDED,
3	HOWEVER, THAT COMPENSATION RECEIVED PRIOR TO JANUARY 1, 1973,
4	SHALL BE SUBJECT TO THE LIMITATIONS FOR RETIREMENT PURPOSES IN
5	EFFECT DECEMBER 31, 1972, IF ANY: PROVIDED FURTHER, THAT THE
6	LIMITATION UNDER SECTION 401(A)(17) OF THE INTERNAL REVENUE CODE
7	OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17)) TAKEN INTO-
8	ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS, INCLUDING ANY
9	ADDITIONAL MEMBER CONTRIBUTIONS IN ADDITION TO REGULAR OR JOINT
10	COVERAGE MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION
11	CONTRIBUTIONS, REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO
12	EACH MEMBER WHO FIRST BECAME A MEMBER OF THE STATE EMPLOYEES!
13	RETIREMENT SYSTEM ON OR AFTER JANUARY 1, 1996, AND WHO BY REASON
14	OF SUCH FACT IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION
15	OF THE PROVISIONS OF SECTION 5506.1(A) (RELATING TO ANNUAL
16	COMPENSATION LIMIT UNDER IRC § 401(A)(17)) AND SHALL APPLY TO
17	EACH PARTICIPANT PERTAINING TO HIS PARTICIPATION IN THE PLAN.
18	* * *
19	"CREDITABLE NONSTATE SERVICE." SERVICE FOR WHICH AN ACTIVE
20	MEMBER MAY OBTAIN CREDIT IN THE SYSTEM, OTHER THAN:
21	(1) SERVICE AS A STATE EMPLOYEE;
22	(2) SERVICE CONVERTED TO STATE SERVICE PURSUANT TO
23	SECTION 5303.1 (RELATING TO ELECTION TO CONVERT COUNTY
24	SERVICE TO STATE SERVICE); OR
25	(3) SCHOOL SERVICE CONVERTED TO STATE SERVICE PURSUANT
26	TO SECTION 5303.2 (RELATING TO ELECTION TO CONVERT SCHOOL
27	SERVICE TO STATE SERVICE) [FOR WHICH AN ACTIVE MEMBER MAY-
28	OBTAIN CREDIT].
29	"CREDITED SERVICE." STATE OR CREDITABLE NONSTATE SERVICE FOR-
30	WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE <u>TO THE FUND</u> OR-

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1	FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE
2	WERE NOT MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO
3	WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY
4	INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART
5	RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR [415(B)]
6	<u>415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26-</u>
7	U.S.C. § 401(A)(17) OR [415(B)] <u>415</u>), OR FOR WHICH SALARY
8	DEDUCTIONS OR LUMP SUM PAYMENTS TO THE SYSTEM HAVE BEEN AGREED
9	UPON IN WRITING.
10	"DATE OF TERMINATION OF SERVICE." THE LATEST OF THE
11	FOLLOWING DATES:
12	(1) THE LAST DAY OF SERVICE FOR WHICH PICKUP
13	CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR FOR WHICH THE
14	CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE WERE NOT
15	MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER
16	OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY
17	INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS
18	PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR-
19	415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,
20	<u>26 U.S.C. § 401(A)(17) OR 415); OR</u>
21	(2) IN THE CASE OF AN INACTIVE MEMBER ON LEAVE WITHOUT
22	PAY OR AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY, THE DATE
23	OF HIS RESIGNATION OR THE DATE HIS EMPLOYMENT IS FORMALLY
24	DISCONTINUED BY HIS EMPLOYER.
25	* * *
26	"DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S
27	INTEREST IN EITHER THE STATE EMPLOYEES' RETIREMENT FUND OR THE
28	STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH, WHICH IS
~ ~	

29 PAYABLE UNDER THIS PART.

30 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,

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1	INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED
2	ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF
3	COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW
4	WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR
5	FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO
6	RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR
7	PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE
8	DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF
9	SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING-
10	TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS
11	PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
12	ARREARAGES).
13	* * *
14	"EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS EQUAL TO
15	2.5% OF AN ACTIVE PARTICIPANT'S COMPENSATION THAT ARE MADE BY
16	THE COMMONWEALTH OR OTHER EMPLOYER TO THE TRUST TO BE CREDITED
17	IN AN ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.
18	* * *
19	"FINAL AVERAGE SALARY." [THE] <u>AS FOLLOWS:</u>
20	(1) FOR MEMBERS WITH AN EFFECTIVE DATE OF RETIREMENT
21	BEFORE JANUARY 1, 2017, AND FOR PURPOSES OF CALCULATING
22	STANDARD SINGLE LIFE ANNUITIES AND BENEFITS RESULTING FROM
23	CREDITED SERVICE OTHER THAN POST-DECEMBER 2016 SERVICE AND
24	OTHER THAN CLASS A-5 SERVICE REGARDLESS OF THE EFFECTIVE DATE
25	OF RETIREMENT, THE HIGHEST AVERAGE COMPENSATION RECEIVED AS A
26	MEMBER DURING ANY THREE NONOVERLAPPING PERIODS OF FOUR
27	CONSECUTIVE CALENDAR QUARTERS DURING WHICH THE MEMBER WAS A
28	STATE EMPLOYEE, WITH THE COMPENSATION FOR PART-TIME SERVICE
29	BEING ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF
30	THE YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE
0.01	500510515N1010

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1	WAS NOT A MEMBER FOR THREE NONOVERLAPPING PERIODS OF FOUR
2	CONSECUTIVE CALENDAR QUARTERS, THE TOTAL COMPENSATION
3	RECEIVED AS A MEMBER, ANNUALIZED IN THE CASE OF PART-TIME-
4	SERVICE, DIVIDED BY THE NUMBER OF NONOVERLAPPING PERIODS OF
5	FOUR CONSECUTIVE CALENDAR QUARTERS OF MEMBERSHIP[;].
6	(2) FOR MEMBERS WITH AN EFFECTIVE DATE OF RETIREMENT ON
7	OR AFTER JANUARY 1, 2017, FOR PURPOSES OF CALCULATING
8	STANDARD SINGLE LIFE ANNUITIES AND BENEFITS RESULTING FROM
9	POST-DECEMBER 2016 SERVICE, THE LARGER OF:
10	(I) THE HIGHEST AVERAGE TOTAL COMPENSATION RECEIVED
11	AS A MEMBER OF ANY CLASS OF SERVICE DURING ANY FIVE
12	CALENDAR YEARS DURING WHICH THE MEMBER WAS A STATE
13	EMPLOYEE, WITH THE COMPENSATION FOR PART-TIME SERVICE OR
14	FOR ANY PARTIAL YEAR OF CREDIT ANNUALIZED ON THE BASIS OF
15	THE FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT IS
16	RECEIVED, EXCEPT IF THE EMPLOYEE WAS NOT AN ACTIVE MEMBER
17	DURING FIVE CALENDAR YEARS, THE AVERAGE OF THE NUMBER OF
18	CALENDAR YEARS DURING WHICH THE EMPLOYEE WAS AN ACTIVE
19	MEMBER; OR
20	(II) THE HIGHEST AVERAGE COMPENSATION RECEIVED AS A
21	MEMBER OF ANY CLASS OF SERVICE DURING ANY THREE CALENDAR
22	YEARS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE
23	EXCLUDING REMUNERATION RECEIVED AFTER DECEMBER 31, 2016,
24	FOR ANY OVERTIME SERVICE AS A MEMBER OF THE SYSTEM, WITH
25	THE COMPENSATION OF PART TIME SERVICE OR FOR ANY PARTIAL
26	YEAR OF CREDIT ANNUALIZED ON THE BASIS OF THE FRACTIONAL
27	PORTION OF THE YEAR FOR WHICH CREDIT IS RECEIVED, EXCEPT
28	IF THE EMPLOYEE WAS NOT AN ACTIVE MEMBER DURING THREE
29	CALENDAR YEARS, THE AVERAGE OF THE NUMBER OF CALENDAR
30	YEARS DURING WHICH THE EMPLOYEE WAS AN ACTIVE MEMBER.

1	(3) FOR PURPOSES OF CALCULATING STANDARD SINGLE LIFE
2	ANNUITIES AND BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO
3	SERVICE AS A MEMBER OF CLASS A 5, THE HIGHEST AVERAGE
4	COMPENSATION RECEIVED AS A MEMBER DURING ANY FIVE CALENDAR
5	YEARS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE, WITH THE
6	COMPENSATION FOR PART-TIME SERVICE OR FOR ANY PARTIAL YEAR OF
7	CREDIT ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF
8	THE YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE
9	WAS NOT A MEMBER DURING FIVE CALENDAR YEARS, THE AVERAGE OF
10	THE NUMBER OF CALENDAR YEARS DURING WHICH THE EMPLOYEE WAS AN
11	ACTIVE MEMBER.
12	(4) FOR ALL MEMBERS AND FOR THE CALCULATION OF ALL
13	STANDARD SINGLE LIFE ANNUITIES WITHOUT REGARD TO CLASS OF
14	MEMBERSHIP AND CREDITED SERVICE, IN THE CASE OF A MEMBER WITH
15	MULTIPLE SERVICE, THE FINAL AVERAGE SALARY SHALL BE
16	DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM-
17	AS A [STATE EMPLOYEE OR AS A SCHOOL EMPLOYEE] MEMBER OF THE
18	SYSTEM OR AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES!
19	RETIREMENT SYSTEM, OR BOTH[;], AND, IN THE CASE OF A MEMBER
20	WITH [CLASS A-3 OR CLASS A-4 SERVICE AND] SERVICE IN MORE
21	THAN ONE [OR MORE OTHER CLASSES] <u>CLASS</u> OF SERVICE, THE FINAL
22	AVERAGE SALARY FOR PURPOSES OF CALCULATING ANNUITIES AND
23	BENEFITS FROM ALL CLASSES OF SERVICE SHALL BE DETERMINED ON
24	THE BASIS OF THE COMPENSATION RECEIVED BY HIM IN ALL CLASSES
25	OF STATE SERVICE; AND, IN THE CASE OF A MEMBER WHO FIRST
26	BECAME A MEMBER ON OR AFTER JANUARY 1, 1996, THE FINAL
27	AVERAGE SALARY SHALL BE DETERMINED AS HEREINABOVE PROVIDED
28	BUT SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION
29	5506.1(A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC §
30	401(A)(17)). FINAL AVERAGE SALARY SHALL BE DETERMINED BY-

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1 INCLUDING IN COMPENSATION PAYMENTS DEEMED TO HAVE BEEN MADE TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE EXTENT MEMBER 2 3 CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN SECTION 5302 (F) 4 (2) (RELATING TO CREDITED STATE SERVICE) AND PAYMENTS MADE TO-5 A MEMBER ON LEAVE OF ABSENCE UNDER 51 PA.C.S. \$ 4102-6 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT 7 EMPLOYEES) AS PROVIDED IN SECTION 5302(F)(6). 8 * * * 9 "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS-ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE-10 11 MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR-12 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF 13 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER-14 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER-15 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE 16 LIMITATIONS UNDER SECTION 401(A)(17) OR [415(B)] 415 OF THE 17 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §-18 401(A)(17) OR [415(B)] 415), BUT WHO HAS ACCUMULATED DEDUCTIONS 19 STANDING TO HIS CREDIT IN THE FUND AND WHO IS NOT ELIGIBLE TO 20 BECOME OR HAS NOT ELECTED TO BECOME A VESTEE OR HAS NOT FILED AN-21 APPLICATION FOR AN ANNUITY. 22 "INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY 23 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST, 24 EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM SUCH 25 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT STATE SERVICE ARE 26 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART-27 RELATING TO LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE 28 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99 514, 26 U.S.C. § 29 401(A)(17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED 30 CONTRIBUTIONS STANDING TO HIS CREDIT IN THE TRUST AND WHO HAS

1	NOT FILED AN APPLICATION FOR A DISTRIBUTION.
2	<u>"INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY." THE TERM DOES</u>
3	NOT INCLUDE A CLASS A-5 EXEMPT EMPLOYEE WHO IS AN ACTIVE MEMBER
4	ON LEAVE WITHOUT PAY UNLESS THE CLASS A-5 EXEMPT EMPLOYEE
5	CONCURRENTLY IS EMPLOYED IN AN OFFICE OR POSITION IN WHICH THE
6	<u>CLASS A 5 EXEMPT EMPLOYEE IS A PARTICIPANT IN THE PLAN.</u>
7	"INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO
8	WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A
9	PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH
10	THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INTEREST AND
11	INVESTMENT EARNINGS AFTER DEDUCTION FOR FEES, COSTS, EXPENSES
12	AND INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.
13	"INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A
14	MEMBER WHO WAS A STATE EMPLOYEE AND ACTIVE MEMBER OF THE SYSTEM
15	IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED SERVICES OR
16	FORCES OF THE UNITED STATES IN ORDER TO MEET A MILITARY
17	OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH SERVICE AND
18	WHO BECOMES A STATE EMPLOYEE WITHIN 90 DAYS OF THE EXPIRATION OF
19	SUCH SERVICE.
20	* * *
21	"IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
22	DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE STATE
23	EMPLOYEES' RETIREMENT BOARD PURSUANT TO AN APPROVED DOMESTIC
24	RELATIONS ORDER TO RECEIVE ALL OR A PORTION OF THE ACCUMULATED
25	DEDUCTIONS, VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR
26	LUMP SUM BENEFIT PAYABLE UPON THE DEATH OF SUCH MEMBER OR
27	PARTICIPANT.
28	
	<u>"IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY</u>
29	<u>- TRREVOCABLE SUCCESSOR PAYEE. THE PERSON PERMANENTLY</u> DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING

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1	RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
2	<u>OF THE PARTICIPANT.</u>
3	* * *
4	"MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." FOR A
5	PARTICIPANT WHO MAKES THE ELECTION UNDER SECTION 5306.4
6	(RELATING TO LIMITED ELECTION TO BECOME A CLASS A 5 MEMBER AND
7	PLAN PARTICIPANT), CONTRIBUTIONS EQUAL TO 3.25% OF COMPENSATION,
8	OR THE PERCENTAGE OF COMPENSATION AS OTHERWISE PROVIDED UNDER
9	SECTION 5306.4(E), THAT ARE MADE BY THE COMMONWEALTH OR OTHER
10	EMPLOYER FOR ACTIVE PARTICIPANTS FOR CURRENT STATE SERVICE THAT
11	ARE PICKED UP BY THE EMPLOYER AND CREDITED IN THE PLAN.
12	* * *
13	<u>"PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT</u>
14	OR PARTICIPANT RECEIVING DISTRIBUTIONS.
15	<u>"PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE</u>
16	PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS
17	INDIVIDUAL INVESTMENT ACCOUNT BUT WHO HAS NOT RECEIVED A TOTAL
18	DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT
19	ACCOUNT.
20	* * *
21	"PLAN." THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS
22	ESTABLISHED UNDER THE PROVISIONS OF THIS PART AND THE BOARD.
23	"PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER
24	SECTION 5802 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS
25	AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD
26	REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF
27	THE PLAN AND TRUST.
28	<u>"POST-DECEMBER 2016 SERVICE." ALL:</u>
29	(1) PREVIOUSLY UNCREDITED STATE SERVICE AND CREDITABLE
30	NONSTATE SERVICE THAT IS FIRST CREDITED ON OR AFTER JANUARY

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1 <u>1, 2017; AND</u>

2	(2) STATE SERVICE PERFORMED ON OR AFTER JANUARY 1, 2017,
3	EXCLUDING ANY SERVICE CREDITED AS A MEMBER OF CLASS A-5, EXCEPT
4	THAT ANY STATE SERVICE CREDITED BY A MEMBER WHO IS REEMPLOYED
5	FROM USERRA LEAVE WHO HAS MADE THE MEMBER CONTRIBUTIONS UNDER
6	<u>SECTION 5302(F) (RELATING TO CREDITED STATE SERVICE) TO RECEIVE</u>
7	STATE SERVICE CREDIT SHALL NOT BE POST-DECEMBER 2016 SERVICE IF
8	CREDITED FOR A PERIOD OF USERRA LEAVE PERFORMED BEFORE JANUARY
9	<u>1, 2017.</u>
10	* * *
11	"REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE
12	MEMBERSHIP OR ACTIVE PARTICIPATION AS A STATE EMPLOYEE AFTER A
13	PERIOD OF USERRA LEAVE, PROVIDED, HOWEVER, THAT THE RESUMPTION
14	OF ACTIVE MEMBERSHIP OR ACTIVE PARTICIPATION WAS WITHIN THE TIME
15	PERIOD AND UNDER CONDITIONS AND CIRCUMSTANCES SUCH THAT THE
16	STATE EMPLOYEE WAS ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38-
17	U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF
18	MEMBERS OF THE UNIFORMED SERVICES).
19	* * *
20	"REGULAR MEMBER CONTRIBUTIONS." THE PRODUCT OF THE BASIC-
21	CONTRIBUTION RATE, THE CLASS OF SERVICE MULTIPLIER [IF GREATER-
22	THAN ONE] AND THE COMPENSATION OF THE MEMBER[.], SUBJECT TO ANY
23	ADJUSTMENT UNDER SECTION 5501.1(C) (RELATING TO SHARED RISK
24	MEMBER CONTRIBUTIONS AND SHARED GAIN ADJUSTMENTS TO REGULAR
25	MEMBER CONTRIBUTIONS).
26	"REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH
27	DISTRIBUTIONS OF A PARTICIPANT'S INTEREST IN HIS INDIVIDUAL
28	INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION 401(A)(9) OF THE
29	INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
30	<u>401(A)(9)).</u>

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"RETIREMENT COUNSELOR." THE STATE EMPLOYEES' RETIREMENT 1 2 [SYSTEM] BOARD EMPLOYEE WHOSE DUTY IT SHALL BE TO ADVISE EACH 3 EMPLOYEE OF HIS RIGHTS AND DUTIES AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT OF THE PLAN. 4 5 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD, 6 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE 7 PARTICIPANT, OR THE SCHOOL SERVICE COMPENSATION OF A MULTIPLE 8 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL 9 EMPLOYEES' RETIREMENT SYSTEM, AND PAID INTO THE FUND OR TRUST. 10 "SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED CONTRIBUTION PLAN FOR SCHOOL EMPLOYEES ESTABLISHED UNDER 24 11 12 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES). 13 * * * 14 "SHARED RISK MEMBER CONTRIBUTIONS." THE PRODUCT OF THE-15 APPLICABLE SHARED RISK CONTRIBUTION RATE AND THE COMPENSATION OF 16 A MEMBER [FOR SERVICE CREDITED AS CLASS A 3 OR CLASS A 4] WHO IS-17 REQUIRED TO MAKE SHARED RISK MEMBER CONTRIBUTIONS. 18 * * * 19 "SPECIAL VESTEE." AN EMPLOYEE OF THE PENNSYLVANIA STATE 20 UNIVERSITY WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT 21 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY POINTS 22 AND WHO HAS A DATE OF TERMINATION OF SERVICE FROM THE-23 PENNSYLVANIA STATE UNIVERSITY OF JUNE 30, 1997, BECAUSE OF THE-24 TRANSFER OF HIS JOB POSITION OR DUTIES TO A CONTROLLED 25 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM OR 26 BECAUSE OF THE ELIMINATION OF HIS JOB POSITION OR DUTIES DUE TO-27 THE TRANSFER OF OTHER JOB POSITIONS OR DUTIES TO A CONTROLLED 28 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM, PROVIDED 29 THAT:

30 (1) SUBSEQUENT TO TERMINATION OF STATE SERVICE AS AN

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1 EMPLOYEE OF THE PENNSYLVANIA STATE UNIVERSITY, THE MEMBER HAS-

2 NOT RETURNED TO STATE SERVICE IN ANY OTHER CAPACITY OR

3 **POSITION AS A STATE EMPLOYEE;**

4 (2) THE PENNSYLVANIA STATE UNIVERSITY CERTIFIES TO THE-5 BOARD THAT THE MEMBER IS ELIGIBLE TO BE A SPECIAL VESTEE; 6 (3) THE MEMBER FILES AN APPLICATION TO VEST THE MEMBER'S 7 RETIREMENT RIGHTS PURSUANT TO SECTION 5907(F) (RELATING TO-8 RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND 9 PARTICIPANTS) ON OR BEFORE SEPTEMBER 30, 1997; AND 10 (4) THE MEMBER ELECTS TO LEAVE THE MEMBER'S TOTAL ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT OF AN-11 12 ANNUITY UNTIL ATTAINMENT OF SUPERANNUATION AGE. 13 "STANDARD SINGLE LIFE ANNUITY." AN ANNUITY EQUAL TO 2% OF 14 THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF 15 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A 16 MEMBER IN EACH CLASS OF SERVICE. 17 "STATE EMPLOYEE." ANY PERSON HOLDING A STATE OFFICE OR 18 POSITION UNDER THE COMMONWEALTH, EMPLOYED BY THE STATE-19 GOVERNMENT OF THE COMMONWEALTH, IN ANY CAPACITY WHATSOEVER, 20 EXCEPT AN INDEPENDENT CONTRACTOR OR ANY PERSON COMPENSATED ON A 21 FEE BASIS OR ANY PERSON PAID DIRECTLY BY AN ENTITY OTHER THAN A 22 STATE EMPLOYEES' RETIREMENT SYSTEM EMPLOYER, AND SHALL INCLUDE-23 MEMBERS OF THE GENERAL ASSEMBLY, AND ANY OFFICER OR EMPLOYEE OF 24 THE FOLLOWING: 25 (1) (I) THE DEPARTMENT OF EDUCATION. 26 (II) STATE-OWNED EDUCATIONAL INSTITUTIONS. 27 (III) COMMUNITY COLLEGES. 28 (IV) THE PENNSYLVANIA STATE UNIVERSITY, EXCEPT AN 29 EMPLOYEE IN THE COLLEGE OF AGRICULTURE WHO IS PAID WHOLLY 30 FROM FEDERAL FUNDS OR AN EMPLOYEE WHO IS PARTICIPATING IN-

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1 THE FEDERAL CIVIL SERVICE RETIREMENT SYSTEM. THE 2 UNIVERSITY SHALL BE TOTALLY RESPONSIBLE FOR ALL EMPLOYER 3 CONTRIBUTIONS UNDER SECTION 5507 (RELATING TO-CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER 4 5 EMPLOYERS) AND ALL EMPLOYER DEFINED CONTRIBUTIONS TO THE 6 TRUST UNDER SECTION 5806 (RELATING TO EMPLOYER DEFINED 7 CONTRIBUTIONS). 8 (2) THE PENNSYLVANIA TURNPIKE COMMISSION, THE DELAWARE 9 RIVER PORT AUTHORITY, THE PORT AUTHORITY TRANSIT CORPORATION, -10 THE PHILADELPHIA REGIONAL PORT AUTHORITY, THE DELAWARE RIVER-JOINT TOLL BRIDGE COMMISSION, THE STATE PUBLIC SCHOOL 11 BUILDING AUTHORITY, THE GENERAL STATE AUTHORITY, THE STATE 12 13 HIGHWAY AND BRIDGE AUTHORITY, THE DELAWARE VALLEY REGIONAL 14 PLANNING COMMISSION, THE INTERSTATE COMMISSION OF THE-15 DELAWARE RIVER BASIN, AND THE SUSQUEHANNA RIVER BASIN 16 COMMISSION ANY TIME SUBSEQUENT TO ITS CREATION, PROVIDED THE-17 COMMISSION OR AUTHORITY AGREES TO CONTRIBUTE AND DOES 18 CONTRIBUTE TO THE FUND OR TRUST, FROM TIME TO TIME, THE-19 MONEYS REQUIRED TO BUILD UP THE RESERVES NECESSARY FOR THE PAYMENT OF THE ANNUITIES OR OTHER BENEFITS OF SUCH OFFICERS 20 AND EMPLOYEES WITHOUT ANY LIABILITY ON THE PART OF THE 21 22 COMMONWEALTH TO MAKE APPROPRIATIONS FOR SUCH PURPOSES, AND 23 PROVIDED IN THE CASE OF EMPLOYEES OF THE INTERSTATE 24 COMMISSION OF THE DELAWARE RIVER BASIN, THAT THE EMPLOYEE 25 SHALL HAVE BEEN A MEMBER OF THE SYSTEM FOR AT LEAST TEN YEARS 26 PRIOR TO JANUARY 1, 1963. 27 (3) ANY SEPARATE INDEPENDENT PUBLIC CORPORATION CREATED 28 BY STATUTE, NOT INCLUDING ANY MUNICIPAL OR QUASI MUNICIPAL 29 CORPORATION, SO LONG AS HE REMAINS AN OFFICER OR EMPLOYEE OF 30 SUCH PUBLIC CORPORATION, AND PROVIDED THAT SUCH OFFICER OR

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1	EMPLOYEE OF SUCH PUBLIC CORPORATION WAS AN EMPLOYEE OF THE
2	COMMONWEALTH IMMEDIATELY PRIOR TO HIS EMPLOYMENT BY SUCH-
3	CORPORATION, AND FURTHER PROVIDED SUCH PUBLIC CORPORATION
4	SHALL AGREE TO CONTRIBUTE AND CONTRIBUTES TO THE FUND OR
5	TRUST, FROM TIME TO TIME, THE MONEYS REQUIRED TO BUILD UP THE-
6	RESERVES NECESSARY FOR THE PAYMENT OF THE ANNUITIES OR OTHER
7	BENEFITS OF SUCH OFFICERS AND EMPLOYEES WITHOUT ANY LIABILITY
8	ON THE PART OF THE COMMONWEALTH TO MAKE APPROPRIATIONS FOR-
9	SUCH PURPOSES.
10	* * *
11	"SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN
12	WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO
13	RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE
14	PARTICIPANT.
15	"SUPERANNUATION AGE." FOR CLASSES OF SERVICE IN THE SYSTEM
16	OTHER THAN CLASS A 3 [AND], CLASS A 4 AND CLASS A 5, ANY AGE
17	UPON ACCRUAL OF 35 ELIGIBILITY POINTS OR AGE 60, EXCEPT FOR A
18	MEMBER OF THE GENERAL ASSEMBLY WHO HAS NO SERVICE AS A MEMBER OF
19	THE GENERAL ASSEMBLY IN CLASS A-3, CLASS A-4 OR CLASS A-5, AN-
20	ENFORCEMENT OFFICER, A CORRECTION OFFICER, A PSYCHIATRIC
21	SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY POLICEMAN OR AN-
22	OFFICER OF THE PENNSYLVANIA STATE POLICE, AGE 50, AND, EXCEPT
23	FOR A MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K,
24	CLASS L, CLASS M OR CLASS N SERVICE, AGE 55 UPON ACCRUAL OF 20
25	ELIGIBILITY POINTS. FOR CLASS A-3 [AND] $_{L}$ CLASS A-4 <u>AND CLASS A-5</u>
26	SERVICE, ANY AGE UPON ATTAINMENT OF A SUPERANNUATION SCORE OF 92-
27	, PROVIDED THE MEMBER HAS ACCRUED 35 ELIGIBILITY POINTS , OR AGE
28	65, OR FOR PARK RANGERS OR CAPITOL POLICE OFFICERS, AGE 55 WITH
29	20 YEARS OF SERVICE AS A PARK RANGER OR CAPITOL POLICE OFFICER,
30	EXCEPT FOR A MEMBER OF THE GENERAL ASSEMBLY WHOSE SERVICE AS A

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1	MEMBER OF THE GENERAL ASSEMBLY IS RENDERED AS A CLASS A-3, CLASS
2	<u>A-4 OR CLASS A-5 MEMBER, AN ENFORCEMENT OFFICER, A CORRECTION</u>
3	OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT
4	AUTHORITY POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA STATE
5	POLICE, AGE 55. A VESTEE WITH CLASS A-3 [OR], CLASS A-4 OR CLASS
6	<u>A-5</u> SERVICE CREDIT ATTAINS SUPERANNUATION AGE ON THE BIRTHDAY
7	THE VESTEE ATTAINS THE AGE RESULTING IN A SUPERANNUATION SCORE
8	OF 92, PROVIDED THAT THE VESTEE HAS AT LEAST 35 ELIGIBILITY
9	POINTS, OR ATTAINS ANOTHER APPLICABLE SUPERANNUATION AGE,
10	WHICHEVER OCCURS FIRST.
11	* * *
12	"SWORN POLICE OFFICER." A STATE POLICE OFFICER WHO IS
13	EMPLOYED AND SERVING AS AN OFFICER OF THE PENNSYLVANIA STATE
14	POLICE.
15	* * *
16	<u>"TRUST." THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST</u>
17	ESTABLISHED UNDER CHAPTER 58 (RELATING TO STATE EMPLOYEES'
18	DEFINED CONTRIBUTION PLAN).
19	* * *
20	"VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM
21	COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND
22	OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.
23	"VESTEE." A MEMBER WITH:
24	(1) FIVE OR MORE ELIGIBILITY POINTS IN A CLASS OF
25	SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 OR
26	CLASS T E [OR], CLASS T F OR CLASS T G IN THE PUBLIC SCHOOL
27	EMPLOYEES' RETIREMENT SYSTEM[, A MEMBER WITH];
28	(2) CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS
29	L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY
30	POINTS[, OR A MEMBER WITH] <u>; OR</u>

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1	(3) CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE WITH
2	TEN OR MORE ELIGIBILITY POINTS
3	AND WHO HAS TERMINATED STATE SERVICE AND HAS ELECTED TO LEAVE
4	HIS TOTAL ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER
5	RECEIPT OF AN ANNUITY.
6	<u>"VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A</u>
7	PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL
8	INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT
9	CONTRIBUTIONS, EITHER BY SALARY DEDUCTIONS PAID THROUGH THE
10	COMMONWEALTH OR OTHER EMPLOYER, OR THROUGH AN ELIGIBLE ROLLOVER
11	OR THROUGH A DIRECT TRUSTEE TO-TRUSTEE TRANSFER.
12	SECTION 303. SECTION 5103 OF TITLE 71 IS AMENDED TO READ:
13	§ 5103. NOTICE TO MEMBERS.
14	NOTICE BY PUBLICATION, INCLUDING, WITHOUT BEING LIMITED TO,
15	NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,
16	MANUALS AND, TO THE EXTENT AUTHORIZED BY A POLICY ADOPTED BY THE-
17	BOARD, ELECTRONICALLY, INCLUDING, WITHOUT BEING LIMITED TO, E-
18	MAIL OR [WORLD WIDE WEB SITES] <u>INTERNET WEBSITES</u> , DISTRIBUTED OR-
19	MADE AVAILABLE TO MEMBERS AND PARTICIPANTS IN A MANNER-
20	REASONABLY CALCULATED TO GIVE ACTUAL NOTICE OF [THOSE SECTIONS-
21	OF THE STATE EMPLOYEES' RETIREMENT CODE] THE PROVISIONS OF THIS
22	PART THAT REQUIRE NOTICE TO MEMBERS OR PARTICIPANTS SHALL BE
23	DEEMED SUFFICIENT NOTICE FOR ALL PURPOSES.
24	SECTION 304. TITLE 71 IS AMENDED BY ADDING A SECTION TO-
25	READ:
26	<u>§ 5104. REFERENCE TO STATE EMPLOYEES' RETIREMENT SYSTEM.</u>
27	(A) CONSTRUCTION AS OF THE EFFECTIVE DATE OF THIS SECTION,
28	UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, ANY REFERENCE TO
29	THE STATE EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION
30	OTHER THAN THIS PART AND 24 PA.C.S. PT. IV (RELATING TO

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1	RETIREMENT FOR SCHOOL EMPLOYEES) SHALL INCLUDE A REFERENCE TO
2	THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AND ANY REFERENCE
3	TO THE STATE EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A
4	REFERENCE TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.
5	(B) AGREEMENT. THE AGREEMENT OF AN EMPLOYER LISTED IN THE
6	DEFINITION OF "STATE EMPLOYEE" OR ANY OTHER LAW TO MAKE
7	CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS MEMBERS
8	IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE
9	CONTRIBUTIONS TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE
10	<u>PLAN.</u>
11	SECTION 305. SECTION 5301(A) 5301 HEADING, (A), (B), (C) AND <
12	(D) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING
13	SUBSECTIONS TO READ:
14	§ 5301. MANDATORY AND OPTIONAL MEMBERSHIP <u>IN THE SYSTEM AND</u>
15	PARTICIPATION IN THE PLAN.
16	(A) MANDATORY MEMBERSHIP MEMBERSHIP IN THE SYSTEM SHALL BE-
17	MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL STATE
18	EMPLOYEES EXCEPT THE FOLLOWING:
19	-(1) GOVERNOR.
20	(2) LIEUTENANT GOVERNOR.
21	(3) MEMBERS OF THE GENERAL ASSEMBLY.
22	(4) HEADS OR DEPUTY HEADS OF ADMINISTRATIVE DEPARTMENTS.
23	(5) MEMBERS OF ANY INDEPENDENT ADMINISTRATIVE BOARD OR
24	COMMISSION.
25	(6) MEMBERS OF ANY DEPARTMENTAL BOARD OR COMMISSION.
26	(7) MEMBERS OF ANY ADVISORY BOARD OR COMMISSION.
27	(8) SECRETARY TO THE GOVERNOR.
28	(9) BUDGET SECRETARY.
29	(10) LEGISLATIVE EMPLOYEES.
30	(11) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN THE

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1 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

2 (12) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN AN-3 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE EMPLOYER. 4 PROVIDED THAT IN NO CASE, EXCEPT AS HEREINAFTER PROVIDED, 5 SHALL THE EMPLOYER CONTRIBUTE ON ACCOUNT OF SUCH ELECTED 6 MEMBERSHIP AT A RATE GREATER THAN THE EMPLOYER NORMAL 7 CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) (RELATING-8 TO ACTUARIAL COST METHOD). FOR THE FISCAL YEAR 1986-1987 AN 9 EMPLOYER MAY CONTRIBUTE ON ACCOUNT OF SUCH ELECTED MEMBERSHIP 10 AT A RATE WHICH IS THE GREATER OF 7% OR THE EMPLOYER NORMAL CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) AND FOR 11 12 THE FISCAL YEAR 1992-1993 AND ALL FISCAL YEARS AFTER THAT AT-13 A RATE OF 9.29%. 14 (13) PERSONS WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN 15 THE RETIREMENT SYSTEM OF THE POLITICAL SUBDIVISION BY WHICH-THEY WERE EMPLOYED PRIOR TO BECOMING ELIGIBLE FOR MEMBERSHIP 16 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM. 17 18 (14) PERSONS WHO ARE NOT MEMBERS OF THE SYSTEM AND ARE 19 EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR LESS THAN 100 DAYS-20 OR 750 HOURS IN A [12 MONTH PERIOD] CALENDAR YEAR. (15) EMPLOYEES OF THE PHILADELPHIA REGIONAL PORT 21 22 AUTHORITY WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN THE 23 PENSION PLAN OR RETIREMENT SYSTEM IN WHICH THEY WERE ENROLLED 24 AS EMPLOYEES OF THE PREDECESSOR PHILADELPHIA PORT CORPORATION 25 PRIOR TO THE CREATION OF THE PHILADELPHIA REGIONAL PORT 26 AUTHORITY. 27 (16) EMPLOYEES OF THE JUVENILE COURT JUDGES' COMMISSION 28 WHO, BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH, WERE-29 TRANSFERRED FROM THE STATE SYSTEM OF HIGHER EDUCATION TO THE-

30 JUVENILE COURT JUDGES' COMMISSION AS A RESULT OF AN-

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1 INTERAGENCY TRANSFER OF STAFF APPROVED BY THE OFFICE OF 2 ADMINISTRATION AND WHO, WHILE EMPLOYEES OF THE STATE SYSTEM-3 OF HIGHER EDUCATION, HAD ELECTED MEMBERSHIP IN AN INDEPENDENT 4 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER. 5 (A.1) MANDATORY PARTICIPATION IN THE PLAN.--A STATE EMPLOYEE WHO IS A MANDATORY MEMBER OF THE SYSTEM AS A MEMBER OF CLASS A 5 6 7 SHALL BE A MANDATORY PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE 8 DATE OF CLASS A 5 MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS 9 A CLASS A-5 EXEMPT EMPLOYEE. 10 (B) OPTIONAL MEMBERSHIP IN THE SYSTEM. THE STATE EMPLOYEES LISTED IN SUBSECTION (A) (1) THROUGH (11) SHALL HAVE THE RIGHT TO-11 12 ELECT MEMBERSHIP IN THE SYSTEM; ONCE SUCH ELECTION IS EXERCISED, 13 MEMBERSHIP SHALL CONTINUE UNTIL THE TERMINATION OF STATE 14 SERVICE. (B.1) OPTIONAL PARTICIPATION IN THE PLAN. - THE STATE 15 EMPLOYEES WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS A MEMBER OF 16 17 CLASS A-5, INCLUDING THE EMPLOYEES WHO ELECT TO BECOME A MEMBER 18 OF CLASS A 5 UNDER SECTION 5306.4, ALSO ARE OPTIONAL 19 PARTICIPANTS IN THE PLAN. THE STATE EMPLOYEES WHO ELECT 20 MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS A 5 ALSO AUTOMATICALLY ELECT PARTICIPATION IN THE PLAN AS OF THE DATE-21 22 THEY ELECT MEMBERSHIP IN THE SYSTEM, EXCEPT FOR SERVICE AS A 23 CLASS A-5 EXEMPT EMPLOYEE. A STATE EMPLOYEE CANNOT ELECT 24 PARTICIPATION IN THE PLAN WITHOUT ALSO ELECTING MEMBERSHIP IN-25 THE SYSTEM. 26 (C) PROHIBITED MEMBERSHIP IN THE SYSTEM. THE STATE 27 EMPLOYEES LISTED IN SUBSECTION (A) (12), (13), (14) AND (15) 28 SHALL NOT HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM. 29 (C.1) PROHIBITED PARTICIPATION IN THE PLAN. -- THE STATE-30 EMPLOYEES LISTED IN SUBSECTION (A) (11), (12), (13), (14) AND

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1	(15) OR WHO ARE NOT ACTIVE MEMBERS OF CLASS A-5 SHALL NOT BE
2	ELIGIBLE TO BE ACTIVE PARTICIPANTS IN THE PLAN. CLASS A 5 EXEMPT
3	EMPLOYEES SHALL NOT BE ELIGIBLE TO PARTICIPATE IN THE PLAN FOR
4	SERVICE PERFORMED AS A CLASS A 5 EXEMPT EMPLOYEE. STATE
5	EMPLOYEES WHO ARE NOT MANDATORY PARTICIPANTS IN THE PLAN UNDER
6	SUBSECTION (A.1) OR ELIGIBLE FOR OPTIONAL PARTICIPATION IN THE
7	PLAN UNDER SUBSECTION (B.1) SHALL NOT BE ELIGIBLE TO PARTICIPATE
8	IN THE PLAN.
9	(D) RETURN TO SERVICE
10	(1) AN ANNUITANT WHO RETURNS TO SERVICE AS A STATE
11	EMPLOYEE BEFORE JANUARY 1, 2018, OR RETURNS TO STATE SERVICE
12	AS A CLASS A-5 EXEMPT EMPLOYEE AFTER DECEMBER 31, 2017, SHALL-
13	RESUME ACTIVE MEMBERSHIP IN THE SYSTEM AS OF THE EFFECTIVE -
14	DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION
15	5706(A) (RELATING TO TERMINATION OF ANNUITIES), REGARDLESS OF
16	THE OPTIONAL MEMBERSHIP CATEGORY OF THE POSITION.
17	(2) AN ANNUITANT OR A PARTICIPANT RECEIVING
18	DISTRIBUTIONS WHO RETURNS TO SERVICE AS A STATE EMPLOYEE ON
19	OR AFTER JANUARY 1, 2018, SHALL RESUME ACTIVE MEMBERSHIP IN
20	THE SYSTEM AND, IF AN ACTIVE MEMBER OF CLASS A-5, SHALL BE AN
21	ACTIVE PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE DATE OF
22	EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION 5706(A),
23	REGARDLESS OF THE OPTIONAL MEMBERSHIP OR PARTICIPATION
24	CATEGORY OF THE POSITION.
25	<u>* * *</u>
26	SECTION 306. SECTIONS 5302(A), (B), (E) AND (F), 5303(B)(1)
27	AND (D)(1), 5303.2(A), 5304(A) AND (B) AND 5305(B) OF TITLE 71
28	ARE AMENDED TO READ:
29	§ 5302. CREDITED STATE SERVICE.

30 (A) COMPUTATION OF CREDITED SERVICE. -- IN COMPUTING CREDITED-

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STATE SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A 1 2 FULL TIME SALARIED STATE EMPLOYEE, INCLUDING ANY MEMBER OF THE-3 GENERAL ASSEMBLY, SHALL RECEIVE CREDIT FOR SERVICE IN EACH 4 PERIOD FOR WHICH CONTRIBUTIONS AS REQUIRED ARE MADE TO THE FUND, 5 OR FOR WHICH CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE-WERE NOT MADE TO THE FUND SOLELY BY REASON OF SECTION 5502.1 6 7 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL 8 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF 9 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR-10 [415(B)] 415, BUT IN NO CASE SHALL HE RECEIVE MORE THAN ONE-YEAR'S CREDIT FOR ANY 12 CONSECUTIVE MONTHS OR 26 CONSECUTIVE 11 12 BIWEEKLY PAY PERIODS. A PER DIEM OR HOURLY STATE EMPLOYEE SHALL 13 RECEIVE ONE YEAR OF CREDITED SERVICE FOR EACH NONOVERLAPPING 14 PERIOD OF 12 CONSECUTIVE MONTHS OR 26 CONSECUTIVE BIWEEKLY PAY 15 PERIODS IN WHICH HE IS EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE 16 MADE TO THE FUND OR WOULD HAVE BEEN MADE TO THE FUND BUT FOR-17 SUCH WAIVER UNDER SECTION 5502.1 OR LIMITATIONS UNDER THE IRC-18 FOR AT LEAST 220 DAYS OR 1,650 HOURS OF EMPLOYMENT. IF THE 19 MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE MADE TO THE FUND FOR-20 LESS THAN 220 DAYS OR 1,650 HOURS, HE SHALL BE CREDITED WITH A-21 FRACTIONAL PORTION OF A YEAR DETERMINED BY THE RATIO OF THE-22 NUMBER OF DAYS OR HOURS OF SERVICE ACTUALLY RENDERED AND FOR 23 WHICH CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND 24 EXCEPT FOR THE WAIVER UNDER SECTION 5502.1 OR LIMITATIONS UNDER 25 THE IRC TO 220 DAYS OR 1,650 HOURS, AS THE CASE MAY BE. A PART-26 TIME SALARIED EMPLOYEE SHALL BE CREDITED WITH THE FRACTIONAL 27 PORTION OF THE YEAR WHICH CORRESPONDS TO THE NUMBER OF HOURS OR 28 DAYS OF SERVICE ACTUALLY RENDERED IN RELATION TO 1,650 HOURS OR 29 220 DAYS, AS THE CASE MAY BE. IN NO CASE SHALL A MEMBER WHO HAS 30 ELECTED MULTIPLE SERVICE RECEIVE AN AGGREGATE IN THE TWO SYSTEMS

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1 OF MORE THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 CONSECUTIVE

2 MONTHS.

3 (B) CREDITABLE LEAVES OF ABSENCE.--

4 (1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER-5 A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO-6 IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE 7 WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL 8 GOVERNMENT UNDER THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970-9 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) SHALL 10 BE ELIGIBLE FOR CREDIT FOR SUCH SERVICE: PROVIDED, THAT CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501 11 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT 12 13 SERVICE), 5501.1 (RELATING TO SHARED RISK MEMBER-CONTRIBUTIONS [FOR CLASS A 3 AND CLASS A 4 SERVICE] AND 14 SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS), 15 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5507-16 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH-17 18 AND OTHER EMPLOYERS), THE MEMBER RETURNS FROM LEAVE WITHOUT PAY TO ACTIVE STATE SERVICE AS A MEMBER OF THE SYSTEM FOR A 19 20 PERIOD OF AT LEAST ONE YEAR, AND HE IS NOT ENTITLED TO RETIREMENT BENEFITS FOR SUCH SERVICE UNDER A RETIREMENT 21 22 SYSTEM ADMINISTERED BY ANY OTHER GOVERNMENTAL AGENCY. 23 (2) AN ACTIVE MEMBER OR ACTIVE PARTICIPANT ON PAID LEAVE 24 GRANTED BY AN EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED 25 FULL-TIME OFFICER FOR A STATEWIDE EMPLOYEE ORGANIZATION WHICH 26 IS A COLLECTIVE BARGAINING REPRESENTATIVE UNDER THE ACT OF 27 JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN 28 AND FIREMEN COLLECTIVE BARGAINING ACT, OR THE ACT OF JULY 23, 29 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE RELATIONS 30 ACT, AND UP TO 14 FULL TIME BUSINESS AGENTS APPOINTED BY AN

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1 EMPLOYEE ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS-2 EMPLOYED AT STATE CORRECTIONAL INSTITUTIONS: PROVIDED, THAT 3 FOR ELECTED FULL-TIME OFFICERS SUCH LEAVE SHALL NOT BE FOR-4 MORE THAN THREE CONSECUTIVE TERMS OF THE SAME OFFICE AND FOR-5 UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE 6 ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT 7 STATE CORRECTIONAL INSTITUTIONS NO MORE THAN THREE 8 CONSECUTIVE TERMS OF THE SAME OFFICE; THAT THE EMPLOYER SHALL 9 FULLY COMPENSATE THE MEMBER OR PARTICIPANT, INCLUDING, BUT 10 NOT LIMITED TO, SALARY, WAGES, PENSION AND RETIREMENT CONTRIBUTIONS AND BENEFITS, OTHER BENEFITS AND SENIORITY, AS 11 12 IF HE WERE IN FULL TIME ACTIVE SERVICE; AND THAT THE 13 STATEWIDE EMPLOYEE ORGANIZATION SHALL FULLY REIMBURSE THE 14 EMPLOYER FOR ALL EXPENSES AND COSTS OF SUCH PAID LEAVE, 15 INCLUDING, BUT NOT LIMITED TO, CONTRIBUTIONS AND PAYMENT IN-16 ACCORDANCE WITH SECTIONS 5501, 5501.1, 5505.1 [AND], 5507, 17 5804 (RELATING TO PARTICIPANT CONTRIBUTIONS, 5805 (RELATING 18 TO MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS) AND 5806 19 (RELATING TO EMPLOYER DEFINED CONTRIBUTIONS), IF THE EMPLOYEE 20 ORGANIZATION EITHER DIRECTLY PAYS, OR REIMBURSES THE-21 COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN-22 ACCORDANCE WITH [SECTION 5507] SECTIONS 5507, 5804, 5805 AND 23 5806. 24 * * * 25 (E) CANCELLATION OF CREDITED SERVICE. 26 (1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE-27 CANCELLED IF A MEMBER WITHDRAWS HIS TOTAL ACCUMULATED 28 DEDUCTIONS, EXCEPT THAT A MEMBER WITH CLASS A 3 [OR], CLASS 29 A-4 OR CLASS A-5 SERVICE CREDIT AND ONE OR MORE OTHER CLASSES

30 OF SERVICE CREDIT SHALL NOT HAVE HIS SERVICE CREDIT AS A

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1 MEMBER OF ANY CLASSES OF SERVICE OTHER THAN AS A MEMBER OF 2 CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 CANCELLED WHEN THE 3 MEMBER RECEIVES A LUMP SUM PAYMENT OF ACCUMULATED DEDUCTIONS 4 RESULTING FROM CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 SERVICE 5 PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF 6 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A -3 [AND], CLASS 7 A-4 OR CLASS A-5 SERVICE). 8 (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL 9 DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER-10 SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM. 11 (F) CREDIT FOR MILITARY SERVICE. - A STATE EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM OR 12 13 PARTICIPATE IN THE PLAN AS FOLLOWS: 14 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS-15 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A-PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY-16 17 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED 18 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE-19 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73 20 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE 21 22 PERIOD OF MILITARY SERVICE BEGAN, EVEN IF NOT DEFINED AS AN-23 EMPLOYEE PURSUANT TO 51 PA.C.S. § 7301 (RELATING TO-24 **DEFINITIONS**). 25 (1.1) STATE EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT IN-26 THE SYSTEM OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. \$ 7306 27 (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT-28 BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, 29 EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION. 30 (1.2) STATE EMPLOYEES MAY NOT PARTICIPATE IN THE PLAN OR

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1	EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306 FOR MILITARY
2	LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS
3	PARAGRAPH, EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.
4	(2) A STATE EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY
5	RECEIVE CREDIT IN THE SYSTEM AS PROVIDED BY THIS PARAGRAPH.
6	THE FOLLOWING SHALL APPLY:
7	(I) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA
8	LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED
9	AS NOT HAVING INCURRED A BREAK IN STATE SERVICE BY REASON
10	OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY-
11	POINTS AS IF THE STATE EMPLOYEE HAD NOT BEEN ON THE
12	USERRA LEAVE. IF A STATE EMPLOYEE WHO IS REEMPLOYED FROM-
13	USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM
14	SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,
15	ADDITIONAL MEMBER CONTRIBUTIONS, SOCIAL SECURITY
16	INTEGRATION MEMBER CONTRIBUTIONS, SHARED RISK MEMBER
17	CONTRIBUTIONS AND ANY OTHER MEMBER CONTRIBUTIONS IN THE
18	AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH.
19	43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF
20	MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) AS IF
21	THE STATE EMPLOYEE HAD CONTINUED IN STATE OFFICE OR
22	EMPLOYMENT AND PERFORMED STATE SERVICE AND WAS
23	COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE
24	STATE EMPLOYEE SHALL BE GRANTED STATE SERVICE CREDIT FOR
25	THE PERIOD OF USERRA LEAVE. THE STATE EMPLOYEE SHALL HAVE
26	THE STATE EMPLOYEE'S BENEFITS, RIGHTS AND OBLIGATIONS
27	DETERMINED UNDER THIS PART AS IF THE STATE EMPLOYEE WAS
28	AN ACTIVE MEMBER WHO PERFORMED CREDITABLE STATE SERVICE
29	DURING THE USERRA LEAVE IN THE JOB POSITION THAT THE
30	STATE EMPLOYEE WOULD HAVE HELD HAD THE STATE EMPLOYEE NOT

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BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE STATE SERVICE-CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

4 (II) FOR PURPOSES OF DETERMINING WHETHER A STATE 5 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR STATE SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE WHO 6 IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF 7 8 THE SYSTEM TERMINATES STATE SERVICE OR DIES IN STATE 9 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT 10 PERIOD, THEN STATE SERVICE CREDIT FOR THE USERRA LEAVE WILL BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS 11 WERE PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT 12 13 OF THE REQUIRED MEMBER CONTRIBUTIONS WILL BE TREATED AS 14 AN INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF 15 SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS). UPON A 16 SUBSEQUENT RETURN TO STATE SERVICE OR TO SCHOOL SERVICE 17 AS A MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER-18 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE 19 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER 20 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP 21 SUM PURSUANT TO SECTION 5705(A)(4) OR (A.1) (RELATING TO 22 MEMBER'S OPTIONS), AS THE CASE MAY BE.

23 (III) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA 24 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM WHO DOES NOT MAKE 25 THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES ONLY PART OF 26 THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE ALLOWED-27 PAYMENT PERIOD SHALL NOT BE GRANTED CREDITED SERVICE FOR-28 THE PERIOD OF USERRA LEAVE FOR WHICH THE REQUIRED MEMBER 29 CONTRIBUTIONS WERE NOT TIMELY MADE, SHALL NOT BE ELIGIBLE 30 TO SUBSEQUENTLY MAKE CONTRIBUTIONS AND SHALL NOT BE-

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1 GRANTED EITHER STATE SERVICE CREDIT OR NONSTATE SERVICE 2 CREDIT FOR THE PERIOD OF USERRA LEAVE FOR WHICH THE 3 REQUIRED MEMBER CONTRIBUTIONS WERE NOT TIMELY MADE. (2.1) (I) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA 4 5 SHALL BE TREATED AS NOT HAVING INCURRED **LEAVE** BREAK 6 STATE SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE-7 GRANTED ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT 8 BEEN ON USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED 9 FROM USERRA LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP 10 PARTICIPANT CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME 11 PERIODS REQUIRED BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS 12 IF THE PARTICIPANT HAD CONTINUED IN HIS STATE OFFICE OR 13 EMPLOYMENT AND PERFORMED STATE SERVICE AND BEEN 14 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THE-15 PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING 16 EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE 17 HIS CONTRIBUTIONS, BENEFITS, RIGHTS AND OBLIGATIONS 18 DETERMINED UNDER THIS PART AS IF HE WERE AN ACTIVE 19 PARTICIPANT WHO PERFORMED STATE SERVICE DURING THE USERRA-20 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE 21 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON-22 WHICH THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO 23 RECEIVE STATE SERVICE CREDIT FOR THE USERRA LEAVE WERE 24 DETERMINED. 25 (II)PARTICIPANT WHO IS REEMPLOYED FROM USERRA 26 LEAVE WHO DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT 27 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP 28 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT 29 PERIOD SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP 30 PARTICIPANT CONTRIBUTIONS AT A LATER DATE FOR THE PERIOD-

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2

OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP

PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

3 (3) A STATE EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND 4 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN-5 REEMPLOYED FROM USERRA LEAVE HAD THE STATE EMPLOYEE RETURNED 6 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH. 7 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE ABLE 8 TO RECEIVE CREDITABLE NONSTATE SERVICE AS NONINTERVENING 9 MILITARY SERVICE FOR THE PERIOD OF USERRA LEAVE SHOULD THE 10 EMPLOYEE LATER RETURN TO STATE SERVICE AS AN ACTIVE MEMBER OF THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE 11 12 AS NONINTERVENING MILITARY SERVICE.

(3.1) A STATE EMPLOYEE WHO IS A PARTICIPANT IN THE PLAN 13 AND PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE-14 15 BEEN REEMPLOYED FROM USERRA LEAVE HAD THE EMPLOYEE RETURNED TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH. 16 17 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL NOT BE-18 ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS 19 OR VOLUNTARY CONTRIBUTIONS FOR THE PERIOD OF USERRA LEAVE 20 SHOULD THE EMPLOYEE LATER RETURN TO STATE SERVICE AND BE A 21 PARTICIPANT IN THE PLAN.

22 (4) [A STATE EMPLOYEE] AN ACTIVE MEMBER OR INACTIVE 23 MEMBER ON LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE-24 DATE OF THIS SUBSECTION IS GRANTED A LEAVE OF ABSENCE UNDER-25 51 PA.C.S. \$ 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN 26 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. 27 CH. 73, THAT IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE 28 CREDITABLE NONSTATE SERVICE AS NONINTERVENING MILITARY 29 SERVICE SHOULD THE EMPLOYEE RETURN TO STATE SERVICE AS AN-30 ACTIVE MEMBER OF THE SYSTEM AND IS OTHERWISE ELIGIBLE TO

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1 PURCHASE THE SERVICE AS NONINTERVENING MILITARY SERVICE. (4.1) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON 2 3 LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE DATE OF THIS 4 PARAGRAPH IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 5 4102 OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT 6 USERRA LEAVE SHALL NOT BE ABLE TO MAKE MANDATORY PICKUP 7 PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS DURING 8 OR FOR THE LEAVE OF ABSENCE OR MILITARY LEAVE AND SHALL NOT 9 HAVE EMPLOYER DEFINED CONTRIBUTIONS MADE DURING SUCH LEAVE, 10 WITHOUT REGARD TO WHETHER OR NOT THE STATE EMPLOYEE RECEIVED 11 SALARY, WAGES, STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER 12 PAYMENTS FROM HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING 13 ANY PROVISION TO THE CONTRARY UNDER 51 PA.C.S. \$ 4102 OR 51 PA.C.S. CH. 73. 14 15 - IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THEN-(5)16 THE BENEFICIARIES OR SURVIVOR ANNUITANTS, AS THE CASE MAY BE, 17 OF THE DECEASED MEMBER ARE ENTITLED TO ANY ADDITIONAL 18 BENEFITS, INCLUDING ELIGIBILITY POINTS, OTHER THAN BENEFIT 19 ACCRUALS RELATING TO THE PERIOD OF OUALIFIED MILITARY-20 SERVICE, PROVIDED UNDER THIS PART HAD THE MEMBER RESUMED AND 21 THEN TERMINATED EMPLOYMENT ON ACCOUNT OF DEATH. 22 (5.1) IF A PARTICIPANT DIES WHILE PERFORMING USERRA 23 LEAVE, THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED 24 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER-25 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF OUALIFIED 26 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE-27 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT 28 OF DEATH. 29 (6) A STATE EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM 30 HIS DUTIES AS A STATE EMPLOYEE FOR WHICH 51 PA.C.S. § 4102-

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1 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR 2 EFFICIENCY RATING SHALL NOT BE AN ACTIVE MEMBER, RECEIVE 3 SERVICE CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF 4 ABSENCE, EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING 5 THIS PARAGRAPH, ANY PAY THE MEMBER RECEIVES PURSUANT TO 51-6 PA.C.S. § 4102 SHALL BE INCLUDED IN THE DETERMINATION OF 7 FINAL AVERAGE SALARY AND OTHER CALCULATIONS IN THE SYSTEM-8 UTILIZING COMPENSATION AS IF THE PAYMENTS WERE COMPENSATION 9 UNDER THIS PART. 10 \$ 5303. RETENTION AND REINSTATEMENT OF SERVICE CREDITS. * * 11 (B) ELIGIBILITY POINTS FOR PROSPECTIVE CREDITED SERVICE. 12 13 (1) EVERY ACTIVE MEMBER OF THE SYSTEM OR A MULTIPLE 14 SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND A MEMBER OF THE-15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE 16 EFFECTIVE DATE OF THIS PART SHALL RECEIVE ELIGIBILITY POINTS-IN ACCORDANCE WITH SECTION 5307 FOR CURRENT STATE SERVICE. 17 18 PREVIOUS STATE SERVICE, OR CREDITABLE NONSTATE SERVICE UPON-19 COMPLIANCE WITH SECTIONS 5501 (RELATING TO REGULAR MEMBER-20 CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1 (RELATING TO-21 SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND CLASS A-4 22 SERVICE] AND SHARED GAIN ADJUSTMENTS TO REGULAR MEMBER 23 CONTRIBUTIONS), 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR 24 THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO-25 BECOME A FULL COVERAGE MEMBER), 5505 (RELATING TO-26 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE 27 NONSTATE SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER 28 CONTRIBUTIONS) OR 5506 (RELATING TO INCOMPLETE PAYMENTS). 29 SUBJECT TO THE LIMITATIONS IN SECTIONS 5306.1 (RELATING TO 30 ELECTION TO BECOME A CLASS AA MEMBER) AND 5306.2 (RELATING TO

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1 ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY), THE CLASS OR 2 CLASSES OF SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR 3 PREVIOUS STATE SERVICE PRIOR TO THE EFFECTIVE DATE OF THIS 4 PART SHALL BE THE CLASS OR CLASSES IN WHICH HE WAS OR COULD-5 HAVE AT ANY TIME ELECTED TO BE CREDITED FOR SUCH SERVICE, 6 EXCEPT THAT A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF 7 THE SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER 8 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND:

9 (1) IS CREDITED WITH CLASS A 3 SERVICE FOR SUCH
 10 MEMBERSHIP AND IS NOT A MEMBER OF CLASS A 5, SHALL BE
 11 CREDITED ONLY WITH CLASS A 3 SERVICE FOR PREVIOUS STATE
 12 SERVICE PERFORMED BEFORE JANUARY 1, 2011, THAT WAS NOT
 13 PREVIOUSLY CREDITED IN THE SYSTEM; [OR]

 14
 (II) IS CREDITED WITH CLASS A 4 SERVICE FOR SUCH

 15
 MEMBERSHIP AND IS NOT A MEMBER OF CLASS A 5, SHALL BE

 16
 CREDITED ONLY WITH CLASS A 4 SERVICE FOR PREVIOUS STATE

 17
 SERVICE PERFORMED BEFORE JANUARY 1, 2011, THAT WAS NOT

 18
 PREVIOUSLY CREDITED IN THE SYSTEM[.]; OR

 19
 (III) IS CREDITED WITH CLASS A 5 SERVICE FOR SUCH

 20
 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A 5 SERVICE

 21
 FOR PREVIOUS STATE SERVICE, PERFORMED BEFORE JANUARY 1,

 22
 2018, OTHER THAN SERVICE AS A CLASS A 5 EXEMPT EMPLOYEE,

 23
 THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM.

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 TO27 CLASSES OF SERVICE).

28 ***

29 (D) TRANSFER OF CERTAIN PENSION SERVICE CREDIT.

30 (1) ANY PERSON WHO WAS AN EMPLOYEE OF ANY COUNTY IN THIS

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1 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT 2 JUDGE PRIOR TO SEPTEMBER 9, 1985, AND WHO HAD THAT EMPLOYMENT 3 TRANSFERRED TO THE COMMONWEALTH PURSUANT TO 42 PA.C.S. \$ 3703 4 (RELATING TO LOCAL CHAMBER FACILITIES) SHALL BE A MEMBER OF 5 THE SYSTEM FOR ALL SERVICE RENDERED AS AN EMPLOYEE OF THE-6 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT 7 JUDGE SUBSECUENT TO THE DATE OF THE TRANSFER UNLESS 8 SPECIFICALLY PROHIBITED PURSUANT TO SECTION 5301(C) (RELATING 9 TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND 10 PARTICIPATION IN THE PLAN). THE EMPLOYEE SHALL BE ENTITLED TO HAVE ANY PRIOR SERVICE CREDIT IN THAT COUNTY OR OTHER 11 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM TRANSFERRED TO 12 13 THE SYSTEM AND DEEMED TO BE STATE SERVICE FOR ALL PURPOSES 14 UNDER THIS PART. HOWEVER, FOR THOSE EMPLOYEES WHO WERE IN-15 CONTINUOUS COUNTY EMPLOYMENT WHICH COMMENCED PRIOR TO JULY-22, 1983, SECTION 5505.1 SHALL NOT APPLY. THE TRANSFER OF 16 PRIOR SERVICE CREDIT TO THE SYSTEM SHALL OCCUR UPON THE 17 18 TRANSFER, BY THE MEMBER, COUNTY OR OTHER MUNICIPAL PENSION 19 PLAN OR RETIREMENT SYSTEM, TO THE SYSTEM OF THE AMOUNT OF 20 ACCUMULATED MEMBER CONTRIBUTIONS, PICK-UP CONTRIBUTIONS AND CREDITED INTEREST STANDING IN THE EMPLOYEE'S COUNTY OR 21 22 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM ACCOUNT AS OF THE-23 DATE THAT THESE FUNDS ARE TRANSFERRED TO THE SYSTEM. IN THE 24 EVENT THAT THESE FUNDS HAVE BEEN REFUNDED TO THE MEMBER, THE-25 TRANSFER OF SERVICE CREDIT SHALL OCCUR WHEN THE MEMBER 26 TRANSFERS AN AMOUNT EOUAL TO EITHER THE REFUND WHICH THE-27 MEMBER RECEIVED FROM THE COUNTY OR MUNICIPAL PENSION PLAN OR 28 RETIREMENT SYSTEM OR THE AMOUNT DUE UNDER SECTION 5504, IF 29 LESS. IN THE CASE OF A TRANSFER BY THE MEMBER, THE TRANSFER 30 SHALL OCCUR BY DECEMBER 31, 1987, IN ORDER FOR THE MEMBER TO-20150SB1071PN1913

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1 RECEIVE CREDIT FOR THE PRIOR SERVICE. IN THE CASE OF A 2 TRANSFER BY THE COUNTY OR OTHER MUNICIPAL PENSION PLAN OR 3 RETIREMENT SYSTEM, THE TRANSFER SHALL ALSO OCCUR BY DECEMBER 4 31, 1987. IF THE AMOUNT TRANSFERRED TO THE SYSTEM BY THE-5 MEMBER OF A COUNTY OR MUNICIPAL PENSION PLAN OR RETIREMENT 6 SYSTEM IS GREATER THAN THE AMOUNT THAT WOULD HAVE ACCUMULATED IN THE MEMBER'S ACCOUNT IF THE EMPLOYEE HAD BEEN A MEMBER OF 7 8 THE SYSTEM, ALL EXCESS FUNDS SHALL BE RETURNED TO THE 9 EMPLOYEE WITHIN 90 DAYS OF THE DATE ON WHICH SUCH FUNDS ARE 10 CREDITED TO THE MEMBER'S ACCOUNT IN THE SYSTEM. WITHIN 60 DAYS OF RECEIPT OF WRITTEN NOTICE THAT AN EMPLOYEE HAS 11 12 ELECTED TO TRANSFER CREDITS UNDER THE PROVISIONS OF THIS 13 SUBSECTION, THE COUNTY OR OTHER MUNICIPAL PENSION PLANS OR 14 RETIREMENT SYSTEMS SHALL BE REQUIRED TO TRANSFER TO THE-15 SYSTEM AN AMOUNT, EXCLUDING CONTRIBUTIONS DUE UNDER SECTION 5504(A), EQUAL TO THE LIABILITY OF THE PRIOR SERVICE IN 16 17 ACCORDANCE WITH COUNTY OR OTHER MUNICIPAL PENSION PLAN OR 18 RETIREMENT SYSTEM BENEFIT PROVISIONS, MULTIPLIED BY THE RATIO 19 OF SYSTEM ACTUARIAL VALUE OF ASSETS FOR ACTIVE MEMBERS TO THE-20 SYSTEM ACTUARIAL ACCRUED LIABILITY FOR ACTIVE MEMBERS. THE PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION SHALL DETERMINE 21 22 THE APPROPRIATE AMOUNT OF EMPLOYER CONTRIBUTIONS TO BE 23 TRANSFERRED TO THE SYSTEM BY THE COUNTY OR OTHER MUNICIPAL 24 PENSION PLANS OR RETIREMENT SYSTEMS. 25 * * * 26 \$ 5303.2. ELECTION TO CONVERT SCHOOL SERVICE TO STATE SERVICE. 27 (A) ELIGIBILITY .-- AN ACTIVE MEMBER OR INACTIVE MEMBER ON-28 LEAVE WITHOUT PAY WHO WAS AN EMPLOYEE TRANSFERRED FROM THE 29 DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF CORRECTIONS

30 PURSUANT TO SECTION 908 B OF THE ACT OF APRIL 9, 1929 (P.L.177,

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NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, AND WHO ON 1 THE EFFECTIVE DATE OF THAT TRANSFER DID NOT PARTICIPATE IN AN-2 3 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE DEPARTMENT OF EDUCATION UNDER 24 PA.C.S. § 8301(A) (1) (RELATING TO MANDATORY 4 5 AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN) OR SECTION 5301(A)(12) (RELATING TO MANDATORY AND OPTIONAL 6 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), 7 8 NOTWITHSTANDING ANY OTHER PROVISION OF LAW OR ANY COLLECTIVE 9 BARGAINING AGREEMENT, ARBITRATION AWARD, CONTRACT OR TERM OR 10 CONDITIONS OF ANY RETIREMENT SYSTEM OR PENSION PLAN, MAY MAKE A ONE-TIME ELECTION TO CONVERT ALL SERVICE CREDITED IN THE PUBLIC-11 12 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30, 1999, AND 13 TRANSFER TO THE SYSTEM ALL ACCUMULATED MEMBER CONTRIBUTIONS AND 14 STATUTORY INTEREST CREDITED IN THE MEMBERS' SAVINGS ACCOUNT IN-15 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30, 16 1999, PLUS STATUTORY INTEREST ON THAT AMOUNT CREDITED BY THE 17 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FROM JULY 1, 1999, TO-18 THE DATE OF TRANSFER TO THE SYSTEM. * * * 19 20 § 5304. CREDITABLE NONSTATE SERVICE.

21 (A) ELIGIBILITY.--

22 (1) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER 23 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A 24 MEMBER OF THE GENERAL ASSEMBLY, OR A MULTIPLE SERVICE MEMBER-25 WHO FIRST BECOMES AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR-26 BEFORE DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, 27 AND WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE-28 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE 29 FOR CLASS A SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS-30 SET FORTH IN SUBSECTIONS (B) AND (C) EXCEPT THAT INTERVENING

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1 MILITARY SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE 2 FOR WHICH THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING 3 INTO MILITARY SERVICE AND FOR WHICH HE MAKES THE REQUIRED 4 CONTRIBUTIONS TO THE FUND AND EXCEPT THAT A MULTIPLE SERVICE 5 MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE-6 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE-7 ELIGIBLE TO PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE 8 SERVICE SET FORTH IN SUBSECTION (C) (5).

(2) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER-9 10 ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND BEFORE JANUARY 1, 11 12 2018, OR A MULTIPLE SERVICE MEMBER WHO FIRST BECOMES AN 13 ACTIVE MEMBER ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER 14 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND 15 BEFORE JANUARY 1, 2018, AND [WHO] IS A SCHOOL EMPLOYEE AND AN-ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 16 SYSTEM SHALL BE ELIGIBLE FOR CLASS A 3 SERVICE CREDIT FOR 17 18 CREDITABLE NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B) 19 AND (C) EXCEPT THAT INTERVENING MILITARY SERVICE SHALL BE-20 CREDITED IN THE CLASS OF SERVICE FOR WHICH THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY SERVICE AND 21 22 FOR WHICH HE MAKES THE REQUIRED CONTRIBUTIONS TO THE FUND AND 23 EXCEPT THAT A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL 24 EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES! 25 RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE SET FORTH IN-26 27 SUBSECTION (C) (5). (3) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER 28 29 ON OR AFTER JANUARY 1, 2018, OR A MULTIPLE SERVICE MEMBER WHO 30 FIRST BECOMES AN ACTIVE MEMBER ON OR AFTER JANUARY 1, 2018,

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1	AND IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC
2	<u>SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE FOR</u>
3	<u>CLASS A-5 SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS</u>
4	<u>SET FORTH IN SUBSECTIONS (B) AND (C) FOR WHICH THE MEMBER</u>
5	MAKES THE REQUIRED CONTRIBUTIONS TO THE FUND.
6	* * *
7	(B) LIMITATIONS ON ELIGIBILITY AN ACTIVE MEMBER OR A
8	MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE
9	MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL
10	BE ELIGIBLE AS PROVIDED UNDER SUBSECTION (A) TO RECEIVE CREDIT
11	FOR NONSTATE SERVICE PROVIDED THAT HE DOES NOT HAVE CREDIT FOR
12	SUCH SERVICE IN THE SYSTEM OR IN THE [SCHOOL SYSTEM] <u>PUBLIC</u>
13	SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND IS NOT ENTITLED TO-
14	RECEIVE, ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE, OR IS-
15	RECEIVING RETIREMENT BENEFITS FOR SUCH SERVICE IN THE SYSTEM OR-
16	UNDER A RETIREMENT SYSTEM ADMINISTERED AND WHOLLY OR PARTIALLY
17	PAID FOR BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY PRIVATE
18	EMPLOYER, OR A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER IN-
19	ACCORDANCE WITH SECTION 5301(A)(12) (RELATING TO MANDATORY AND
20	OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE
21	PLAN), AND FURTHER PROVIDED, THAT SUCH SERVICE IS CERTIFIED BY
22	THE PREVIOUS EMPLOYER AND CONTRIBUTIONS ARE AGREED UPON AND MADE
23	IN ACCORDANCE WITH SECTION 5505 (RELATING TO CONTRIBUTIONS FOR
24	THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE).
25	<u>* * *</u>
26	§ 5305. SOCIAL SECURITY INTEGRATION CREDITS.
27	<u>* * *</u>
28	(B) ACCRUAL OF SUBSEQUENT CREDITS. ANY ACTIVE MEMBER WHO

29 HAS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS TO HIS-

30 CREDIT OR IS RECEIVING A BENEFIT ON ACCOUNT OF SOCIAL SECURITY

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INTEGRATION CREDITS MAY ACCRUE ONE SOCIAL SECURITY INTEGRATION 1 CREDIT FOR EACH YEAR OF SERVICE AS A STATE EMPLOYEE ON OR 2 3 SUBSEQUENT TO MARCH 1, 1974, AND A FRACTIONAL CREDIT FOR A 4 CORRESPONDING FRACTIONAL YEAR OF SERVICE PROVIDED THAT CONTRIBUTIONS ARE MADE TO THE FUND, OR WOULD HAVE BEEN MADE TO 5 THE FUND BUT FOR SECTION 5502.1 (RELATING TO WAIVER OF REGULAR 6 MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER 7 8 CONTRIBUTIONS) OR THE LIMITATIONS UNDER IRC § 401(A) (17) OR 9 415(B), IN ACCORDANCE WITH SECTION 5502 (RELATING TO SOCIAL 10 SECURITY INTEGRATION MEMBER CONTRIBUTIONS), AND HE: (1) CONTINUES SUBSEQUENT TO MARCH 1, 1974, AS AN ACTIVE-11 12 MEMBER IN EITHER THE [STATE OR SCHOOL] SYSTEM OR, IF A 13 MULTIPLE SERVICE MEMBER, AS AN ACTIVE MEMBER IN THE PUBLIC-SCHOOL EMPLOYEES' RETIREMENT SYSTEM; 14 15 (2) TERMINATES SUCH CONTINUOUS SERVICE IN THE [STATE OR-16 SCHOOL] SYSTEM OR THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 17 SYSTEM AND RETURNS TO ACTIVE MEMBERSHIP IN THE [STATE] SYSTEM-18 WITHIN SIX MONTHS; OR 19 (3) TERMINATES HIS STATUS AS A VESTEE OR AN ANNUITANT 20 AND RETURNS TO STATE SERVICE AS AN ACTIVE MEMBER OF THE-21 SYSTEM. * * * 22 23 SECTION 307. SECTION 5306(A), (A.1), (A.2), (A.3) AND (B)(2)-24 OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A 25 SUBSECTION TO READ: 26 § 5306. CLASSES OF SERVICE. 27 (A) CLASS A AND CLASS A-3 MEMBERSHIP.--28 (1) A STATE EMPLOYEE WHO IS A MEMBER OF CLASS A ON THE 29 EFFECTIVE DATE OF THIS PART OR WHO FIRST BECOMES A MEMBER OF

30 THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART AND

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1 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A 2 MEMBER OF THE GENERAL ASSEMBLY, SHALL BE CLASSIFIED AS A 3 CLASS A MEMBER AND RECEIVE CREDIT FOR CLASS A SERVICE UPON 4 PAYMENT OF REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS AND 5 SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS A SERVICE, 6 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF 7 CLASS AA PURSUANT TO SUBSECTION (A.1) OR A MEMBER OF CLASS D-8 4 PURSUANT TO SUBSECTION (A.2) OR A MEMBER OF CLASS A 5.

9 (2) A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE 10 SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND, UNLESS A 11 CLASS A 5 EXEMPT EMPLOYEE, BEFORE JANUARY 1, 2018, SHALL BE-12 13 CLASSIFIED AS A CLASS A-3 MEMBER AND RECEIVE CREDIT FOR CLASS 14 A 3 SERVICE UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND 15 SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 SERVICE 16 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF 17 CLASS A-4 PURSUANT TO SUBSECTION (A.3) OR A MEMBER OF CLASS 18 A 5, EXCEPT THAT A MEMBER OF THE JUDICIARY SHALL BE-19 CLASSIFIED AS A MEMBER OF SUCH OTHER CLASS OF SERVICE FOR-20 WHICH THE MEMBER OF THE JUDICIARY IS ELIGIBLE, SHALL ELECT 21 AND MAKE REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER-22 CONTRIBUTION UNLESS THE MEMBER OF THE JUDICIARY BECOMES A 23 MEMBER OF CLASS A-5. 24 (A.1) CLASS AA MEMBERSHIP.--

(1) A PERSON WHO BECOMES A STATE EMPLOYEE AND AN ACTIVE
 MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND WHO FIRST
 BECAME AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR BEFORE
 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND
 WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A
 POSITION FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A IS

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1 CREDITED OR COULD BE ELECTED SHALL BE CLASSIFIED AS A CLASS 2 AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON 3 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK-4 MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE PROVIDED THAT THE-5 STATE EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A 5 AND, 6 SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7), IF 7 PREVIOUSLY A MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A 8 POSITION FOR WHICH CLASS A SERVICE COULD HAVE BEEN EARNED, 9 SHALL HAVE ALL CLASS A STATE SERVICE (OTHER THAN STATE 10 SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED OR COULD HAVE 11 12 BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

13 (2) A PERSON WHO IS A STATE EMPLOYEE ON JUNE 30, 2001, 14 AND JULY 1, 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM-15 BECAUSE MEMBERSHIP IN THE SYSTEM IS OPTIONAL OR PROHIBITED PURSUANT TO SECTION 5301 (RELATING TO MANDATORY AND OPTIONAL 16 17 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN) AND 18 WHO FIRST BECOMES AN ACTIVE MEMBER AFTER JUNE 30, 2001, AND BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A 19 20 MEMBER OF THE GENERAL ASSEMBLY, AND WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A POSITION FOR WHICH A CLASS OF 21 22 SERVICE OTHER THAN CLASS A IS CREDITED OR COULD BE ELECTED 23 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT 24 FOR CLASS AA STATE SERVICE UPON PAYMENT OF REGULAR MEMBER-25 CONTRIBUTIONS AND SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A 26 MEMBER OF CLASS A 5 AND, SUBJECT TO THE LIMITATIONS CONTAINED 27 28 IN PARAGRAPH (7), IF PREVIOUSLY A MEMBER OF CLASS A OR-29 PREVIOUSLY EMPLOYED IN A POSITION FOR WHICH CLASS A SERVICE 30 COULD HAVE BEEN EARNED, SHALL HAVE ALL CLASS A STATE SERVICE

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1 (OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE OFFICER 2 OR FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED 3 OR COULD HAVE BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE. 4 (3) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA 5 MEMBER IS MADE PURSUANT TO SECTION 5306.1 (RELATING TO-ELECTION TO BECOME A CLASS AA MEMBER), A STATE EMPLOYEE, 6 7 OTHER THAN A STATE EMPLOYEE WHO IS A STATE POLICE OFFICER ON 8 OR AFTER JULY 1, 1989, WHO ON JUNE 30, 2001, AND JULY 1, 2001, IS: 9 10 (I) A MEMBER OF CLASS A, OTHER THAN A MEMBER OF CLASS A WHO COULD HAVE ELECTED MEMBERSHIP IN A CLASS C, 11 CLASS D-3, CLASS E-1 OR CLASS E-2; OR 12 13 (II) AN INACTIVE MEMBER ON A LEAVE WITHOUT PAY FROM 14 A POSITION IN WHICH THE STATE EMPLOYEE WOULD BE A CLASS A 15 ACTIVE MEMBER IF THE EMPLOYEE WAS NOT ON LEAVE WITHOUT PAY, OTHER THAN A POSITION IN WHICH THE STATE EMPLOYEE 16 17 COULD ELECT MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1-18 OR CLASS E-2; 19 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT 20 FOR CLASS AA STATE SERVICE PERFORMED AFTER JUNE 30, 2001, 21 UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK-22 MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE PROVIDED THAT THE 23 STATE EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A-5 AND, 24 SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7), SHALL 25 RECEIVE CLASS AA SERVICE CREDIT FOR ALL CLASS A STATE 26 SERVICE, OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE-27 OFFICER OR AS A STATE EMPLOYEE IN A POSITION FOR WHICH THE 28 MEMBER COULD HAVE ELECTED MEMBERSHIP IN CLASS C, CLASS D-3, 29 CLASS E-1 OR CLASS E-2, PERFORMED BEFORE JULY 1, 2001. 30 (4) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA

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1 MEMBER IS MADE PURSUANT TO SECTION 5306.1, A FORMER STATE 2 EMPLOYEE, OTHER THAN A FORMER STATE EMPLOYEE WHO WAS A STATE 3 POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON JUNE 30, 4 2001, AND JULY 1, 2001, IS A MULTIPLE SERVICE MEMBER AND A 5 SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES! 6 RETIREMENT SYSTEM, SUBJECT TO THE LIMITATIONS CONTAINED IN-7 PARAGRAPH (7), SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL 8 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS 9 A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN A POSITION 10 IN WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS-OF SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001. 11

(5) A FORMER STATE EMPLOYEE WHO FIRST BECOMES A MEMBER 12 13 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A 14 MEMBER OF THE GENERAL ASSEMBLY, OTHER THAN A FORMER STATE 15 EMPLOYEE WHO WAS A STATE POLICE OFFICER ON OR AFTER JULY 1, 16 1989, WHO IS A SCHOOL EMPLOYEE AND WHO ON OR AFTER JULY 1, 17 2001, BECOMES A MULTIPLE SERVICE MEMBER, SUBJECT TO THE-18 LIMITATIONS CONTAINED IN PARAGRAPH (7), SHALL RECEIVE CLASS 19 AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE OTHER THAN-20 STATE SERVICE PERFORMED AS A STATE EMPLOYEE IN A POSITION IN-21 WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS OF 22 SERVICE OTHER THAN CLASS A.

23 (6) A STATE EMPLOYEE WHO AFTER JUNE 30, 2001, BECOMES A 24 STATE POLICE OFFICER OR [WHO IS EMPLOYED IN A POSITION IN-25 WHICH THE MEMBER COULD ELECT MEMBERSHIP IN A CLASS OF SERVICE 26 OTHER THAN CLASS AA OR CLASS D-4] A MEMBER OF THE JUDICIARY 27 SHALL RETAIN ANY CLASS AA SERVICE CREDITED PRIOR TO BECOMING-28 A STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE 29 INELIGIBLE TO RECEIVE CLASS AA CREDIT THEREAFTER AND INSTEAD 30 SHALL RECEIVE CLASS A CREDIT FOR SERVICE AS A MEMBER OF THE

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1	TUDICIARY IS SUS TUDICIAL CERTICE RECINC RECORD INVIARY 1
1	JUDICIARY IF THE JUDICIAL SERVICE BEGINS BEFORE JANUARY 1,
2	2018, AND THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF THE
3	SYSTEM BEFORE JANUARY 1, 2018, AND THE MEMBER OF THE
4	JUDICIARY DOES NOT BECOME A MEMBER OF CLASS A-5 OR IF HE-
5	FIRST BECAME A MEMBER BEFORE JANUARY 1, 2011, OR DECEMBER 1,
6	2010, AS A MEMBER OF THE GENERAL ASSEMBLY, OR CLASS A 3
7	CREDIT FOR SERVICE OTHER THAN AS A MEMBER OF THE JUDICIARY
8	AND HE FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 2011, OR-
9	DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, <u>IF THE</u>
10	NONJUDICIAL SERVICE IS NOT SERVICE AS A CLASS A 5 EXEMPT
11	EMPLOYEE, OR CLASS A-5 SERVICE CREDIT IF THE NONJUDICIAL
12	SERVICE IS AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF
13	<u>CLASS A-5 UNDER SECTION 5306.4, OR THE STATE EMPLOYEE FIRST</u>
14	BECAME A MEMBER ON OR AFTER JANUARY 1, 2018, AND THE SERVICE
15	<u>IS NOT AS A CLASS A-5 EXEMPT EMPLOYEE, UNLESS A CLASS OF</u>
16	MEMBERSHIP OTHER THAN CLASS A IS ELECTED.
16 17	MEMBERSHIP OTHER THAN CLASS A IS ELECTED. (7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE
17	(7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE
17 18	(7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A
17 18 19	(7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED
17 18 19 20	(7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR
17 18 19 20 21	(7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS
17 18 19 20 21 22	(7) (1) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS
17 18 19 20 21 22 23	(7) (1) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A
17 18 19 20 21 22 23 24	(7) (1) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON
17 18 19 20 21 22 23 24 25	(7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS <u>AND</u>
17 18 19 20 21 22 23 24 25 26	(7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE- BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR- PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON- PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS <u>AND</u> SHARED RISK MEMBER CONTRIBUTIONS AS PROVIDED IN SECTION
17 18 19 20 21 22 23 24 25 26 27	(7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS <u>AND</u> SHARED RISK MEMBER CONTRIBUTIONS AS PROVIDED IN SECTION 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE
17 18 19 20 21 22 23 24 25 26 27 28	(7) (1) STATE SERVICE PERFORMED AS CLASS A SERVICE BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR PROHIDITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS <u>AND</u> SHARED RISK MEMBER CONTRIBUTIONS AS PROVIDED IN SECTION 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL

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1	SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND
2	WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY-
3	ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30,
4	2001, UPON TERMINATION OF THE DISABILITY ANNUITY) SHALL-
5	NOT RECEIVE CLASS AA SERVICE CREDIT FOR STATE SERVICE
6	PERFORMED BEFORE JULY 1, 2001, UNTIL SUCH PERSON BECOMES
7	AN ACTIVE MEMBER, OR AN ACTIVE MEMBER OF THE PUBLIC-
8	SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND A MULTIPLE
9	SERVICE MEMBER, AND EARNS THREE ELIGIBILITY POINTS BY
10	PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL
11	SERVICE AFTER JUNE 30, 2001.
12	(A.2) CLASS OF MEMBERSHIP FOR MEMBERS OF THE GENERAL
13	ASSEMBLY
14	(1) A PERSON WHO:
15	(I) BECOMES A MEMBER OF THE GENERAL ASSEMBLY AND AN
16	ACTIVE MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND
17	BEFORE DECEMBER 1, 2010; OR
18	(II) IS A MEMBER OF THE GENERAL ASSEMBLY ON JULY 1,
19	2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM BECAUSE
20	MEMBERSHIP IN THE SYSTEM IS OPTIONAL PURSUANT TO SECTION-
21	5301 AND WHO BECOMES AN ACTIVE MEMBER AFTER JUNE 30,
22	2001, AND BEFORE DECEMBER 1, 2010;
23	AND WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1,
24	1989, SHALL BE CLASSIFIED AS A CLASS D 4 MEMBER AND RECEIVE
25	CREDIT AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A
26	<u>MEMBER OF THE SYSTEM</u> AS A MEMBER OF THE GENERAL ASSEMBLY <u>THAT</u>
27	IS NOT PERFORMED AS A MEMBER WHO ELECTED TO BECOME A MEMBER
28	OF CLASS A 5 UNDER SECTION 5306.4 UPON PAYMENT OF REGULAR
29	MEMBER CONTRIBUTIONS AND SHARED RISK MEMBER CONTRIBUTIONS FOR
30	CLASS D-4 SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED
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1 IN SUBSECTION (A.1)(7), IF PREVIOUSLY A MEMBER OF CLASS A OR 2 EMPLOYED IN A POSITION FOR WHICH CLASS A SERVICE COULD HAVE 3 BEEN EARNED, SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL 4 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS 5 A STATE POLICE OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER 6 THAN CLASS A OR CLASS D-4 WAS OR COULD HAVE BEEN ELECTED OR 7 CREDITED.

8 (2) PROVIDED AN ELECTION TO BECOME A CLASS D 4 MEMBER IS 9 MADE PURSUANT TO SECTION 5306.2 (RELATING TO ELECTIONS BY 10 MEMBERS OF THE GENERAL ASSEMBLY), A STATE EMPLOYEE WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON-11 JULY 1, 2001, IS A MEMBER OF THE GENERAL ASSEMBLY AND AN 12 13 ACTIVE MEMBER OF THE SYSTEM AND NOT A MEMBER OF CLASS D-3-14 SHALL BE CLASSIFIED AS A CLASS D 4 MEMBER AND RECEIVE CREDIT 15 AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A MEMBER OF THE SYSTEM PERFORMED AS A MEMBER OF THE GENERAL ASSEMBLY THAT 16 17 IS NOT PERFORMED AS A MEMBER WHO ELECTED TO BECOME A MEMBER 18 OF CLASS A 5 UNDER SECTION 5306.4 AND NOT CREDITED AS ANOTHER 19 CLASS OTHER THAN CLASS A UPON PAYMENT OF REGULAR MEMBER 20 CONTRIBUTIONS AND SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS D-4 SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED IN-21 22 PARAGRAPH (A.1) (7), SHALL RECEIVE CLASS AA SERVICE CREDIT FOR 23 ALL CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED 24 AS A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN A 25 POSITION IN WHICH THE MEMBER COULD HAVE ELECTED A CLASS OF 26 SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001. 27 (3) A MEMBER OF THE GENERAL ASSEMBLY WHO AFTER JUNE 30, 28 2001, BECOMES A STATE POLICE OFFICER SHALL RETAIN ANY CLASS 29 AA SERVICE OR CLASS D-4 SERVICE CREDITED PRIOR TO BECOMING A 30 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE-

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1 INELIGIBLE TO RECEIVE CLASS AA OR CLASS D-4 CREDIT THEREAFTER
2 AND INSTEAD SHALL RECEIVE CLASS A CREDIT OR CLASS A-3 CREDIT
3 IF HE FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER
4 JANUARY 1, 2011[.], AND BEFORE JANUARY 1, 2018, OR AS A CLASS
5 A-5 EXEMPT EMPLOYEE, AND CLASS A-5 CREDIT IF HE FIRST BECOMES
6 A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018, AND IS
7 NOT A CLASS A-5 EXEMPT EMPLOYEE.

8 (4) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION, 9 NO SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY PERFORMED 10 BEFORE DECEMBER 1, 2010, THAT IS NOT CREDITED AS CLASS D 4 SERVICE ON NOVEMBER 30, 2010, SHALL BE CREDITED AS CLASS D-4 11 12 SERVICE, UNLESS SUCH SERVICE WAS PREVIOUSLY CREDITED IN THE 13 SYSTEM AS CLASS D-4 SERVICE AND THE MEMBER WITHDREW HIS TOTAL 14 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5311 (RELATING-15 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF 16 TOTAL ACCUMULATED DEDUCTIONS). NO SERVICE AS A MEMBER OF THE 17 GENERAL ASSEMBLY PERFORMED ON OR AFTER DECEMBER 1, 2010, 18 SHALL BE CREDITED AS CLASS D-4 SERVICE UNLESS THE MEMBER-19 PREVIOUSLY WAS CREDITED WITH CLASS D-4 SERVICE CREDITS. 20 (5) A MEMBER OF THE GENERAL ASSEMBLY WHO PERFORMS

21 <u>SERVICE AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS</u>
 22 <u>A-5 UNDER SECTION 5306.4 SHALL BE CLASSIFIED AS A CLASS A-5</u>
 23 <u>MEMBER AND RECEIVE CREDIT FOR CLASS A 5 SERVICE UPON PAYMENT</u>

24 OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER

25 <u>CONTRIBUTIONS FOR CLASS A 5 WITHOUT REGARD TO ANY OTHER CLASS</u>

26 <u>OF SERVICE THE MEMBER OF THE GENERAL ASSEMBLY MIGHT HAVE BEEN</u>

27 <u>PRIOR TO THE ELECTION UNDER SECTION 5306.4.</u>

28 (A.3) CLASS A 4 MEMBERSHIP. - PROVIDED THAT AN ELECTION TO

29 BECOME A CLASS A 4 MEMBER IS MADE PURSUANT TO SECTION 5306.3

30 (RELATING TO ELECTION TO BECOME A CLASS A 4 MEMBER), A STATE-

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1	EMPLOYEE WHO FIRST BECOMES A MEMBER BEFORE JANUARY 1, 2018, OR
2	<u>IS A CLASS A-5 EXEMPT EMPLOYEE WHO</u> OTHERWISE WOULD BE A MEMBER-
3	OF CLASS A-3 SHALL BE CLASSIFIED AS A CLASS A-4 MEMBER AND-
4	RECEIVE CLASS A-4 CREDIT FOR ALL CREDITABLE STATE SERVICE
5	PERFORMED AFTER THE EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM,
6	EXCEPT AS A MEMBER OF THE JUDICIARY[,] OR AS A MEMBER WHO
7	ELECTED TO BECOME A MEMBER OF CLASS A-5 UNDER SECTION 5306.4 IF
8	THE EMPLOYEE FIRST BECOMES A MEMBER BEFORE JANUARY 1, 2018, AND
9	FOR ALL CREDITABLE STATE SERVICE PERFORMED AS A CLASS A-5 EXEMPT
10	EMPLOYEE IF THE EMPLOYEE FIRST BECOMES A MEMBER ON OR AFTER
11	JANUARY 1, 2018, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS
12	AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-4 SERVICE.
13	(A.4) CLASS A-5 MEMBERSHIPA STATE EMPLOYEE WHO FIRST
14	BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018,
15	OTHER THAN AS A CLASS A 5 EXEMPT EMPLOYEE, SHALL BE CLASSIFIED
16	AS A CLASS A 5 MEMBER AND RECEIVE CREDIT FOR CLASS A 5 SERVICE
17	FOR SERVICE OTHER THAN AS A CLASS A-5 EXEMPT EMPLOYEE UPON
18	PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED RISK MEMBER
19	CONTRIBUTIONS FOR CLASS A 5 SERVICE. A CLASS A 5 EXEMPT EMPLOYEE
20	WHO FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1,
21	2018, SHALL BE CLASSIFIED IN THE APPLICABLE CLASS OTHER THAN
22	<u>CLASS A-5 FOR SERVICE PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE</u>
23	AND CLASSIFIED AS A CLASS A-5 MEMBER FOR ANY SERVICE PERFORMED
24	IN A POSITION OR OFFICE OTHER THAN AS A CLASS A 5 EXEMPT
25	EMPLOYEE. A STATE EMPLOYEE WHO ELECTS CLASS A-5 MEMBERSHIP UNDER
26	SECTION 5306.4 AND MEMBER OF THE SYSTEM SHALL BE CLASSIFIED AS A
27	<u>CLASS A-5 MEMBER AND RECEIVE CREDIT FOR CLASS A-5 SERVICE UPON</u>
28	PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED RISK MEMBER
29	CONTRIBUTIONS FOR CLASS A 5 WITHOUT REGARD TO ANY OTHER CLASS OF
30	SERVICE THE STATE EMPLOYEE MIGHT HAVE BEEN AT ANY TIME BEFORE

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1 THE ELECTION UNDER SECTION 5306.4.

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PROVIDED FOR IN THIS PART AND THE STATE EMPLOYEE'S ELIGIBILITY 1 FOR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART. 2 3 (D) EFFECT OF FAILURE TO MAKE ELECTION. -- FAILURE TO ELECT TO-4 BECOME A CLASS AA MEMBER WITHIN THE ELECTION PERIOD SET FORTH IN-5 SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S CLASS A STATE-6 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS A 5 UNDER SECTION 5306.4 OR AS A STATE 7 8 POLICE OFFICER OR IN A POSITION IN WHICH THE MEMBER COULD ELECT 9 A CLASS OF MEMBERSHIP OTHER THAN CLASS A, BEING CREDITED AS-CLASS A SERVICE AND NOT SUBJECT TO FURTHER ELECTION OR CREDITING 10 AS CLASS AA SERVICE UPON TERMINATION AND SUBSEQUENT EMPLOYMENT. 11 12 \$ 5306.2. ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY. 13 * * * 14 (B) EFFECT OF ELECTION. MEMBERSHIP AS A CLASS D 4 MEMBER 15 SHALL BECOME EFFECTIVE ON JULY 1, 2001, AND SHALL REMAIN IN-EFFECT UNTIL THE TERMINATION OF SERVICE AS A MEMBER OF THE-16 17 GENERAL ASSEMBLY[.] OR AN ELECTION IS MADE TO BECOME A MEMBER OF 18 CLASS A 5 UNDER SECTION 5306.4 (RELATING TO ELECTION TO BECOME 19 CLASS A 5 MEMBER). UPON TERMINATION AND A SUBSEQUENT 20 REEMPLOYMENT, THE MEMBER'S CLASS OF SERVICE SHALL BE CREDITED IN-21 THE CLASS OF SERVICE OTHERWISE PROVIDED FOR IN THIS PART AND THE 22 STATE EMPLOYEE'S ELIGIBILITY FOR PARTICIPATION IN THE PLAN SHALL 23 BE AS PROVIDED IN THIS PART. 24 (C) EFFECT OF FAILURE TO MAKE ELECTION. A MEMBER OF THE-25 GENERAL ASSEMBLY WHO IS A MEMBER OF CLASS A AS A RESULT OF 26 FAILURE TO ELECT TO BECOME A MEMBER OF ANOTHER CLASS OR WHO IS A 27 MEMBER OF ANOTHER CLASS OTHER THAN CLASS D-4 AS A RESULT OF 28 ELECTING MEMBERSHIP IN SUCH CLASS FOR LEGISLATIVE SERVICE SHALL NOT BE ELIGIBLE TO RECEIVE OR ELECT A DIFFERENT CLASS OF SERVICE 29 30 FOR SUCH LEGISLATIVE SERVICE EITHER DURING THE PERIOD OF

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1	LEGISLATIVE SERVICE OR UPON TERMINATION AND SUBSEQUENT
2	EMPLOYMENT[.], UNLESS THE STATE EMPLOYEE ELECTS TO BECOME A
3	MEMBER OF CLASS A 5 UNDER SECTION 5306.4.
4	§ 5306.3. ELECTION TO BECOME A CLASS A 4 MEMBER.
5	* * *
6	(B) TIME FOR MAKING ELECTION. THE ELECTION TO BECOME A
7	CLASS A-4 MEMBER MUST BE MADE BY THE MEMBER FILING WRITTEN
8	NOTICE WITH THE BOARD IN A FORM AND MANNER DETERMINED BY THE
9	BOARD NO LATER THAN 45 DAYS AFTER NOTICE FROM THE BOARD OF THE
10	MEMBER'S ELIGIBILITY TO ELECT CLASS A-4 MEMBERSHIP. A STATE-
11	EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS A-4 MEMBER
12	WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT
13	HAVING ELECTED CLASS A-4 MEMBERSHIP [MAY MAKE THE ELECTION-
14	WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM] <u>SHALL HAVE THE</u>
15	ELECTION PERIOD EXTENDED BY THE NUMBER OF DAYS ON USERRA LEAVE.
16	(C) EFFECT OF ELECTION AN ELECTION TO BECOME A CLASS A-4-
17	MEMBER SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE
18	EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM AND SHALL REMAIN IN
19	EFFECT FOR ALL FUTURE [CREDITABLE] STATE SERVICE <u>CREDITABLE TO</u>
20	THE SYSTEM, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE
21	JUDICIARY[.], BUT SHALL NOT APPLY TO SERVICE PERFORMED AS A
22	MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS A-5 UNDER SECTION
23	5306.4 (RELATING TO ELECTION TO BECOME CLASS A-5 MEMBER).
24	PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-4 STATE
25	SERVICE PERFORMED PRIOR TO THE ELECTION OF CLASS A-4 MEMBERSHIP
26	SHALL BE MADE IN A FORM, MANNER AND TIME DETERMINED BY THE
27	BOARD. UPON TERMINATION OF STATE SERVICE AND SUBSEQUENT
28	REEMPLOYMENT, A MEMBER WHO ELECTED CLASS A-4 MEMBERSHIP SHALL BE-
29	CREDITED AS A CLASS A 4 MEMBER FOR CREDITABLE STATE SERVICE
30	PERFORMED AFTER REEMPLOYMENT[, EXCEPT AS A MEMBER OF THE-

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1	JUDICIARY] UNLESS THE REEMPLOYMENT IS AS A MEMBER WHO ELECTED TO
2	BECOME A MEMBER OF CLASS A-5 UNDER SECTION 5306.4, REGARDLESS OF
3	TERMINATION OF EMPLOYMENT, TERMINATION OF MEMBERSHIP BY
4	WITHDRAWAL OF ACCUMULATED DEDUCTIONS OR STATUS AS AN ANNUITANT,
5	VESTEE OR INACTIVE MEMBER AFTER THE TERMINATION OF SERVICE.
6	(D) EFFECT OF FAILURE TO MAKE ELECTION FAILURE TO ELECT TO-
7	BECOME A CLASS A-4 MEMBER WITHIN THE ELECTION PERIOD SET FORTH
8	IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S STATE
9	SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE
10	JUDICIARY OR AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS
11	<u>A-5 UNDER SECTION 5306.4, BEING CREDITED AS CLASS A-3 SERVICE,</u>
12	UNLESS THE STATE EMPLOYEE ELECTS TO BECOME A MEMBER OF CLASS A 5
13	UNDER SECTION 5306.4 AND NOT SUBJECT TO FURTHER ELECTION OR
14	CREDITING AS CLASS A 4 SERVICE. UPON TERMINATION AND SUBSEQUENT
15	EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO BECOME A CLASS A-4
16	MEMBER SHALL NOT BE ELIGIBLE TO MAKE ANOTHER ELECTION TO BECOME
17	A CLASS A-4 MEMBER FOR EITHER PAST OR FUTURE STATE SERVICE.
18	SECTION 308.1. TITLE 71 IS AMENDED BY ADDING A SECTION TO
19	READ:
20	<u>§ 5306.4 ELECTION TO BECOME A CLASS A 5 MEMBER AND PLAN</u>
21	PARTICIPANT.
22	(A) GENERAL RULE. A STATE EMPLOYEE, EXCEPT FOR A CLASS A 5-
23	EXEMPT EMPLOYEE, WHO FIRST BEGINS STATE SERVICE BEFORE JANUARY
24	1, 2018, MAY ELECT TO BECOME A MEMBER OF CLASS A 5 AND A
25	PARTICIPANT IN THE PLAN.
26	(B) TIME FOR MAKING ELECTION THE ELECTION TO BECOME A
27	<u>CLASS A 5 MEMBER AND A PARTICIPANT IN THE PLAN MUST BE MADE BY</u>
28	THE EMPLOYEE FILING WRITTEN NOTICE WITH THE BOARD BEFORE THE
29	TERMINATION OF STATE SERVICE OR BY DECEMBER 31, 2017, WHICHEVER
30	OCCURS FIRST. A STATE EMPLOYEE WHO IS ELIGIBLE TO ELECT TO

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1	BECOME A CLASS A 5 MEMBER AND A PARTICIPANT IN THE PLAN WHO
2	BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING
3	ELECTED CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE PLAN MAY
4	MAKE THE ELECTION WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM
5	USERRA LEAVE. A STATE EMPLOYEE WHO FIRST BECOMES ELIGIBLE TO
6	ELECT TO BECOME A CLASS A 5 MEMBER AND A PARTICIPANT IN THE PLAN
7	WITHIN 45 DAYS BEFORE DECEMBER 31, 2017, SHALL HAVE 45 DAYS TO
8	MAKE THE ELECTION. STATE EMPLOYEES, EXCEPT FOR CLASS A 5 EXEMPT
9	EMPLOYEES, WHO ON THE EFFECTIVE DATE OF THIS SECTION ARE NOT
10	ELIGIBLE FOR CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE PLAN
11	OR WHO RETURN TO SERVICE ON OR AFTER JANUARY 1, 2018, SHALL BE
12	ELIGIBLE TO ELECT CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE
13	PLAN AND MAY MAKE THE ELECTION WITHIN 45 DAYS AFTER BECOMING
14	ELIGIBLE OR RETURNING TO SERVICE.
15	(C) EFFECT OF ELECTION AN ELECTION TO BECOME A CLASS A-5-
16	MEMBER AND A PARTICIPANT IN THE PLAN SHALL BE IRREVOCABLE. A
17	MEMBER WHO ELECTS CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE
18	PLAN SHALL BE SUBJECT TO ALL PROVISIONS APPLICABLE TO CLASS A 5
19	MEMBERSHIP AND PARTICIPATION IN THE PLAN FOR SERVICE RENDERED ON
20	AND AFTER THE DATE THE WRITTEN ELECTION IS RECEIVED AND
21	PROCESSED BY THE BOARD. A MEMBER WHO ELECTS CLASS A 5 MEMBERSHIP
22	AND PARTICIPATION IN THE PLAN SHALL BE DEEMED TO HAVE ACCEPTED
23	THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS A 5 MEMBERS AND
24	PARTICIPANTS IN THE PLAN IN EFFECT AT THE TIME OF THE ELECTION.
25	(D) EFFECT OF FAILURE TO MAKE ELECTION. IF THE EMPLOYEE
26	FAILS TO TIMELY FILE AN ELECTION TO BECOME A CLASS A-5 MEMBER
27	AND A PARTICIPANT IN THE PLAN, THE EMPLOYEE SHALL CONTINUE TO BE
28	ENROLLED IN THE APPLICABLE CLASS OF SERVICE AND SHALL NEVER BE
29	ABLE TO ELECT CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE
30	PLAN, REGARDLESS OF WHETHER THE EMPLOYEE TERMINATES SERVICE OR

1	HAS A BREAK IN SERVICE.
2	(E) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS. AN
3	INDIVIDUAL WHO HAS MADE THE ELECTION UNDER SUBSECTION (A) SHALL
4	MAKE THE FOLLOWING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
5	FOR SERVICE:
6	(1) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
7	A IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 2% OF
8	COMPENSATION.
9	(2) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
10	AA IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 3.25% OF
11	COMPENSATION.
12	(3) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
13	A 3 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 3.25% OF
14	COMPENSATION.
15	(4) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
16	A 4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 6.3% OF
17	<u>COMPENSATION.</u>
18	(5) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
19	D 4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 3.25% <
20	<u>4.5% OF COMPENSATION.</u> <
21	(6) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
22	E 1 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 7% OF
23	COMPENSATION FOR SERVICE FOR WHICH THE REGULAR MEMBER
24	<u>CONTRIBUTIONS WOULD HAVE BEEN 10% OF COMPENSATION OR AT A</u>
25	RATE OF 4.5% FOR SERVICE FOR WHICH THE REGULAR MEMBER
26	CONTRIBUTIONS WOULD HAVE BEEN 7.5% OF COMPENSATION.
27	(7) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
28	E 2 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 4.5% OF
29	<u>COMPENSATION.</u>
30	(8) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SOCIAL

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1	SECURITY INTEGRATION CONTRIBUTIONS IF THE ELECTION HAD NOT
2	BEEN MADE, THEN THE MANDATORY PICKUP PARTICIPANT
3	CONTRIBUTIONS SHALL BE 5% OF COMPENSATION GREATER THAN THE
4	AMOUNTS LISTED IN THIS SUBSECTION.
5	(9) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SHARED
6	RISK MEMBER CONTRIBUTIONS IF THE ELECTION HAD NOT BEEN MADE,
7	THEN THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE
8	A PERCENTAGE OF COMPENSATION GREATER THAN THE AMOUNTS LISTED
9	IN THIS SUBSECTION EQUAL TO THE SHARED-RISK MEMBER
10	CONTRIBUTION RATE THAT WOULD HAVE BEEN APPLICABLE.
11	(10) IF THE PARTICIPANT WOULD HAVE HAD REGULAR MEMBER
12	CONTRIBUTIONS ADJUSTED BY THE SHARED GAIN ADJUSTMENT IF THE
13	ELECTION HAD NOT BEEN MADE, THEN THE MANDATORY PICKUP
14	PARTICIPANT CONTRIBUTIONS SHALL BE REDUCED BY THE SAME
15	PERCENTAGE OF COMPENSATION REGULAR MEMBER CONTRIBUTIONS WOULD
16	HAVE BEEN REDUCED BY THE SHARED GAIN ADJUSTMENT.
17	(F) CHANGE IN RATE IF THE REGULAR MEMBER CONTRIBUTION
18	RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION RATE, SHARED RISK
19	MEMBER CONTRIBUTION RATE OR SHARED-GAIN ADJUSTMENT TO THE
20	REGULAR MEMBER CONTRIBUTION RATE THAT THE PARTICIPANT WOULD HAVE
21	BEEN SUBJECT TO FOR SERVICE IF THE ELECTION HAD NOT BEEN MADE
22	CHANGES FOR ANY REASON, THE MANDATORY PICKUP PARTICIPANT
23	CONTRIBUTION RATE SHALL ALSO CHANGE TO THE RATES ESTABLISHED IN
24	THIS SUBSECTION.
25	SECTION 308.2. SECTIONS 5307, 5308, 5308.1 INTRODUCTORY
26	PARAGRAPH AND (1), 5309, 5311(A), 5501, 5501.1, 5502.1(B),
27	5503.1(A) AND 5504 OF TITLE 71 ARE AMENDED TO READ:
28	§ 5307. ELIGIBILITY POINTS.
29	(A) GENERAL RULE. AN ACTIVE MEMBER OF THE SYSTEM SHALL
30	ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE

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AS A MEMBER OF THE [STATE OR] SYSTEM AND IF A MULTIPLE SERVICE 1 MEMBER AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 2 3 SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO-THIRDS OF AN 4 ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 CREDITED SERVICE. 5 IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE, 6 A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF 7 ELIGIBILITY POINTS TO WHICH THE CLASS OF SERVICE ENTITLES HIM. 8 (A.1) USERRA LEAVE. A MEMBER OF THE SYSTEM OR PARTICIPANT 9 IN THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES-10 WHILE PERFORMING USERRA LEAVE SHALL BE GRANTED THE ELIGIBILITY-POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS STATE 11 12 OFFICE OR EMPLOYMENT INSTEAD OF PERFORMING USERRA LEAVE. IN THE 13 EVENT THAT A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE 14 MAKES THE MEMBER CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT 15 CONTRIBUTIONS TO BE GRANTED STATE SERVICE CREDIT FOR THE USERRA-16 LEAVE, NO ADDITIONAL ELIGIBILITY POINTS WILL BE GRANTED.

17 (B) TRANSITIONAL RULE.--

18 (1) IN DETERMINING WHETHER A MEMBER WHO IS NOT A STATE 19 EMPLOYEE OR SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1,-20 2001, AND WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY-21 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30, 2001, 22 UPON TERMINATION OF THE DISABILITY ANNUITY) HAS THE FIVE-23 ELIGIBILITY POINTS REQUIRED BY SECTIONS 5102 (RELATING TO-24 DEFINITIONS), 5308(B) (RELATING TO ELIGIBILITY FOR-25 ANNUITIES), 5309 (RELATING TO ELIGIBILITY FOR VESTING), 26 5704 (B) (RELATING TO DISABILITY ANNUITIES) AND 5705 (A) 27 (RELATING TO MEMBER'S OPTIONS), ONLY ELIGIBILITY POINTS-EARNED BY PERFORMING CREDITED STATE SERVICE, USERRA LEAVE OR 28 29 CREDITED SCHOOL SERVICE AS AN ACTIVE MEMBER OF THE PUBLIC-30 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AFTER JUNE 30, 2001,

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SHALL BE COUNTED UNTIL SUCH MEMBER EARNS ONE ELIGIBILITY
 POINT BY PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL
 SERVICE AFTER JUNE 30, 2001, AT WHICH TIME ALL ELIGIBILITY
 POINTS AS DETERMINED PURSUANT TO SUBSECTION (A) SHALL BE
 COUNTED.

6 (2) ANY MEMBER TO WHOM PARAGRAPH (1) APPLIES SHALL BE
 7 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE
 8 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER:
 9 (1) HAS TEN OR MORE ELIGIBILITY POINTS AS DETERMINED

10 PURSUANT TO SUBSECTION (A); OR

 11
 (II)
 HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS

 12
 L, CLASS M OR CLASS N SERVICE AND HAS EIGHT OR MORE

13 ELIGIBILITY POINTS AS DETERMINED PURSUANT TO SUBSECTION

14 (A).

15 § 5308. ELIGIBILITY FOR ANNUITIES.

16 (A) SUPERANNUATION ANNUITY. ATTAINMENT OF SUPERANNUATION

17 AGE BY AN ACTIVE MEMBER OR AN INACTIVE MEMBER ON LEAVE WITHOUT

18 PAY WITH THREE OR MORE ELIGIBILITY POINTS OTHER THAN ELIGIBILITY

19 POINTS RESULTING FROM NONSTATE SERVICE OR NONSCHOOL SERVICE-

20 SHALL ENTITLE HIM TO RECEIVE A SUPERANNUATION ANNUITY UPON-

21 TERMINATION OF STATE SERVICE AND COMPLIANCE WITH SECTION 5907(F)-

22 (RELATING TO RIGHTS AND DUTIES OF STATE EMPLOYEES [AND MEMBERS]

23 <u>MEMBERS AND PARTICIPANTS).</u>

24 (B) WITHDRAWAL ANNUITY.--

(1) ANY VESTEE OR ANY ACTIVE MEMBER OR INACTIVE MEMBER
ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE HAVING FIVE
OR MORE ELIGIBILITY POINTS AND WHO DOES NOT HAVE CLASS A-3
[OR], CLASS A 4 OR CLASS A 5 SERVICE CREDIT OR, IF A MULTIPLE

30 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR WHO HAS CLASS-

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SERVICE MEMBER, CLASS T E OR CLASS T F SERVICE CREDIT IN THE

G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR
 CLASS N SERVICE AND TERMINATES STATE SERVICE HAVING FIVE OR
 MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION
 5907(F), (G) OR (H) SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

5 (2) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON 6 LEAVE WITHOUT PAY WHO HAS CLASS A 3 [OR], CLASS A 4 <u>OR CLASS</u> 7 <u>A-5</u> SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-8 E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' 9 RETIREMENT SYSTEM WHO TERMINATES STATE SERVICE HAVING TEN OR-10 MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION-11 5907(F), (G) OR (H), SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

12 (3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON 13 LEAVE WITHOUT PAY WHO HAS EITHER CLASS A-3 [OR], CLASS A-4 OR-14 CLASS A 5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, 15 CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL 16 EMPLOYEES' RETIREMENT SYSTEM AND ALSO HAS SERVICE CREDITED IN-17 THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE WHO HAS 18 FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS, UPON-19 COMPLIANCE WITH SECTION 5907(F), (G) OR (H), SHALL BE-20 ELIGIBLE TO RECEIVE AN ANNUITY CALCULATED ON HIS SERVICE-21 CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS A 3 [OR], 22 CLASS A 4 OR CLASS A 5, PROVIDED THAT THE MEMBER HAS FIVE OR 23 MORE ELIGIBILITY POINTS RESULTING FROM SERVICE IN CLASSES 24 OTHER THAN CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 OR CLASS T-25 E OR CLASS T-F SERVICE IN THE PUBLIC SCHOOL EMPLOYEES! 26 RETIREMENT SYSTEM. 27 (C) DISABILITY ANNUITY .- AN ACTIVE MEMBER OR INACTIVE MEMBER 28 ON LEAVE WITHOUT PAY WHO HAS FIVE OR MORE ELIGIBILITY POINTS 29 OTHER THAN ELIGIBILITY POINTS RESULTING FROM MEMBERSHIP IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR ANY ACTIVE MEMBER 30

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OR INACTIVE MEMBER ON LEAVE WITHOUT PAY WHO IS AN OFFICER OF THE 1 PENNSYLVANIA STATE POLICE OR AN ENFORCEMENT OFFICER SHALL, UPON-2 3 COMPLIANCE WITH SECTION 5907(K), BE ENTITLED TO A DISABILITY ANNUITY IF HE BECOMES MENTALLY OR PHYSICALLY INCAPABLE OF 4 5 CONTINUING TO PERFORM THE DUTIES FOR WHICH HE IS EMPLOYED AND OUALIFIES IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C) 6 7 (1) (RELATING TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND 8 ELECTIONS OF MEMBERS AND PARTICIPANTS). § 5308.1. ELIGIBILITY FOR SPECIAL EARLY RETIREMENT. 9 10 NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE CONTRARY, THE FOLLOWING SPECIAL EARLY RETIREMENT PROVISIONS SHALL BE-11 12 APPLICABLE TO SPECIFIED ELIGIBLE MEMBERS [AS FOLLOWS]: 13 (1) DURING THE PERIOD OF JULY 1, 1985, TO SEPTEMBER 30, 14 1991, AN ACTIVE MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST

15 53 YEARS AND HAS ACCRUED AT LEAST 30 ELIGIBILITY POINTS SHALL

16 BE ENTITLED, UPON TERMINATION OF STATE SERVICE AND COMPLIANCE

17 WITH SECTION 5907(F) (RELATING TO RIGHTS AND DUTIES OF STATE-

18 EMPLOYEES [AND], MEMBERS AND PARTICIPANTS), TO RECEIVE A

19 MAXIMUM SINGLE LIFE ANNUITY CALCULATED UNDER SECTION 5702-

20 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY) WITHOUT A REDUCTION-

21 BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH IS UNDER-

22 THE SUPERANNUATION AGE.

23 ***

24 § 5309. ELIGIBILITY FOR VESTING.

25 ANY MEMBER WHO:

26 (1) DOES NOT HAVE CLASS A 3 [OR], CLASS A 4 OR CLASS A 5
 27 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T E OR
 28 CLASS T F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES'

29 RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR IF A

30 <u>Multiple service member and an active member of the public</u>

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1 SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL 2 SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS, OR ANY MEMBER-3 WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, 4 CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY 5 POINTS, SHALL BE ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION 6 AGE TO VEST HIS RETIREMENT BENEFITS. (2) HAS ONLY CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 7 8 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE MEMBER, ONLY 9 CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL-10 EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR 11 IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL 12 13 SERVICE, WITH TEN OR MORE ELIGIBILITY POINTS SHALL BE-14 ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS-15 RETIREMENT BENEFITS. (3) HAS EITHER CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 16 17 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE MEMBER, CLASS 18 T E OR CLASS T F SERVICE CREDIT IN THE PUBLIC SCHOOL 19 EMPLOYEES' RETIREMENT SYSTEM, ALSO HAS SERVICE CREDITED IN-20 THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE AND HAS 21 FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS AND 22 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND 23 AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 24 SYSTEM TERMINATES SCHOOL SERVICE, SHALL BE ELIGIBLE UNTIL THE-25 ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS RETIREMENT 26 BENEFITS CALCULATED ON HIS SERVICE CREDITED IN CLASSES OF 27 SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 AND 28 TO BE CREDITED WITH STATUTORY INTEREST ON TOTAL ACCUMULATED 29 DEDUCTIONS, REGARDLESS OF WHETHER OR NOT ANY PART OF HIS-30 ACCUMULATED DEDUCTIONS ARE A RESULT OF CLASS A 3 [OR], CLASS

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1 A-4 OR CLASS A-5 SERVICE CREDIT.

2 § 5311. ELIGIBILITY FOR REFUNDS.

3 (A) TOTAL ACCUMULATED DEDUCTIONS. -- ANY ACTIVE MEMBER, 4 REGARDLESS OF ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS-5 TOTAL ACCUMULATED DEDUCTIONS UPON TERMINATION OF SERVICE IN LIEU OF ANY BENEFIT FROM THE SYSTEM TO WHICH HE IS ENTITLED. 6 7 * * * 8 \$ 5501. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE. 9 REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO THE FUND ON-10 BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF SUCH-11 12 CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF SECTION 5502.1 13 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL 14 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF 15 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR-16 +415(B)+41517 § 5501.1. SHARED RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND 18 -CLASS A 4 SERVICE] AND SHARED GAIN ADJUSTMENTS TO 19 REGULAR MEMBER CONTRIBUTIONS. 20 (A) GENERAL. SHARED RISK MEMBER CONTRIBUTIONS SHALL BE MADE TO THE FUND ON BEHALF OF EACH MEMBER OF [CLASS A-3 OR CLASS A-4]-21 22 ALL CLASSES OF SERVICE FOR CURRENT SERVICE CREDITED [AS CLASS A-23 3 OR CLASS A-4] IN ANY CLASS OF SERVICE AS PROVIDED UNDER THIS 24 SECTION, EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE 25 MAKING OF THE CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY 26 PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 27 401(A)(17) OR 415. SHARED RISK MEMBER CONTRIBUTIONS SHALL BE 28 CREDITED TO THE MEMBERS' SAVINGS ACCOUNT. A SHARED GAIN 29 ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS FOR ALL CLASSES OF 30 SERVICE SHALL BE MADE AS PROVIDED UNDER THIS SECTION.

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(B) DETERMINATION OF SHARED RISK CONTRIBUTION RATE[. -] FOR
 CLASS A -3, CLASS A 4 AND CLASS A -5 SERVICE. - THE SHARED RISK
 <u>CONTRIBUTION FOR CLASS A -3, CLASS A -4 AND CLASS A -5 SERVICE</u>
 SHALL BE DETERMINED AS FOLLOWS:

5 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS-6 SECTION UNTIL JUNE 30, 2014, THE SHARED RISK CONTRIBUTION 7 RATE FOR CLASS A-3, CLASS A-4 AND CLASS A-5 SHALL BE ZERO. 8 (2) FOR THE PERIOD FROM JULY 1, 2014, TO JUNE 30, 2017, 9 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE-10 DURING THE PERIOD FROM JANUARY 1, 2011, TO DECEMBER 31, 2013, FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE 11 12 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, 13 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE 14 PERIOD, THE SHARED RISK CONTRIBUTION RATE SHALL BE .5%. IN-15 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL-BE ZERO. 16

17 (3) FOR EACH SUBSEQUENT THREE YEAR PERIOD, THE SHARED-18 RISK CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE 19 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE-20 PREVIOUS TEN YEAR PERIOD FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL 21 22 RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND 23 BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED-RISK 24 CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL 25 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE 26 PREVIOUS TEN YEAR PERIOD FOR THE CALCULATION OF THE NORMAL 27 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF 28 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON 29 MARKET VALUE OVER THAT PERIOD.

30 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED-

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1 RISK CONTRIBUTION RATE SHALL NOT BE LESS THAN ZERO AND SHALL 2 NOT BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING 3 FROM INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION 4 PERIOD IN EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE-5 APPLIED, EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION, 6 AND SHALL NOT BE MORE THAN 2%. FOR THE DETERMINATION OF THE SHARED-RISK CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2017, 7 8 THE DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH 9 DECEMBER 31, 2016. FOR THE DETERMINATION OF THE SHARED RISK 10 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE-DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH 11 DECEMBER 31, 2019. 12 13 (5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS 14 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE-15 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY 16 17 FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE-18 DUTIES OF THE BOARD). (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED 19 20 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD 21 USED TO DETERMINE THE SHARED RISK CONTRIBUTION RATE, THE 22 BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE 23 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN-24 ANNUAL RATE. 25 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL 26 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER 27 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)-28 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH-29 AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED RISK 30 CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT-

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1	MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE
2	ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS
3	OTHERWISE PROVIDED IN THIS SECTION.
4	(8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY
5	CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL
6	COST METHOD PROVIDED IN SECTION 5508(B) (RELATING TO-
7	ACTUARIAL COST METHOD), AS ADJUSTED BY THE EXPERIENCE
8	ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE SHARED RISK-
9	CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL BE ZERO AND
10	SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS OTHERWISE
11	PROVIDED IN THIS SECTION.
12	(C) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE FOR
13	CLASSES OF SERVICE OTHER THAN CLASS A-3, CLASS A-4 AND CLASS A-5
14	SERVICE. THE SHARED RISK CONTRIBUTION FOR ALL CLASSES OF
15	SERVICE OTHER THAN CLASS A-3, CLASS A-4 OR CLASS A-5 SERVICE
16	SHALL BE DETERMINED AS FOLLOWS:
17	(1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
18	SECTION UNTIL JUNE 30, 2020, THE SHARED RISK CONTRIBUTION
19	RATE SHALL BE ZERO.
20	(2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023,
21	IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE
22	DURING THE PERIOD FROM JANUARY 1, 2017, TO DECEMBER 31, 2019,
23	FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE
24	THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,
25	OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
26	PERIOD, THE SHARED RISK CONTRIBUTION RATE SHALL BE 0.5%. IN
27	ALL OTHER SITUATIONS, THE SHARED RISK CONTRIBUTION RATE SHALL
28	BE ZERO.
29	(3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED-
30	DICK COMPTIDITION DAME CHAIL DE INCORACED DV 50 IE MUE

30 <u>RISK CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE</u>

1	ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
2	PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
3	CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL
4	RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND
5	BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED RISK
6	CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL
7	INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
8	PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
9	CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF
10	RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON
11	MARKET VALUE OVER THAT PERIOD.
12	(4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED
13	RISK CONTRIBUTION RATE MAY NOT BE LESS THAN ZERO AND MAY NOT
14	BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM
15	INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN
16	EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED,
17	EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION, PROVIDED
18	THAT IN NO EVENT MAY THE SHARED RISK CONTRIBUTION RATE BE
19	MORE THAN 2%. FOR THE DETERMINATION OF THE SHARED RISK
20	CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2023, THE
21	DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
22	DECEMBER 31, 2022. FOR THE DETERMINATION OF THE SHARED RISK
23	CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE
24	DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
25	<u>DECEMBER 31, 2025.</u>
26	(5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS
27	ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE
28	ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL
29	INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY
30	FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE
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1 <u>DUTIES OF THE BOARD).</u>

_	
2	(6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED
3	BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD
4	USED TO DETERMINE THE SHARED RISK CONTRIBUTION RATE, THE
5	BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE
6	APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN
7	ANNUAL RATE.
8	(7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL
9	CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER
10	THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)
11	(RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH
12	AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED RISK
13	CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT
14	MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE
15	ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS
16	OTHERWISE PROVIDED IN THIS SECTION.
17	(8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY
18	CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL
19	COST METHOD PROVIDED IN SECTION 5508(B), AS ADJUSTED BY THE
20	EXPERIENCE ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE
21	SHARED-RISK CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL
22	BE ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS
23	OTHERWISE PROVIDED IN THIS SECTION.
24	(D) DETERMINATION OF SHARED GAIN ADJUSTMENT TO REGULAR
25	MEMBER CONTRIBUTIONS FOR CLASS A-3, CLASS A-4 OR CLASS A-5
26	SERVICE. THE REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-3, CLASS
27	A-4 OR CLASS A-5 SERVICE SHALL BE DETERMINED AS FOLLOWS:
28	(1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
29	SECTION UNTIL JUNE 30, 2017, THE REGULAR MEMBER CONTRIBUTIONS
30	FOR CLASS A-3, CLASS A 4 OR CLASS A 5 SERVICE SHALL BE

1	DETERMINED AS OTHERWISE PROVIDED IN THIS PART.
2	(2) FOR THE PERIOD FROM JULY 1, 2017, TO JUNE 30, 2020,
3	IF THE SHARED-RISK CONTRIBUTION RATE FOR CLASS A-3, CLASS A-4
4	AND CLASS A 5 SERVICE IS ZERO AND ANNUAL INTEREST RATE
5	ADOPTED BY THE BOARD FOR USE DURING THE PERIOD FROM JANUARY
6	1, 2011, TO DECEMBER 31, 2016, FOR THE CALCULATION OF THE
7	NORMAL CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE
8	ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE
9	FUND BASED ON MARKET VALUE OVER THE PERIOD, THEN THE REGULAR
10	MEMBER CONTRIBUTION RATE OF EACH MEMBER FOR CLASS A 3, CLASS
11	<u>A-4 OR CLASS A-5 SERVICE SHALL BE REDUCED BY .5%. IN ALL</u>
12	OTHER SITUATIONS, THE REGULAR MEMBER CONTRIBUTIONS SHALL BE
13	DETERMINED AS OTHERWISE PROVIDED IN THIS PART.
14	(3) FOR EACH SUBSEQUENT THREE YEAR PERIOD, THE REGULAR
15	MEMBER CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE
16	ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
17	PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
18	CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE ACTUAL RATE
19	OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED
20	ON MARKET VALUE OVER THE PERIOD. THE REGULAR MEMBER
21	CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE ANNUAL
22	INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
23	PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
24	CONTRIBUTION RATE IS EQUAL TO OR GREATER THAN THE ACTUAL RATE
25	OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED
26	ON MARKET VALUE OVER THAT PERIOD.
27	(4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR
28	MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT
29	OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE
30	MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER

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1	REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE		
2	REDUCTION IN THE ACTUARIALLY REQUIRED CONTRIBUTION RATE BY		
3	THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT		
4	GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON		
5	THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED		
6	AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE		
7	ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE		
8	THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER		
9	CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE		
10	DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH		
11	DECEMBER 31, 2019.		
12	(5) THE SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER		
13	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS		
14	CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE		
15	ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND		
16	EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER		
17	SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE		
18	BOARD).		
19	(6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR		
20	THE CALCULATION IS CHANGED DURING THE PERIOD USED TO		
21	DETERMINE THE SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER		
22	CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,		
23	SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,		
24	EXPRESSED AS AN ANNUAL RATE.		
25	(E) DETERMINATION OF SHARED GAIN ADJUSTMENT TO REGULAR		
26	MEMBER CONTRIBUTIONS FOR ALL CLASSES OF SERVICE OTHER THAN CLASS		
27	A-3, CLASS A-4 OR CLASS A-5 SERVICETHE REGULAR MEMBER		
28	CONTRIBUTIONS FOR ALL CLASSES OF SERVICE OTHER THAN CLASS A-3,		
29	<u>CLASS A-4 OR CLASS A-5 SERVICE SHALL BE DETERMINED AS FOLLOWS:</u>		
30	(1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS		
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1	SECTION UNTIL JUNE 30, 2020, THE REGULAR MEMBER CONTRIBUTIONS
2	SHALL BE DETERMINED AS OTHERWISE PROVIDED IN THIS PART.
3	(2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023,
4	IF THE SHARED RISK CONTRIBUTION RATE FOR SERVICE IN CLASSES
5	OTHER THAN CLASS A-3, CLASS A-4 OR CLASS A-5 IS ZERO AND
6	ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
7	PERIOD FROM JANUARY 1, 2017, TO DECEMBER 31, 2019, FOR THE
8	CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1%
9	LOWER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE
10	INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
11	PERIOD, THEN THE REGULAR MEMBER CONTRIBUTION RATE OF EACH
12	MEMBER FOR ALL CLASSES OF SERVICE OTHER THAN CLASS A-3, CLASS
13	A-4 OR CLASS A-5 SERVICE SHALL BE REDUCED BY .5%. IN ALL
14	OTHER SITUATIONS, THE REGULAR MEMBER CONTRIBUTIONS SHALL BE
15	DETERMINED AS OTHERWISE PROVIDED IN THIS PART.
16	(3) FOR EACH SUBSEQUENT THREE YEAR PERIOD, THE REGULAR
17	MEMBER CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE
18	ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
19	PREVIOUS TEN YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
20	CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE ACTUAL RATE
21	OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED
22	ON MARKET VALUE OVER THE PERIOD. THE REGULAR MEMBER
23	CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE ANNUAL
24	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 EQUAL TO OR GREATER THAN THE ACTUAL RATE
27	OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED
28	ON MARKET VALUE OVER THAT PERIOD.
29	(4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR
30	MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT

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1	OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE
2	MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER
3	REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE
4	REDUCTION IN THE ACTUARIALLY REQUIRED CONTRIBUTION RATE BY
5	THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT
6	GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON
7	THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED
8	AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE
9	ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE
10	THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER
11	CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2023, THE
12	DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
13	DECEMBER 31, 2022. FOR THE DETERMINATION OF THE REGULAR
14	MEMBER CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE
15	DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
16	DECEMBER 31, 2025.
17	(5) THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
17 18	(5) THE SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER
18	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS
18 19	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE
18 19 20	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND
18 19 20 21	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER
18 19 20 21 22	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE
18 19 20 21 22 23	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD).
18 19 20 21 22 23 24	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD). (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR
18 19 20 21 22 23 24 25	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD). (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD USED TO
18 19 20 21 22 23 24 25 26	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE DOARD). (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD USED TO DETERMINE THE SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER
18 19 20 21 22 23 24 25 26 27	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD). (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD USED TO DETERMINE THE SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,
18 19 20 21 22 23 24 25 26 27 28	CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE DOARD). (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD USED TO DETERMINE THE SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,

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1	PURPOSES OF THIS SECTION, THE REGULAR MEMBER CONTRIBUTION RATE
2	FOR EACH MEMBER IS THE PRODUCT OF THE BASIC CONTRIBUTION RATE
3	AND THE CLASS OF SERVICE MULTIPLIER USED TO DETERMINE THE
4	REGULAR MEMBER CONTRIBUTIONS FOR EACH MEMBER.
5	§ 5502.1. WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL
6	SECURITY INTEGRATION MEMBER CONTRIBUTIONS.
7	* * *
8	(B) APPLICABILITY. THIS SECTION SHALL NOT APPLY TO ANY
9	MEMBER WHO HAS CLASS A 3 [OR], CLASS A 4 <u>OR CLASS A 5</u> SERVICE
10	CREDIT.
11	§ 5503.1. PICKUP CONTRIBUTIONS.
12	(A) TREATMENT FOR PURPOSES OF IRC § 414(H)ALL-
13	CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS
14	5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
15	SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS-
16	[FOR CLASS A 3 AND CLASS A 4 SERVICE] AND SHARED GAIN
17	ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO
18	SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503-
19	(RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND [SECTION]
20	5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS), WITH-
21	RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE MEMBER ON
22	OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE COMMONWEALTH
23	OR OTHER EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
24	CONTRIBUTION FOR PURPOSES OF IRC § 414(H).
25	* * *
26	§ 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
27	PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE
28	MEMBER.
29	(A) AMOUNT OF CONTRIBUTIONS FOR SERVICE IN OTHER THAN CLASS
30	G THROUGH N

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1 THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR (1)2 ELIGIBLE SCHOOL EMPLOYEE FOR CREDIT IN THE SYSTEM FOR TOTAL 3 PREVIOUS STATE SERVICE OTHER THAN SERVICE IN CLASS G. CLASS 4 H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M AND CLASS N OR-5 TO BECOME A FULL COVERAGE MEMBER SHALL BE SUFFICIENT TO-6 PROVIDE AN AMOUNT EQUAL TO THE REGULAR ACCUMULATED 7 DEDUCTIONS, SHARED-RISK ACCUMULATED DEDUCTIONS AND ADDITIONAL 8 ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE 9 CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR ACCUMULATED 10 DEDUCTIONS, SHARED RISK ACCUMULATED DEDUCTIONS AND ADDITIONAL MEMBER CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE IN THE-11 CLASS OF SERVICE AND AT THE RATE OF CONTRIBUTION APPLICABLE 12 13 DURING SUCH PERIOD OF PREVIOUS SERVICE AND HAD HIS REGULAR 14 AND ADDITIONAL ACCUMULATED DEDUCTIONS BEEN CREDITED WITH-15 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE UP TO THE DATE OF PURCHASE. 16 17 (2) NOTWITHSTANDING PARAGRAPH (1), MEMBERS [WITH CLASS-

18 A 3 STATE SERVICE | WHO ARE PERFORMING STATE SERVICE CREDITED -IN CLASS A 3, CLASS A 4 OR CLASS A 5 SHALL MAKE CONTRIBUTIONS 19 20 AND RECEIVE CREDIT AS IF [THE PREVIOUS] PREVIOUSLY UNCREDITED-21 STATE SERVICE WAS [CLASS A 3 SERVICE, AND MEMBERS WITH CLASS 22 A 4 STATE SERVICE SHALL MAKE CONTRIBUTIONS AND RECEIVE CREDIT 23 AS IF THE PREVIOUS STATE SERVICE WAS CLASS A 4 SERVICE,] 24 PERFORMED IN THE CLASS IN WHICH THEY ARE AN ACTIVE MEMBER AT 25 THE TIME THE SERVICE IS CREDITED EVEN IF IT WOULD HAVE BEEN 26 CREDITED AS A DIFFERENT CLASS OF SERVICE HAD THE STATE 27 EMPLOYEE BEEN A MEMBER OF THE SYSTEM AT THE TIME THE SERVICE 28 WAS PERFORMED UNLESS IT WAS MANDATORY THAT THE STATE EMPLOYEE 29 BE AN ACTIVE MEMBER OF THE SYSTEM AND THE PREVIOUS STATE 30 SERVICE IS BEING CREDITED AS THE RESULT OF A MANDATORY ACTIVE

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1 MEMBERSHIP REQUIREMENT. NOTWITHSTANDING SECTION 5303(B) 2 (RELATING TO RETENTION AND REINSTATEMENT OF SERVICE CREDITS) 3 A STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE SYSTEM AS A 4 RESULT OF CONCURRENTLY PERFORMING SERVICE IN MORE THAN ONE-5 POSITION OR OFFICE AT THE TIME PREVIOUSLY UNCREDITED STATE 6 SERVICE IS CREDITED SHALL ELECT WHICH POSITION OR OFFICE IS 7 USED FOR THE DETERMINATION OF REQUIRED CONTRIBUTIONS AND 8 CREDITING AND CLASSIFICATION OF THE PREVIOUSLY UNCREDITED 9 SERVICE. 10 (A.1) CONVERTED COUNTY SERVICE. NO CONTRIBUTIONS SHALL BE REQUIRED TO RESTORE CREDIT FOR PREVIOUSLY CREDITED STATE SERVICE 11 12 IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M-13 AND CLASS N. SUCH SERVICE SHALL BE RESTORED UPON THE 14 COMMENCEMENT OF PAYMENT OF THE CONTRIBUTIONS REQUIRED TO RESTORE-15 CREDIT IN THE SYSTEM FOR ALL OTHER PREVIOUS STATE SERVICE. (B) CERTIFICATION AND METHOD OF PAYMENT. - THE AMOUNT PAYABLE -16 17 SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH-18 METHODS APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM-19 WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE 20 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL 21 EMPLOYEES' RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY 22 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS 23 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION 24 AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY 25 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST 26 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE 27 BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY 28 LIMIT THE SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS 29 THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF AN 30 ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC-

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SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY 1 DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES! 2 3 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD 4 THE AMOUNTS PAID. 5 SECTION 309. SECTION 5505(B), (C), (D) AND (I)(2) AND (4) OF 6 TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ: 7 8 \$ 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE 9 NONSTATE SERVICE. * * * 10 (B) NONINTERVENING MILITARY SERVICE. 11 (1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR 12 13 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE-14 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC 15 CONTRIBUTION RATE, THE ADDITIONAL CONTRIBUTION RATE PLUS THE 16 COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT 17 THE TIME OF ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF 18 THE MEMBER INTO STATE SERVICE TO HIS AVERAGE ANNUAL RATE OF 19 COMPENSATION OVER THE FIRST THREE YEARS OF SUCH SUBSEQUENT 20 STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE 21 22 NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH-23 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND 24 SCHOOL SERVICE TO DATE OF PURCHASE. UPON APPLICATION FOR 25 CREDIT FOR SUCH SERVICE, PAYMENT SHALL BE MADE IN A LUMP SUM-26 WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE 27 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL 28 EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH-29 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN-30 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY

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1 DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE-2 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY 3 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE 4 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. 5 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO 6 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN 7 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE 8 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE 9 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC-10 SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION MAY BE 11 12 FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON COMPLETION OF 13 THREE YEARS OF SUBSEQUENT STATE SERVICE AND SHALL BE CREDITED 14 AS CLASS A SERVICE EXCEPT AS PROVIDED IN SECTION 5304(A). 15 IN THE CASE OF AN ACTIVE MEMBER OF CLASS A (1.1)OR 16 CLASS A 4 WHO FIRST BECOMES A MEMBER OF THE SYSTEM BEFORE-17 JANUARY 1, 2018, FOR PURPOSES OF PARAGRAPH (1), THE-18 COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT 19 THE TIME OF ENTRY, SUBSEQUENT TO THE MILITARY SERVICE, SHALL 20 BE DETERMINED USING ONLY THE AVERAGE NEW CLASS A 3 MEMBER 21 (1.2) IN THE CASE OF AN ACTIVE MEMBER WHO FIRST BECOMES 22 A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018, FOR 23 PURPOSES OF PARAGRAPH (1), THE COMMONWEALTH NORMAL 24 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY, 25 SUBSEQUENT TO THE MILITARY SERVICE, SHALL BE DETERMINED USING 26 ONLY THE AVERAGE NEW CLASS A 5 MEMBER, AND THE MEMBER'S BASIC 27 CONTRIBUTION RATE SHALL BE MULTIPLIED BY THE CLASS OF SERVICE 28 MULTIPLIER USED TO CALCULATED REGULAR MEMBER CONTRIBUTIONS 29 FOR CLASS A-5 SERVICE. 30 (2) APPLICANTS MAY PURCHASE CREDIT AS FOLLOWS:

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1	(I) ONE PURCHASE OF THE TOTAL AMOUNT OF CREDITABLE
2	NONINTERVENING MILITARY SERVICE; OR
3	(II) ONE PURCHASE PER 12-MONTH PERIOD OF A PORTION
4	OF CREDITABLE NONINTERVENING MILITARY SERVICE.
5	THE AMOUNT OF EACH PURCHASE SHALL BE NOT LESS THAN ONE YEAR
6	OF CREDITABLE NONINTERVENING MILITARY SERVICE.
7	(C) INTERVENING MILITARY SERVICE CONTRIBUTIONS ON ACCOUNT-
8	OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED
9	BY THE MEMBER'S REGULAR CONTRIBUTION RATE, SHARED-RISK-
10	CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION
11	RATE, THE ADDITIONAL CONTRIBUTION RATE WHICH SHALL BE APPLIED
12	ONLY TO THOSE MEMBERS WHO BEGAN SERVICE ON OR AFTER THE
13	EFFECTIVE DATE OF THIS AMENDATORY ACT AND COMPENSATION AT THE
14	TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,
15	TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
16	SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF PURCHASE. UPON
17	APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN
18	THE CASE OF EACH MEMBER BY THE BOARD IN ACCORDANCE WITH METHODS
19	APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY:
20	(1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY
21	SERVICE; OR
22	(2) A LUMP SUM PAYMENT WITHIN 30 DAYS OF CERTIFICATION;
23	OR
24	(3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED
25	UPON BY THE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN
26	ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
27	SYSTEM AND THE BOARD.
28	THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND
29	THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND
30	STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR

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ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS
TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER
OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO
THE BOARD THE AMOUNTS PAID.

STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO-

9 (D) NONMILITARY AND NONMAGISTERIAL SERVICE. -- CONTRIBUTIONS 10 ON ACCOUNT OF CREDIT FOR CREDITABLE NONSTATE SERVICE OTHER THAN-MILITARY AND MAGISTERIAL SERVICE BY STATE EMPLOYEES WHO FIRST 11 12 BECOME MEMBERS OF THE SYSTEM BEFORE JANUARY 1, 2011, OR BEFORE 13 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY SHALL BE-14 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE, THE-15 ADDITIONAL CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL 16 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY-17 SUBSEQUENT TO SUCH CREDITABLE NONSTATE SERVICE OF THE MEMBER 18 INTO STATE SERVICE TO HIS COMPENSATION AT THE TIME OF ENTRY INTO 19 STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF YEARS-20 AND FRACTIONAL PART OF A YEAR OF CREDITABLE NONSTATE SERVICE BEING PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL 21 22 PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE TO THE DATE OF 23 PURCHASE. UPON APPLICATION FOR CREDIT FOR SUCH SERVICE PAYMENT 24 SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN-25 ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE-26 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY 27 BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS 28 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE-29 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY-30 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS

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AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE 1 OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO-2 3 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS 4 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN-5 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED 6 UPON SALARY DEDUCTION SHALL BE REMITTED TO THE PUBLIC SCHOOL 7 8 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO-9 THE BOARD THE AMOUNTS PAID. 10 * * * (I) PURCHASES OF NONSTATE SERVICE CREDIT BY STATE EMPLOYEES 11 12 WHO FIRST BECAME MEMBERS OF THE SYSTEM ON OR AFTER DECEMBER 1, 13 2010.--* * * 14 15 (2) THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT ATTRIBUTABLE TO THE PURCHASED NONSTATE SERVICE CREDIT SHALL 16 17 **BE THE DIFFERENCE BETWEEN:** 18 (I) THE PRESENT VALUE OF A STANDARD SINGLE LIFE 19 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE 20 SUPERANNUATION AGE ASSUMING CLASS A 3 SERVICE CREDIT FOR-21 THE NONSTATE SERVICE TO BE PURCHASED [; AND] BY A MEMBER 22 OF CLASS A 3 OR CLASS A 4 WHO FIRST BECOMES A MEMBER OF 23 THE SYSTEM BEFORE JANUARY 1, 2018, AND ASSUMING CLASS A 5 24 SERVICE CREDIT FOR THE NONSTATE SERVICE TO BE PURCHASED 25 BY A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE-26 SYSTEM ON OR AFTER JANUARY 1, 2018; AND 27 (II) THE PRESENT VALUE OF A STANDARD SINGLE LIFE-28 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE 29 SUPERANNUATION AGE, EXCLUDING THE NONSTATE SERVICE CREDIT

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TO BE PURCHASED.

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1 ***

2	(4) THE PAYMENT FOR CREDIT PURCHASED UNDER THIS
3	SUBSECTION SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN
4	ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE
5	PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE-
6	MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF
7	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE
8	AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS
9	TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE
10	BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY
11	MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT
12	AMOUNTS AND INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE
13	OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES
14	TO ALLOW. THE BOARD MAY LIMIT THE SALARY DEDUCTION
15	AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE
16	DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE SCHOOL
17	EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
18	EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
19	DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES!
20	RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
21	BOARD THE AMOUNTS PAID.
22	(J) INAPPLICABILITY OF ELECTION AND ADJUSTMENTS. IF A
23	MEMBER IS PURCHASING CREDITABLE NONSTATE SERVICE THAT IS FIRST
24	CREDITED ON OR AFTER JANUARY 1, 2017, THE REGULAR MEMBER
25	CONTRIBUTION RATE USED TO DETERMINE THE CONTRIBUTIONS NECESSARY
26	TO PURCHASE SUCH CREDIT SHALL BE DETERMINED WITHOUT REGARD TO
27	ANY ADJUSTMENTS APPLICABLE UNDER SECTIONS 5501.1(D) AND (E)_
28	(RELATING TO SHARED RISK MEMBER CONTRIBUTIONS AND SHARED GAIN
29	ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS).
30	SECTION 310. SECTIONS 5506.1(A), 5507 HEADING AND (B),

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1 5508(A), (B), (C)(1), (F) AND (H) AND 5509 OF TITLE 71 ARE-

2 AMENDED TO READ:

3 § 5506.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).

4 (A) GENERAL RULE. IN ADDITION TO OTHER APPLICABLE

5 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION 6 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT, BOTH BEFORE AND 7 8 AFTER ANY ANNUALIZATION, TAKEN INTO ACCOUNT FOR BENEFIT PURPOSES 9 UNDER THIS PART SHALL NOT EXCEED THE LIMITATION UNDER IRC §-10 401(A)(17). ON AND AFTER JANUARY 1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC § 401(A) (17) SHALL MEAN THE-11 12 OMNIBUS BUDGET RECONCILIATION ACT OF 1993 (OBRA '93) (PUBLIC LAW 13 103-66, 107 STAT. 312) ANNUAL COMPENSATION LIMIT SET FORTH IN 14 THIS SUBSECTION. THE OBRA '93 ANNUAL COMPENSATION LIMIT IS-15 \$150,000, AS ADJUSTED BY THE COMMISSIONER FOR INCREASES IN THE-16 COST OF LIVING IN ACCORDANCE WITH IRC § 401(A)(17)(B). THE COST 17 OF-LIVING ADJUSTMENT IN EFFECT FOR A CALENDAR YEAR APPLIES TO-18 ANY DETERMINATION PERIOD WHICH IS A PERIOD, NOT EXCEEDING 12-19 MONTHS, OVER WHICH COMPENSATION IS DETERMINED, BEGINNING IN SUCH-20 CALENDAR YEAR. IF A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY 21 22 A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN-23 THE DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12. 24 * * * \$ 5507. CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND 25 26 OTHER EMPLOYERS.

27 ***

(B) CONTRIBUTIONS ON BEHALF OF ANNUITANTS. THE COMMONWEALTH
 AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM
 SHALL MAKE CONTRIBUTIONS ON BEHALF OF ANNUITANTS IN SUCH AMOUNTS

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AS SHALL BE CERTIFIED BY THE BOARD AS NECESSARY TO FUND THE-1 2 LIABILITIES FOR SUPPLEMENTAL ANNUITIES IN ACCORDANCE WITH THE 3 ACTUARIAL COST METHOD PROVIDED IN SECTION 5508(E) [(RELATING TO-4 ACTUARIAL COST METHOD)]. 5 <u>* * *</u> § 5508. ACTUARIAL COST METHOD. 6 7 (A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE 8 MEMBERS. [THE] FOR EACH FISCAL YEAR, THE AMOUNT OF THE-9 COMMONWEALTH AND OTHER EMPLOYER CONTRIBUTIONS ON BEHALF OF ALL ACTIVE MEMBERS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE 10 OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS DURING THE 11 12 PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO 13 CERTIFIED BY THE BOARD. THE ACTUARIALLY REQUIRED CONTRIBUTION 14 RATE ON BEHALF OF ALL ACTIVE MEMBERS SHALL CONSIST OF THE-15 EMPLOYER NORMAL CONTRIBUTION RATE, AS DEFINED IN SUBSECTION (B), 16 AND THE ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN-17 SUBSECTION (C). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE ON 18 BEHALF OF ALL ACTIVE MEMBERS SHALL BE MODIFIED BY THE EXPERIENCE 19 ADJUSTMENT FACTOR AS CALCULATED IN SUBSECTION (F). 20 (B) EMPLOYER NORMAL CONTRIBUTION RATE. THE EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH ACTUARIAL 21 22 VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE AND SUCH-23 MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED BY THE BOARD IN-24 ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. THE 25 EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AS A LEVEL 26 PERCENTAGE OF THE COMPENSATION OF [THE AVERAGE NEW ACTIVE-27 MEMBER] ALL ACTIVE MEMBERS, WHICH PERCENTAGE, IF CONTRIBUTED 28 FROM THE START OF THEIR EMPLOYMENT ON THE BASIS OF [HIS] THEIR 29 PROSPECTIVE COMPENSATION THROUGH [HIS] THEIR ENTIRE PERIOD OF 30 ACTIVE STATE SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY-

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FOR ANY PROSPECTIVE BENEFIT PAYABLE TO [HIM] THEM IN EXCESS OF 1 THAT PORTION FUNDED BY [HIS] THEIR PROSPECTIVE MEMBER-2 3 CONTRIBUTIONS, EXCLUDING SHARED-RISK MEMBER CONTRIBUTIONS[.] AND SHARED GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS. IN NO 4 CASE SHALL THE EMPLOYER NORMAL CONTRIBUTION RATE BE LESS THAN 5 6 ZERO. 7 (C) ACCRUED LIABILITY CONTRIBUTION RATE.-8 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND 9 JULY 1, 2003, THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL 10 BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT 11 12 TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1, 2002, THE-13 PRESENT VALUE OF THE LIABILITIES FOR ALL PROSPECTIVE 14 BENEFITS, EXCEPT FOR THE SUPPLEMENTAL BENEFITS AS PROVIDED IN-15 SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1 16 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2 17 (RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES), 18 5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994), 19 5708.4 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT-20 ADJUSTMENT), 5708.5 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO SUPPLEMENTAL ANNUITIES-21 22 COMMENCING 2002), 5708.7 (RELATING TO SUPPLEMENTAL ANNUITIES-23 COMMENCING 2003) AND 5708.8 (RELATING TO SPECIAL SUPPLEMENTAL 24 POSTRETIREMENT ADJUSTMENT OF 2002), IN EXCESS OF THE TOTAL 25 ASSETS IN THE FUND (CALCULATED RECOGNIZING ALL INVESTMENT-26 GAINS AND LOSSES OVER A FIVE-YEAR PERIOD), EXCLUDING THE-27 BALANCE IN THE SUPPLEMENTAL ANNUITY ACCOUNT, AND THE PRESENT 28 VALUE OF EMPLOYER NORMAL CONTRIBUTIONS AND OF MEMBER 29 CONTRIBUTIONS PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS ON 30 DECEMBER 31, 2001, AND EXCLUDING CONTRIBUTIONS TO BE-

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1 TRANSFERRED BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS-2 PURSUANT TO SECTION 5507(C) (RELATING TO CONTRIBUTIONS TO THE-3 SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS). THE AMOUNT 4 OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION SHALL BE EQUAL 5 TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE FISCAL YEAR 6 BEGINNING JULY 1, 2002, EXCEPT THAT, IF THE ACCRUED LIABILITY-7 IS INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 8 2002, BUT BEFORE JULY 1, 2003, SUCH ADDITIONAL LIABILITY 9 SHALL BE FUNDED OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY-10 OF JULY, COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE OF THE INCREASE. THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY-11 CONTRIBUTION FOR SUCH ADDITIONAL LEGISLATIVE LIABILITIES 12 13 SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE-14 FIRST ANNUAL PAYMENT. * * * 15 (F) EXPERIENCE ADJUSTMENT FACTOR. 16

(1) FOR EACH FISCAL YEAR AFTER THE ESTABLISHMENT OF THE 17 18 ACCRUED LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL 19 ANNUITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY-20 1, 2010, ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED LIABILITY AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND 21 22 FUNDING FOR SUPPLEMENTAL ANNUITIES, DUE TO ACTUAL EXPERIENCE 23 DIFFERING FROM ASSUMED EXPERIENCE (RECOGNIZING ALL REALIZED 24 AND UNREALIZED INVESTMENT GAINS AND LOSSES OVER A FIVE YEAR 25 PERIOD), CHANGES IN CONTRIBUTIONS CAUSED BY THE FINAL 26 CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY 27 REQUIRED CONTRIBUTION RATE, STATE EMPLOYEES MAKING SHARED-28 RISK MEMBER CONTRIBUTIONS OR HAVING SHARED GAIN ADJUSTMENTS 29 TO THEIR REGULAR MEMBER CONTRIBUTIONS, CHANGES IN ACTUARIAL 30 ASSUMPTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE-

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1 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE 2 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT-3 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART, 4 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS AS A 5 PERCENTAGE OF COMPENSATION OF ALL ACTIVE MEMBERS OVER A 6 PERIOD OF 30 YEARS BEGINNING WITH THE JULY 1 SUCCEEDING THE 7 ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES. 8 (2) THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL BE-9 THE SUM OF THE NORMAL CONTRIBUTION RATE, THE ACCRUED 10 LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE, MODIFIED BY THE EXPERIENCE ADJUSTMENT 11 12 FACTOR AS CALCULATED IN PARAGRAPH (1). 13 * * * 14 (II) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE. 15 THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR SHALL BE-16 DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED CONTRIBUTION

17 RATE CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION TO-

18 THE PRIOR YEAR'S FINAL CONTRIBUTION RATE. IF, FOR ANY OF THE-

19 FISCAL YEARS BEGINNING JULY 1, 2011, JULY 1, 2012, AND ON OR-

20 AFTER JULY 1, 2013, THE ACTUARIALLY REQUIRED CONTRIBUTION RATE

21 CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION IS MORE-

22 THAN 3%, 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL COMPENSATION

23 OF ALL ACTIVE MEMBERS GREATER THAN THE PRIOR YEAR'S FINAL

24 CONTRIBUTION RATE, THEN THE COLLARED CONTRIBUTION RATE SHALL BE-

25 APPLIED AND BE EQUAL TO THE PRIOR YEAR'S FINAL CONTRIBUTION RATE

26 INCREASED BY THE RESPECTIVE PERCENTAGE ABOVE OF TOTAL

27 COMPENSATION OF ALL ACTIVE MEMBERS. OTHERWISE, AND FOR ALL

28 SUBSEQUENT FISCAL YEARS, THE COLLARED CONTRIBUTION RATE SHALL

29 NOT [BE APPLICABLE] APPLY. IN NO CASE SHALL THE COLLARED

30 CONTRIBUTION RATE BE LESS THAN 4% OF TOTAL COMPENSATION OF ALL-

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1 ACTIVE MEMBERS.

2 ***

3 \$ 5509. APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH. 4 (A) ANNUAL SUBMISSION OF BUDGET. THE BOARD SHALL PREPARE 5 AND SUBMIT ANNUALLY AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS NECESSARY TO BE APPROPRIATED BY THE COMMONWEALTH OUT OF THE 6 7 GENERAL FUND AND SPECIAL OPERATING FUNDS AND THE AMOUNTS TO BE 8 ASSESSED THE OTHER EMPLOYERS REQUIRED TO MEET THE SEPARATE 9 OBLIGATIONS TO THE FUND AND THE TRUST ACCRUING DURING THE FISCAL 10 PERIOD BEGINNING THE FIRST DAY OF JULY OF THE FOLLOWING YEAR. (B) APPROPRIATION AND PAYMENT. THE GENERAL ASSEMBLY SHALL 11 12 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE 13 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH-14 AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE-15 DEPARTMENT OF REVENUE INTO THE FUND OR TRUST IN ACCORDANCE WITH REQUISITIONS PRESENTED BY THE BOARD. THE CONTRIBUTIONS TO THE 16 17 SYSTEM BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO ARE 18 OFFICERS OF THE PENNSYLVANIA STATE POLICE SHALL BE CHARGED TO 19 THE GENERAL FUND AND TO THE MOTOR LICENSE FUND IN THE SAME-20 RATIOS AS USED TO APPORTION THE APPROPRIATIONS FOR SALARIES OF 21 MEMBERS OF THE PENNSYLVANIA STATE POLICE. THE CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO 22 23 ARE ENFORCEMENT OFFICERS AND INVESTIGATORS OF THE PENNSYLVANIA 24 LIQUOR CONTROL BOARD SHALL BE CHARGED TO THE GENERAL FUND AND TO-25 THE STATE STORES FUND. 26 (C) CONTRIBUTIONS FROM FUNDS OTHER THAN GENERAL FUND. THE 27 AMOUNTS ASSESSED OTHER EMPLOYERS WHO ARE REQUIRED TO MAKE THE 28 NECESSARY SEPARATE CONTRIBUTIONS TO THE FUND AND THE TRUST OUT 29 OF FUNDS OTHER THAN THE GENERAL FUND SHALL BE PAID BY SUCH-30 EMPLOYERS INTO THE FUND OR TRUST IN ACCORDANCE WITH REQUISITIONS

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1	PRESENTED BY THE BOARD. THE GENERAL FUND OF THE COMMONWEALTH-
2	SHALL NOT BE HELD LIABLE TO APPROPRIATE THE MONEYS REQUIRED TO
3	BUILD UP THE RESERVES IN THE FUND NECESSARY FOR THE PAYMENT OF
4	BENEFITS FROM THE SYSTEM TO EMPLOYEES OR TO MAKE THE EMPLOYER
5	DEFINED CONTRIBUTIONS FOR EMPLOYEES OF SUCH OTHER EMPLOYERS. IN-
6	CASE ANY SUCH OTHER EMPLOYER SHALL FAIL TO PROVIDE <u>TO THE FUND</u>
7	THE MONEYS NECESSARY FOR SUCH PURPOSE, THEN THE SERVICE OF SUCH
8	MEMBERS <u>OF THE SYSTEM</u> FOR SUCH PERIOD FOR WHICH MONEY IS NOT SO-
9	PROVIDED SHALL BE CREDITED AND PICKUP CONTRIBUTIONS WITH RESPECT
10	TO SUCH MEMBERS SHALL CONTINUE TO BE CREDITED TO THE MEMBERS!
11	SAVINGS ACCOUNT. THE ANNUITY TO WHICH SUCH MEMBER IS ENTITLED
12	SHALL BE DETERMINED AS ACTUARIALLY EQUIVALENT TO THE PRESENT
13	VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY OF EACH SUCH MEMBER
14	REDUCED BY THE AMOUNT OF EMPLOYER CONTRIBUTIONS TO THE SYSTEM
15	PAYABLE ON ACCOUNT AND ATTRIBUTABLE TO HIS COMPENSATION DURING
16	SUCH SERVICE, EXCEPT THAT NO REDUCTION SHALL BE MADE AS A RESULT
17	OF THE FAILURE OF AN EMPLOYER TO MAKE CONTRIBUTIONS REQUIRED FOR
18	A PERIOD OF USERRA LEAVE.
19	SECTION 311. TITLE 71 IS AMENDED BY ADDING A SECTION TO-
20	READ:
21	<u>§ 5510. EMPLOYER FUNDING MANDATE PROTECTION.</u>
22	(A) LIMITED EXPANSION OF CONTRACTUAL RIGHT TO FUNDING.
23	<u>COMMENCING ON THE JULY 1 FOLLOWING THE ACTUARIAL VALUATION IN</u>
24	WHICH THE ACTUARY CERTIFIES THAT THE FINAL CONTRIBUTION RATE IS
25	THE ACTUARIALLY REQUIRED CONTRIBUTION, EACH ACTIVE MEMBER OF
26	SHALL HAVE A CONTRACTUAL RIGHT TO THE TIMELY PAYMENT OF THE
27	ANNUAL ACTUARIALLY REQUIRED CONTRIBUTIONS PURSUANT TO SECTION
28	5508 (RELATING TO ACTUARIAL COST METHOD) AND SECTION 5902(K)
29	(RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD) BY SUCH
30	MEMBER'S EMPLOYER. THE FOLLOWING APPLY:

30 <u>MEMBER'S EMPLOYER. THE FOLLOWING APPLY:</u>

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1	(1) THE FAILURE OF A MEMBER'S EMPLOYER TO MAKE THE
2	ANNUALLY REQUIRED CONTRIBUTION TO THE FUND WILL BE DEEMED TO
3	BE AN IMPAIRMENT OF THE CONTRACTUAL RIGHT OF SUCH MEMBER.
4	(2) ANY CLAIM OF CONTRACT IMPAIRMENT SHALL BE BROUGHT
5	AGAINST THE EMPLOYER OF THE MEMBER FOR WHOM CONTRIBUTIONS
6	WERE NOT PAID, AND NEITHER THE BOARD NOR THE SYSTEM OR THEIR
7	EMPLOYEES OR AGENTS SHALL BE A DEFENDANT IN ANY SUCH ACTION
8	OR LIABLE FOR ANY PAYMENTS OR DAMAGES ARISING FROM SUCH
9	IMPAIRMENT.
10	(B) JURISDICTION OF SUPREME COURT. NOTWITHSTANDING ANY_
11	PROVISION OF 2 PA.C.S. (RELATING TO ADMINISTRATIVE LAW AND
12	PROCEDURE), 42 PA.C.S. (RELATING TO JUDICIARY AND JUDICIAL
13	PROCEDURE) OR ANY OTHER PROVISION OF LAW, THE PENNSYLVANIA
14	SUPREME COURT SHALL HAVE EXCLUSIVE JURISDICTION TO DO AS
15	FOLLOWS:
16	(1) HEAR ANY CLAIM OF CONTRACT IMPAIRMENT FOR FAILURE TO
17	<u>PAY CERTIFIED CONTRIBUTIONS;</u>
18	(2) RENDER A DECLARATORY JUDGMENT OR TAKE SUCH OTHER
19	ACTION AS IT DEEMS APPROPRIATE, CONSISTENT WITH THE SUPREME
20	COURT RETAINING JURISDICTION OVER SUCH MATTER; AND
21	(3) FIND FACTS OR EXPEDITE A FINAL JUDGMENT IN
22	CONNECTION WITH SUCH A CHALLENGE OR REQUEST FOR DECLARATORY
23	RELIEF.
24	(C) SOVEREIGN IMMUNITY WAIVED SOVEREIGN IMMUNITY IS HEREBY
25	WAIVED, AND THE PROVISIONS OF 42 PA.C.S. CH. 85 (RELATING TO
26	MATTERS AFFECTING GOVERNMENT UNITS) OR LACK OF JURISDICTION BY
27	THE SUPREME COURT SHALL NOT BE RAISED AS A DEFENSE AGAINST A
28	CLAIM BROUGHT AGAINST AN EMPLOYER UNDER THIS SECTION.
29	(D) ATTORNEY FEES A MEMBER WHO PREVAILS IN A CLAIM BROUGHT
30	UNDER THIS PART MAY BE AWARDED REASONABLE ATTORNEY FEES.

1	(E) LIMITATION OF CONTRACT RIGHT NOTHING IN THIS SECTION
2	SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF
3	CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA,
4	BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART
5	OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO
6	CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY
7	CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED
8	<u>CONTRIBUTIONS.</u>
9	(F) EMPLOYER CONTRIBUTIONS NOTHING IN THIS SECTION SHALL
10	BE DEEMED TO SUPERSEDE OR CONFLICT WITH THE RIGHTS AND
11	OBLIGATIONS SET FORTH IN SECTION 5509 (RELATING TO
12	APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH).
13	SECTION 312. SECTIONS 5701 AND 5701.1 OF TITLE 71 ARE
14	AMENDED TO READ:
15	§ 5701. RETURN OF TOTAL ACCUMULATED DEDUCTIONS.
16	ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL
17	BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE
18	MAY BE ENTITLED, ELECT TO RECEIVE HIS TOTAL ACCUMULATED
19	DEDUCTIONS.
20	§ 5701.1. TRANSFER OF ACCUMULATED DEDUCTIONS.
21	WHEN AN EMPLOYEE OF THE JUVENILE COURT JUDGES' COMMISSION-
22	ELECTS MEMBERSHIP IN AN INDEPENDENT RETIREMENT PROGRAM PURSUANT
23	TO SECTION 5301(F) (RELATING TO MANDATORY AND OPTIONAL
24	MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), THE-
25	BOARD SHALL TRANSFER DIRECTLY TO THE TRUSTEE OR ADMINISTRATOR OF
26	THE INDEPENDENT RETIREMENT PROGRAM ALL ACCUMULATED DEDUCTIONS
27	RESULTING FROM SERVICE CREDITED WHILE AN EMPLOYEE OF THE
28	JUVENILE COURT JUDGES' COMMISSION.
29	SECTION 313. SECTIONS 5702(A)(1), (4) AND (6) AND, 5704(A), <
30	(C), (E) AND (F) AND 5705(A) OF TITLE 71 ARE AMENDED AND THE <

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1 SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ:

2 § 5702. MAXIMUM SINGLE LIFE ANNUITY.

3 (A) GENERAL RULE .-- ANY FULL COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT TO THE PROVISIONS OF SECTION-4 5 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) WHO TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER WHO IS-6 7 A SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL 8 EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES SCHOOL SERVICE. 9 BEFORE ATTAINING AGE 70 SHALL BE ENTITLED TO RECEIVE A MAXIMUM 10 SINGLE LIFE ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND EQUAL TO THE SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES 11 BEGINNING AT THE EFFECTIVE DATE OF RETIREMENT: 12 13 (1) A SINGLE LIFE ANNUITY THAT IS THE SUM OF THE 14 STANDARD SINGLE LIFE [ANNUITY MULTIPLIED BY THE SUM OF THE-15 PRODUCTS, ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF 16 SERVICE [, OBTAINED BY MULTIPLYING] MULTIPLIED BY THE-17 APPROPRIATE CLASS OF SERVICE MULTIPLIER [BY THE RATIO OF 18 YEARS OF SERVICE CREDITED IN THAT CLASS TO THE TOTAL CREDITED 19 SERVICE] APPLICABLE TO EACH STANDARD SINGLE LIFE ANNUITY. IN-20 CASE THE MEMBER ON THE EFFECTIVE DATE OF RETIREMENT IS UNDER-21 SUPERANNUATION AGE FOR ANY SERVICE, A REDUCTION FACTOR 22 CALCULATED TO PROVIDE BENEFITS ACTUARIALLY EQUIVALENT TO AN-23 ANNUITY STARTING AT SUPERANNUATION AGE SHALL BE APPLIED TO-24 THE PRODUCT DETERMINED FOR THAT SERVICE. THE CLASS OF SERVICE 25 MULTIPLIER FOR ANY PERIOD OF CONCURRENT SERVICE SHALL BE-26 MULTIPLIED BY THE PROPORTION OF TOTAL STATE AND SCHOOL 27 COMPENSATION DURING SUCH PERIOD ATTRIBUTABLE TO STATE SERVICE 28 AS A MEMBER OF THE SYSTEM. IN THE EVENT A MEMBER HAS TWO 29 MULTIPLIERS FOR ONE CLASS OF SERVICE [THE CLASS OF SERVICE-30 MULTIPLIER TO BE USED FOR CALCULATING BENEFITS FOR THAT CLASS-20150SB1071PN1913 - 632 -

1 SHALL BE THE AVERAGE OF THE TWO MULTIPLIERS WEIGHTED BY THE 2 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH MULTIPLIER 3 DURING THE THREE YEARS OF HIGHEST ANNUAL COMPENSATION IN THAT 4 CLASS OF SERVICE: PROVIDED, THAT IN THE CASE OF A MEMBER OF 5 CLASS E-1, A PORTION BUT NOT ALL OF WHOSE THREE YEARS OF 6 HIGHEST ANNUAL JUDICIAL COMPENSATION IS PRIOR TO JANUARY 1, 7 1973, TWO CLASS OF SERVICE MULTIPLIERS SHALL BE CALCULATED ON-8 THE BASIS OF HIS ENTIRE JUDICIAL SERVICE, THE ONE APPLYING 9 THE JUDICIAL CLASS OF SERVICE MULTIPLIERS EFFECTIVE PRIOR TO-10 JANUARY 1, 1973 AND THE SECOND APPLYING THE CLASS OF SERVICE-MULTIPLIERS EFFECTIVE SUBSEQUENT TO JANUARY 1, 1973. THE 11 12 AVERAGE CLASS OF SERVICE MULTIPLIER TO BE USED FOR 13 CALCULATING BENEFITS FOR HIS JUDICIAL SERVICE SHALL BE THE 14 AVERAGE OF THE TWO CALCULATED MULTIPLIERS WEIGHTED BY THE-15 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH OF THE CALCULATED MULTIPLIERS DURING THE THREE YEARS OF HIGHEST 16 17 ANNUAL COMPENSATION IN THAT CLASS OF SERVICE.] SEPARATE 18 STANDARD SINGLE LIFE ANNUITIES SHALL BE CALCULATED FOR THE PORTION OF SERVICE IN SUCH CLASS APPLICABLE TO EACH CLASS OF 19 20 SERVICE MULTIPLIER. * * * 21 22 (4) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS 23 ACTUARIALLY EQUIVALENT TO THE AMOUNT BY WHICH HIS REGULAR AND 24 ADDITIONAL ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO ANY 25 CREDITED SERVICE OTHER THAN AS A MEMBER OF CLASS A-3, CLASS 26 A 4, CLASS A 5 AND CLASS C ARE GREATER THAN ONE HALF OF THE-27 ACTUARIALLY EOUIVALENT VALUE ON THE EFFECTIVE DATE OF 28 RETIREMENT OF THE ANNUITY AS PROVIDED IN PARAGRAPH (1) 29 ATTRIBUTABLE TO SERVICE OTHER THAN CLASS A-3, CLASS A-4, 30 CLASS A 5 AND CLASS C FOR WHICH REGULAR OR JOINT COVERAGE

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MEMBER CONTRIBUTIONS WERE MADE. [THIS PARAGRAPH SHALL NOT
APPLY TO ANY MEMBER WITH STATE SERVICE CREDITED AS CLASS A 3
OR CLASS A 4.]

* * *

4

5 (6) IF ELIGIBLE, A SINGLE LIFE ANNUITY SUFFICIENT 6 TOGETHER WITH THE ANNUITY PROVIDED FOR IN PARAGRAPH (1) AS A 7 CLASS A, CLASS AA, CLASS A-3 [AND], CLASS A-4 AND CLASS A-5 8 MEMBER AND THE HIGHEST ANNUITY PROVIDED FOR IN PARAGRAPH (2) 9 TO WHICH HE IS ENTITLED, OR AT HIS OPTION COULD HAVE BEEN 10 ENTITLED, TO PRODUCE THAT PERCENTAGE OF [A] THE SUMS OF THE STANDARD SINGLE LIFE [ANNUITY] ANNUITIES ADJUSTED BY THE-11 APPLICATION OF THE CLASS OF SERVICE MULTIPLIER FOR CLASS A, 12 13 CLASS AA, CLASS A 3 [OR], CLASS A 4 AND CLASS A 5 AS SET FORTH IN PARAGRAPH (1) IN THE CASE WHERE ANY SERVICE IS 14 15 CREDITED AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 [OR], 16 CLASS A 4 AND CLASS A 5 ON THE EFFECTIVE DATE OF RETIREMENT AS DETERMINED BY HIS TOTAL YEARS OF CREDITED SERVICE AS A 17 18 MEMBER OF CLASS A, CLASS AA, CLASS A 3 [AND], CLASS A 4 AND 19 CLASS A-5 AND BY THE FOLLOWING TABLE: 20 TOTAL YEARS OF PERCENTAGE OF SUMS OF **STANDARD** 21 CREDITED SERVICE 22 as a member of SINGLE LIFE 23 CLASS A. [ANNUITY] ANNUITIES ADJUSTED FOR 24 CLASS AA, CLASS A-3 CLASS A, CLASS AA, 25 [AND], CLASS A-4 CLASS A-3 [AND], CLASS A-4 26 -AND CLASS A-5 AND CLASS A-5 27 CLASS OF 28 SERVICE MULTIPLIERS 29 35 - 40100% 102% 30 41

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1	42	104%
2	43	106%
3	44	108%
4	45 OR MORE	110%

5 ***

6 (E) COORDINATION OF BENEFITS. THE DETERMINATION AND PAYMENT
 7 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE
 8 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,
 9 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT

10 <u>IN THE PLAN.</u>

11 § 5704. DISABILITY ANNUITIES.

12 (A) AMOUNT OF ANNUITY. A MEMBER WHO HAS MADE APPLICATION 13 FOR A DISABILITY ANNUITY AND HAS BEEN FOUND TO BE ELIGIBLE IN 14 ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C)(1) (RELATING-15 TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND ELECTIONS OF 16 MEMBERS AND PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY 17 PAYABLE FROM THE EFFECTIVE DATE OF DISABILITY AS DETERMINED BY 18 THE BOARD AND CONTINUED UNTIL A SUBSEQUENT DETERMINATION BY THE-19 BOARD THAT THE ANNUITANT IS NO LONGER ENTITLED TO A DISABILITY 20 ANNUITY. [THE] IF THE SUM OF THE PRODUCTS OF THE NUMBER OF YEARS 21 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE IN EACH CLASS 22 AND THE APPROPRIATE CLASS OF SERVICE MULTIPLIER IS GREATER THAN 23 16.667, THE DISABILITY ANNUITY SHALL BE A SINGLE LIFE ANNUITY 24 THAT IS EQUAL TO [A] THE SUM OF THE STANDARD SINGLE LIFE 25 [ANNUITY] ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF 26 SERVICE MULTIPLIED BY THE APPROPRIATE CLASS OF SERVICE 27 MULTIPLIER [APPLICABLE TO THE CLASS OF SERVICE AT THE TIME OF 28 DISABILITY IF THE PRODUCT OF SUCH CLASS OF SERVICE MULTIPLIER 29 AND THE TOTAL NUMBER OF YEARS OF CREDITED SERVICE IS GREATER

30 THAN 16.667, OTHERWISE THE], OTHERWISE EACH STANDARD SINGLE LIFE-

1	ANNUITY SHALL BE MULTIPLIED BY THE LESSER OF THE FOLLOWING
2	RATIOS:
3	MY*/Y_OR_16.667/Y
4	{WHERE} <u>WHERE</u> Y = <u>TOTAL</u> NUMBER OF YEARS OF CREDITED SERVICE[,];
5	Y* = TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO
6	CONTINUE AS A STATE EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE
7	AS APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF
8	DISABILITY, OR IF THE MEMBER HAS ATTAINED SUPERANNUATION AGE, AS
9	APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF DISABILITY,
10	THEN THE NUMBER OF YEARS OF CREDITED SERVICE AND M = THE CLASS
11	OF SERVICE MULTIPLIER AS APPLICABLE TO THAT CLASS OF SERVICE AT
12	THE EFFECTIVE DATE OF DISABILITY. A MEMBER OF CLASS C SHALL-
13	RECEIVE, IN ADDITION, ANY ANNUITY TO WHICH HE MAY BE ELIGIBLE
14	UNDER SECTION 5702(A)(3) (RELATING TO MAXIMUM SINGLE LIFE
15	ANNUITY). THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A
16	JOINT AND SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY
17	ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION 5702.
18	<u>* * *</u>
19	(C) REDUCTION ON ACCOUNT OF EARNED INCOME SUBSEQUENT TO-
20	JANUARY 1, 1972, PAYMENTS ON ACCOUNT OF DISABILITY SHALL BE-
21	REDUCED BY THAT AMOUNT BY WHICH THE EARNED INCOME OF THE-
22	ANNUITANT, AS REPORTED IN ACCORDANCE WITH SECTION 5908(B)
23	(RELATING TO RIGHTS AND DUTIES OF ANNUITANTS), FOR THE PRECEDING-
24	CALENDAR YEAR TOGETHER WITH THE DISABILITY ANNUITY PAYMENTS
25	PROVIDED IN THIS SECTION OTHER THAN SUBSECTION (B), FOR THE-
26	YEAR, EXCEEDS THE PRODUCT OF:
27	{(I)} <u>(1)</u> THE LAST YEAR'S SALARY OF THE ANNUITANT AS A
28	STATE EMPLOYEE; AND
29	[(II)] <u>(2)</u> THE RATIO OF THE CURRENT MONTHLY PAYMENT TO

30 THE MONTHLY PAYMENT AT THE EFFECTIVE DATE OF DISABILITY;

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5 (E) TERMINATION OF STATE SERVICE. UPON TERMINATION OF DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED 6 IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO[: 7 8 (1) DOES NOT HAVE CLASS A 3 OR CLASS A 4 SERVICE CREDIT; OR 9 10 (2) HAS CLASS A 3 OR CLASS A 4 SERVICE CREDIT AND FEWER 11 THAN TEN ELIGIBILITY POINTS; AND WHO] DOES NOT RETURN TO STATE SERVICE MAY FILE AN 12 13 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE EXCESS, IF 14 ANY, OF THE SUM OF THE SHARED RISK ACCUMULATED DEDUCTIONS PLUS 15 THE REGULAR AND ADDITIONAL ACCUMULATED DEDUCTIONS STANDING TO-16 HIS CREDIT AT THE EFFECTIVE DATE OF DISABILITY OVER ONE THIRD OF 17 THE TOTAL DISABILITY ANNUITY PAYMENTS RECEIVED. IF THE ANNUITANT 18 ON THE DATE OF TERMINATION OF SERVICE WAS ELIGIBLE FOR AN-19 ANNUITY AS PROVIDED IN SECTION 5308(A) OR (B) (RELATING TO-20 ELIGIBILITY FOR ANNUITIES), HE MAY FILE AN APPLICATION WITH THE 21 BOARD FOR AN ELECTION OF AN OPTIONAL MODIFICATION OF HIS 22 ANNUITY. 23 (F) SUPPLEMENT FOR SERVICE CONNECTED DISABILITY .---24 (1) IF A MEMBER HAS BEEN FOUND TO BE ELIGIBLE FOR A 25 DISABILITY ANNUITY AND IF THE DISABILITY HAS BEEN FOUND TO BE 26 A SERVICE CONNECTED DISABILITY AND IF THE MEMBER IS RECEIVING 27 WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN MEDICAL 28 BENEFITS, SUCH MEMBER SHALL RECEIVE A SUPPLEMENT EQUAL TO-29 [70% OF HIS FINAL AVERAGE SALARY] THE AMOUNT DETERMINED UNDER-30 PARAGRAPH (2) LESS THE SUM OF THE ANNUITY AS DETERMINED UNDER-

3 SECTION 5702 WHICHEVER IS GREATER.

1

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* * *

PROVIDED, THAT THE ANNUITANT SHALL NOT RECEIVE LESS THAN HIS-MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE MAY BE ENTITLED UNDER-2

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1	SUBSECTION (A) AND ANY PAYMENTS PAID OR PAYABLE ON ACCOUNT OF
2	SUCH DISABILITY UNDER THE ACT OF JUNE 2, 1915 (P.L.736,
3	NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT, THE ACT OF
4	JUNE 21, 1939 (P.L.566, NO.284), KNOWN AS THE PENNSYLVANIA
5	OCCUPATIONAL DISEASE ACT, AND THE SOCIAL SECURITY ACT (49-
6	STAT. 620, 42 U.S.C. § 301 ET SEQ.). SUCH SUPPLEMENT SHALL
7	CONTINUE AS LONG AS HE IS DETERMINED TO BE DISABLED AND IS
8	RECEIVING WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN-
9	MEDICAL BENEFITS ON ACCOUNT OF HIS SERVICE CONNECTED
10	DISABILITY IN ACCORDANCE WITH THE WORKERS' COMPENSATION ACT
11	OR THE PENNSYLVANIA OCCUPATIONAL DISEASE ACT. IF THE MEMBER
12	HAS RECEIVED A LUMP SUM WORKERS' COMPENSATION PAYMENT IN LIEU
13	OF FUTURE WEEKLY COMPENSATION PAYMENTS, THE LENGTH IN WEEKS
14	AND CALCULATION OF THE SERVICE CONNECTED DISABILITY
15	SUPPLEMENT SHALL BE DETERMINED BY DIVIDING THE LUMP SUM-
16	PAYMENT BY THE AVERAGE WEEKLY WAGE AS DETERMINED BY THE
17	WORKERS' COMPENSATION BOARD.
18	(2) FOR A MEMBER WHO DOES NOT HAVE POST DECEMBER 2016
19	SERVICE OR CLASS A-5 SERVICE, THE AMOUNT TO BE USED TO
20	DETERMINE ELIGIBILITY FOR THE SUPPLEMENT UNDER PARAGRAPH (1)
21	SHALL BE 70% OF THE MEMBER'S FINAL AVERAGE SALARY. FOR A
22	MEMBER WHO HAS POST DECEMBER 2016 SERVICE OR CLASS A-5
23	SERVICE, THE AMOUNT TO BE USED TO DETERMINE ELIGIBILITY FOR
24	THE SUPPLEMENT UNDER PARAGRAPH (1) SHALL BE CALCULATED
25	ACCORDING TO THE FOLLOWING FORMULA:
26	$\underline{A = .7[(Y^{\#} - MULTIPLIED BY FAS^{\#}) + (Y^{P} - MULTIPLIED BY FAS^{P})]}$
27	$-\underline{X}_{\underline{h}}$
28	(3) THE FOLLOWING APPLY TO THE FORMULA IN PARAGRAPH (2):
29	(I) A EQUALS THE AMOUNT USED TO DETERMINE THE
30	SUPPLEMENT;

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1	(II) Y [#] -EQUALS TOTAL YEARS OF CREDITED SERVICE;
2	(III) Y [#] EQUALS YEARS OF CREDITED SERVICE THAT ARE
3	NOT POST-DECEMBER 2016 SERVICE OR CLASS A-5 SERVICE;
4	(IV) FAS [*] EQUALS FINAL AVERAGE SALARY CALCULATED FOR_
5	CREDITED SERVICE OTHER THAN POST-DECEMBER 2016 SERVICE OR
6	<u>CLASS A 5 SERVICE;</u>
7	(V) Y ^P -EQUALS YEARS OF SERVICE CREDITED AS POST-
8	DECEMBER 2016 SERVICE OR CLASS A-5 SERVICE; AND
9	(VI) FAS ^P EQUALS FINAL AVERAGE SALARY CALCULATED FOR
10	SERVICE CREDITED AS POST-DECEMBER 2016 SERVICE OR CLASS
11	A-5 SERVICE.
12	<u>* * *</u>
13	(II) COORDINATION OF BENEFITS. THE DETERMINATION AND PAYMENT
14	OF A DISABILITY ANNUITY UNDER THIS SECTION IS IN ADDITION TO ANY
15	PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE, HAS RECEIVED OR IS
16	RECEIVING AS A RESULT OF BEING A PARTICIPANT IN THE PLAN.
17	§ 5705. MEMBER'S OPTIONS.
18	(A) GENERAL RULE ANY SPECIAL VESTEE [WHO HAS ATTAINED-
19	SUPERANNUATION AGE, ANY VESTEE WHO DOES NOT HAVE CLASS A-3 OR-
20	CLASS A-4 SERVICE CREDIT HAVING FIVE OR MORE ELIGIBILITY POINTS
21	FOR SERVICE OTHER THAN CLASS T-E OR CLASS T-F SERVICE IN THE-
22	PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR VESTEE WHO HAS
23	CLASS A-3 OR CLASS A-4 SERVICE CREDIT HAVING TEN OR MORE-
24	ELIGIBILITY POINTS, ANY MEMBER WITH CLASS G, CLASS H, CLASS I,-
25	CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING
26	FIVE OR MORE ELIGIBILITY POINTS OR ANY OTHER ELIGIBLE MEMBER
27	UPON TERMINATION OF STATE SERVICE WHO HAS NOT WITHDRAWN HIS-
28	TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5701
29	(RELATING TO RETURN OF TOTAL ACCUMULATED DEDUCTIONS)], VESTEE OR
30	ANY OTHER MEMBER UPON TERMINATION OF STATE SERVICE WHO IS

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1	ELIGIBLE TO RECEIVE AN ANNUITY AS PROVIDED IN SECTION 5308(A) OR
2	(B) (RELATING TO ELIGIBILITY FOR ANNUITIES) MAY APPLY FOR AND
3	ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE ANNUITY, AS-
4	CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5702
5	(RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY
6	CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
7	MAXIMUM SINGLE LIFE ANNUITY PAYABLE AFTER REDUCTION UNDER
8	SUBSECTION (A.1) AND IN ACCORDANCE WITH ONE OF THE FOLLOWING
9	OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY PAYABLE TO
10	ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE OR
11	ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF
12	THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT
13	UNDER THIS SUBSECTION AND SUBSECTION (A.1) HE MAY HAVE ELECTED
14	TO RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM
15	SINGLE LIFE ANNUITY:
16	(1) OPTION 1. A LIFE ANNUITY TO THE MEMBER WITH A
17	GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE
18	MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF
19	RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS-
20	RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE
21	SHALL BE PAYABLE TO HIS BENEFICIARY.
22	(2) OPTION 2. A JOINT AND SURVIVOR ANNUITY PAYABLE
23	DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
24	SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
25	LIVING AT HIS DEATH.
26	(3) OPTION 3 A JOINT AND FIFTY PERCENT (50%) SURVIVOR
27	ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE-
28	HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR
29	ANNUITANT, IF LIVING AT HIS DEATH.
~ ~	

30 (4) OPTION 4. SOME OTHER BENEFIT WHICH SHALL BE-

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1	CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
2	MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING-
3	RESTRICTIONS:
4	(I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
5	DURING THE LIFETIME OF THE MEMBER;
6	(II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
7	DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
8	ONE AND ONE HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER;
9	AND
10	(III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
11	LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
12	EXCEED AN AMOUNT EQUAL TO THE TOTAL ACCUMULATED
13	DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER THAT ARE
14	NOT THE RESULT OF CONTRIBUTIONS AND STATUTORY INTEREST
15	MADE OR CREDITED AS A RESULT OF CLASS A-3 [OR], CLASS A-4-
16	<u>OR CLASS A-5 SERVICE. THE BALANCE OF THE PRESENT VALUE OF</u>
17	THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED IN ACCORDANCE
18	WITH SECTION 5702(B) SHALL BE PAID IN THE FORM OF AN
19	ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A SINGLE LIFE-
20	ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR ANY-
21	COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS OF
22	SUBPARAGRAPHS (I) AND (II) UNDER THIS OPTION. <u>IF A</u>
23	MEMBER'S EFFECTIVE DATE OF RETIREMENT IS ON OR AFTER JULY
24	1, 2016, THEN THE PORTION OF THE BENEFIT PAYABLE UNDER
25	THIS SUBPARAGRAPH SHALL BE FURTHER LIMITED TO THE TOTAL
26	ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE
27	MEMBER ON JUNE 30, 2016, THAT ARE NOT THE RESULT OF
28	CONTRIBUTIONS AND STATUTORY INTEREST MADE OR CREDITED AS
29	A RESULT OF CLASS A-3 OR CLASS A-4 SERVICE, PLUS ANY
30	STATUTORY INTEREST CREDITED ON THOSE ACCUMULATED

1	DEDUCTIONS BEFORE THE EFFECTIVE DATE OF RETIREMENT.
2	(A.1) ADDITIONAL LUMP SUM WITHDRAWAL THE FOLLOWING SHALL
3	APPLY:
4	(1) AFTER JUNE 30, 2016, IF A MEMBER HAS ELECTED TO HAVE
5	THE FULL AMOUNT ALLOWED UNDER SUBSECTION (A) (4) (III) PAID IN
6	LUMP SUM, OR IS NOT ELIGIBLE TO HAVE ANY MONEY PAID UNDER
7	SUBSECTION (A) (4) (III), THEN THE MEMBER MAY ELECT TO RECEIVE
8	AN ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM AT THE SAME TIME
9	AS THE PAYMENT ELECTED UNDER SUBSECTION (A)(4)(III), IF ANY.
10	(2) THE ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM MAY NOT
11	EXCEED AN AMOUNT EQUAL TO THE EXCESS OF THE TOTAL ACCUMULATED
12	DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER ON THE
13	EFFECTIVE DATE OF RETIREMENT OVER THE AMOUNT PAYABLE UNDER
14	SUBSECTION (A) (4) (III).
15	(3) IF A MEMBER ELECTS TO BE PAID AN ADDITIONAL LUMP SUM
16	AMOUNT UNDER THIS SUBSECTION, THEN THE MAXIMUM SINGLE LIFE
17	ANNUITY CALCULATED UNDER SECTION 5702 AND PAYABLE UNDER
18	SUBSECTION (A) SHALL BE REDUCED BY THE ADDITIONAL AMOUNT
19	WITHDRAWN DIVIDED BY THE COST OF A DOLLAR ANNUITY ON THE
20	EFFECTIVE DATE OF RETIREMENT COMPUTED ON THE BASIS OF THE
21	ANNUAL INTEREST RATE ADOPTED FOR THAT FISCAL YEAR BY THE
22	BOARD FOR THE CALCULATION OF THE EMPLOYER NORMAL CONTRIBUTION
23	RATE UNDER SECTION 5508(B) (RELATING TO ACTUARIAL COST
24	METHOD) AND THE MORTALITY TABLES ADOPTED BY THE BOARD FOR THE
25	DETERMINATION OF ACTUARIALLY EQUIVALENT BENEFITS UNDER THIS
26	PART. THE REDUCTION IN THE MAXIMUM SINGLE LIFE ANNUITY UNDER
27	THIS PARAGRAPH SHALL APPLY BEFORE THE ELECTION AND
28	CALCULATION OF ANY REDUCED ANNUITIES PAYABLE UNDER SUBSECTION
29	<u>(A).</u>
30	* * *

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SECTION 314. SECTIONS 5705.1 AND 5706(A), (A.1), (A.2) AND 1 (C) (1) OF TITLE 71 ARE AMENDED TO READ: 2 3 \$ 5705.1. PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM 4 CLASS A 3 [AND], CLASS A 4 OR CLASS A 5 SERVICE. 5 ANY SUPERANNUATION OR WITHDRAWAL ANNUITANT WHO: 6 (1) HAS CLASS A 3 [OR] CLASS A 4 <u>OR CLASS A 5</u> SERVICE 7 CREDIT: 8 (2) HAS SERVICE CREDITED IN ONE OR MORE CLASSES OF 9 SERVICE; AND 10 (3) BECAUSE HE HAS FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON 11 12 HIS CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 SERVICE 13 SHALL RECEIVE IN A LUMP SUM AT THE TIME OF HIS RETIREMENT, IN-14 ADDITION TO ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A 3 15 16 [OR], CLASS A 4 OR CLASS A 5 SERVICE CREDIT. PAYMENT OF THESE 17 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [OR], CLASS A-4-18 OR CLASS A 5 SERVICE CREDIT SHALL NOT BE ELIGIBLE FOR-19 INSTALLMENT PAYMENTS PURSUANT TO SECTION 5905.1 (RELATING TO-20 INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS) BUT SHALL BE CONSIDERED A LUMP SUM PAYMENT FOR PURPOSES OF SECTION 5905.1(D). 21 22 § 5706. TERMINATION OF ANNUITIES. (A) GENERAL RULE.--IF THE ANNUITANT RETURNS TO STATE SERVICE-23 24 OR ENTERS OR HAS ENTERED SCHOOL SERVICE AND ELECTS MULTIPLE 25 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART-26 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE 27 SERVICE OR ENTERING SCHOOL SERVICE WITHOUT REGARD TO WHETHER HE 28 IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR 29 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER, 30 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR

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PARTICIPANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR 1 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF 2 3 AN ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF 4 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT-5 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY 6 7 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF 8 CLASS A AND CLASS C SERVICE AS PROVIDED IN SECTION 5302(C) 9 (RELATING TO CREDITED STATE SERVICE) AND WHO RETURNS TO STATE 10 SERVICE SHALL FORFEIT SUCH CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE-11 12 HAD NOT BEEN APPLIED TO HIS ACCOUNT. IN THE EVENT THAT THE COST-13 OF-LIVING INCREASE ENACTED DECEMBER 18, 1979 OCCURRED DURING THE 14 PERIOD OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT 15 VALUE SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS 16 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT 17 RETURNED TO SERVICE. THIS SUBSECTION SHALL NOT APPLY IN THE CASE 18 OF ANY ANNUITANT WHO MAY RENDER SERVICES TO THE COMMONWEALTH IN-19 THE CAPACITY OF AN INDEPENDENT CONTRACTOR OR AS A MEMBER OF AN-20 INDEPENDENT BOARD OR COMMISSION OR AS A MEMBER OF A DEPARTMENTAL 21 ADMINISTRATIVE OR ADVISORY BOARD OR COMMISSION WHEN SUCH MEMBERS-22 OF INDEPENDENT OR DEPARTMENTAL BOARDS OR COMMISSIONS ARE 23 COMPENSATED ON A PER DIEM BASIS FOR NOT MORE THAN 150 DAYS PER-24 CALENDAR YEAR OR AS A MEMBER OF AN INDEPENDENT BOARD OR 25 COMMISSION REQUIRING APPOINTMENT BY THE GOVERNOR, WITH ADVICE 26 AND CONSENT OF THE SENATE, WHERE THE ANNUAL SALARY PAYABLE TO 27 THE MEMBER DOES NOT EXCEED \$35,000 AND WHERE THE MEMBER HAS BEEN 28 AN ANNUITANT FOR AT LEAST SIX MONTHS IMMEDIATELY PRECEDING THE 29 APPOINTMENT. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER 30 CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE

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1	STATE SERVICE[.] OR FOR PARTICIPATION IN THE PLAN, MANDATORY
2	PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR
3	EMPLOYER DEFINED CONTRIBUTIONS.
4	(A.1) RETURN TO STATE SERVICE DURING EMERGENCYWHEN, IN-
5	THE JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE
6	IN THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF
7	SERVICE TO THE PUBLIC, AN ANNUITANT MAY BE RETURNED TO STATE
8	SERVICE FOR A PERIOD NOT TO EXCEED 95 DAYS IN ANY CALENDAR YEAR
9	WITHOUT LOSS OF HIS ANNUITY. IN COMPUTING THE NUMBER OF DAYS AN
10	ANNUITANT HAS RETURNED TO STATE SERVICE, ANY AMOUNT OF TIME LESS
11	THAN ONE-HALF OF A DAY SHALL BE COUNTED AS ONE-HALF OF A DAY.
12	FOR AGENCIES, BOARDS AND COMMISSIONS UNDER THE GOVERNOR'S
13	JURISDICTION, THE APPROVAL OF THE GOVERNOR THAT AN EMERGENCY
14	EXISTS SHALL BE REQUIRED BEFORE AN ANNUITANT MAY BE RETURNED TO
15	STATE SERVICE. THIS SERVICE SHALL NOT BE SUBJECT TO MEMBER_
16	CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE
17	STATE SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY PICKUP
18	PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR EMPLOYER
19	DEFINED CONTRIBUTIONS.
20	(A.2) RETURN OF BENEFITS. IN THE EVENT AN ANNUITANT WHOSE
21	ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES
22	ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO-
23	SECTION 5705 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE-
24	OF HIS RETURN TO STATE SERVICE OR ENTERING SCHOOL SERVICE, THE
25	ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM
26	THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE-
27	CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS
28	APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN
29	30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR SCHOOL EMPLOYEE
30	WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES!

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RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST 1 THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON 2 3 BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBER AND THE BOARD MAY INCLUDE A 4 5 DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE 6 TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN-ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY 7 8 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS 9 SOLE DISCRETION DETERMINES. IN THE CASE OF A SCHOOL EMPLOYEE WHO 10 IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO 11 12 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL-13 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID. * * * 14 15 (C) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE. 16 (1) AN ANNUITANT WHO RETURNS TO STATE SERVICE AS AN-ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY-17 18 POINTS BY PERFORMING CREDITED STATE SERVICE FOLLOWING THE 19 MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, 20 OR AN ANNUITANT WHO ENTERS SCHOOL SERVICE AND: 21 (I) IS A MULTIPLE SERVICE MEMBER; OR 22 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND 23 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE 24 SERVICE OR CREDITED SCHOOL SERVICE FOLLOWING THE MOST RECENT 25 PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND WHO HAD-26 THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE WITH-27 SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE-28 FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF 29 RETIREMENT ELIMINATED, PROVIDED THAT ALL LUMP SUM PAYMENTS 30 UNDER OPTION 4 OR UNDER SECTION 5705 (A.1) AND ANNUITY

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1	PAYMENTS PAYABLE DURING PREVIOUS PERIODS OF RETIREMENT PLUS		
2	INTEREST AS SET FORTH IN PARAGRAPH (3) SHALL BE RETURNED TO		
3	THE FUND IN THE FORM OF AN ACTUARIAL ADJUSTMENT TO HIS-		
4	SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE BOARD MAY		
5	OTHERWISE DIRECT.		
6	* * *		
7	SECTION 315. SECTION 5707(F) OF TITLE 71 IS AMENDED AND THE		
8	SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:		
9	§ 5707. DEATH BENEFITS.		
10	* * *		
11	(B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF		
12	SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE. IN THE		
13	EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY		
14	BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND		
15	INELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES		
16	OF SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED		
17	ON THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN		
18	ADDITION TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED		
19	DEDUCTIONS ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT		
20	ELIGIBLE FOR AN ANNUITY.		
21	<u>* * *</u>		
22	(F) MEMBERS SUBJECT TO LIMITATIONS UNDER SECTION 5702(C)		
23	SUBJECT TO THE LIMITATIONS CONTAINED IN SECTION 401(A)(9) OF THE		
24	INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §-		
25	401(A)(9)), THE PRESENT VALUE OF ANY ANNUITY IN EXCESS OF THAT		
26	PAYABLE UNDER SECTION 5702 (RELATING TO MAXIMUM SINGLE LIFE		
27	ANNUITY) THAT IS NOT SUBJECT TO THE LIMITATIONS UNDER SECTION		
28	415(B) OF THE INTERNAL REVENUE CODE OF 1986 SHALL BE PAID IN A		
29	LUMP SUM TO THE BENEFICIARY DESIGNATED BY THE MEMBER AFTER THE		
30	DEATH OF THE MEMBER. A BENEFICIARY RECEIVING A BENEFIT UNDER-		
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1	THIS SUBSECTION SHALL NOT BE ABLE TO ELECT A PAYMENT METHOD
2	OTHERWISE ALLOWED UNDER SECTION 5709(B)(2) AND (3) (RELATING TO
3	PAYMENT OF BENEFITS FROM THE SYSTEM).
4	SECTION 316. SECTION 5709 HEADING, (A) AND (B) OF TITLE 71
5	ARE AMENDED TO READ:
6	§ 5709. PAYMENT OF BENEFITS FROM THE SYSTEM.
7	(A) ANNUITIES ANY ANNUITY GRANTED UNDER THE PROVISIONS OF
8	THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY
9	INSTALLMENTS.
10	(B) DEATH BENEFITS IF THE AMOUNT OF A DEATH BENEFIT-
11	PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION
12	5707 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF
13	OPTION 1 OF SECTION 5705(A)(1) (RELATING TO MEMBER'S OPTIONS) IS
14	\$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT
15	ACCORDING TO ONE OF THE FOLLOWING OPTIONS:
16	(1) A LUMP SUM PAYMENT;
17	(2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT
18	PAYABLE; OR
19	(3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE
20	ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS
21	THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.
22	* * *
23	SECTION 317. TITLE 71 IS AMENDED BY ADDING A CHAPTER TO
24	READ:
25	<u>CHAPTER 58</u>
26	STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN
27	SEC.
28	5801. ESTABLISHMENT.
29	5802. PLAN DOCUMENT.
30	5803. INDIVIDUAL INVESTMENT ACCOUNTS.
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- 1 5804. PARTICIPANT CONTRIBUTIONS.
- 2 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.
- 3 <u>5806. EMPLOYER DEFINED CONTRIBUTIONS.</u>
- 4 <u>5807. ELIGIBILITY FOR BENEFITS.</u>
- 5 <u>5808. DEATH BENEFITS.</u>
- 6 <u>5809. VESTING.</u>
- 7 <u>5810. TERMINATION OF DISTRIBUTIONS.</u>
- 8 <u>5811. (RESERVED).</u>
- 9 <u>5812. POWERS AND DUTIES OF BOARD.</u>
- 10 5813. RESPONSIBILITY FOR INVESTMENT LOSS.
- 11 <u>5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION</u>
- 12 <u>CHOICES.</u>
- 13 <u>5815. EXPENSES.</u>
- 14 <u>5816. TAX QUALIFICATION.</u>
- 15 <u>§ 5801. ESTABLISHMENT.</u>
- 16 (A) STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN. THE STATE 17 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD 18 SHALL ADMINISTER AND MANAGE THE PLAN WHICH SHALL BE A DEFINED 19 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES 20 21 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE 22 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT 23 INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND 24 SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION. 25 (B) STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST. - THE STATE 26 EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS PART OF 27 THE PLAN. THE TRUST SHALL BE COMPRISED OF THE INDIVIDUAL 28 INVESTMENT ACCOUNTS AND ALL ASSETS AND MONEYS IN THOSE ACCOUNTS, 29 AND ANY ASSETS AND MONEYS HELD BY THE BOARD AS PART OF THE PLAN-
- 30 THAT ARE NOT ALLOCATED TO INDIVIDUAL INVESTMENT ACCOUNTS. THE

1	MEMBERS OF THE BOARD SHALL BE THE TRUSTEES OF THE TRUST, WHICH
2	SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE
3	EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
4	WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
5	BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT
6	INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND
7	SHALL PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE
8	TRUST.
9	(C) ASSETS HELD IN TRUST ALL ASSETS AND INCOME IN THE PLAN
10	THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE
11	PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE
12	WITH THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
13	PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE
14	EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES
15	UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS
16	OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN
17	DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE
18	BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED
19	FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE
20	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.
21	(D) NAME FOR TRANSACTING BUSINESS. ALL OF THE BUSINESS OF
22	THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL
23	REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS
24	CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME
25	OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN."
26	NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY
27	ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF
28	REGISTERING SECURITIES TO FACILITATE THE PURCHASE, SALE OR OTHER
29	DISPOSITION OF SECURITIES UNDER THE PROVISIONS OF THIS PART.
30	<u>\$ 5802. Plan document.</u>

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1	THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE
2	PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS
3	OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED
4	IN THE PENNSYLVANIA BULLETIN. ANY AMENDMENTS TO THE PLAN AND
5	TRUST DECLARATION ALSO SHALL BE PUBLISHED. THE CREATION OF THE
6	DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE
7	TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND
8	PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY
9	REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE
10	ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE
11	COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER
12	LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE
13	CONTEXT CLEARLY INDICATES OTHERWISE.
14	<u>§ 5803. INDIVIDUAL INVESTMENT ACCOUNTS.</u>
15	THE BOARD SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
16	INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
17	CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON BEHALF
18	OF A PARTICIPANT SHALL BE CREDITED TO THE PARTICIPANT'S
19	INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH ALL INTEREST AND
20	INVESTMENT EARNINGS AND LOSSES. INVESTMENT AND ADMINISTRATIVE
21	FEES, COSTS AND EXPENSES SHALL BE CHARGED TO THE PARTICIPANTS'
22	INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS OTHERWISE PROVIDED
23	UNDER THIS PART OR AS THE GENERAL ASSEMBLY OTHERWISE PROVIDES BY
24	APPROPRIATIONS FROM THE GENERAL FUND. EMPLOYER DEFINED
25	CONTRIBUTIONS SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY
26	FROM PARTICIPANT CONTRIBUTIONS, BUT ALL INTEREST, INVESTMENT
27	EARNINGS AND LOSSES, AND INVESTMENT AND ADMINISTRATIVE FEES,
28	COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.
29	<u>§ 5804. PARTICIPANT CONTRIBUTIONS.</u>
30	(A) MANDATORY CONTRIBUTIONS A PARTICIPANT WHO IS A MEMBER

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1	WHO MAKES THE ELECTION TO BECOME A CLASS A-5 MEMBER UNDER
2	SECTION 5306.4 (RELATING TO LIMITED ELECTION TO BECOME A CLASS
3	<u>A-5 MEMBER AND PLAN PARTICIPANT) SHALL MAKE MANDATORY PICKUP</u>
4	PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS TO THE
5	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT EQUAL TO 3.25%, OR
6	SUCH OTHER PERCENTAGE AS SET FORTH IN SECTION 5306.4(E), OF
7	COMPENSATION FOR CURRENT STATE SERVICE. THE EMPLOYER SHALL CAUSE
8	THOSE CONTRIBUTIONS FOR CURRENT SERVICE TO BE MADE AND DEDUCTED
9	FROM EACH PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE
10	BOARD.
11	(B) VOLUNTARY CONTRIBUTIONS A PARTICIPANT MAY MAKE
12	VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH
13	DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF
14	MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE
15	EXTENT ALLOWED BY IRC § 402. THE ROLLOVERS SHALL BE MADE IN A
16	FORM AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO
17	THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE
18	SEPARATELY ACCOUNTED FOR BY THE BOARD.
19	(C) PROHIBITED CONTRIBUTIONS. NO CONTRIBUTIONS MAY BE
20	ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
21	TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
22	IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
23	DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS
24	IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE
25	CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE
26	CHARGES, SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.
27	<u>§ 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.</u>
28	(A) TREATMENT FOR PURPOSES OF IRC § 414(II). THE
29	CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION
30	5804 (A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO

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1	STATE SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED
2	UP BY THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS
3	THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER
4	THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A
5	PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY
6	PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF
7	THE PARTICIPANT.
8	(B) TREATMENT FOR OTHER PURPOSES. FOR ALL OTHER PURPOSES
9	UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT
10	CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A
11	PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE
12	CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT
13	PICKED UP.
14	<u>§ 5806. EMPLOYER DEFINED CONTRIBUTIONS.</u>
15	(A) CONTRIBUTIONS FOR SERVICE THE COMMONWEALTH OR OTHER
16	EMPLOYER OF AN ACTIVE PARTICIPANT SHALL MAKE EMPLOYER DEFINED
17	CONTRIBUTIONS FOR SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE
18	<u>CREDITED TO THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT</u>
19	ACCOUNT. EMPLOYER DEFINED CONTRIBUTIONS SHALL BE RECORDED AND
20	ACCOUNTED FOR SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.
21	(B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED
22	FROM USERRA LEAVE. WHEN A STATE EMPLOYEE REEMPLOYED FROM USERRA
23	LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
24	PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE COMMONWEALTH OR
25	OTHER EMPLOYER BY WHOM THE STATE EMPLOYEE IS EMPLOYED AT THE
26	TIME THE PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER
27	EMPLOYER DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS
28	SECTION HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS
29	CONTINUED TO BE EMPLOYED IN THE PARTICIPANT'S STATE OFFICE OR
30	POSITION INSTEAD OF PERFORMING USERRA LEAVE. THE EMPLOYER

1	DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE PARTICIPANT'S
2	INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE PROVIDED BY THIS
3	PART.
4	(C) LIMITATIONS ON CONTRIBUTIONS. NO CONTRIBUTIONS MAY BE
5	ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
6	TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
7	IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
8	DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
9	CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
10	EARNINGS ON THE CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND
11	ADMINISTRATIVE CHARGES, SHALL BE REFUNDED TO THE EMPLOYER BY THE
12	BOARD.
13	<u>§ 5807. ELIGIBILITY FOR BENEFITS.</u>
14	(A) TERMINATION OF SERVICE A PARTICIPANT WHO TERMINATES
15	STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED
16	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE
17	PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
18	ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
19	PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
20	ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A
21	PARTICIPANT WHO WITHDRAWS HIS VESTED ACCUMULATED TOTAL DEFINED
22	CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
23	NOTWITHSTANDING THAT THE FORMER STATE EMPLOYEE MAY CONTINUE TO
24	BE A MEMBER OF THE SYSTEM OR MAY HAVE CONTRACTED TO RECEIVE AN
25	ANNUITY OR OTHER FORM OF PAYMENT FROM A PROVIDER RETAINED BY THE
26	BOARD FOR SUCH PURPOSES.
27	(B) REQUIRED DISTRIBUTIONS ALL PAYMENTS UNDER THIS SECTION-
28	SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
29	DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
30	IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY

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1	DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
2	THOSE REQUIREMENTS.
3	(C) (RESERVED).
4	(D) PROHIBITED DISTRIBUTIONS A STATE EMPLOYEE MUST BE
5	TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP
6	IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO
7	RECEIVE A DISTRIBUTION.
8	(E) LOANSLOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
9	OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO STATE
10	EMPLOYEES WHO HAVE NOT TERMINATED STATE SERVICE ARE NOT
11	PERMITTED, EXCEPT AS REQUIRED BY LAW.
12	(F) SMALL INDIVIDUAL INVESTMENT ACCOUNTS A PARTICIPANT WHO
13	TERMINATES STATE SERVICE AND WHOSE VESTED ACCUMULATED TOTAL
14	DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW
15	AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED
16	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS
17	PROVIDED IN IRC § 401(A)(31).
18	<u>§ 5808. DEATH BENEFITS.</u>
19	(A) GENERAL RULE IN THE EVENT OF THE DEATH OF AN ACTIVE
20	PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
21	PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
22	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
23	SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN
24	DOCUMENT.
25	(B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONSIN THE
26	EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE
27	BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
28	BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
29	LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
30	THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE
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1	METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE
2	PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S
3	BENEFICIARY OR SUCCESSOR PAYEE, AS THE CASE MAY BE, AS PROVIDED
4	IN THE PLAN DOCUMENT.
5	(C) CONTRACTS THE BOARD MAY CONTRACT WITH FINANCIAL
6	INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD PARTY
7	PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM
8	DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM
9	AND MANNER AS PROVIDED BY THE CONTRACT.
10	<u>§ 5809. VESTING.</u>
11	(A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS SUBJECT TO THE
12	FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 5953 (RELATING
13	TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS
14	PROVIDED BY LAW, A PARTICIPANT SHALL BE IMMEDIATELY VESTED WITH
15	RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
16	VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT
17	TO THE TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS OR
18	LOSSES ON THE PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT
19	FEES AND ADMINISTRATIVE CHARGES.
20	(B) EMPLOYER DEFINED CONTRIBUTIONS
21	(1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS
22	OF SECTION 5953 OR OTHERWISE AS PROVIDED BY LAW, A
23	PARTICIPANT SHALL BE VESTED WITH RESPECT TO ALL EMPLOYER
24	DEFINED CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL
25	INVESTMENT ACCOUNT IN THE TRUST IN ADDITION TO INTEREST AND
26	INVESTMENT GAINS AND LOSSES ON THE EMPLOYER DEFINED
27	CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE
28	CHARGES ACCORDING TO THE FOLLOWING SCHEDULE:
29	(I) UNTIL SUCH TIME AS A PARTICIPANT HAS EARNED
30	THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 0%;
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1	(II) AT AND AFTER THE ATTAINMENT OF THREE
2	ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 100%.
3	(2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY
4	POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF
5	SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE
6	<u>PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN</u>
7	AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.
8	(3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS AND THE
9	INTEREST AND INVESTMENT GAINS AND LOSSES ON THE NONVESTED
10	EMPLOYER DEFINED CONTRIBUTIONS THAT ARE FORFEITED WHEN A
11	PARTICIPANT TERMINATES STATE SERVICE BEFORE ACCRUING THREE
12	ELIGIBILITY POINTS AS PROVIDED UNDER SECTION 5307(C)(3) ARE
13	CREDITED TO THE PARTICIPANT'S MOST RECENT EMPLOYER'S FUTURE
14	OBLIGATION ASSESSED UNDER SECTION 5509 (RELATING TO
15	APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH).
16	(C) USERRA LEAVE AND ELIGIBILITY POINTS A PARTICIPANT IN
17	THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
18	PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER
19	THIS SECTION FOR THE STATE SERVICE THAT WOULD HAVE BEEN
20	PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.
21	<u>§ 5810. TERMINATION OF DISTRIBUTIONS.</u>
22	(A) RETURN TO STATE SERVICE.
23	(1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
24	PARTICIPANT WHO RETURNS TO STATE SERVICE SHALL CEASE
25	RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE
26	DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
27	STATE SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS A
28	MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
29	PARTICIPANT IN THE PLAN.
30	(2) THIS SUBSECTION SHALL NOT APPLY TO DISTRIBUTIONS

1	THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN
2	ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.
3	(B) RETURN OF BENEFITS PAID DURING USERRA LEAVE
4	(1) IF A FORMER STATE EMPLOYEE IS REEMPLOYED FROM USERRA
5	LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE PLAN
6	DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE
7	BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN THE
8	PLAN DOCUMENT.
9	(2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
10	BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
11	ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN
12	THE CASE OF AN ACTIVE PARTICIPANT MAY BE AMORTIZED WITH
13	INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY_
14	DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE
15	PARTICIPANT AND THE BOARD, BUT FOR NOT LONGER THAN A PERIOD
16	THAT STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUES FOR
17	UP TO THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S
18	IMMEDIATE PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD
19	SHALL NOT EXCEED FIVE YEARS.
20	<u>§ 5811. (RESERVED).</u>
21	<u>§ 5812. POWERS AND DUTIES OF BOARD.</u>
22	THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN
23	CHAPTER 59 (RELATING TO ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL
24	PROVISIONS), SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
25	ESTABLISH THE PLAN AND TRUST AND ADMINISTER THE PROVISIONS OF
26	THIS CHAPTER AND PART:
27	(1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
28	ASSETS OF OTHER PERSONS OR ENTITIES.
29	(2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
30	AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE

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1	PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM
2	THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS
3	OTHERWISE PROVIDED UNDER THIS PART OR AS THE GENERAL ASSEMBLY_
4	OTHERWISE PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.
5	(3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND
6	LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY
7	MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.
8	(4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS
9	OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED
10	STATUS OF THE PLAN.
11	(5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO
12	PARTICIPATE IN THE PLAN BY THOSE STATE EMPLOYEES ELIGIBLE TO
13	DO SO FOR WHOM PARTICIPATION IS NOT MANDATORY.
14	(6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT
15	REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF
16	ASSURING THAT THE FUND MANAGER CONTINUES TO MEET ALL
17	STANDARDS AND CRITERIA ESTABLISHED.
18	(7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND
19	DIRECT TRUSTEE TO TRUSTEE TRANSFERS INTO THE TRUST FROM
20	QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE
21	EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.
22	(8) THE BOARD MAY ALLOW AN INACTIVE PARTICIPANT TO
23	MAINTAIN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
24	WITHIN THE PLAN.
25	(9) THE BOARD SHALL ADMINISTER OR ENSURE THE
26	ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE
27	QUALIFICATIONS AND OTHER RULES OF THE IRC.
28	(10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR
29	THE LAWFUL PAYMENT OF BENEFITS, INCLUDING BUT NOT LIMITED TO
30	<u>ALTERNATE PAYEES AS SET FORTH IN SECTIONS 5953 (RELATING TO</u>

1	TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) THROUGH 5953.6
2	(RELATING TO IRREVOCABLE SUCCESSOR PAYEE).
3	(11) THE BOARD SHALL DETERMINE, AFTER REVIEWING
4	APPLICABLE LAW, WHAT CONSTITUTES A TERMINATION OF STATE
5	SERVICE.
6	(12) THE BOARD MAY ESTABLISH PROCEDURES FOR
7	DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
8	THE IRC.
9	(13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
10	DOCUMENT OR PROMULGATE RULES AND REGULATIONS AS IT DEEMS
11	NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
12	INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:
13	(I) PROCEDURES FOR ELIGIBLE PARTICIPANTS TO CHANGE
14	VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT
15	CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS
16	REGARDING THEIR PARTICIPATION IN THE PLAN.
17	(II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
18	PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS
19	FROM A PARTICIPANT'S COMPENSATION.
20	(III) PROCEDURES FOR ROLLOVERS AND TRUSTEE TO
21	TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED AS
22	PART OF THE PLAN.
23	(IV) STANDARDS AND CRITERIA FOR PROVIDING OPTIONS TO <
24	ELIGIBLE INDIVIDUALS REGARDING INVESTMENT OF AMOUNTS
25	DEFERRED UNDER THE PLAN. ONE OF THE AVAILABLE OPTIONS
26	MUST SERVE AS THE DEFAULT OPTION FOR PARTICIPANTS WHO DO
27	NOT MAKE A TIMELY ELECTION.
28	(IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS <
29	THAN 10 OPTIONS WHICH ARE OFFERED BY THREE OR MORE
30	PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS

1	REGARDING INVESTMENTS OF AMOUNTS DEFERRED UNDER THE PLAN.
2	THE STANDARDS AND CRITERIA MUST PROVIDE FOR A VARIETY OF
3	INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE
4	WITH CRITERIA ESTABLISHED BY THE BOARD.
5	(V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE
6	PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME
7	ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL
8	FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS
9	DEFERRED TO COVER THE FEES, COSTS AND EXPENSES OF
10	ADMINISTERING AND MANAGING THE PLAN OR TRUST.
11	(VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE
12	MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION
13	FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES
14	CONSISTENT WITH THE PURPOSE OF THE PLAN.
15	(14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION
16	REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES
17	THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF
18	THE PLAN.
19	(15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN
20	LIEU OF STAFF, EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED
21	BY LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT
22	REQUIRED BY LAW TO BE PERFORMED BY THE BOARD CAN BE DELEGATED
23	TO A THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.
24	(16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE
25	EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE
26	EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.
27	(17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE
28	PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS
29	AND CHOICES.
30	(18) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
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1	DOCUMENT FOR AUTOMATIC INCREASES IN A PARTICIPANT'S VOLUNTARY
2	CONTRIBUTIONS, WHETHER OR NOT THE PARTICIPANT IS THEN MAKING
3	VOLUNTARY CONTRIBUTIONS, AND PROCEDURES FOR A PARTICIPANT TO
4	ELECT NOT TO HAVE INCREASED VOLUNTARY CONTRIBUTIONS.
5	<u>§ 5813. RESPONSIBILITY FOR INVESTMENT LOSS.</u>
6	THE BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL
7	SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY INVESTMENT OR OTHER
8	LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF ANY
9	INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO EARN AS
10	MUCH AS ANY OTHER INVESTMENT OPPORTUNITY OR TO COST LESS THAN
11	ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT THE OTHER
12	OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.
13	<u>§ 5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT</u>
14	ALLOCATION CHOICES.
15	(A) INVESTMENT BY PARTICIPANT ALL CONTRIBUTIONS, INTEREST
16	AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A
17	PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT
18	ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN
19	PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED CONTRIBUTIONS.
20	EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY WITH THE AMOUNT
21	OF CONTRIBUTIONS, INTEREST AND INVESTMENT EARNINGS.
22	(B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN
23	THE COMMONWEALTH INVESTMENT OF CONTRIBUTIONS BY ANY
24	CORPORATION, INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK OR
25	OTHER ENTITY THAT THE BOARD HAS APPROVED SHALL NOT BE
26	UNREASONABLY DELAYED, AND IN NO CASE MAY THE INVESTMENT OF
27	CONTRIBUTIONS BE DELAYED MORE THAN 30 DAYS FROM THE DATE OF
28	PAYROLL DEDUCTION OR THE DATE VOLUNTARY CONTRIBUTIONS ARE MADE
29	TO THE DATE THAT FUNDS ARE INVESTED. ANY INTEREST EARNED ON THE
30	FUNDS PENDING INVESTMENT SHALL BE USED TO PAY ADMINISTRATIVE
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1	<u>COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED TO BE BORNE BY</u>
2	PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE PLAN OR PAID BY
3	APPROPRIATIONS FROM THE GENERAL FUND.
4	<u>§ 5815. EXPENSES.</u>
5	ALL FEES, COSTS AND EXPENSES OF ESTABLISHING AND
6	ADMINISTERING THE PLAN AND THE TRUST AND INVESTING THE ASSETS OF
7	THE TRUST SHALL BE BORNE BY THE PARTICIPANTS AND PAID FROM
8	ASSESSMENTS AGAINST THE BALANCES OF THE INDIVIDUAL INVESTMENT
9	ACCOUNTS AS ESTABLISHED BY THE BOARD, EXCEPT THAT FOR FISCAL
10	YEARS 2015 2016, 2016 2017 AND 2017 2018, AND FOR ANY ADDITIONAL
11	FISCAL YEARS AS THE GENERAL ASSEMBLY MAY PROVIDE, THE FEES,
12	COSTS AND EXPENSES OF ESTABLISHING AND ADMINISTERING THE PLAN
13	AND THE TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH ANNUAL
14	APPROPRIATIONS, MADE ON THE BASIS OF ESTIMATES FROM THE BOARD.
15	<u>§ 5816. TAX QUALIFICATION.</u>
16	(A) REQUIRED DISTRIBUTIONS ALL PAYMENTS UNDER THIS CHAPTER
17	SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
18	DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
19	<u>IRC § 401(A).</u>
20	(B) LIMITATIONS THE FOLLOWING SHALL APPLY:
21	(1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND
22	NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION
23	OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED ANY
24	LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL
25	PLAN WHICH IS IN EFFECT ON THE DATE THE CONTRIBUTION OR
26	BENEFIT PAYMENT TAKES EFFECT.
27	(II) AN INCREASE IN A LIMITATION UNDER IRC § 415
28	SHALL APPLY TO ALL PARTICIPANTS ON AND AFTER THE
29	EFFECTIVE DATE OF THIS SECTION.
30	(III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM

1	"GOVERNMENTAL PLAN" SHALL HAVE THE SAME MEANING AS THE
2	<u>TERM HAS IN IRC § 414(D).</u>
3	(1) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (11), AN
4	AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF
5	THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR
6	ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR
7	PARTICIPANTS RECEIVING DISTRIBUTIONS SHALL NOT BE DEEMED
8	TO PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF ANY
9	LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF
10	THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY
11	PROVIDED BY LEGISLATION.
12	(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE
13	IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS
14	SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED
15	AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.
16	SECTION 318. (RESERVED).
17	SECTION 319. SECTIONS 5901(A), (C), (D) AND (E), 5902(A.1),
18	(B), (C), (E), (H), (I), (J), (K), (L), (M) AND (N), 5903(A) <
19	5903 HEADING, (A) AND 5905(C.1) 5905 HEADING, (C.1) AND (G) OF <
20	TITLE 71 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING-
21	SUBSECTIONS TO READ:
22	§ 5901. THE STATE EMPLOYEES' RETIREMENT BOARD.
23	(A) STATUS AND MEMBERSHIP THE BOARD SHALL BE AN-
24	INDEPENDENT ADMINISTRATIVE BOARD AND CONSIST OF [11] <u>12</u> MEMBERS:
25	THE STATE TREASURER, EX OFFICIO, THE SECRETARY OF BANKING AND
26	SECURITIES, EX OFFICIO, TWO SENATORS, TWO MEMBERS OF THE HOUSE
27	OF REPRESENTATIVES AND SIX MEMBERS APPOINTED BY THE GOVERNOR,
28	ONE OF WHOM SHALL BE AN ANNUITANT OF THE SYSTEM OR A PARTICIPANT
29	IN THE PLAN WHO HAS TERMINATED STATE SERVICE AND IS RECEIVING OR
30	IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, FOR TERMS OF FOUR YEARS,

1	SUBJECT TO CONFIRMATION BY THE SENATE. AT LEAST FIVE BOARD
2	MEMBERS SHALL BE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE
3	PARTICIPANTS IN THE PLAN, AND AT LEAST TWO SHALL HAVE TEN OR
4	MORE YEARS OF CREDITED STATE SERVICE[.] OR SHALL HAVE BEEN
5	ACTIVE PARTICIPANTS IN THE PLAN FOR TEN CALENDAR YEARS OR HAVE A
6	<u>COMBINATION OF YEARS OF CREDITED STATE SERVICE IN THE SYSTEM AND</u>
7	<u>CALENDAR YEARS AS ACTIVE PARTICIPANTS IN THE PLAN EQUAL TO TEN</u>
8	OR MORE YEARS. THE CHAIRMAN OF THE BOARD SHALL BE DESIGNATED BY
9	THE GOVERNOR FROM AMONG THE MEMBERS OF THE BOARD. NO MEMBER OF
10	THE BOARD WHO REPRESENTS ACTIVE MEMBERS OR ANNUITANTS OR IS A
11	CURRENT MEMBER OF THE GENERAL ASSEMBLY CAN SERVE AS CHAIRMAN.
12	EACH MEMBER OF THE BOARD WHO IS A MEMBER OF THE GENERAL ASSEMBLY
13	MAY APPOINT A DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN
14	THE EVENT THAT A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE
15	PARTICIPANT OR AS A PARTICIPANT IN THE PLAN WHO IS RECEIVING OR
16	IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL
17	DISTRIBUTION OF HIS INTEREST IN THE PLAN, THAT BOARD MEMBER MAY
18	CONTINUE TO SERVE ON THE BOARD FOR THE REMAINDER OF HIS TERM.
19	* * *
20	(C) OATH OF OFFICE. EACH MEMBER OF THE BOARD SHALL TAKE AN
21	OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,
22	DILIGENTLY AND HONESTLY, ADMINISTER THE AFFAIRS OF SAID BOARD,
23	THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE
24	OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW
25	APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE
26	MEMBER TAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS
27	TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE-
28	SECRETARY OF THE COMMONWEALTH.
29	(D) COMPENSATION AND EXPENSES THE MEMBERS OF THE BOARD WHO-

30 ARE MEMBERS OF THE SYSTEM <u>OR PARTICIPANTS IN THE PLAN</u> SHALL

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SERVE WITHOUT COMPENSATION BUT SHALL NOT SUFFER LOSS OF SALARY 1 OR WAGES THROUGH SERVING ON THE BOARD. THE MEMBERS OF THE BOARD 2 3 WHO ARE NOT MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN 4 SHALL RECEIVE \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD 5 MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER, WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO 6 7 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS 8 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES 9 ARE NOT EXECUTED. 10 (E) CORPORATE POWER AND LEGAL ADVISOR. FOR THE PURPOSES OF THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A 11 12 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE-13 THE LEGAL ADVISOR OF THE BOARD.] LEGAL COUNSEL TO THE BOARD 14 SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF GENERAL 15 COUNSEL, THE GENERAL ASSEMBLY AND THE ATTORNEY GENERAL. 16 (F) BOARD TRAINING. EACH MEMBER OF THE BOARD WILL BE 17 REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN-18 INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT 19 PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS. 20 \$ 5902. ADMINISTRATIVE DUTIES OF THE BOARD. * * * 21 22 (A.1) SECRETARY. THE SECRETARY SHALL ACT AS CHIEF ADMINISTRATIVE OFFICER FOR THE BOARD WITH RESPECT TO BOTH THE 23 24 SYSTEM AND THE PLAN. IN ADDITION TO OTHER POWERS AND DUTIES 25 CONFERRED UPON AND DELEGATED TO THE SECRETARY BY THE BOARD, THE-26 SECRETARY SHALL: 27 (1) SERVE AS THE ADMINISTRATIVE AGENT OF THE BOARD. 28 (2) SERVE AS LIAISON BETWEEN THE BOARD AND APPLICABLE 29 LEGISLATIVE COMMITTEES, THE TREASURY DEPARTMENT, THE-30 DEPARTMENT OF THE AUDITOR GENERAL, AND BETWEEN THE BOARD AND

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1 THE INVESTMENT COUNSEL AND THE MORTGAGE SUPERVISOR IN-

2 ARRANGING FOR INVESTMENTS TO SECURE MAXIMUM RETURNS TO THE 3 FUND.

4 (3) REVIEW AND ANALYZE PROPOSED LEGISLATION AND 5 LEGISLATIVE DEVELOPMENTS AFFECTING THE SYSTEM OR THE PLAN AND 6 PRESENT FINDINGS TO THE BOARD, LEGISLATIVE COMMITTEES, AND 7 OTHER INTERESTED GROUPS OR INDIVIDUALS. 8 (4) DIRECT THE MAINTENANCE OF FILES AND RECORDS AND 9 PREPARATION OF PERIODIC REPORTS REQUIRED FOR ACTUARIAL 10 EVALUATION STUDIES. 11 (5) RECEIVE INQUIRIES AND REQUESTS FOR INFORMATION CONCERNING THE SYSTEM OR THE PLAN FROM THE PRESS, 12 13 COMMONWEALTH OFFICIALS, STATE EMPLOYEES, THE GENERAL PUBLIC, 14 RESEARCH ORGANIZATIONS, AND OFFICIALS AND ORGANIZATIONS FROM-15 OTHER STATES, AND PROVIDE INFORMATION AS AUTHORIZED BY THE-BOARD. 16 17 (6) (1) SUPERVISE A STAFF OF ADMINISTRATIVE, TECHNICAL, 18 AND CLERICAL EMPLOYEES ENGAGED IN RECORD KEEPING AND 19 CLERICAL PROCESSING ACTIVITIES FOR BOTH THE SYSTEM AND 20 THE PLAN IN MAINTAINING FILES OF MEMBERS AND 21 PARTICIPANTS, ACCOUNTING FOR CONTRIBUTIONS, PROCESSING 22 PAYMENTS TO ANNUITANTS AND TERMINATED PARTICIPANTS, 23 PREPARING REQUIRED REPORTS, AND RETIREMENT COUNSELING. 24 (II) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES-25 PROVIDED FOR UNDER THIS PARAGRAPH FOR BOTH THE SYSTEM AND 26 THE PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES 27 INCURRED UNDER THIS PARAGRAPH BETWEEN THE SYSTEM AND THE 28 PLAN AS APPROPRIATE. 29 (B) PROFESSIONAL PERSONNEL.-

30 <u>(1)</u> THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF

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1	MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS AND
2	COUNSELORS, AND SUCH OTHER PROFESSIONAL PERSONNEL AS IT DEEMS-
3	ADVISABLE. THE BOARD MAY, WITH THE APPROVAL OF THE ATTORNEY
4	GENERAL, CONTRACT FOR LEGAL SERVICES.
5	(2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS
6	CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE
7	PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED
8	UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS
9	APPROPRIATE.
10	(C) EXPENSES
11	(1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE
12	GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE
13	ADMINISTRATIVE EXPENSES OF [THIS PART.] THE SYSTEM AND A
14	SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE
15	PLAN. BUDGETS UNDER THIS PARAGRAPH SHALL INCLUDE THOSE
16	EXPENSES NECESSARY TO ESTABLISH THE PLAN AND TRUST.
17	(2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE
18	GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
19	INVESTMENT EARNINGS OF THE FUND.
20	(3) FOR FISCAL YEARS ENDING ON OR BEFORE JUNE 30, 2018,
21	AND FOR ANY ADDITIONAL FISCAL YEARS AS THE GENERAL ASSEMBLY
22	MAY PROVIDE, SUCH EXPENSES OF THE PLAN AS APPROVED BY THE
23	GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
24	THE GENERAL FUND. FOR FISCAL YEARS BEGINNING ON OR AFTER JULY
25	1, 2018, SUCH EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL
26	ASSEMBLY SHALL BE PAID FROM INTEREST UNDER SECTION 5814(B)
27	(RELATING TO INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT
28	ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE
29	PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR AS OTHERWISE
30	PROVIDED IN THIS PART EXCEPT AS THE GENERAL ASSEMBLY
004 5 6 5	

1	OTHERWISE PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.
2	(4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE
3	BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A
4	LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY
5	THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST-
6	OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID
7	BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL
8	SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE
9	BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS
10	MEMBERS.
11	* * *
12	(E) RECORDS
13	(1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
14	WHICH SHALL BE OPEN TO [INSPECTION] ACCESS BY THE PUBLIC,
15	EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER LAW.
16	(2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
17	USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT
18	PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT
19	CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]
20	ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),
21	REFERRED TO AS THE RIGHT-TO-KNOW LAW] FEBRUARY 14, 2008
22	(P.L.6, NO.3), KNOWN AS THE RIGHT TO KNOW LAW, IF, IN THE
23	REASONABLE JUDGMENT OF THE BOARD, THE [INSPECTION] <u>ACCESS</u>
24	WOULD:
25	(I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR
26	ALTERNATIVE INVESTMENT VEHICLE, INVOLVE THE RELEASE OF
27	SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO
28	THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT
29	VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY
30	UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

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1 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE-2 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL 3 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE 4 5 VALUE OF AN INVESTMENT TO BE ACOUIRED, HELD OR DISPOSED 6 OF BY THE FUND OR TRUST OR WOULD CAUSE A BREACH OF THE 7 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS-8 PART. 9 (3) THE FOLLOWING APPLY: 10 (I) THE SENSITIVE INVESTMENT OR FINANCIAL INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER-11 12 PARAGRAPH (2) (1), TO THE EXTENT NOT OTHERWISE EXCLUDED 13 FROM INSPECTION, SHALL CONSTITUTE A PUBLIC RECORD SUBJECT 14 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT TO KNOW LAW-15 ONCE THE BOARD IS NO LONGER REQUIRED BY ITS AGREEMENT TO 16 MAINTAIN CONFIDENTIALITY. 17 (II) THE SENSITIVE INVESTMENT OR FINANCIAL 18 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER-19 PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED 20 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC 21 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE-22 RIGHT-TO-KNOW LAW ONCE: 23 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES-24 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM-25 THE INFORMATION WAS RECEIVED; OR 26 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE-27 IS LIQUIDATED; 28 WHICHEVER IS LATER. 29 (III) THE SENSITIVE INVESTMENT OR FINANCIAL 30 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER-

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 1
 PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED

 2
 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC

 3
 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE

 4
 RIGHT TO KNOW LAW ONCE:

 5
 (A) THE [INSPECTION] ACCESS NO LONGER HAS A

 6
 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN

 7
 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A

 8
 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET

 9
 FORTH IN THIS PART; OR

10 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE 11 IS LIQUIDATED;

12 WHICHEVER IS LATER.

(4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
 TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE RIGHT TO KNOW LAW.

19 <u>(5) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,</u>

20 <u>USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS</u>

21 <u>RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS</u>

22 <u>PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT</u>

23 <u>CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE</u>

24 RIGHT TO KNOW LAW IF, IN THE REASONABLE JUDGMENT OF THE

25 BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:

26 (I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER

27 <u>INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,</u>

28 INCLUDING ROLLOVER CONTRIBUTIONS OR TRUSTEE TO TRUSTEE

29 TRANSFERS, OF ANY PARTICIPANT.

30 <u>(II) THE INVESTMENT OPTION SELECTIONS OF ANY</u>

1	PARTICIPANT.
2	(III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
3	INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
4	THE PARTICIPANT, INVESTMENT GAINS OR LOSSES OR RATES OF
5	RETURN.
6	(IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED
7	BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.
8	(V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.
9	(6) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO
10	DESIGNATE ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
11	USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS
12	RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
13	PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT AS A PUBLIC RECORD
14	SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT TO KNOW LAW.
15	(7) THE FOLLOWING APPLY:
16	(I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
17	THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
18	DATA WHICH WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER
19	THIS SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S
20	FIDUCIARY DUTIES.
21	(II) THIS SUBSECTION SHALL APPLY TO A RECORD,
22	MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
23	ANY OF THE FOLLOWING:
24	(A) WHETHER THE RECORD, MATERIAL OR DATA WAS
25	CREATED, GENERATED OR STORED BEFORE THE EFFECTIVE
26	DATE OF THIS PARAGRAPH.
27	(B) WHETHER THE RECORD, MATERIAL OR DATA WAS
28	PREVIOUSLY RELEASED OR MADE PUBLIC.
29	(C) WHETHER A REQUEST FOR THE RECORD, MATERIAL
30	OR DATA WAS MADE OR IS PENDING FINAL RESPONSE UNDER

1

THE RIGHT TO KNOW LAW.

2 ***

3	(H) REGULATIONS AND PROCEDURES THE BOARD SHALL, WITH THE-
4	ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND
5	PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION
6	OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL
7	COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF
8	CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE
9	BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,
10	PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS
11	AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND
12	AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS
13	ARE ADOPTED PURSUANT TO SUBSECTION (J) AS NECESSARY FOR THE
14	CALCULATION OF ANNUITIES AND OTHER BENEFITS, SHALL BE AS
15	EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY ACTUARIAL
16	ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, REGULATION
17	OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS FOR
18	DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM MANNER.
19	(I) DATA. THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA
20	AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL
21	ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE
22	COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH CALENDAR YEAR.
23	(J) ACTUARIAL INVESTIGATION AND VALUATION THE BOARD SHALL-
24	HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS
25	ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH
26	CALENDAR YEAR. IN THE YEAR 1975 AND IN EVERY FIFTH YEAR
27	THEREAFTER THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN ACTUARIAL
28	INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON DATA
29	INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE
30	PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING FIVE YEARS

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1	CONCERNING THE MEMBERS AND BENEFICIARIES OF THE SYSTEM. THE
2	BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE NECESSARY FOR
3	THE ACTUARIAL VALUATION OF THE FUND AND CALCULATION OF
4	CONTRIBUTIONS, ANNUITIES AND OTHER BENEFITS BASED ON THE REPORTS
5	AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR
6	ADOPTION, THE SECRETARY OF THE BOARD SHALL CAUSE THOSE TABLES
7	WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS
8	TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN IN ACCORDANCE WITH
9	THE PROVISIONS OF 45 PA.C.S. § 725(A) (RELATING TO ADDITIONAL
10	CONTENTS OF PENNSYLVANIA BULLETIN) AND, UNLESS THE BOARD
11	SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH TABLES SHALL
12	BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD SHALL INCLUDE A
13	REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS AND DATA
14	DEVELOPED IN EACH FIVE YEAR ACTUARIAL INVESTIGATION AND
15	EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT
16	PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (M) FOR THE-
17	FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE-
18	CONCLUDED.
19	(K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND THE-
20	BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
21	REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND
22	ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE OF
23	THE MEMBERS' PAYROLL, THE SHARED RISK CONTRIBUTION RATE, THE
24	EMPLOYERS' CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508
25	(RELATING TO ACTUARIAL COST METHOD) NECESSARY FOR THE FUNDING OF
26	PROSPECTIVE ANNUITIES FOR ACTIVE MEMBERS AND THE ANNUITIES OF
27	ANNUITANTS AND CERTIFY THE RATES AND AMOUNTS OF THE EMPLOYERS'
28	NORMAL CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508(B),
29	ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO
30	SECTION 5508(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS

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DETERMINED PURSUANT TO SECTION 5508(E), THE EXPERIENCE 1 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 5508(F), THE-2 3 COLLARED CONTRIBUTION RATE PURSUANT TO SECTION 5508(H) AND THE 4 FINAL CONTRIBUTION RATE PURSUANT TO SECTION 5508(I), WHICH SHALL 5 BE PAID TO THE FUND AND CREDITED TO THE APPROPRIATE ACCOUNTS. THE BOARD MAY ALLOCATE THE FINAL CONTRIBUTION RATE AND CERTIFY 6 7 VARIOUS EMPLOYER CONTRIBUTION RATES AND AMOUNTS BASED UPON THE 8 DIFFERENT BENEFIT ELIGIBILITY, CLASS OF SERVICE MULTIPLIER, 9 SUPERANNUATION AGE, FINAL AVERAGE SALARY CALCULATION AND OTHER 10 BENEFIT DIFFERENCES RESULTING FROM STATE SERVICE CREDITED FOR INDIVIDUAL MEMBERS EVEN THOUGH SUCH ALLOCATED EMPLOYER 11 12 CONTRIBUTION RATE ON BEHALF OF ANY GIVEN MEMBER MAY BE MORE OR 13 LESS THAN 5% OF THE MEMBER'S COMPENSATION FOR THE PERIOD FROM 14 JULY 1, 2010, TO JUNE 30, 2011, OR MAY DIFFER FROM THE PRIOR 15 YEAR'S CONTRIBUTION FOR THAT MEMBER BY MORE OR LESS THAN THE-PERCENTAGES USED TO CALCULATE THE COLLARED CONTRIBUTION RATE FOR 16 17 THAT YEAR AND MAY BE BELOW ANY MINIMUM CONTRIBUTION RATE 18 ESTABLISHED FOR THE COLLARED CONTRIBUTION RATE OR FINAL 19 CONTRIBUTION RATE. THESE CERTIFICATIONS SHALL BE REGARDED AS 20 FINAL AND NOT SUBJECT TO MODIFICATION BY THE SECRETARY OF THE 21 BUDGET. 22 (L) MEMBER CONTRIBUTIONS. THE BOARD SHALL CAUSE ALL PICKUP 23 CONTRIBUTIONS MADE ON BEHALF OF A MEMBER TO BE CREDITED TO THE 24 ACCOUNT OF THE MEMBER AND CREDIT TO HIS ACCOUNT ANY OTHER 25 PAYMENT MADE BY SUCH MEMBER, INCLUDING, BUT NOT LIMITED TO, 26 AMOUNTS COLLECTED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT-27 SYSTEM FOR THE REINSTATEMENT OF PREVIOUS STATE SERVICE OR 28 CREDITABLE NONSTATE SERVICE AND AMOUNTS PAID TO RETURN BENEFITS 29 PAID AFTER THE DATE OF RETURN TO STATE SERVICE OR ENTERING 30 SCHOOL SERVICE REPRESENTING LUMP SUM PAYMENTS MADE PURSUANT TO-

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1 SECTION 5705(A)(4)(III) OR (A.1) (RELATING TO MEMBER'S OPTIONS)
2 AND MEMBER'S ANNUITY PAYMENTS, BUT NOT INCLUDING OTHER BENEFITS
3 RETURNED PURSUANT TO SECTION 5706(A.2) OR (A.3) (RELATING TO
4 TERMINATION OF ANNUITIES), AND SHALL PAY ALL SUCH AMOUNTS INTO
5 THE FUND.

6 (M) ANNUAL FINANCIAL STATEMENT. THE BOARD SHALL PREPARE AND 7 HAVE PUBLISHED, ON OR BEFORE JULY 1 OF EACH YEAR, [A FINANCIAL 8 STATEMENT] FINANCIAL STATEMENTS AS OF THE CALENDAR YEAR ENDING 9 DECEMBER 31 OF THE PREVIOUS YEAR SHOWING THE CONDITION OF THE 10 FUND, THE TRUST AND THE VARIOUS ACCOUNTS, INCLUDING, BUT NOT-11 LIMITED TO, THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED 12 COMMISSIONS, AND SETTING FORTH SUCH OTHER FACTS, 13 RECOMMENDATIONS, AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF 14 KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY 15 THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT] 16 STATEMENTS TO THE GOVERNOR AND SHALL FILE COPIES WITH THE HEAD 17 OF EACH DEPARTMENT FOR THE USE OF THE STATE EMPLOYEES AND THE 18 PUBLIC. 19 (N) INDEPENDENT [AUDIT] AUDITS. THE BOARD SHALL PROVIDE FOR 20 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY 21 [AN] INDEPENDENT CERTIFIED PUBLIC [ACCOUNTANT, WHICH AUDIT] 22 ACCOUNTANTS. THE AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND 23 EXPENDITURE OF DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME 24 INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE AUDITS OF BOTH 25 THE SYSTEM AND THE PLAN. * * * 26 27 (P) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST. THE 28 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED

29 BUDGET REQUIRED UNDER SECTION 5509, CERTIFY, AS A PERCENTAGE OF

30 EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED

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1	CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO
2	EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. CERTIFICATIONS
3	UNDER THIS SUBSECTION SHALL BE REGARDED AS FINAL AND NOT SUBJECT
4	TO MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL
5	CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON
6	BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY
7	A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
8	INVESTMENT ACCOUNT.
9	(Q) MANAGEMENT FEES. <
10	(1) AT THE BEGINNING OF THE NEXT FISCAL YEAR AFTER THE
11	REPORT IN SECTION 5958(B)(5) (RELATING TO PUBLIC PENSION
12	MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION) IS
13	DELIVERED TO THE GOVERNOR AND THE GENERAL ASSEMBLY, THE BOARD
14	SHALL IMPLEMENT A STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT
15	FEES TO BE WITHIN THE 75% LEAST EXPENSIVE SYSTEMS COMPARED TO
16	OTHER STATEWIDE PUBLIC PENSION FUNDS PERFORMING IN THE UNITED
17	STATES BY THE FIFTH FISCAL YEAR, BASED ON BENCHMARKING
18	ANALYSIS PROVIDED BY A CONSULTANT WITH DATA AND EXPERTISE ON
19	PENSION FUNDS.
20	(2) SUBSEQUENT TO THE FIVE YEAR PERIOD DESCRIBED IN
21	PARAGRAPH (1), THE BOARD SHALL IMPLEMENT AN ADDITIONAL
22	STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT FEES TO BE WITHIN
23	THE 60% LEAST COSTLY STATEWIDE PUBLIC PENSION SYSTEMS
24	PERFORMING IN THE UNITED STATES BY THE TENTH FISCAL YEAR,
25	BASED ON BENCHMARKING ANALYSIS PROVIDED BY A CONSULTANT WITH
26	DATA AND EXPERTISE ON PENSION FUNDS.
27	(3) FOR THE PURPOSES OF THIS SECTION, PENSION MANAGEMENT
28	FEES SHALL MEAN INVESTMENT MANAGEMENT FEES EXPRESSED AS A
29	PERCENTAGE OF ASSETS UNDER MANAGEMENT.
30	§ 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF

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1	DEPARTMENTS [AND], MEMBERS AND PARTICIPANTS.
2	(A) MANUAL OF REGULATIONS. THE BOARD SHALL, WITH THE ADVICE
3	OF THE ATTORNEY GENERAL AND THE ACTUARY, PREPARE AND PROVIDE,
4	WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THIS PART, A MANUAL
5	INCORPORATING RULES AND REGULATIONS CONSISTENT WITH THE
6	PROVISIONS OF THIS PART TO THE HEADS OF DEPARTMENTS WHO SHALL
7	MAKE THE INFORMATION CONTAINED THEREIN AVAILABLE TO THE GENERAL
8	MEMBERSHIP. THE BOARD SHALL THEREAFTER ADVISE THE HEADS OF
9	DEPARTMENTS WITHIN 90 DAYS OF ANY CHANGES IN SUCH RULES AND
10	REGULATIONS DUE TO CHANGES IN THE LAW OR DUE TO CHANGES IN
11	ADMINISTRATIVE POLICIES. AS SOON AS PRACTICABLE AFTER THE
12	COMMISSIONER'S ANNOUNCEMENT WITH RESPECT THERETO, THE BOARD
13	SHALL ALSO ADVISE THE HEADS OF DEPARTMENTS AS TO ANY COST-OF-
14	LIVING ADJUSTMENT FOR THE SUCCEEDING CALENDAR YEAR IN THE AMOUNT
15	OF THE LIMITATION UNDER IRC § 401(A)(17) AND THE DOLLAR AMOUNTS
16	OF THE LIMITATIONS UNDER IRC § [415(B)] <u>415</u> . AS SOON AS
17	PRACTICABLE AFTER JANUARY 1 OF EACH YEAR, THE BOARD SHALL ALSO
18	ADVISE THE HEADS OF DEPARTMENTS OF THE EMPLOYEES FOR WHOM, -
19	PURSUANT TO SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER-
20	CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
21	CONTRIBUTIONS), PICKUP CONTRIBUTIONS ARE NOT TO BE MADE.
22	<u>* * *</u>
23	(B.1) PARTICIPANT STATUS STATEMENTS THE BOARD SHALL
24	FURNISH ANNUALLY TO EACH PARTICIPANT, ON OR BEFORE APRIL 1 AND
25	MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY LAW, A
26	STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS
27	CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, THE
28	NATURE AND TYPE OF INVESTMENTS AND THE INVESTMENT ALLOCATION OF
29	FUTURE CONTRIBUTIONS AS OF DECEMBER 31 OF THE PREVIOUS YEAR, AND
30	SHALL REQUEST THE PARTICIPANT TO MAKE ANY NECESSARY CORRECTION

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OR REVISION REGARDING THE DESIGNATED BENEFICIARY. 1 <u>* * *</u> 2 3 \$ 5905. DUTIES OF THE BOARD REGARDING APPLICATIONS AND 4 ELECTIONS OF MEMBERS AND PARTICIPANTS. 5 * * * 6 (C.1) TERMINATION OF SERVICE BY A MEMBER. IN THE CASE OF ANY MEMBER TERMINATING STATE SERVICE WHO IS ENTITLED TO AN-7 8 ANNUITY AND WHO IS NOT THEN A DISABILITY ANNUITANT, THE BOARD 9 SHALL ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE-10 SYSTEM TO WHICH HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND SHALL HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF 11 12 TERMINATION OF STATE SERVICE, ONE OF THE FOLLOWING THREE FORMS, 13 A COPY OF WHICH SHALL BE GIVEN TO THE MEMBER AND THE ORIGINAL OF 14 WHICH SHALL BE FILED WITH THE BOARD: 15 (1) AN APPLICATION FOR THE RETURN OF TOTAL ACCUMULATED 16 **DEDUCTIONS;** 17 (2) IF ELIGIBLE, AN ELECTION TO VEST HIS RETIREMENT 18 RIGHTS AND, IF HE IS A JOINT COVERAGE MEMBER AND SO DESIRES, 19 ELECT TO BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY-20 WITHIN 30 DAYS OF THE DATE OF TERMINATION OF SERVICE THE LUMP-21 SUM REQUIRED; OR 22 (3) IF ELIGIBLE, AN APPLICATION FOR AN IMMEDIATE ANNUITY-23 AND, IF HE DESIRES: 24 (I) AN ELECTION TO CONVERT HIS MEDICAL, MAJOR-25 MEDICAL AND HOSPITALIZATION INSURANCE COVERAGE TO THE 26 PLAN FOR STATE ANNUITANTS; AND 27 (II) IF HE IS A JOINT COVERAGE MEMBER, AN ELECTION-28 TO BECOME A FULL COVERAGE MEMBER AND AN AGREEMENT TO PAY-29 WITHIN 30 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP-

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SUM REOUIRED.

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1	(C.2) TERMINATION OF SERVICE BY PARTICIPANT IN THE CASE OF
2	A PARTICIPANT TERMINATING STATE SERVICE, THE BOARD SHALL ADVISE
3	THE PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED TOTAL
4	DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL
5	INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE WRITING, ANY
6	NOTICES REGARDING ROLLOVER OR OTHER MATTERS REQUIRED BY IRC OR
7	OTHER LAW, THE OBLIGATION OF THE PARTICIPANT TO COMMENCE
8	DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S REQUIRED
9	BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART OF THE
10	VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
11	ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY
12	AUTHORIZE OR AS REQUIRED BY LAW.
13	* * *
14	(E.2) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING
15	REQUIRED BEGINNING DATE THE BOARD SHALL NOTIFY IN WRITING EACH
16	INACTIVE PARTICIPANT WHO HAS TERMINATED STATE SERVICE AND HAS
17	NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE PARTICIPANT'S
18	REQUIRED BEGINNING DATE THAT THE INACTIVE PARTICIPANT HAS AN
19	OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE REQUIRED BEGINNING
20	<u>DATE IN A FORM AND MANNER REQUIRED BY IRC § 401(A)(9) AND OTHER</u>
21	APPLICABLE PROVISIONS OF THE IRC.
22	* * *
23	(F.1) INITIAL PAYMENT TO PARTICIPANTS THE BOARD SHALL MAKE
24	THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A
25	DISTRIBUTION WITHIN 60 DAYS OF THE RECEIPT OF ALL INFORMATION
26	NECESSARY TO PROCESS THE APPLICATION FOR A DISTRIBUTION.
27	(G) DEATH BENEFITSUPON RECEIPT OF NOTIFICATION FROM THE-
28	HEAD OF A DEPARTMENT OF THE DEATH OF AN ACTIVE MEMBER, A MEMBER-
29	PERFORMING USERRA LEAVE [OR], A MEMBER ON LEAVE WITHOUT PAY, AN
30	ACTIVE PARTICIPANT, AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY
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OR A FORMER PARTICIPANT PERFORMING USERRA LEAVE, THE BOARD SHALL 1 ADVISE THE DESIGNATED BENEFICIARY OF THE BENEFITS TO WHICH HE IS-2 3 ENTITLED, AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY 4 WITHIN 60 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER 5 NECESSARY DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF THE MEMBER'S DEATH OR NO NOTICE HAS BEEN FILED WITH 6 THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE MEMBER'S 7 8 ESTATE, THE BOARD IS AUTHORIZED TO PAY THE BENEFITS TO THE-9 EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR NEXT OF KIN OF THE-10 DECEASED MEMBER, AND PAYMENT PURSUANT [HERETO] TO THIS_ SUBSECTION SHALL FULLY DISCHARGE THE FUND FROM ANY FURTHER 11 12 LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON. 13 IF THE SURVIVING SPOUSE OR NEXT OF KIN OF THE DECEASED MEMBER 14 CANNOT BE FOUND FOR THE PURPOSE OF PAYING THE BENEFITS FOR A 15 PERIOD OF SEVEN YEARS FROM THE DATE OF DEATH OF THE MEMBER, THEN-16 THE BENEFITS SHALL BE ESCHEATED TO THE COMMONWEALTH FOR THE 17 BENEFIT OF THE FUND. IF NO BENEFICIARY DESIGNATION IS IN EFFECT 18 AT THE DATE OF A PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED 19 WITH THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE 20 PARTICIPANT'S ESTATE, THE BOARD MAY PAY THE BENEFITS AS 21 ESTABLISHED IN THE PLAN DOCUMENT, AND PAYMENT PURSUANT TO THIS 22 SUBSECTION SHALL FULLY DISCHARGE THE TRUST FROM ANY FURTHER 23 LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON. * * * 24 25 SECTION 320. SECTION 5905.1(A), (B) AND (D) OF TITLE 71 ARE 26 AMENDED TO READ: 27 § 5905.1. INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS. 28 (A) GENERAL RULE. NOTWITHSTANDING ANY OTHER PROVISION OF 29 THIS PART, WHENEVER A MEMBER ELECTS TO WITHDRAW HIS TOTAL 30 ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311(A) (RELATING TO-

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ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF TOTAL 1 ACCUMULATED DEDUCTIONS) OR ELECTS TO RECEIVE A PORTION OF HIS-2 3 BENEFIT PAYABLE AS A LUMP SUM PURSUANT TO SECTION 5705 (A) (4) 4 (III) OR (A.1) (RELATING TO MEMBER'S OPTIONS), THE MEMBER MAY 5 ELECT TO RECEIVE THE AMOUNT IN NOT MORE THAN FOUR INSTALLMENTS. 6 (B) PAYMENT OF FIRST INSTALLMENT. THE PAYMENT OF THE FIRST 7 INSTALLMENT SHALL BE MADE IN THE AMOUNT AND WITHIN SEVEN DAYS OF 8 THE DATE SPECIFIED BY THE MEMBER, EXCEPT AS FOLLOWS:

9 (1) UPON RECEIPT OF A MEMBER'S APPLICATION TO WITHDRAW 10 HIS TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION-5311 (A) OR 5701 AND UPON RECEIPT OF ALL REQUIRED DATA FROM 11 12 THE HEAD OF THE DEPARTMENT AND, IF THE MEMBER HAS CLASS G, 13 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS 14 N SERVICE, ANY DATA REQUIRED FROM THE COUNTY RETIREMENT 15 SYSTEM OR PENSION PLAN TO WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL 16 17 NOT BE REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS-18 AFTER THE FILING OF THE APPLICATION AND THE RECEIPT OF THE 19 DATA OR THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS-20 LATER.

21 (2) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION 22 5705(A)(4)(III) OR (A.1) BY A MEMBER TERMINATING SERVICE 23 WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON-24 RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT 25 AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J, 26 CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO 27 28 WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED 29 TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY-30 THE FIRST INSTALLMENT PRIOR TO 21 DAYS AFTER THE LATER OF THE-

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1 FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR THE 2 DATE OF TERMINATION OF SERVICE, BUT, UNLESS OTHERWISE-3 DIRECTED BY THE MEMBER, THE PAYMENT SHALL BE MADE NO LATER 4 THAN 45 DAYS AFTER THE FILING OF THE APPLICATION AND THE-5 RECEIPT OF THE DATA OR THE DATE OF TERMINATION OF SERVICE, 6 WHICHEVER IS LATER. 7 (3) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION 8 5705(A)(4)(III) OR (A.1) BY A MEMBER WHO IS NOT TERMINATING 9 SERVICE WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR 10 AND UPON RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE-DEPARTMENT AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, 11 12 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY-13 DATA REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION 14 PLAN TO WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING-15 TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE-16 REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER 17 THE FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR 18 THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS LATER. * * * 19 20 (D) STATUTORY INTEREST. ANY LUMP SUM, INCLUDING A LUMP SUM-21 PAYABLE PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF 22 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A 3 [AND], CLASS A 4 23 AND CLASS A 5 SERVICE), OR INSTALLMENT PAYABLE SHALL INCLUDE 24 STATUTORY INTEREST CREDITED TO THE DATE OF PAYMENT, EXCEPT IN-25 THE CASE OF A MEMBER, OTHER THAN A VESTEE OR SPECIAL VESTEE, WHO HAS NOT FILED HIS APPLICATION PRIOR TO 90 DAYS FOLLOWING HIS-26 27 TERMINATION OF SERVICE. 28 SECTION 321. SECTIONS 5906(A), (B), (D), (E), (I) AND (L) 29 AND 5907 (A) 5907 HEADING, (A), (E), (F) AND (H) OF TITLE 71 ARE <--

30 AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO-

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1 READ:

2 § 5906. DUTIES OF HEADS OF DEPARTMENTS. 3 (A) STATUS OF MEMBERS AND PARTICIPANTS. -- THE HEAD OF 4 DEPARTMENT SHALL, AT THE END OF EACH PAY PERIOD, NOTIFY THE-5 BOARD IN A MANNER PRESCRIBED BY THE BOARD OF SALARY CHANGES EFFECTIVE DURING THAT PERIOD FOR ANY MEMBERS AND PARTICIPANTS OF 6 7 THE DEPARTMENT, THE DATE OF ALL REMOVALS FROM THE PAYROLL, AND 8 THE TYPE OF LEAVE OF ANY MEMBERS AND PARTICIPANTS OF THE 9 DEPARTMENT WHO HAVE BEEN REMOVED FROM THE PAYROLL FOR ANY TIME-10 DURING THAT PERIOD, AND: (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, HE SHALL 11 FURNISH THE BOARD WITH THE DATE OF BEGINNING LEAVE AND THE 12 13 DATE OF RETURN TO SERVICE, AND THE REASON FOR LEAVE; OR 14 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER 15 DEPARTMENT, HE SHALL FURNISH SUCH DEPARTMENT AND THE BOARD 16 WITH A COMPLETE STATE SERVICE RECORD, INCLUDING PAST STATE 17 SERVICE IN OTHER DEPARTMENTS OR AGENCIES, OR CREDITABLE 18 NONSTATE SERVICE; OR (3) IF THE REMOVAL IS DUE TO TERMINATION OF STATE 19 20 SERVICE, HE SHALL FURNISH THE BOARD WITH A COMPLETE STATE 21 SERVICE RECORD, INCLUDING SERVICE IN OTHER DEPARTMENTS OR 22 AGENCIES, OR CREDITABLE NONSTATE SERVICE AND; 23 (I) IN THE CASE OF DEATH OF THE MEMBER OR 24 PARTICIPANT, THE HEAD OF THE DEPARTMENT SHALL SO NOTIFY-25 THE BOARD; 26 (II) IN THE CASE OF A SERVICE CONNECTED DISABILITY 27 OF A MEMBER, THE HEAD OF DEPARTMENT SHALL, TO THE BEST OF 28 HIS ABILITY, INVESTIGATE THE CIRCUMSTANCES SURROUNDING 29 THE DISABLEMENT OF THE MEMBER AND SUBMIT IN WRITING TO-30 THE BOARD INFORMATION WHICH SHALL INCLUDE BUT NOT

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1 NECESSARILY BE LIMITED TO THE FOLLOWING: DATE, PLACE AND 2 TIME OF DISABLEMENT TO THE EXTENT ASCERTAINABLE; NATURE 3 OF DUTIES BEING PERFORMED AT SUCH TIME; AND WHETHER OR NOT THE DUTIES BEING PERFORMED WERE AUTHORIZED AND 4 5 INCLUDED AMONG THE MEMBER'S REGULAR DUTIES. IN ADDITION, 6 THE HEAD OF DEPARTMENT SHALL FURNISH IN WRITING TO THE 7 BOARD ALL SUCH OTHER INFORMATION AS MAY BE RELATED TO THE-8 **MEMBER'S DISABLEMENT**;

9 (III) IN THE CASE OF A MEMBER TERMINATING FROM THE 10 PENNSYLVANIA STATE UNIVERSITY WHO IS A MEMBER OF THE-SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY 11 12 POINTS AND WHO HAS TERMINATED STATE SERVICE ON JUNE 30, 13 1997, BECAUSE OF THE TRANSFER OF HIS JOB POSITION OR-14 DUTIES TO A CONTROLLED ORGANIZATION OF THE PENN STATE 15 GEISINGER HEALTH SYSTEM OR BECAUSE OF THE ELIMINATION OF HIS JOB POSITION OR DUTIES DUE TO THE TRANSFER OF OTHER 16 17 JOB POSITIONS OR DUTIES TO A CONTROLLED ORGANIZATION OF 18 THE PENN STATE GEISINGER HEALTH SYSTEM, THE HEAD OF THE-19 DEPARTMENT SHALL SO CERTIFY TO THE BOARD. 20 (B) RECORDS AND INFORMATION. AT ANY TIME AT THE REQUEST OF 21 THE BOARD AND AT TERMINATION OF SERVICE OF A MEMBER OR 22 PARTICIPANT, THE HEAD OF DEPARTMENT SHALL FURNISH SERVICE AND 23 COMPENSATION RECORDS AND SUCH OTHER INFORMATION AS THE BOARD MAY 24 REOUIRE AND SHALL MAINTAIN AND PRESERVE SUCH RECORDS AS THE 25 BOARD MAY DIRECT FOR THE EXPEDITIOUS DISCHARGE OF ITS DUTIES. 26 * * *

27 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS. THE
 28 <u>HEAD OF DEPARTMENT SHALL:</u>

29 <u>(1) CAUSE TO BE MADE:</u>

30 <u>(I) THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS</u>

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1	ON BEHALF OF A PARTICIPANT;
2	(II) THE DEDUCTION OF ANY VOLUNTARY CONTRIBUTIONS
3	AUTHORIZED BY A PARTICIPANT; AND
4	(III) THE EMPLOYER DEFINED CONTRIBUTIONS ON BEHALF
5	<u>OF A PARTICIPANT.</u>
6	(2) NOTIFY THE BOARD AT TIMES AND IN A MANNER PRESCRIBED
7	BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT TO WHOM
8	THE LIMITATION UNDER IRC § 401(A)(17) EITHER APPLIES OR IS
9	EXPECTED TO APPLY AND CAUSE THE PARTICIPANT'S CONTRIBUTIONS
10	TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER
11	IRC § 401(A)(17) ON THE PAYROLL DATE IF AND WHEN SUCH LIMIT
12	SHALL BE REACHED.
13	(3) CERTIFY TO THE STATE TREASURER THE AMOUNTS PICKED UP
14	AND DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING
15	MADE AND SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND
16	CONTRIBUTED TOGETHER WITH A DUPLICATE OF THE VOUCHER TO THE
17	SECRETARY OF THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE
18	AS ESTABLISHED BY THE BOARD.
19	(D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR
20	PARTICIPATION UPON THE ASSUMPTION OF DUTIES OF EACH NEW STATE-
21	EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,
22	THE HEAD OF DEPARTMENT SHALL CAUSE AN APPLICATION FOR MEMBERSHIP
23	OR PARTICIPATION AND A NOMINATION OF BENEFICIARY TO BE MADE BY
24	SUCH EMPLOYEE AND FILED WITH THE BOARD AND SHALL MAKE PICKUP
25	CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FROM
26	THE EFFECTIVE DATE OF STATE EMPLOYMENT.
27	(E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR
28	PARTICIPATION. THE HEAD OF DEPARTMENT SHALL, UPON THE
29	EMPLOYMENT OR ENTERING INTO OFFICE OF ANY STATE EMPLOYEE WHOSE
30	MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE PLAN IS NOT
a -	

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MANDATORY, INFORM SUCH EMPLOYEE OF HIS OPPORTUNITY TO BECOME A 1 MEMBER OF THE SYSTEM OR A PARTICIPANT IN THE PLAN. IF SUCH-2 3 EMPLOYEE SO ELECTS, THE HEAD OF DEPARTMENT SHALL CAUSE AN APPLICATION FOR MEMBERSHIP OR PARTICIPATION AND A NOMINATION OF 4 5 BENEFICIARY TO BE MADE BY HIM AND FILED WITH THE BOARD AND SHALL CAUSE PROPER CONTRIBUTIONS TO BE MADE FROM THE EFFECTIVE DATE OF 6 MEMBERSHIP OR PARTICIPATION. 7

8 * * *

9 (I) ANNUAL STATEMENT TO MEMBERS. - ANNUALLY, UPON RECEIPT-10 FROM THE BOARD, THE HEAD OF DEPARTMENT SHALL FURNISH TO EACH-MEMBER THE STATEMENT SPECIFIED IN SECTION 5903(B) (RELATING TO-11 12 DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF DEPARTMENTS 13 [AND], MEMBERS AND PARTICIPANTS).

* * * 14

15 (L) STATE EMPLOYEES PERFORMING USERRA OR MILITARY RELATED 16 LEAVE OF ABSENCE. THE HEAD OF DEPARTMENT SHALL REPORT TO THE 17 BOARD ANY STATE EMPLOYEE WHO CEASES TO BE AN ACTIVE MEMBER OR 18 ACTIVE PARTICIPANT TO PERFORM USERRA SERVICE, OR WHO IS GRANTED 19 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES 20 OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE 21 OF ABSENCE UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING 22 MILITARY LEAVES OF ABSENCE), THE DATE ON WHICH THE USERRA 23 SERVICE, LEAVE OF ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN, 24 THE DATE ON WHICH THE STATE EMPLOYEE IS REEMPLOYED FROM USERRA-25 LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR MILITARY LEAVE OF 26 ABSENCE, IF THE EVENT OCCURS, AND ANY OTHER INFORMATION THE-27 BOARD MAY REQUIRE OR DIRECT. 28 * * *

29 (N) EMPLOYEES RECEIVING PAYMENTS FOR OVERTIME SERVICE OR

30 DUTIES. THE HEAD OF DEPARTMENT SHALL REPORT TO THE BOARD IN A

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1	FORM AND MANNER ESTABLISHED BY THE BOARD ANY PAYMENTS MADE TO A
2	MEMBER FOR OVERTIME SERVICE OR DUTIES FOR POST-DECEMBER 2016-
3	SERVICE.
4	§ 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND
5	PARTICIPANTS.
6	(A) INFORMATION ON NEW EMPLOYEES. UPON HIS ASSUMPTION OF
7	DUTIES EACH NEW STATE EMPLOYEE SHALL FURNISH THE HEAD OF
8	DEPARTMENT WITH A COMPLETE RECORD OF HIS PREVIOUS STATE SERVICE,
9	HIS SCHOOL SERVICE OR CREDITABLE NONSTATE SERVICE, AND PROOF OF
10	HIS DATE OF BIRTH AND CURRENT STATUS IN THE SYSTEM AND THE PLAN
11	AND IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE
12	SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. WILLFUL FAILURE TO
13	PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE
14	EXTENT AVAILABLE UPON ENTRANCE INTO THE SYSTEM SHALL RESULT IN-
15	THE FORFEITURE OF THE RIGHT OF THE MEMBER TO SUBSEQUENTLY ASSERT
16	ANY RIGHT TO BENEFITS BASED ON ANY OF THE REQUIRED INFORMATION
17	WHICH HE FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS-
18	THAT A MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE
19	INFORMATION, THE TOTAL AMOUNT RECEIVED PREDICATED ON SUCH FALSE
20	INFORMATION TOGETHER WITH STATUTORY INTEREST DOUBLED AND
21	COMPOUNDED SHALL BE DEDUCTED FROM THE PRESENT VALUE OF ANY
22	REMAINING BENEFITS TO WHICH THE MEMBER IS LEGALLY ENTITLED.
23	* * *
24	(B.1) APPLICATION FOR PARTICIPATION ON OR AFTER JANUARY 1, -
25	2018, THE FOLLOWING TYPES OF EMPLOYEES SHALL EXECUTE AN
26	APPLICATION FOR PARTICIPATION AND A NOMINATION OF A BENEFICIARY:
27	(1) AN EMPLOYEE WHO IS NOT CURRENTLY A PARTICIPANT IN
28	THE PLAN AND WHOSE PARTICIPATION IS MANDATORY.
29	(2) AN EMPLOYEE WHOSE PARTICIPATION IS NOT MANDATORY BUT
30	IS PERMITTED AND WHO DESIRES TO BECOME A PARTICIPANT IN THE

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1 <u>PLAN.</u>

2 ***

3 (D.2) CONTRIBUTIONS FOR USERRA LEAVE. ANY ACTIVE 4 PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OR-5 FORMER PARTICIPANT WHO WAS REEMPLOYED FROM USERRA LEAVE WHO DESIRES TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND 6 7 VOLUNTARY CONTRIBUTIONS FOR HIS USERRA LEAVE SHALL NOTIFY THE 8 BOARD WITHIN THE TIME PERIOD REQUIRED UNDER 38 U.S.C. CH. 43 9 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF 10 THE UNIFORMED SERVICES) AND IRC § 414(U) OF HIS DESIRE TO MAKE SUCH CONTRIBUTIONS. UPON MAKING THE PERMITTED MANDATORY PICKUP 11 12 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED TIME PERIOD, THE 13 HEAD OF DEPARTMENT SHALL MAKE THE CORRESPONDING EMPLOYER DEFINED 14 CONTRIBUTIONS AT THE SAME TIME. 15 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT. -ANY-PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE-16 17 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE 18 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND 19 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY 20 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND 21 OTHER APPLICABLE LAW. 22 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM. EVERY 23 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED 24 WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) (RELATING-25 TO DUTIES OF HEADS OF DEPARTMENTS) TO RECEIVE THE DEATH BENEFIT 26 PAYABLE UNDER SECTION 5707 (RELATING TO DEATH BENEFITS) OR THE-27 BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1 OF SECTION-28 5705(A)(1) (RELATING TO MEMBER'S OPTIONS). SUCH NOMINATION MAY 29 BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN DESIGNATION-30 FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A CONTINGENT

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1	BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT
2	PROVIDED UNDER SECTION 5707 OR THE BENEFIT PAYABLE UNDER THE
3	PROVISIONS OF OPTION 1 OF SECTION 5705(A)(1).
4	(E.1) BENEFICIARY FOR DEATH BENEFITS FROM THE PLAN EVERY
5	PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION
6	FILED WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) TO
7	RECEIVE THE DEATH BENEFIT PAYABLE UNDER SECTION 5808 (RELATING
8	TO DEATH BENEFITS). A PARTICIPANT MAY ALSO NOMINATE A CONTINGENT
9	BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT
10	PROVIDED UNDER SECTION 5808. SUCH NOMINATIONS MAY BE CHANGED AT
11	ANY TIME BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH
12	THE BOARD.
13	(E.2) BENEFICIARIES FOR EMPLOYEES WHO ARE MEMBERS AND
14	PARTICIPANTS A STATE EMPLOYEE WHO IS BOTH A MEMBER OF THE
15	SYSTEM AND A PARTICIPANT IN THE PLAN MAY DESIGNATE OR NOMINATE
16	DIFFERENT PERSONS TO BE BENEFICIARIES, SURVIVOR ANNUITANTS AND
17	SUCCESSOR PAYEES FOR HIS BENEFITS FROM THE SYSTEM AND THE PLAN.
18	(F) TERMINATION OF SERVICE <u>BY MEMBERS</u> EACH MEMBER WHO-
19	TERMINATES STATE SERVICE AND WHO IS NOT THEN A DISABILITY
20	ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
21	SERVICE THE APPROPRIATE APPLICATION, DULY ATTESTED BY THE MEMBER-
22	OR HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO:
23	(1) WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS; OR
24	(2) <u>IF ELIGIBLE, VEST HIS RETIREMENT RIGHTS; AND IF HE</u>
25	IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A
26	FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE
27	DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED; OR
28	(3) <u>IF ELIGIBLE, RECEIVE AN IMMEDIATE ANNUITY AND MAY</u> ,
29	(I) IF ELIGIBLE, ELECT TO CONVERT HIS MEDICAL, MAJOR
30	MEDICAL, AND HOSPITALIZATION COVERAGE TO THE PLAN FOR

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1

STATE ANNUITANTS; AND

2 (II) IF HE IS A JOINT COVERAGE MEMBER, ELECT TO
3 BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 304 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP SUM5 REQUIRED.

6 * * *

7 (G.1) DEFERRAL OF RETIREMENT RIGHTS. -- IF A PARTICIPANT

8 <u>TERMINATES STATE SERVICE AND DOES NOT COMMENCE RECEIVING A</u>

9 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY, AND HE MAY_

10 ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING

11 DATE, WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED

12 <u>CONTRIBUTIONS STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM</u>

13 OF DISTRIBUTION REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.

14 (II) VESTEES AND SPECIAL VESTEES ATTAINING SUPERANNUATION

15 AGE.--UPON ATTAINMENT OF SUPERANNUATION AGE A VESTEE OR SPECIAL-

16 VESTEE SHALL EXECUTE AND FILE AN APPLICATION FOR AN ANNUITY. ANY

17 SUCH APPLICATION FILED WITHIN 90 DAYS AFTER ATTAINING

18 SUPERANNUATION AGE SHALL BE EFFECTIVE AS OF THE DATE OF

19 ATTAINMENT OF SUPERANNUATION AGE. ANY APPLICATION FILED AFTER

20 SUCH PERIOD SHALL BE EFFECTIVE AS OF THE DATE IT IS FILED WITH

21 THE BOARD, SUBJECT TO THE PROVISIONS OF SECTION 5905(F)

22 (RELATING TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND

23 ELECTIONS OF MEMBERS AND PARTICIPANTS). IF A VESTEE OR SPECIAL

24 VESTEE DOES NOT FILE AN APPLICATION WITHIN SEVEN YEARS AFTER

25 ATTAINING SUPERANNUATION AGE, HE SHALL BE DEEMED TO HAVE ELECTED

26 TO RECEIVE HIS TOTAL ACCUMULATED DEDUCTIONS UPON ATTAINMENT OF

27 SUPERANNUATION AGE.

28 ***

 29
 SECTION 322.
 SECTIONS 5931(B), 5932, 5933(A), 5934, 5935,

 30
 5936, 5937, 5938, 5939, 5951, 5953, 5953.1, 5953.2, 5953.3 AND

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1 5953.4(A) OF TITLE 71 ARE AMENDED TO READ:

2 § 5931. MANAGEMENT OF FUND AND ACCOUNTS.

3 ***

(B) CREDITING OF INTEREST. THE BOARD, ANNUALLY, SHALL ALLOW
THE REQUIRED INTEREST ON THE MEAN AMOUNT FOR THE PRECEDING YEAR
TO THE CREDIT OF EACH OF THE ACCOUNTS <u>OTHER THAN THE INDIVIDUAL</u>
<u>INVESTMENT ACCOUNTS</u>. THE AMOUNT SO ALLOWED SHALL BE CREDITED
THERETO BY THE BOARD AND TRANSFERRED FROM THE INTEREST RESERVE
ACCOUNT.

10 ***

11 § 5932. STATE EMPLOYEES' RETIREMENT FUND.

 12
 (A) GENERAL RULE.
 THE FUND SHALL CONSIST OF ALL BALANCES IN

 13
 THE SEVERAL SEPARATE ACCOUNTS SET APART TO BE USED UNDER THE

 14
 DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS OF THE SYSTEM;

15 AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE FUND ALL MONEYS-

16 RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING FROM THE

17 CONTRIBUTIONS RELATING TO OR ON BEHALF OF MEMBERS OF THE SYSTEM

18 REQUIRED UNDER THE PROVISIONS OF CHAPTER 55 (RELATING TO-

19 CONTRIBUTIONS), AND ANY INCOME EARNED BY THE INVESTMENTS OR

20 MONEYS OF SAID FUND. THERE SHALL BE ESTABLISHED AND MAINTAINED-

21 BY THE BOARD THE SEVERAL LEDGER ACCOUNTS SPECIFIED IN SECTIONS

22 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO-

23 STATE ACCUMULATION ACCOUNT), 5935 (RELATING TO ANNUITY RESERVE-

24 ACCOUNT), 5936 (RELATING TO STATE POLICE BENEFIT ACCOUNT), 5937-

25 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT ACCOUNT), 5938-

26 (RELATING TO SUPPLEMENTAL ANNUITY ACCOUNT) AND 5939 (RELATING TO-

27 INTEREST RESERVE ACCOUNT).

28 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST. THE

29 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL

30 NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT

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1	CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED
2	CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE
3	INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED
4	TO THE FUND BUT SHALL BE PAID TO THE TRUST AND CREDITED TO THE
5	INDIVIDUAL INVESTMENT ACCOUNTS.
6	§ 5933. MEMBERS' SAVINGS ACCOUNT.
7	(A) CREDITS TO ACCOUNT THE MEMBERS' SAVINGS ACCOUNT SHALL
8	BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF
9	THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER
10	EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE
11	MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501
12	(RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE),
13	5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS-
14	A-3 AND CLASS A-4 SERVICE] AND SHARED GAIN ADJUSTMENTS TO
15	REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO SOCIAL SECURITY-
16	INTEGRATION MEMBER CONTRIBUTIONS), 5503 (RELATING TO JOINT-
17	COVERAGE MEMBER CONTRIBUTIONS), 5504 (RELATING TO MEMBER
18	CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE
19	SERVICE OR TO BECOME A FULL COVERAGE MEMBER), 5505.1 (RELATING-
20	TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5505 (RELATING TO
21	CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE
22	SERVICE) AND TRANSFERRED FROM THE MEMBERS' SAVINGS ACCOUNT OF
23	THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE
24	WITH THE PROVISIONS OF SECTION 5303.2 (RELATING TO ELECTION TO
25	CONVERT SCHOOL SERVICE TO STATE SERVICE).
26	* * *
27	S 5934 STATE ACCUMULATION ACCOUNT

27 § 5934. STATE ACCUMULATION ACCOUNT.

28 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO29 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH OR30 OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM AND-

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MADE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5507(A) OR (D) 1 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND 2 3 OTHER EMPLOYERS) EXCEPT THAT THE AMOUNTS RECEIVED UNDER THE 4 PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), AND THE 5 AMOUNTS RECEIVED UNDER THE PROVISIONS OF THE LIQUOR CODE, ACT OF APRIL 12, 1951 (P.L.90, NO.21), SHALL BE CREDITED TO THE STATE 6 POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT-7 8 ACCOUNT AS THE CASE MAY BE. ALL AMOUNTS TRANSFERRED TO THE FUND 9 BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS IN ACCORDANCE WITH-10 THE PROVISIONS OF SECTION 5507 (C) ALSO SHALL BE CREDITED TO THE-STATE ACCUMULATION ACCOUNT. ALL AMOUNTS TRANSFERRED TO THE FUND-11 12 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE 13 WITH SECTION 5303.2(E) (RELATING TO ELECTION TO CONVERT SCHOOL 14 SERVICE TO STATE SERVICE), EXCEPT AMOUNTS CREDITED TO THE-15 MEMBERS' SAVINGS ACCOUNT, AND ALL AMOUNTS PAID BY THE DEPARTMENT 16 OF CORRECTIONS IN ACCORDANCE WITH SECTION 5303.2(F) ALSO SHALL 17 BE CREDITED TO THE STATE ACCUMULATION ACCOUNT. THE STATE 18 ACCUMULATION ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. 19 THE RESERVES NECESSARY FOR THE PAYMENT OF ANNUITIES AND DEATH-BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM AS APPROVED BY 20 THE BOARD AND AS PROVIDED IN CHAPTER 57 (RELATING TO BENEFITS) 21 22 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE 23 ANNUITY RESERVE ACCOUNT PROVIDED FOR IN SECTION 5935 (RELATING-24 TO ANNUITY RESERVE ACCOUNT), EXCEPT THAT THE RESERVES NECESSARY 25 ON ACCOUNT OF A MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA 26 STATE POLICE OR AN ENFORCEMENT OFFICER SHALL BE TRANSFERRED FROM-27 THE STATE ACCUMULATION ACCOUNT TO THE STATE POLICE BENEFIT 28 ACCOUNT PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE-29 BENEFIT ACCOUNT) OR TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT AS PROVIDED FOR IN SECTION 5937 (RELATING TO ENFORCEMENT 30

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OFFICERS' BENEFIT ACCOUNT) AS THE CASE MAY BE. THE RESERVES 1 NECESSARY FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES IN EXCESS OF 2 3 THOSE RESERVES CREDITED TO THE SUPPLEMENTAL ANNUITY ACCOUNT ON 4 JUNE 30, 2010, SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION-5 ACCOUNT TO THE SUPPLEMENTAL ANNUITY ACCOUNT. IN THE EVENT THAT 6 SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED 7 AFTER DECEMBER 31, 2009, THE NECESSARY RESERVES SHALL BE 8 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE-9 SUPPLEMENTAL ANNUITY ACCOUNT. 10 (A) CREDITS AND CHARGES TO ACCOUNT. THE ANNUITY RESERVE 11 12 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED 13 THE RESERVES HELD FOR PAYMENT OF ANNUITIES AND DEATH BENEFITS ON-14 ACCOUNT OF ALL ANNUITANTS EXCEPT IN THE CASE OF MEMBERS WHO ARE-15 OFFICERS OF THE PENNSYLVANIA STATE POLICE OR ENFORCEMENT 16 OFFICERS. THE ANNUITY RESERVE ACCOUNT SHALL BE CREDITED WITH 17 VALUATION INTEREST. AFTER THE TRANSFERS PROVIDED IN SECTIONS 18 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO 19 STATE ACCUMULATION ACCOUNT) AND 5938 (RELATING TO SUPPLEMENTAL 20 ANNUITY ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS RESULTING FROM MEMBERSHIP IN THE SYSTEM EXCEPT THOSE PAYABLE TO 21 22 ANY MEMBER WHO RETIRES AS AN OFFICER OF THE PENNSYLVANIA STATE 23 POLICE OR AN ENFORCEMENT OFFICER SHALL BE CHARGED TO THE ANNUITY 24 RESERVE ACCOUNT AND PAID FROM THE FUND.

(B) TRANSFERS FROM ACCOUNT. SHOULD AN ANNUITANT OTHER THAN
A MEMBER WHO WAS RETIRED AS AN OFFICER OF THE PENNSYLVANIA STATE
POLICE OR AN ENFORCEMENT OFFICER BE SUBSEQUENTLY RESTORED TO
ACTIVE SERVICE AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN
<u>THE PLAN</u>, THE PRESENT VALUE OF HIS MEMBER'S ANNUITY AT THE TIME
OF REENTRY INTO STATE SERVICE SHALL BE TRANSFERRED FROM THE

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1	ANNUITY RESERVE ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN
2	THE MEMBERS' SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE
3	FOR HIS ANNUITY LESS THE AMOUNT TRANSFERRED TO THE MEMBERS!
4	SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE
5	ACCOUNT TO THE STATE ACCUMULATION ACCOUNT.
6	§ 5936. STATE POLICE BENEFIT ACCOUNT.
7	(A) CREDITS AND CHARGES TO ACCOUNT THE STATE POLICE-
8	BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE
9	CREDITED ALL CONTRIBUTIONS RECEIVED UNDER THE PROVISIONS OF THE
10	ACT OF MAY 12, 1943 (P.L.259, NO.120), REFERRED TO AS THE
11	FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW, AND ANY
12	ADDITIONAL COMMONWEALTH OR OTHER EMPLOYER CONTRIBUTIONS PROVIDED
13	FOR IN SECTION 5507 (RELATING TO CONTRIBUTIONS <u>TO THE SYSTEM</u> BY
14	THE COMMONWEALTH AND OTHER EMPLOYERS) WHICH ARE CREDITABLE TO
15	THE STATE POLICE BENEFIT ACCOUNT. THE STATE POLICE BENEFIT
16	ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN
17	ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A-
18	MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA STATE POLICE, THE
19	TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE-
20	MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE NECESSARY
21	RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE-
22	TRANSFERRED TO THE STATE POLICE BENEFIT ACCOUNT. THEREAFTER, THE
23	TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED TO THE STATE
24	POLICE BENEFIT ACCOUNT AND PAID FROM THE FUND.
25	(B) TRANSFERS FROM ACCOUNT SHOULD THE SAID ANNUITANT BE
26	SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE
27	SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE
28	MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL
29	BE TRANSFERRED FROM THE STATE POLICE BENEFIT ACCOUNT AND PLACED
30	TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN-

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ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY CALCULATED AS IF 1 HE HAD BEEN A MEMBER OF CLASS A IF HE HAS CLASS A OR CLASS C-2 3 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS A 3 IF THE 4 ANNUITANT HAS CLASS A 3 STATE SERVICE CREDITED; [OR] AS IF HE 5 HAD BEEN A MEMBER OF CLASS A 4 IF THE ANNUITANT HAS CLASS A 4 6 SERVICE CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A 5 IF THE ANNUITANT HAS CLASS A 5 SERVICE CREDITED, LESS THE AMOUNT 7 8 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED 9 FROM THE STATE POLICE BENEFIT ACCOUNT TO THE STATE ACCUMULATION 10 ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS AN OFFICER OF THE PENNSYLVANIA STATE POLICE THE ACTUARIAL RESERVE REMAINING IN-11 12 THE STATE POLICE BENEFIT ACCOUNT SHALL BE TRANSFERRED TO THE 13 APPROPRIATE RESERVE ACCOUNT. 14 \$ 5937. ENFORCEMENT OFFICERS' BENEFIT ACCOUNT. 15 (A) CREDITS AND CHARGES TO ACCOUNT. -- THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH 16 17 SHALL BE CREDITED MONEYS TRANSFERRED FROM THE ENFORCEMENT 18 OFFICERS' RETIREMENT ACCOUNT IN THE STATE STORES FUND ACCORDING 19 TO THE PROVISIONS OF THE ACT OF APRIL 12, 1951 (P.L.90, NO.21), 20 KNOWN AS THE LIOUOR CODE, AND ANY ADDITIONAL COMMONWEALTH OR-21 OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN SECTION 5507-22 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND 23 OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE ENFORCEMENT 24 OFFICERS' BENEFIT ACCOUNT. THE ENFORCEMENT OFFICERS' BENEFIT 25 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN 26 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A 27 MEMBER WHO IS AN ENFORCEMENT OFFICER OF THE PENNSYLVANIA LIQUOR 28 CONTROL BOARD, THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE-29 CREDIT OF THE MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE NECESSARY RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE-30

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TRANSFERRED TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.
 THEREAFTER, THE TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED
 TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT AND PAID FROM THE
 FUND.

5 (B) TRANSFERS FROM ACCOUNT. SHOULD THE SAID ANNUITANT BE-SUBSEQUENTLY RESTORED TO ACTIVE SERVICE, THE PRESENT VALUE OF 6 THE MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE 7 8 SHALL BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS BENEFIT 9 ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' 10 SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE FOR HIS-ANNUITY CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE 11 12 ANNUITANT DOES NOT HAVE ANY CLASS AA, CLASS A 3 [OR], CLASS A 4 OR CLASS A-5 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF 13 14 CLASS AA IF THE ANNUITANT DOES HAVE CLASS AA SERVICE CREDITED; 15 AS IF HE HAD BEEN A MEMBER OF CLASS A 3 IF THE ANNUITANT HAS 16 CLASS A 3 STATE SERVICE CREDITED; [OR] AS IF HE HAD BEEN A 17 MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4 SERVICE-18 CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A 5 IF THE 19 ANNUITANT HAS CLASS A 5 SERVICE CREDITED, LESS THE AMOUNT 20 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT TO THE STATE 21 22 ACCUMULATION ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS 23 AN ENFORCEMENT OFFICER THE ACTUARIAL RESERVE REMAINING IN THE 24 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT SHALL BE TRANSFERRED TO-THE APPROPRIATE RESERVE ACCOUNT. 25 26 § 5938. SUPPLEMENTAL ANNUITY ACCOUNT. 27 THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE THE LEDGER ACCOUNT

28 TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS FROM THE-

29 COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE WITH SECTION-

30 5507 (B) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE-

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COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE 1 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO-2 3 SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL 4 5 SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO SPECIAL 6 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 (RELATING TO-7 8 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO-9 SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 (RELATING TO-10 SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 (RELATING TO-SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 2002) MADE-11 12 BEFORE JULY 1, 2010, THE AMOUNT TRANSFERRED FROM THE STATE-13 ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES 14 NECESSARY AS OF JUNE 30, 2010, TO PAY SUCH SUPPLEMENTAL 15 ANNUITIES AND ADJUSTMENTS, AND THE AMOUNTS TRANSFERRED FROM THE-STATE ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES 16 17 NECESSARY AS A RESULT OF SUPPLEMENTAL ANNUITIES ENACTED AFTER 18 DECEMBER 31, 2009. THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE-19 CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE 20 PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM-21 THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT 22 AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE-23 ACCOUNT) . 24 *§* 5939. INTEREST RESERVE ACCOUNT. 25 THE INTEREST RESERVE ACCOUNT SHALL BE THE LEDGER ACCOUNT TO 26 WHICH SHALL BE CREDITED ALL INCOME EARNED BY THE FUND AND TO-27 WHICH SHALL BE CHARGED ALL ADMINISTRATIVE AND INVESTMENT 28 EXPENSES INCURRED BY THE FUND. AT THE END OF EACH YEAR THE 29 REOUIRED INTEREST SHALL BE TRANSFERRED FROM THE INTEREST RESERVE 30 ACCOUNT TO THE CREDIT OF EACH OF THE ACCOUNTS OF THE FUND IN-

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ACCORDANCE WITH THE PROVISIONS OF THIS SUBCHAPTER. IN ADDITION, 1 AT THE END OF EACH ACCOUNTING PERIOD, THE INTEREST RESERVE-2 3 ACCOUNT SHALL BE CREDITED OR CHARGED WITH ALL RECOGNIZED CHANGES IN THE MARKET VALUATION OF THE INVESTMENTS OF THE FUND. THE 4 5 ADMINISTRATIVE AND INVESTMENT EXPENSES OF THE BOARD RELATING TO-THE ADMINISTRATION OF THE SYSTEM AND INVESTMENTS OF THE FUND 6 7 SHALL BE PAID FROM THE FUND OUT OF EARNINGS. ANY SURPLUS OR 8 DEFICIT IN THE INTEREST RESERVE ACCOUNT AT THE END OF EACH YEAR 9 SHALL BE TRANSFERRED TO THE STATE ACCUMULATION ACCOUNT. 10 § 5951. STATE GUARANTEE REGARDING THE SYSTEM. THE REQUIRED INTEREST CHARGES PAYABLE, THE MAINTENANCE OF 11 12 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER 13 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND 14 15 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE 16 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM-DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART 17 18 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE-19 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATION OF THE-20 PLAN OR TRUST. 21 § 5953. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS. 22 (A) GENERAL RULE. --23 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4), 24 THE RIGHT OF A PERSON TO ANY BENEFIT OR RIGHT ACCRUED OR 25 ACCRUING UNDER THE PROVISIONS OF THIS PART AND THE MONEYS IN-26 THE FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR-27 MUNICIPAL TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT, 28 SPOUSE'S ELECTION, THE PROVISIONS OF ARTICLE XIII.1 OF THE 29 ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL 30 CODE, OR ANY OTHER PROCESS WHATSOEVER, AND NO PARTICIPANT OR

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1	BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE OF A
2	PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL, ASSIGN,
3	ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,
4	COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR
5	INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO
6	RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER
7	AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS PROVIDED IN
8	THIS PART, AND IN THE CASE OF EITHER A MEMBER OR A
9	PARTICIPANT EXCEPT FOR A SET-OFF BY THE COMMONWEALTH IN THE-
10	CASE PROVIDED IN SUBPARAGRAPH (I), AND SHALL BE UNASSIGNABLE
11	EXCEPT:
12	(I) TO THE COMMONWEALTH IN THE CASE OF A MEMBER OR
13	PARTICIPANT WHO IS TERMINATING STATE SERVICE AND HAS BEEN
14	DETERMINED TO BE OBLIGATED TO THE COMMONWEALTH FOR THE
15	REPAYMENT OF MONEY OWED ON ACCOUNT OF HIS EMPLOYMENT OR
16	TO THE FUND ON ACCOUNT OF A LOAN FROM A CREDIT UNION <u>TO A</u>
17	MEMBER WHICH HAS BEEN SATISFIED BY THE BOARD FROM THE
18	FUND.
19	(II) TO A CREDIT UNION AS SECURITY FOR A LOAN <u>TO A</u>
20	MEMBER NOT TO EXCEED \$750 AND INTEREST NOT TO EXCEED 6%
21	PER ANNUM DISCOUNTED AND/OR FINES THEREON IF THE CREDIT
22	UNION IS NOW OR HEREAFTER ORGANIZED AND INCORPORATED
23	UNDER THE LAWS OF THIS COMMONWEALTH AND THE MEMBERSHIP OF
24	SUCH CREDIT UNION IS LIMITED SOLELY TO OFFICIALS AND
25	EMPLOYEES OF THE COMMONWEALTH AND IF SUCH CREDIT UNION
26	HAS PAID TO THE FUND \$3 FOR EACH SUCH ASSIGNMENT.
27	(2) (I) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
28	FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978-
29	(P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION
30	FORFEITURE ACT, AND BY OR PURSUANT TO SECTION 16(B) OF

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1	ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA.
2	FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
3	PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE
4	BENEFITS THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER
5	THIS PART.
6	(II) IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V OF
7	THE CONSTITUTION OF PENNSYLVANIA AND NOT WITHSTANDING
8	THIS PARAGRAPH, THE ACT OF JULY 8, 1978 (P.L.752,
9	NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE
10	ACT, OR 42 PA.C.S. § 3352 (RELATING TO PENSION RIGHTS),
11	THE ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS AND
12	ACCUMULATED VOLUNTARY CONTRIBUTIONS STANDING TO THE
13	CREDIT OF A PARTICIPANT SHALL NOT BE FORFEITED BUT SHALL
14	BE AVAILABLE FOR PAYMENT OF FINES AND RESTITUTION AS
15	PROVIDED BY LAW. IN ACCORDANCE WITH SECTION 16(B) OF
16	ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA, AMOUNTS IN
17	THE TRUST THAT HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN
18	ALTERNATE PAYEE AS THE RESULT OF AN EQUITABLE
19	DISTRIBUTION OF MARITAL PROPERTY AS PART OF AN APPROVED
20	DOMESTIC RELATIONS ORDER ENTERED BEFORE THE DATE OF THE
21	ORDER OR ACTION IN A COURT OR OTHER TRIBUNAL RESULTING IN
22	<u>A FORFEITURE OF A PARTICIPANT'S INTEREST IN THE TRUST</u>
23	SHALL NOT BE SUBJECT TO THE PROVISIONS OF THE PUBLIC
24	EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY
25	ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A
26	RESULT OF THIS PARAGRAPH OR OTHER LAW SHALL BE RETAINED
27	BY THE BOARD AND NOTWITHSTANDING SECTIONS 5812(2)
28	(RELATING TO POWERS AND DUTIES OF BOARD), 5815 (RELATING)
29	TO EXPENSES) AND 5902(C) (RELATING TO ADMINISTRATIVE
30	DUTIES OF THE BOARD) USED FOR THE PAYMENT OF EXPENSES OF

THE PLAN.

1

2 (3) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
3 ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN AN
4 APPROVED DOMESTIC RELATIONS ORDER.

5 (4) EFFECTIVE WITH DISTRIBUTIONS MADE ON OR AFTER 6 JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF 7 THIS PART TO THE CONTRARY, A DISTRIBUTEE MAY ELECT, AT THE 8 TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE ANY 9 PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO-10 AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, A "DISTRIBUTEE" INCLUDES A MEMBER-11 12 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A 13 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO 14 IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE 15 PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE 16 17 ELSE AUTHORIZED UNDER THE IRC AND THE PLAN TERMS APPROVED BY-18 THE BOARD TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID 19 DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT-20 ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE-ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC-21 22 \$ 402(F)(2)(A), AND "ELIGIBLE RETIREMENT PLAN" HAS THE 23 MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A 24 OUALIFIED TRUST SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT 25 PLAN ONLY IF IT ACCEPTS THE DISTRIBUTEE'S ELIGIBLE ROLLOVER 26 DISTRIBUTION; HOWEVER, IN THE CASE OF AN ELIGIBLE ROLLOVER 27 DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE RETIREMENT 28 PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL 29 RETIREMENT ANNUITY" AS THOSE TERMS ARE DEFINED IN IRC §-30 408(A) AND (B).

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1 (B) AUTHORIZED PAYMENTS FROM FUND AND TRUST. THE BOARD 2 SHALL BE AUTHORIZED TO PAY FROM THE FUND AND THE TRUST: 3 (1) IN THE CASE OF A MEMBER OR PARTICIPANT WHO IS 4 TERMINATING SERVICE, THE AMOUNT DETERMINED AFTER-5 CERTIFICATION BY THE HEAD OF THE DEPARTMENT THAT THE MEMBER-6 OR PARTICIPANT IS SO OBLIGATED, AND AFTER REVIEW AND APPROVAL 7 BY THE DEPARTMENT OR AGENCY'S LEGAL REPRESENTATIVE OR UPON 8 RECEIPT OF AN ASSIGNMENT FROM THE MEMBER OR PARTICIPANT IN-9 THE AMOUNT SO CERTIFIED[.], EXCEPT THAT NO PAYMENT SHALL BE 10 MADE FROM THE INDIVIDUAL INVESTMENT ACCOUNT OF A PARTICIPANT 11 UNTIL THE PARTICIPANT OTHERWISE APPLIES FOR AND RECEIVES A DISTRIBUTION AND SHALL NOT EXCEED THE AMOUNT OF THE 12 13 DISTRIBUTION. (2) IN THE CASE OF A LOAN TO A MEMBER THE AMOUNT OF THE-14 15 LOAN AND ANY FINE OR INTEREST DUE THEREON TO THE CREDIT UNION EXCEPT 5% OF THE TOTAL AMOUNT DUE WHICH IS TO BE RETAINED IN-16 17 THE FUND AS A COLLECTION FEE: 18 (I) IF THE MEMBER OBTAINING THE LOAN SHALL HAVE BEEN 19 IN DEFAULT IN REQUIRED PAYMENTS FOR A PERIOD OF NOT LESS-20 THAN TWO YEARS; OR 21 (II) AT SUCH TIME AS THE DEPARTMENT OF BANKING SHALL 22 REQUIRE THE CREDIT UNION TO CHARGE THE AMOUNT OF THE LOAN-23 AGAINST THE RESERVE FUND OF SUCH CREDIT UNION. 24 ANY MEMBER WHO SHALL HAVE PLEDGED SUCH RIGHTS AS SECURITY FOR-25 A LOAN FROM A CREDIT UNION AND, ON WHOSE BEHALF THE BOARD SHALL 26 HAVE MADE ANY PAYMENT BY REASON OF THAT MEMBER'S DEFAULT, MAY-27 NOT THEREAFTER PLEDGE OR ASSIGN SUCH RIGHTS TO A CREDIT UNION. (3) IN THE CASE OF A PARTICIPANT WHOSE FORMER SPOUSE IS 28 29 AN ALTERNATE PAYEE OF AN EQUITABLE DISTRIBUTION OF MARITAL 30 ASSETS UNDER AN APPROVED DOMESTIC RELATIONS ORDER, A LUMP SUM-

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1	OF THE ALTERNATE PAYEE'S INTEREST IN THE PARTICIPANT'S
2	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS. THIS PARAGRAPH SHALL
3	APPLY WITHOUT REGARD TO WHETHER THE PARTICIPANT HAS NOT
4	TERMINATED, IS TERMINATING OR HAS TERMINATED STATE SERVICE.
5	§ 5953.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.
6	(A) CERTIFICATION <u>REGARDING MEMBERS</u> . A DOMESTIC RELATIONS
7	ORDER <u>PERTAINING TO A MEMBER OF THE SYSTEM</u> SHALL BE CERTIFIED AS
8	AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
9	BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER
10	MEETS ALL OF THE FOLLOWING:
11	(1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
12	BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED
13	UNDER THIS PART.
14	(2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE
15	TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE
16	RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS
17	INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE
18	BASED UPON COST OF LIVING INCREASES OR INCREASES BASED ON
19	OTHER THAN ACTUARIAL VALUE.
20	(3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
21	BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
22	PAYEE OR THE MANNER IN WHICH SUCH AMOUNT OR PERCENTAGE IS TO
23	BE DETERMINED.
24	(4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
25	THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY-
26	SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON
27	RETIREMENT.
28	(5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
29	IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
20	

30 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND

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1 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE 2 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM. 3 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS. 4 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART. 5 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION 6 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S 7 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER 8 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER-9 MAINTAINED BY THE SYSTEM. AN AUTHORIZATION GRANTED UNDER THIS 10 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE 11 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE 12 13 PAYEE'S SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED 14 15 TO MEMBERS OR OBTAIN INFORMATION WHICH IS NOT RELATED TO THE 16 ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S 17 SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART. 18 (A.1) CERTIFICATION REGARDING PARTICIPANTS. A DOMESTIC 19 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED 20 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE 21 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THE ORDER MEETS 22 ALL OF THE FOLLOWING: (1) DOES NOT REQUIRE THE PLAN TO PROVIDE A TYPE OR FORM-23 24 OF BENEFIT OR AN OPTION APPLICABLE TO MEMBERS OF THE SYSTEM-25 OR PARTICIPANTS IN THE PLAN. 26 (2) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE 27 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT 28 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL 29 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE. 30 (3) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE

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1	ANY FUNDS THAT WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE
2	PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC
3	RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS
4	DESIGNATED REPRESENTATIVE.
5	(4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
6	MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE
7	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE
8	DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE
9	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF
10	THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE
11	PAYEE.
12	(5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP
13	OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S
14	INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF
15	THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION
16	PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.
17	(6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE
18	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE
19	ALTERNATE PAYEE AND THE DATE UPON WHICH THE VALUATION IS
20	BASED.
21	(7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
22	IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN
23	MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER
24	AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE
25	PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE
26	PLAN.
27	(8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,
28	PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.
29	(9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION
30	ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S

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1	COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
2	THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT
3	MAINTAINED BY THE PLAN. AN AUTHORIZATION GRANTED UNDER THIS
4	SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
5	ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
6	PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION
7	AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE
8	PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE
9	THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION
10	THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND
11	PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S
12	INDIVIDUAL INVESTMENT ACCOUNT.
13	(10) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE
14	ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL
15	INVESTMENT ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT,
16	ELIGIBLE ROLLOVER OR TRUSTEE TO TRUSTEE TRANSFER TO ANOTHER
17	ELIGIBLE PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE
18	PAYEE.
19	(11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
20	RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
21	DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE
22	BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE
23	BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE
24	AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
25	AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT
26	DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH
27	OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S
28	INDIVIDUAL INVESTMENT ACCOUNT.
29	(B) DETERMINATION BY SECRETARY WITHIN A REASONABLE PERIOD-
30	AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE SECRETARY OF

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1	THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE
2	WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS ORDER AND
3	NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE PAYEE OF
4	THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
5	THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE
6	PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE BOARD, OR-
7	HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO AN
8	ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 SUBCH. A
9	(RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO
10	THE COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO-
11	JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT
12	APPEALS FROM GOVERNMENT AGENCIES).
13	(C) OTHER ORDERS THE REQUIREMENTS FOR APPROVAL IDENTIFIED-
14	IN [SUBSECTION (A)] <u>SUBSECTIONS (A) AND (A.1)</u> SHALL NOT APPLY TO
15	ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS
16	THE TERM IS DEFINED AT 23 PA.C.S. § 4302 (RELATING TO-
17	DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS
18	PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
19	ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT
20	THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS
21	AS ESTABLISHED BY THE LAWS OF THE UNITED STATES AND THIS
22	COMMONWEALTH[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER
23	THAT WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER
24	STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS
25	FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST A PARTICIPANT
26	WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE
27	ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING
28	ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD REQUIRE
28 29	
	ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD REQUIRE

1	(D) OBLIGATION DISCHARGED ONLY THE REQUIREMENTS OF THIS-
2	PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO
3	GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS
4	ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS
5	DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE
6	PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN
7	APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE
8	OBLIGATIONS OF THE SYSTEM OR THE PLAN WITH RESPECT TO SUCH
9	APPROVAL OR DISAPPROVAL SHALL BE DISCHARGED.
10	§ 5953.2. IRREVOCABLE BENEFICIARY.
11	NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC
12	RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A
13	DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN-
14	IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES
15	A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A
16	BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT
17	BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT
18	JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC-
19	RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC
20	RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
21	REPRESENTATIVE, AFTER THE MEMBER <u>OR PARTICIPANT</u> MAKES SUCH
22	NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED
23	BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT
24	WITHOUT APPROVAL BY THE COURT.
25	§ 5953.3. IRREVOCABLE SURVIVOR ANNUITANT.
26	NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC-
27	RELATIONS ORDER <u>PERTAINING TO A MEMBER</u> MAY PROVIDE FOR AN-
28	IRREVOCABLE SURVIVOR ANNUITANT. A DOMESTIC RELATIONS ORDER
29	REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT
30	SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN-

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1	ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE
2	REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF
3	A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.
4	SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED
5	DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS
6	DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE
7	SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY-
8	THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO
9	BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AS
10	AN IRREVOCABLE SURVIVOR ANNUITANT.
11	§ 5953.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.
12	(A) DECEASED ALTERNATE PAYEE IN THE EVENT THAT THE
13	ALTERNATE PAYEE PREDECEASES THE MEMBER OR THE PARTICIPANT AND
14	THERE ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE
15	COURT MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO
16	SUBSTITUTE A PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE-
17	ANY BENEFITS PAYABLE TO THE DECEASED ALTERNATE PAYEE.
18	* * *
19	SECTION 323. TITLE 71 IS AMENDED BY ADDING A SECTION TO-
20	READ:
21	<u>§ 5953.6. IRREVOCABLE SUCCESSOR PAYEE.</u>
22	(A) CONDITION. NOTWITHSTANDING ANY OTHER PROVISION OF THIS
23	PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY
24	PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE IF THE PARTICIPANT IS
25	RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION PROVIDED BY THE
26	BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.
27	(B) DETERMINATION A DOMESTIC RELATIONS ORDER REQUIRING THE
28	DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE IS AN ORDER WHICH:
29	(1) REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS
30	FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN
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1	ALTERNATE PAYEE AS A SUCCESSOR PAYEE; AND
2	(2) EXCEPT BY OPERATION OF LAW, PROHIBITS THE REMOVAL OR
3	CHANGE OF THE SUCCESSOR PAYEE WITHOUT APPROVAL OF A COURT OF
4	COMPETENT JURISDICTION.
5	(C) CERTIFICATION A DOMESTIC RELATIONS ORDER UNDER
6	SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC
7	RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS DESIGNATED
8	REPRESENTATIVE. IF A DOMESTIC RELATIONS ORDER IS CERTIFIED UNDER
9	THIS SUBSECTION, THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE
10	COURT SHALL NOT BE CHANGED BY THE PARTICIPANT WITHOUT APPROVAL
11	BY THE COURT.
12	(D) INELIGIBILITY A PERSON INELIGIBLE TO BE DESIGNATED AS
13	A SUCCESSOR PAYEE SHALL NOT BE DESIGNATED AS AN IRREVOCABLE
14	SUCCESSOR PAYEE. A COURT SHALL NOT NAME AN IRREVOCABLE SUCCESSOR
15	PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM
16	DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL
17	PORTION OF THE PENSION BENEFIT.
18	SECTION 324. SECTIONS 5954, 5955 AND 5957 OF TITLE 71 ARE
19	AMENDED TO READ:
20	§ 5954. FRAUD AND ADJUSTMENT OF ERRORS.
21	(A) PENALTY FOR FRAUD ANY PERSON WHO SHALL KNOWINGLY MAKE-
22	ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED
23	ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO
24	DEFRAUD THE SYSTEM <u>OR PLAN</u> AS A RESULT OF SUCH ACT SHALL BE
25	GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.
26	(B) ADJUSTMENT OF ERRORS. SHOULD ANY CHANGE OR MISTAKE IN
27	RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY [OR],
28	SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
29	OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
30	HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
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1	OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
2	SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR
3	AFFECTED CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO-
4	FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE
5	FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL
6	EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED
7	SHALL BE PAID. IF THE ERROR AFFECTED CONTRIBUTIONS TO OR
8	PAYMENTS FROM THE PLAN, THE BOARD SHALL TAKE ACTION AS PROVIDED
9	FOR IN THE PLAN DOCUMENT.
10	§ 5955. CONSTRUCTION OF PART.
11	(A) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS. REGARDLESS OF
12	ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF STATE
13	EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY
14	AMENDMENT THERETO[,] OR THE PLAN DOCUMENT ESTABLISHED BY THE
15	BOARD; AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY
16	ARBITRATION AWARD BETWEEN THE COMMONWEALTH AND [ITS] OTHER
17	EMPLOYERS AND THE COMMONWEALTH'S AND OTHER EMPLOYER'S EMPLOYEES
18	OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL BE
19	CONSTRUED TO CHANGE ANY OF THE PROVISIONS HEREIN, TO REQUIRE THE
20	BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH
21	IN THIS PART OR NOT ESTABLISHED BY THE BOARD IN THE PLAN
22	DOCUMENT, TO REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF
23	THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT, OR TO OTHERWISE
24	REQUIRE ACTION BY ANY OTHER GOVERNMENT BODY PERTAINING TO-
25	PENSION OR RETIREMENT BENEFITS OR RIGHTS OF STATE EMPLOYEES.
26	NOTWITHSTANDING THE FOREGOING, ANY PENSION OR RETIREMENT
27	BENEFITS OR RIGHTS PREVIOUSLY SO ESTABLISHED BY OR AS A RESULT
28	OF AN ARBITRATION AWARD SHALL REMAIN IN EFFECT AFTER THE
29	EXPIRATION OF THE CURRENT COLLECTIVE BARGAINING AGREEMENT
30	BETWEEN THE STATE EMPLOYEES SO AFFECTED AND THE COMMONWEALTH

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1	UNTIL THE EXPIRATION OF EACH OF THE COLLECTIVE BARGAINING
2	AGREEMENTS IN EFFECT ON JANUARY 1, 2011, AT WHICH TIME THE
3	CLASSES OF MEMBERSHIP AND RESULTING MEMBER CONTRIBUTION RATES
4	AND CONTRIBUTIONS FOR CREDITABLE NONSTATE SERVICE, ELIGIBILITY
5	FOR VESTING, WITHDRAWAL AND SUPERANNUATION ANNUITIES, OPTIONAL
6	MODIFICATION OF ANNUITIES AND OTHER TERMS AND CONDITIONS RELATED
7	TO CLASS OF MEMBERSHIP SHALL BE AS DETERMINED BY THIS PART FOR
8	EMPLOYEES COVERED BY THOSE AND SUCCESSOR COLLECTIVE BARGAINING
9	AGREEMENTS. FOR PURPOSES OF ADMINISTERING THIS PART, FOR THOSE
10	STATE EMPLOYEES WHO ARE MEMBERS OF EACH SUCH COLLECTIVE
11	BARGAINING UNIT, THE DATE JANUARY 1, 2011, CONTAINED IN THIS-
12	PART, EXCEPT IN THIS SECTION, SHALL BE REPLACED WITH THE DATE OF
13	THE DAY IMMEDIATELY FOLLOWING THE EXPIRATION OF EACH SUCH
14	COLLECTIVE BARGAINING AGREEMENT. THE PROVISIONS OF THIS PART
15	INSOFAR AS THEY ARE THE SAME AS THOSE OF EXISTING LAW ARE
16	INTENDED AS A CONTINUATION OF SUCH LAWS AND NOT AS NEW
17	ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT ANY ACT
18	DONE, LIABILITY INCURRED, RIGHT ACCRUED OR VESTED, OR ANY SUIT
19	OR PROSECUTION PENDING OR TO BE INSTITUTED TO ENFORCE ANY RIGHT
20	OR PENALTY OR TO PUNISH ANY OFFENSE UNDER THE AUTHORITY OF ANY
21	REPEALED LAWS.
22	(B) REFERENCES. REFERENCES IN THIS PART TO THE INTERNAL
23	REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.)
24	OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT
25	<u>OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), INCLUDING</u>
26	ADMINISTRATIVE REGULATIONS PROMULGATED UNDER THE INTERNAL
27	REVENUE CODE OF 1986 OR THE UNIFORMED SERVICES EMPLOYMENT AND
28	REEMPLOYMENT RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS
29	AND REGULATIONS:
30	(1) IN EFFECT ON THE EFFECTIVE DATE OF THIS SUBSECTION.

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1	(2) AMENDED, SUPPLEMENTED OR SUPPLANTED ON AND AFTER THE
2	EFFECTIVE DATE OF THIS SUBSECTION.
3	(C) OFFICER OR MEMBER OF THE PENNSYLVANIA STATE POLICE
4	(1) NOTWITHSTANDING A PROVISION OF SUBSECTION (A) OR
5	SECTION 12.1 OF THE ACT OF NOVEMBER 23, 2010 (P.L.1269,
6	NO.120), REGARDING THE CONTINUED EFFECTIVENESS OF PENSION OR
7	RETIREMENT BENEFITS OR RIGHTS PREVIOUSLY ESTABLISHED BY OR AS
8	A RESULT OF A BINDING ARBITRATION AWARD ISSUED BEFORE JULY 1,
9	1989, PURSUANT TO THE ACT OF JUNE 24, 1968 (P.L.237, NO.111),
10	REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE
11	BARGAINING ACT, AND IMPLEMENTED BY THE BOARD, THE PENSION OR
12	RETIREMENT BENEFITS OR RIGHTS OF A STATE EMPLOYEE WHO IS A
13	CURRENT OR FORMER STATE POLICE OFFICER OR WHO BECOMES A STATE
14	POLICE OFFICER AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
15	SHALL BE AS PROVIDED IN THIS PART AS IF THE BINDING
16	ARBITRATION AWARD WAS NOT ISSUED, EXCEPT AS PROVIDED UNDER
17	THIS SUBSECTION.
18	(2) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE
19	POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER
20	THE EFFECTIVE DATE OF THIS SUBSECTION WHO:
21	(I) TERMINATES STATE SERVICE BEFORE JANUARY 1, 2018;
22	ΘR
23	(II) TERMINATES STATE SERVICE ON OR AFTER JANUARY 1,
24	2018, AND DOES NOT HAVE SERVICE CREDITED IN CLASS A 5
25	SHALL BE ELIGIBLE TO RECEIVE THE MAXIMUM SINGLE LIFE
26	ANNUITY, BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705
27	(RELATING TO MEMBER'S OPTIONS), THAT THE STATE EMPLOYEE
28	WOULD HAVE BEEN ELIGIBLE TO RECEIVE IF PARAGRAPH (1) HAD
29	NOT BEEN ENACTED.
30	(3) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE

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1	POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER
2	THE EFFECTIVE DATE OF THIS SUBSECTION WHO HAS SERVICE
3	<u>CREDITED IN CLASS A-5, HAS 20 OR MORE QUALIFYING ELIGIBILITY</u>
4	POINTS AND WHO TERMINATES STATE SERVICE ON OR AFTER JANUARY
5	1, 2018, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM SINGLE LIFE
6	ANNUITY BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705 EQUAL
7	TO THE SUM OF:
8	(I) THE MAXIMUM SINGLE LIFE ANNUITY THAT THE STATE
9	EMPLOYEE WOULD HAVE BEEN ELIGIBLE TO RECEIVE WITHOUT
10	REGARD TO ANY ELIGIBILITY POINTS, SERVICE CREDIT,
11	COMPENSATION OR CONTRIBUTIONS ATTRIBUTABLE TO CLASS A-5
12	SERVICE IF PARAGRAPH (1) HAD NOT BEEN ENACTED EXCEPT THAT
13	SERVICE CREDIT AND ELIGIBILITY POINTS FOR SERVICE OTHER
14	THAN AS A MEMBER OF CLASS A 5 SHALL BE ADJUSTED FOR ANY
15	CONCURRENT SERVICE AS A MEMBER OF CLASS A-5; AND
16	(II) IF ELIGIBLE, THE MAXIMUM SINGLE LIFE ANNUITY
17	THAT THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS
18	PART ATTRIBUTABLE TO CLASS A-5 SERVICE AND, IF A MULTIPLE
19	SERVICE MEMBER, SERVICE CREDITED IN THE PUBLIC SCHOOL
20	EMPLOYEES' RETIREMENT SYSTEM.
21	(4) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE
22	POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER
23	THE EFFECTIVE DATE OF THIS SUBSECTION WHO HAS SERVICE
24	<u>CREDITED IN CLASS A 5, DOES NOT HAVE 20 OR MORE QUALIFYING</u>
25	ELIGIBILITY POINTS AND WHO TERMINATES STATE SERVICE ON OR
26	AFTER JANUARY 1, 2018, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM
27	SINGLE LIFE ANNUITY BEFORE OPTIONAL MODIFICATION UNDER
28	SECTION 5705 EQUAL TO THE MAXIMUM SINGLE LIFE ANNUITY THAT
29	THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS PART
30	ATTRIBUTABLE TO ALL CREDITED SERVICE, COMPENSATION AND

1 <u>ELIGIBILITY POINTS.</u>

2	(5) EXCEPT AS OTHERWISE PROVIDED IN THIS PART, SERVICE
3	AS A STATE POLICE OFFICER CREDITED IN THE SYSTEM SHALL NOT
4	OPERATE TO PREVENT ANY STATE EMPLOYEE FROM BEING A
5	PARTICIPANT IN THE PLAN FOR ANY STATE SERVICE THAT IS NOT
6	<u>SERVICE AS A CLASS A 5 EXEMPT EMPLOYEE THAT WOULD OTHERWISE</u>
7	RESULT IN PARTICIPATION IN THE PLAN. ANY BENEFIT RESULTING
8	FROM PARTICIPATION IN THE PLAN SHALL BE IN ADDITION TO ANY
9	BENEFIT A STATE POLICE OFFICER MAY BE ELIGIBLE TO RECEIVE AS
10	<u>a member of the system.</u>
11	(6) AS USED IN THIS SUBSECTION, THE FOLLOWING WORDS AND
12	PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
13	PARAGRAPH UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:
14	"BINDING ARBITRATION AWARD." A BINDING ARBITRATION AWARD
15	ISSUED BEFORE JULY 1, 1989, UNDER THE ACT OF JUNE 24, 1968
16	(P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN
17	COLLECTIVE BARGAINING ACT, ACT OF JUNE 24, 1968 (P.L.237,
18	NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE
19	BARGAINING ACT, AND IMPLEMENTED BY THE BOARD.
20	<u>"QUALIFYING ELIGIBILITY POINTS." ELIGIBILITY POINTS AS A</u>
21	RESULT OF STATE SERVICE, NONSTATE SERVICE OR BEING REEMPLOYED
22	FROM USERRA LEAVE CREDITED IN CLASSES OF SERVICE OTHER THAN
23	CLASS A-5.
24	(D) ADVERSE INFERENCE. NOTHING IN THIS PART SHALL BE
25	CONSTRUED TO MEAN THAT THE LIMITATIONS ON BENEFITS OR OTHER
26	REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE PROVISIONS
27	OF THE IRC WHICH ARE APPLICABLE TO PARTICIPANTS IN THE PLAN DO
28	NOT APPLY TO THE PARTICIPANTS OR TO MEMBERS OF THE SYSTEM AND
29	THE BENEFITS PAYABLE UNDER THIS PART.
30	§ 5957. INDEPENDENT FISCAL OFFICE STUDY.
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1	THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE-
2	IMPLEMENTATION OF SHARED RISK CONTRIBUTIONS UNDER SECTION 5501.1
3	(RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND
4	CLASS A 4 SERVICE] AND SHARED GAIN ADJUSTMENTS TO REGULAR MEMBER
5	<u>CONTRIBUTIONS) AND ITS IMPACT ON THE SYSTEM. THE STUDY SHALL BE</u>
6	COMPLETED BY DECEMBER 31, 2015, AND SHALL BE TRANSMITTED TO THE-
7	APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF THE-
8	SENATE, THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE
9	OF THE HOUSE OF REPRESENTATIVES AND TO THE GOVERNOR.
10	SECTION 325. TITLE 71 IS AMENDED BY ADDING A SECTION TO-
11	READ:
12	<u>§ 5958. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW</u>
13	COMMISSION.
14	(A) ESTABLISHMENT A PUBLIC PENSION MANAGEMENT AND ASSET
15	INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL
16	BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE
17	FOLLOWING:
18	(1) GOVERNOR;
19	(2) PRESIDENT PRO TEMPORE OF THE SENATE;
20	(3) SENATE MINORITY LEADER;
21	(4) SPEAKER OF THE HOUSE OF REPRESENTATIVES;
22	(5) HOUSE MINORITY LEADER.
23	THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT
24	ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE
25	DATE OF THIS SECTION.
26	(B) DUTIESTHE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND
27	ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:
28	(1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT
29	STRATEGIES AND PROCEDURES OF THE SYSTEM, COMPARING REALIZED
30	RATES OF RETURN TO ESTABLISHED BENCHMARKS AND CONSIDERING
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1	ASSOCIATED FEES PAID FOR ACTIVE AND PASSIVE MANAGEMENT.
2	(2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND
3	PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE
4	INVESTMENT ACTIVITIES OF THE STATE EMPLOYEES' RETIREMENT
5	SYSTEM.
6	(3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH
7	AVAILABLE ASSETS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM
8	THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.
9	(3.1) THE COMMISSION SHALL EVALUATE AND MAKE
10	<u>RECOMMENDATIONS ON:</u>
11	(I) IMPROVING INVESTMENT FEE TRANSPARENCY ON
12	ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED
13	REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED
14	PARTNERS ASSOCIATION.
15	(II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY
16	OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST
17	THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF
18	INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED
19	RETURN.
20	(4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ON LINE,
21	INCLUDING FINDINGS ABOUT:
22	(I) ASSETS;
23	<u>(II) RETURNS;</u>
24	(III) FINANCIAL MANAGERS;
25	<u>(IV) CONSULTANTS;</u>
26	(V) REQUESTS FOR PROPOSALS; AND
27	(VI) INVESTMENT PERFORMANCE MEASURED AGAINST
28	BENCHMARKS.
29	(5) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE
30	GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS

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1	FIRST ORGANIZATIONAL MEETING.
2	(C) QUORUM. A MAJORITY OF APPOINTED MEMBERS SHALL
3	CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE
4	MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND
5	ANOTHER TO BE THE VICE-CHAIRPERSON.
6	(D) TRANSPARENCY AND ETHICS. THE PUBLIC PENSION MANAGEMENT
7	AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE
8	FOLLOWING LAWS:
9	(1) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN
10	AS THE STATE ADVERSE INTEREST ACT.
11	(2) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN <
12	AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS ACT 65 PA.C.S. CH. <
13	11 (RELATING TO ETHICS STANDARDS AND FINANCIAL DISCLOSURE).
14	(3) THE ACT OF JULY 3, 1986 (P.L.388, NO.84), KNOWN AS <
15	THE SUNSHINE ACT 65 PA.C.S. CH. 7 (RELATING TO OPEN <
16	MEETINGS).
17	(4) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS
18	THE RIGHT TO KNOW LAW.
19	(E) INFORMATION GATHERING THE PUBLIC PENSION MANAGEMENT
19 20	(E) INFORMATION GATHERING. THE PUBLIC PENSION MANAGEMENT
20	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND
20 21	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT
20 21 22	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES.
20 21 22 23	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES. (F) LOGISTICAL AND OTHER SUPPORT. THE PUBLIC PENSION
20 21 22 23 24	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES. (F) LOGISTICAL AND OTHER SUPPORT. THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE
20 21 22 23 24 25	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES. (F) LOGISTICAL AND OTHER SUPPORT. THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT
20 21 22 23 24 25 26	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES. (F) LOGISTICAL AND OTHER SUPPORT. THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED.
20 21 22 23 24 25 26 27	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES. (F) LOGISTICAL AND OTHER SUPPORT. THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED. (G) REIMBURSEMENT. THE MEMBERS OF THE PUBLIC PENSION
20 21 22 23 24 25 26 27 28	AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES. (F) LOGISTICAL AND OTHER SUPPORT. THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED. (G) REIMBURSEMENT. THE MEMBERS OF THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE

1	INVESTMENT REVIEW COMMISSION SHALL EXPIRE 60 DAYS AFTER DELIVERY
2	OF ITS REPORT IN ACCORDANCE WITH SUBSECTION (B) (5). ANY UNSPENT
3	APPROPRIATION SHALL LAPSE BACK TO THE GENERAL FUND.
4	(I) ADMINISTRATIVE COSTS AND PAYMENT NONE OF THE
5	ADMINISTRATIVE COSTS AND EXPENSES OF THE PUBLIC PENSION
6	MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION, INCLUDING,
7	BUT NOT LIMITED TO, MEMBER AND EMPLOYEE SALARY, WAGES, BENEFITS
8	AND OTHER FORMS OF COMPENSATION OR REMUNERATION SHALL BE PAID OR
9	APPROPRIATED FROM THE FUND OR THE TRUST.
10	ARTICLE IV
11	SECTION 401. THE FOLLOWING SHALL APPLY:
12	(1) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A
13	MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, A-
14	PARTICIPANT IN THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION-
15	PLAN OR ANOTHER PERSON CLAIMING AN INTEREST IN THE ACCOUNT OF
16	A MEMBER OR PARTICIPANT AN EXPRESS OR IMPLIED CONTRACTUAL
17	RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 24 PA.C.S.
18	PT. IV, 51 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24
19	PA.C.S. PT. IV OR 51 PA.C.S.:
20	(I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S.
21	OR 24 PA.C.S. PT. IV IN RELATION TO REQUIREMENTS FOR ANY
22	OF THE FOLLOWING:
23	(A) (RESERVED).
24	(B) QUALIFICATION OF THE SCHOOL EMPLOYEES!
25	DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN
26	UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW-
27	99-514, 26 U.S.C. §§ 401(A) AND 415(B)), OR
28	COMPLIANCE WITH THE UNIFORMED SERVICES EMPLOYMENT AND
29	REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353,
30	108 STAT. 3149).

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1 CONTRIBUTIONS TO, PARTICIPATION IN OR (C)2 BENEFITS FROM THE SCHOOL EMPLOYEES' DEFINED 3 CONTRIBUTION PLAN OR SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST. 4 5 (D) DOMESTIC RELATIONS ORDERS REGARDING 6 ALTERNATE PAYEES OF PARTICIPANTS IN THE SCHOOL 7 EMPLOYEES' DEFINED CONTRIBUTION PLAN. 8 (II) A CONSTRUCTION OF 24 PA.C.S. PT. IV OR 51 9 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24 PA.C.S. 10 PT. IV OR 51 PA.C.S. OR A TERM OR PROVISION OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN OR SCHOOL EMPLOYEES' 11 12 DEFINED CONTRIBUTION TRUST, ESTABLISHED BY STATUTE OR IN-13 THE PLAN DOCUMENT OR TRUST DECLARATION. (2) THE PROVISIONS OF 24 PA.C.S. PT. IV SHALL REMAIN 14 15 SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE-16 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), AND REGULATIONS 17 18 UNDER THOSE STATUTES, AND THE GENERAL ASSEMBLY RESERVES TO-ITSELF THE FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND-19 20 OR SUPPLEMENT THE PROVISIONS AS MAY BE REQUIRED IN ORDER TO 21 MAINTAIN THE OUALIFICATION OF THE SYSTEM AS A OUALIFIED 22 PENSION PLAN UNDER SECTION 401(A) AND OTHER APPLICABLE 23 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE 24 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 25 1994 (PUBLIC LAW 103-353, 108 STAT. 3149). (3) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A 26 27 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, A 28 PARTICIPANT IN THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN 29 OR ANOTHER PERSON CLAIMING AN INTEREST IN THE ACCOUNT OF A 30 MEMBER OR PARTICIPANT AN EXPRESSED OR IMPLIED CONTRACTUAL

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1	RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 51 PA.C.S. §
2	7306, 71 PA.C.S. PART PT. XXV, OR RULES OR REGULATIONS <
3	ADOPTED UNDER 51 PA.C.S. § 7306 OR 71 PA.C.S. PT. XXV:
4	(I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S.
5	§ 7306 OR 71 PA.C.S. PT. XXV, IN RELATION TO REQUIREMENTS
6	FOR ANY OF THE FOLLOWING:
7	(A) QUALIFICATION OF THE STATE EMPLOYEES!
8	DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN
9	UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW-
10	99-514, 26 U.S.C. § 401(A)).
11	(B) COMPLIANCE WITH THE UNIFORMED SERVICES
12	EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994
13	(PUBLIC LAW 103-353).
14	(C) DOMESTIC RELATIONS ORDERS REGARDING
15	ALTERNATE PAYEES OF PARTICIPANTS IN THE STATE
16	EMPLOYEES' DEFINED CONTRIBUTION PLAN.
17	(II) A CONSTRUCTION OF 51 PA.C.S. OR 71 PA.C.S. PT.
18	XXV, OR RULES OR REGULATION PROMULGATED UNDER 51 PA.C.S
19	OR 71 PA.C.S. PT. XXV, OR A TERM OR PROVISION OF THE
20	STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN OR STATE
21	EMPLOYEES' DEFINED CONTRIBUTION TRUST ESTABLISHED BY
22	STATUTE OR IN THE PLAN DOCUMENT OR TRUST DECLARATION OR-
23	BY CONTRACT WITH PROVIDERS OF INVESTMENT AND
24	ADMINISTRATIVE SERVICES TO THE STATE EMPLOYEES' DEFINED
25	CONTRIBUTION PLAN OR STATE EMPLOYEES' DEFINED
26	CONTRIBUTION TRUST.
27	(4) THE PROVISIONS OF 71 PA.C.S. PT. XXV SHALL REMAIN
28	SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE-
29	UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
30	1994 (PUBLIC LAW 103-353, 108 STAT. 3149), AND REGULATIONS

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1 PROMULGATED UNDER THOSE STATUTES.

2 (5) THE GENERAL ASSEMBLY RESERVES TO ITSELF THE FURTHER 3 EXERCISE OF ITS LEGISLATIVE POWER TO AMEND OR SUPPLEMENT THE 4 PROVISIONS OF 71 PA.C.S. PT. XXV IN ORDER TO MAINTAIN THE 5 OUALIFICATION OF THE STATE EMPLOYEES' RETIREMENT SYSTEM AND 6 THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS OUALIFIED 7 PENSION PLANS UNDER SECTION 401(A) AND OTHER APPLICABLE 8 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE 9 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 10 1994 (PUBLIC LAW 103-353, 108 STAT. 3149). SECTION 402. THE FOLLOWING SHALL APPLY: 11 (1) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT 12 13 A CALCULATION OR ACTUARIAL METHOD USED BY THE PUBLIC SCHOOL 14 EMPLOYEES' RETIREMENT BOARD, ITS ACTUARIES OR THE PUBLIC-15 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR OTHER APPLICABLE 16

17 LAW PRIOR TO THE EFFECTIVE DATE OF THIS PARAGRAPH.

18 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
 19 A CALCULATION OR ACTUARIAL METHOD USED BY THE STATE

20 EMPLOYEES' RETIREMENT BOARD, ITS ACTUARIES OR THE STATE

21 EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH THE

22 PROVISIONS OF 71 PA.C.S. PT. XXV OR OTHER APPLICABLE LAW

23 PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.

24 SECTION 403. THE FOLLOWING SHALL APPLY:

25 (1) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED
 26 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO LIMITS
 27 IMPOSED UNDER 24 PA.C.S. § 8328(G) ON EMPLOYER CONTRIBUTIONS
 28 TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

29 (2) FOR PURPOSES OF 24 PA.C.S. \$\$ 8326, 8327, AND 8328,
 30 CHANGES UNDER THIS SECTION SHALL NOT BE CONSIDERED TO BE

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1 COSTS ADDED BY LEGISLATION.

2 SECTION 404. THE FOLLOWING SHALL APPLY:

3 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A CHANGE 4 IN ACCRUED LIABILITY OF THE STATE EMPLOYEES' RETIREMENT 5 SYSTEM CREATED UNDER THIS ACT SHALL BE FUNDED IN EQUAL DOLLAR 6 INSTALLMENTS OVER A PERIOD OF 30 YEARS BEGINNING JULY 1, 7 $\frac{2016}{1000}$ 8 (2) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED 9 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO LIMITS-10 IMPOSED UNDER 71 PA.C.S. § 5508 (II) ON EMPLOYER CONTRIBUTIONS TO THE STATE EMPLOYEES' RETIREMENT SYSTEM. 11 12 (3) FOR PURPOSES OF 71 PA.C.S. §§ 5501.2, 5507 AND 5508, 13 CHANGES UNDER THIS ACT SHALL NOT BE CONSIDERED TO BE COSTS-14 ADDED BY LEGISLATION. 15 SECTION 405. THE FOLLOWING SHALL APPLY: 16 (1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN SUCH-17 A MANNER THAT THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM 18 AND THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN SHALL 19 SATISFY THE REQUIREMENTS NECESSARY TO OUALIFY AS A OUALIFIED

20 PENSION PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE

21 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER

22 APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986

23 AND THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS

24 ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149). THE RULES,

25 REGULATIONS AND PROCEDURES ADOPTED AND PROMULGATED BY THE-

26 PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AND THE TERMS AND

27 CONDITIONS OF THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED

28 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD MAY INCLUDE-

29 PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS

30 SECTION.

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1 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO 2 IMPLY THAT ANY MEMBER OF SHALL BE REQUIRED TO MAKE 3 CONTRIBUTIONS TO THE PUBLIC SCHOOL EMPLOYEES! RETIREMENT 4 SYSTEM IN EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N) 5 (3) (A) (III) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 415(N)(3)(A)(III)). A CONTRIBUTION MADE BY A MEMBER THAT IS 6 7 DETERMINED TO BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED TO 8 THE MEMBER IN A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL 9 APPLICABLE TAXES AND PENALTIES AS SOON AS ADMINISTRATIVELY 10 POSSIBLE AFTER THE DETERMINATION IS MADE. A REFUND UNDER THIS SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE 11 MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A 12 13 WITHDRAWAL OF THE MEMBER'S ACCUMULATED DEDUCTIONS. 14 (3) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT 15 AN INTERPRETATION OR APPLICATION OF 24 PA.C.S. PT. IV OR BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES' 16 17 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 24 PA.C.S. PT. 18 IV OR OTHER APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99 514, 26 U.S.C. § 1 ET SEO.) AND 19 20 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149) BEFORE THE 21 22 EFFECTIVE DATE OF THIS SECTION. 23 SECTION 406. THE FOLLOWING SHALL APPLY TO CONSTRUCTION RELATED TO FEDERAL LAW AS TO THE STATE EMPLOYEES' RETIREMENT 24 25 SYSTEM: 26 (1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN A MANNER THAT THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE 27 28 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN SHALL SATISFY THE 29 REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED PENSION PLAN-30 UNDER SECTION 401 (A) OF THE INTERNAL REVENUE CODE OF 1986-

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1 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER APPLICABLE 2 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE 3 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 4 1994 (PUBLIC LAW 103 353, 108 STAT. 3149). THE RULES, 5 REGULATIONS AND PROCEDURES PROMULGATED BY THE STATE 6 EMPLOYEES' RETIREMENT BOARD AND THE TERMS AND CONDITIONS OF 7 THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED BY THE STATE 8 EMPLOYEES' RETIREMENT BOARD MAY INCLUDE PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS SECTION. 9

10 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO-IMPLY THAT ANY MEMBER OF CLASS A 5 SHALL BE REQUIRED TO MAKE 11 CONTRIBUTIONS TO THE STATE EMPLOYEES' RETIREMENT SYSTEM IN-12 13 EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N)(3)(A)(III)-14 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 415(N) (3) 15 (A) (III)). A CONTRIBUTION MADE BY A MEMBER OF CLASS A 5 THAT IS DETERMINED TO BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED 16 TO THE MEMBER IN A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL 17 18 APPLICABLE TAXES AND PENALTIES AS SOON AS ADMINISTRATIVELY 19 POSSIBLE AFTER THE DETERMINATION IS MADE. A REFUND UNDER THIS 20 SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A 21 22 WITHDRAWAL OF THE MEMBER'S ACCUMULATED DEDUCTIONS. 23 (3) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT 24 AN INTERPRETATION OR APPLICATION OF 71 PA.C.S. PT. XXV OR 25 BENEFITS AVAILABLE TO MEMBERS OF THE STATE EMPLOYEES! 26 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 71 PA.C.S. PT. 27 XXV OR OTHER APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE 28 CODE OF 1986 (PUBLIC LAW 99 514, 26 U.S.C. § 1 ET SEO.) AND 29 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT 30 OF 1994 (PUBLIC LAW 103 353, 108 STAT. 3149) BEFORE THE-

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1 EFFECTIVE DATE OF THIS SECTION.

2 SECTION 407. THE FOLLOWING SHALL APPLY:

3 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, 4 FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR-5 OTHER REQUIREMENT, THE MEMBERS OF THE PUBLIC SCHOOL 6 EMPLOYEES' RETIREMENT BOARD, THE ACTUARY AND EMPLOYEES AND 7 OFFICIALS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM-8 MAY NOT BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR 9 STANDARD AS INDIVIDUALS, IN THEIR OFFICIAL CAPACITY OR AS A 10 GOVERNMENTAL OR CORPORATE ENTITY, FOR AN ACTION OR CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL 11 CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS 12 13 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AS 14 APPROPRIATELY CALCULATED UNDER 24 PA.C.S. PT. IV. 15 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, 16 FIDUCIARY REOUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR OTHER REQUIREMENT, THE MEMBERS OF THE STATE EMPLOYEES! 17 18 RETIREMENT BOARD, THE ACTUARY AND OTHER EMPLOYEES AND 19 OFFICIALS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM MAY NOT 20 BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR STANDARD 21 AS INDIVIDUALS, IN AN OFFICIAL CAPACITY OR AS A GOVERNMENTAL 22 OR CORPORATE ENTITY, FOR AN ACTION OR CALCULATION RELATED TO-23 CALCULATING AND CERTIFYING A FINAL CONTRIBUTION RATE AS 24 PROVIDED UNDER THIS ACT THAT IS DIFFERENT FROM THE-25 ACTUARIALLY REQUIRED CONTRIBUTION RATE AS APPROPRIATELY 26 CALCULATED UNDER 71 PA.C.S. PT. XXV. 27 SECTION 408. NOTHING IN THIS ACT SHALL BE DEEMED TO PERMIT 28 THE RESTORATION OF SERVICE CREDIT OR RETIREMENT BENEFITS THAT: 29 (1) WERE OR IS SUBJECT TO SECTION 16 OF ARTICLE V OF THE-30 CONSTITUTION OF PENNSYLVANIA OR 42 PA.C.S. § 3352; OR

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1	(2) WERE OR ARE THE SUBJECT OF AN ORDER OF FORFEITURE
2	UNDER THE ACT OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE
3	PUBLIC EMPLOYEE PENSION FORFEITURE ACT.
4	SECTION 409. (RESERVED).
5	SECTION 410. NO SCHOOL EMPLOYEE OTHERWISE A MEMBER OF,
6	ELIGIBLE TO BE A MEMBER OF, OR HAVING SCHOOL OR NONSCHOOL
7	SERVICE CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS T-G MAY
8	CANCEL, DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF
9	SERVICE IN ORDER TO OBTAIN CLASS T-G SERVICE CREDIT, BECOME A
10	MEMBER OF CLASS T G OR ELECT CLASS T G MEMBERSHIP.
11	SECTION 411. NO STATE EMPLOYEE OTHERWISE A MEMBER OF,
12	ELIGIBLE TO BE A MEMBER OF OR HAVING STATE OR NONSTATE SERVICE
13	CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS A-5 MAY CANCEL,
14	DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF SERVICE IN-
15	ORDER TO OBTAIN CLASS A-5 SERVICE CREDIT, BECOME A MEMBER OF
16	CLASS A-5 OR ELECT CLASS A-5 MEMBERSHIP <
16 17	CLASS A 5 OR ELECT CLASS A 5 MEMBERSHIP<SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
17	SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
17 18	SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR
17 18 19	SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE
17 18 19 20	SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T-G
17 18 19 20 21	SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T-G- SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND
17 18 19 20 21 22	SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T G SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND BENEFITS BASED UPON ATTAINING SUPERANNUATION AGE SHALL BE
17 18 19 20 21 22 23	SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE- TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T G SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND BENEFITS BASED UPON ATTAINING SUPERANNUATION AGE SHALL BE DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY
17 18 19 20 21 22 23 24	SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T-G SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND BENEFITS BASED UPON ATTAINING SUPERANNUATION AGE SHALL BE DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY ACCRUED.
17 18 19 20 21 22 23 24 25	SECTION 412. NOTWITHISTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T G SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND BENEFITS BASED UPON ATTAINING SUPERANNUATION AGE SHALL BE DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY ACCRUED. SECTION 413. NOTWITHISTANDING ANY REGULATION PROMULGATED BY
17 18 19 20 21 22 23 24 25 26	SECTION 412. NOTWITHISTANDING ANY REGULATION PROMULGATED BY- THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR- INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE- TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T G- SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND- BENEFITS BASED UPON ATTAINING SUPERANNUATION AGE SHALL BE- DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY- ACCRUED. SECTION 413. NOTWITHSTANDING ANY REGULATION PROMULGATED BY- THE STATE EMPLOYEES' RETIREMENT DOARD, APPLICATION OR-
17 18 19 20 21 22 23 24 25 26 27	SECTION 412. NOTWITHISTANDING ANY REGULATION PROMULGATED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR- INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE- TO THE CONTRARY, A MEMBER'S ELIGIDILITY DERIVING FROM CLASS T G SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND- BENEFITS DASED UPON ATTAINING SUPERANNUATION AGE SHALL DE- DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY- ACCRUED. SECTION 413. NOTWITHISTANDING ANY REGULATION PROMULGATED BY- THE STATE EMPLOYEES' RETIREMENT DOARD, APPLICATION OR- INTERPRETATION OF 71 PA.C.S. PT. XXV, OR ADMINISTRATIVE PRACTICE

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THE ACCRUAL OF 35 ELIGIBILITY POINTS SHALL BE DETERMINED BY-1 INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY ACCRUED. 2 3 SECTION 414. IF A PROVISION OF THIS ACT OR ITS APPLICATION 4 TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY 5 SHALL NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS ACT THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR-6 7 APPLICATION. 8 SECTION 415. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S. \$ 9 5903 (B), THE STATEMENT FOR EACH MEMBER PREPARED BY THE STATE 10 EMPLOYEES' RETIREMENT BOARD FOR THE PERIODS ENDING DECEMBER 31, 2015, AND DECEMBER 31, 2016, AND ANY OTHER STATEMENTS OR 11 ESTIMATES OF BENEFITS PREPARED BY THE BOARD PURSUANT TO THE 12 13 STATE EMPLOYEES' RETIREMENT CODE FROM THE EFFECTIVE DATE OF THIS 14 SECTION TO DECEMBER 31, 2016, NEED NOT REFLECT THE PROVISIONS OF 15 THIS ACT AND IN THE CASE OF THE STATEMENTS FOR EACH MEMBER FOR THE PERIODS ENDING DECEMBER 31, 2015 AND DECEMBER 31, 2016, NEED 16 NOT INCLUDE A PROJECTION OF THE BENEFIT TO WHICH THE MEMBER IS 17 18 ENTITLED UPON ATTAINMENT OF SUPERANNUATION AGE. 19 SECTION 416. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S. 20 PT. XXV, THE OBLIGATION OF THE STATE EMPLOYEES' RETIREMENT BOARD 21 TO MAKE PAYMENTS WITHIN SPECIFIED TIME PERIODS OF THE RECEIPT OF 22 APPLICATIONS FOR BENEFITS OR OTHER INFORMATION SHALL NOT APPLY 23 FROM THE EFFECTIVE DATE OF THIS SECTION TO DECEMBER 31, 2016. 24 SECTION 417. THIS ACT SHALL TAKE EFFECT AS FOLLOWS: 25 (1) THE AMENDMENT OF 24 PA.C.S. § 8501(E) AND 71 PA.C.S. 26 § 5901 (E) SHALL TAKE EFFECT IN 365 DAYS. 27 (2) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT 28 **IMMEDIATELY:** 29 (I) THIS SECTION. 30 (II) THE REMAINDER OF THIS ACT.

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ARTICLE I

2 SECTION 101. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "BASIC CONTRIBUTION RATE," "BENEFICIARY," "CLASS OF 3 4 SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSCHOOL SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," 5 6 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," 7 8 "IRREVOCABLE BENEFICIARY," "LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING ORGANIZATION, ""MEMBER'S ANNUITY, "MULTIPLE 9 10 SERVICE," "REEMPLOYED FROM USERRA LEAVE," "REQUIRED BEGINNING 11 DATE," "SALARY DEDUCTIONS," "SHARED RISK CONTRIBUTION RATE," "STANDARD SINGLE LIFE ANNUITY," "SUPERANNUATION OR NORMAL 12 13 RETIREMENT AGE," "VALUATION INTEREST" AND "VESTEE" IN SECTION 14 8102 OF TITLE 24 OF THE PENNSYLVANIA CONSOLIDATED STATUTES, 15 AMENDED OR ADDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED AND THE SECTION IS AMENDED BY ADDING DEFINITIONS TO READ: 16 § 8102. DEFINITIONS. 17

18 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS PART SHALL 19 HAVE, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, THE 20 MEANINGS GIVEN TO THEM IN THIS SECTION:

21 * * *

1

<u>"ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF</u>
 <u>THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON</u>
 <u>ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY</u>
 <u>INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS</u>
 <u>AND EXPENSES CREDITED OR CHARGED THEREON.</u>
 <u>"ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL</u>

28 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE

29 TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER

30 WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR

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1 FEES, COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

2 <u>"ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE</u>
3 <u>ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED</u>
4 <u>EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY</u>
5 <u>CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE</u>

6 CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN

7 <u>THE TRUST.</u>

8 <u>"ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF ANY</u> 9 <u>AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A DIRECT</u> 10 <u>TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH ANY</u> 11 <u>INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS</u> 12 <u>AND EXPENSES CREDITED OR CHARGED THEREON.</u>

13 * * *

"ACTIVE MEMBER." A SCHOOL EMPLOYEE FOR WHOM PICKUP 14 15 CONTRIBUTIONS ARE BEING MADE TO THE FUND OR FOR WHOM SUCH 16 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE 17 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART 18 RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF 19 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. 20 \$ 401(A)(17) OR 415)[.], OR LIMITATIONS ON CONTRIBUTIONS TO THE 21 SYSTEM APPLICABLE TO CLASS T-G MEMBERS WHEN THE CLASS T-G MEMBER 22 IS MAKING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO THE 23 TRUST. 24 "ACTIVE PARTICIPANT." A SCHOOL EMPLOYEE FOR WHOM MANDATORY 25 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR 26 FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR SCHOOL 27 SERVICE REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE 28 SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE 29 LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL

30 <u>REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17)</u>

1 <u>OR 415).</u>

2 * * *

3 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
4 DEPENDENT OF A MEMBER <u>OR PARTICIPANT</u> WHO IS RECOGNIZED BY A
5 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A
6 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER <u>OR PARTICIPANT</u>
7 UNDER THIS PART.

8 * * *

"BASIC CONTRIBUTION RATE." FOR CLASS T-A, T-B AND T-C 9 10 SERVICE, THE RATE OF 6 1/4%. FOR CLASS T-D SERVICE, THE RATE OF 11 7 1/2%. FOR ALL ACTIVE MEMBERS ON THE EFFECTIVE DATE OF THIS PROVISION WHO ARE CURRENTLY PAYING 5 1/4% AND ELECT CLASS T-D 12 13 SERVICE, THE RATE OF 6 1/2%. FOR CLASS T-E SERVICE, THE RATE OF 14 7 1/2%. FOR CLASS T-F SERVICE, THE RATE OF 10.30%. FOR CLASS T-G SERVICE FOR MEMBERS WITH LESS THAN 25 ELIGIBILITY POINTS ACCRUED 15 16 AS A CLASS T-G MEMBER, THE RATE OF 6%, UP TO THE DEFINED BENEFIT 17 COMPENSATION LIMIT. FOR CLASS T-G SERVICE FOR MEMBERS WITH MORE 18 THAN 25 ELIGIBILITY POINTS ACCRUED AS A CLASS T-G MEMBER, THE 19 RATE OF ZERO.

"BENEFICIARY." [THE] <u>IN THE CASE OF THE SYSTEM, THE</u> PERSON
OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER
TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON
THE DEATH OF SUCH MEMBER. <u>IN THE CASE OF THE PLAN, THE PERSON OR</u>
<u>PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A PARTICIPANT</u>
<u>TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED TOTAL DEFINED</u>
<u>CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH OF THE</u>

27 <u>PARTICIPANT.</u>

28 * * *

29 "CLASS OF SERVICE MULTIPLIER."

30 CLASS OF SERVICE MULTIPLIER

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1	T-A	.714
2	T-B	.625
3	T-C	1.000
4		
5	T-D	1.000
6	T-E	1.000
7	T-F	1.000
8	<u>T-G</u>	<u>1.000</u>

9

* * *

10 "COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP 11 PARTICIPANT CONTRIBUTIONS PLUS ANY REMUNERATION RECEIVED AS A 12 SCHOOL EMPLOYEE EXCLUDING REIMBURSEMENTS FOR EXPENSES INCIDENTAL 13 TO EMPLOYMENT AND EXCLUDING ANY BONUS, SEVERANCE PAYMENTS, ANY OTHER REMUNERATION OR OTHER EMOLUMENT RECEIVED BY A SCHOOL 14 15 EMPLOYEE DURING HIS SCHOOL SERVICE WHICH IS NOT BASED ON THE STANDARD SALARY SCHEDULE UNDER WHICH HE IS RENDERING SERVICE, 16 PAYMENTS FOR UNUSED SICK LEAVE OR VACATION LEAVE, BONUSES OR 17 18 OTHER COMPENSATION FOR ATTENDING SCHOOL SEMINARS AND 19 CONVENTIONS, PAYMENTS UNDER HEALTH AND WELFARE PLANS BASED ON 20 HOURS OF EMPLOYMENT OR ANY OTHER PAYMENT OR EMOLUMENT WHICH MAY 21 BE PROVIDED FOR IN A COLLECTIVE BARGAINING AGREEMENT WHICH MAY 22 BE DETERMINED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD 23 TO BE FOR THE PURPOSE OF ENHANCING COMPENSATION AS A FACTOR IN 24 THE DETERMINATION OF FINAL AVERAGE SALARY, AND EXCLUDING 25 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN 26 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER 27 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN 28 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER 29 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF ABSENCE), LEAVE GRANTED UNDER SECTION 1178 OF THE ACT OF MARCH 30

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10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF 1 2 1949, OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES OF 3 LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS DEFINED 4 IN IRC § 414(U)(12) AND ANY OTHER PAYMENTS, PROVIDED, HOWEVER, THAT THE LIMITATION UNDER SECTION 401(A) (17) OF THE INTERNAL 5 6 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17)) 7 TAKEN INTO ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS, INCLUDING REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS, 8 REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO EACH MEMBER WHO 9 FIRST BECAME A MEMBER OF THE PUBLIC SCHOOL EMPLOYES' RETIREMENT 10 11 SYSTEM ON OR AFTER JULY 1, 1996, AND WHO BY REASON OF SUCH FACT IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE 12 13 PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION 14 LIMIT UNDER IRC § 401(A)(17)), AND SHALL APPLY TO EACH PARTICIPANT PERTAINING TO HIS PARTICIPATION IN THE PLAN. 15

16 * * *

17 "CREDITABLE NONSCHOOL SERVICE." SERVICE [OTHER THAN SERVICE AS A SCHOOL EMPLOYEE] FOR WHICH AN ACTIVE MEMBER MAY OBTAIN 18 19 CREDIT IN THE SYSTEM OTHER THAN SERVICE AS A SCHOOL EMPLOYEE. 20 "CREDITED SERVICE." SCHOOL OR CREDITABLE NONSCHOOL SERVICE 21 FOR WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND, 22 OR FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH 23 SERVICE WERE NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS 24 PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415 25 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 26 U.S.C. § 401(A)(17) OR 415), OR LIMITATIONS ON CONTRIBUTIONS TO 27 THE SYSTEM APPLICABLE TO CLASS T-G MEMBERS WHEN THE CLASS T-G 28 MEMBER IS MAKING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO 29 THE TRUST OR FOR WHICH SALARY DEDUCTIONS OR LUMP SUM PAYMENTS TO 30 THE SYSTEM HAVE BEEN AGREED UPON IN WRITING.

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1 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE

2 FOLLOWING DATES:

3 (1) THE LAST [DATE] DAY OF SERVICE FOR WHICH PICKUP 4 CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR[,] FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE WERE 5 6 NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART 7 RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 8 9 U.S.C. § 401(A)(17) OR 415), OR LIMITATIONS ON CONTRIBUTIONS 10 APPLICABLE TO A CLASS T-G MEMBER;

11 (2) IN THE CASE OF AN INACTIVE MEMBER <u>OR AN INACTIVE</u> 12 <u>PARTICIPANT</u>, THE EFFECTIVE DATE OF HIS RESIGNATION OR THE 13 DATE HIS EMPLOYMENT IS FORMALLY DISCONTINUED BY HIS EMPLOYER 14 OR TWO YEARS FOLLOWING THE LAST DAY OF SERVICE FOR WHICH 15 CONTRIBUTIONS WERE MADE, WHICHEVER IS EARLIEST[.]; <u>OR</u>

16 (3) THE LAST DAY OF SERVICE FOR WHICH MANDATORY PICKUP
17 PARTICIPANT CONTRIBUTIONS ARE MADE FOR AN ACTIVE PARTICIPANT.
18 "DEFINED BENEFIT COMPENSATION LIMIT." FOR FISCAL YEAR 201819 2019, THE AMOUNT OF \$50,000. FOR EACH SUBSEQUENT FISCAL YEAR,
20 THIS AMOUNT SHALL BE INCREASED BY 3% PER YEAR, COMPOUNDED
21 ANNUALLY, ROUNDED TO THE NEAREST \$100.

22 * * *

23 "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S 24 INTEREST IN <u>EITHER</u> THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND 25 <u>OR THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH,</u> 26 WHICH IS PAYABLE UNDER THIS PART.

27 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,
28 INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED
29 ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF
30 COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW

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WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR 1 2 FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR 3 4 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EOUITABLE DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF 5 6 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING 7 TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS 8 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF 9 ARREARAGES).

10 * * *

"EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS MADE TO AN
 ACTIVE PARTICIPANT'S ACCOUNT BY AN EMPLOYER TO THE TRUST TO BE
 CREDITED IN THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT
 ACCOUNT AS FOLLOWS:

 (1) FOR PARTICIPANTS WHO HAVE LESS THAN 25 ELIGIBILITY
 POINTS CREDITED AS A MEMBER OF CLASS T-G, OR IF A MULTIPLE
 SERVICE MEMBER IN CLASS A-5 OF THE STATE EMPLOYEES'

18 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EQUAL TO 0.5% OF

19 <u>COMPENSATION UP TO THE DEFINED BENEFIT COMPENSATION LIMIT AND</u>

20 <u>4% OF COMPENSATION ABOVE SUCH LIMIT.</u>

21 (2) FOR PARTICIPANTS WHO HAVE MORE THAN 25 ELIGIBILITY 22 POINTS CREDITED AS A MEMBER OF CLASS T-G, OR IF A MULTIPLE

23 SERVICE MEMBER IN CLASS A-5 OF THE STATE EMPLOYEES'

24 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EQUAL TO 4% OF

- 25 <u>COMPENSATION.</u>
- 26 "FINAL AVERAGE SALARY." [THE] <u>AS FOLLOWS:</u>
- 27 (1) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND
- 28 <u>BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE</u>
- 29 <u>OTHER THAN CLASS T-G, THE</u> HIGHEST AVERAGE COMPENSATION
- 30 RECEIVED AS AN ACTIVE MEMBER DURING ANY THREE NONOVERLAPPING

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1 PERIODS OF 12 CONSECUTIVE MONTHS MONTHS, EXCLUDING 2 COMPENSATION RECEIVED FROM SCHOOL SERVICE CREDITED AS A 3 MEMBER OF CLASS T-G, WITH THE COMPENSATION FOR PART-TIME 4 SERVICE BEING ANNUALIZED ON THE BASIS OF THE FRACTIONAL 5 PORTION OF THE SCHOOL YEAR FOR WHICH CREDIT IS RECEIVED; 6 EXCEPT, IF THE EMPLOYEE WAS NOT A MEMBER IN A CLASS OF 7 SERVICE OTHER THAN CLASS T-G FOR THREE SUCH PERIODS, THE 8 TOTAL COMPENSATION RECEIVED AS AN ACTIVE MEMBER IN A CLASS OF 9 SERVICE OTHER THAN CLASS T-G ANNUALIZED IN THE CASE OF PART-10 TIME SERVICE DIVIDED BY THE NUMBER OF SUCH PERIODS OF 11 MEMBERSHIP IN A CLASS OF SERVICE OTHER THAN CLASS T-G; IN THE 12 CASE OF A MEMBER WITH MULTIPLE SERVICE CREDIT, THE FINAL 13 AVERAGE SALARY, FOR PURPOSES OF CALCULATING ALL ANNUITIES AND 14 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE OTHER THAN CLASS T-G, SHALL BE DETERMINED BY REFERENCE TO 15 COMPENSATION RECEIVED BY HIM AS A SCHOOL EMPLOYEE OR A STATE 16 EMPLOYEE OR BOTH, EXCLUDING COMPENSATION RECEIVED FOR SERVICE 17 18 PERFORMED AS A MEMBER OF CLASS T-G OR CLASS A-5 IN THE STATE 19 EMPLOYEES' RETIREMENT SYSTEM; AND, IN THE CASE OF A 20 NONELIGIBLE MEMBER, SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION 21 22 LIMIT UNDER IRC § 401(A)(17)). [FINAL] 23 (2) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND 24 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO SERVICE AS A MEMBER 25 OF CLASS T-G, THE HIGHEST AVERAGE COMPENSATION RECEIVED AS AN 26 ACTIVE MEMBER OF CLASS T-G DURING ANY FIVE FISCAL YEARS, AS 27 LIMITED EACH FISCAL YEAR BY THE DEFINED BENEFIT COMPENSATION 28 LIMIT, WITH THE LIMITED COMPENSATION FOR PART-TIME SERVICE 29 BEING ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF 30 THE SCHOOL YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT, IF THE

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1 EMPLOYEE WAS NOT A MEMBER OF CLASS T-G FOR FIVE SUCH PERIODS, 2 THE TOTAL COMPENSATION RECEIVED AS AN ACTIVE MEMBER OF CLASS 3 T-G ANNUALIZED IN THE CASE OF PART-TIME SERVICE DIVIDED BY 4 THE NUMBER OF SUCH PERIODS OF MEMBERSHIP IN CLASS T-G; IN THE CASE OF A MEMBER WITH MULTIPLE SERVICE CREDIT, THE FINAL 5 6 AVERAGE SALARY, FOR PURPOSES OF CALCULATING ALL ANNUITIES AND 7 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO CLASS T-G SERVICE, SHALL BE DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY 8 9 HIM AS A SCHOOL EMPLOYEE FOR SERVICE CREDITED AS CLASS T-G OR 10 AS A STATE EMPLOYEE FOR SERVICE CREDITED AS CLASS A-5, OR 11 BOTH; AND, IN THE CASE OF A NONELIGIBLE MEMBER, SUBJECT TO 12 THE APPLICATION OF THE PROVISIONS OF SECTION 8325.1.

(3) FOR ALL MEMBERS, FINAL AVERAGE SALARY SHALL BE 13 14 DETERMINED BY INCLUDING IN COMPENSATION, PAYMENTS DEEMED TO 15 HAVE BEEN MADE TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN 16 17 SECTION 8302(D)(2) (RELATING TO CREDITED SCHOOL SERVICE) AND 18 PAYMENTS MADE TO A MEMBER ON LEAVE OF ABSENCE UNDER 51 19 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN 20 GOVERNMENT EMPLOYEES) AS PROVIDED IN SECTION 8302(D)(6). * * * 21

22 <u>"HOLDING VEHICLE TRUST." THE SCHOOL EMPLOYEES' DEFINED</u>
23 CONTRIBUTION HOLDING VEHICLE TRUST.

INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS ARE BEING MADE <u>TO THE FUND</u>, EXCEPT IN THE CASE OF AN ACTIVE MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17) OR 415) OR BECAUSE

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THE MEMBER IS ON USERRA LEAVE, OR LIMITATIONS ON CONTRIBUTIONS 1 2 TO THE SYSTEM APPLICABLE TO A CLASS T-G MEMBER WHO IS MAKING 3 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO THE TRUST, BUT WHO 4 HAS ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT IN THE FUND AND FOR WHOM CONTRIBUTIONS HAVE BEEN MADE WITHIN THE LAST TWO 5 6 SCHOOL YEARS OR A MULTIPLE SERVICE MEMBER WHO IS ACTIVE IN THE 7 STATE EMPLOYEES' RETIREMENT SYSTEM. 8 "INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST, 9

10 EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM SUCH

11 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE

12 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART

13 RELATING TO LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE

14 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §

15 401(A)(17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED

16 <u>CONTRIBUTIONS STANDING TO HIS CREDIT IN THE TRUST AND WHO HAS</u>

17 NOT FILED AN APPLICATION FOR AN ANNUITY.

18 "INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO

19 WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A

20 PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH

21 THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INVESTMENT

22 EARNINGS AFTER DEDUCTION FOR FEES, COSTS AND EXPENSES,

23 INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

"INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A
MEMBER WHO WAS A SCHOOL EMPLOYEE <u>AND AN ACTIVE MEMBER OF THE</u>
<u>SYSTEM</u> IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED
SERVICES OR FORCES OF THE UNITED STATES IN ORDER TO MEET A DRAFT
OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH
OBLIGATIONAL SERVICE AND WHO BECOMES A SCHOOL EMPLOYEE <u>AND AN</u>
ACTIVE MEMBER OF THE SYSTEM WITHIN 90 DAYS OF THE EXPIRATION OF

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1 SUCH SERVICE.

2 * * *

3 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
4 DESIGNATED BY A MEMBER <u>OR PARTICIPANT</u> IN WRITING TO THE BOARD
5 PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO RECEIVE ALL
6 OR A PORTION OF THE ACCUMULATED DEDUCTIONS, VESTED ACCUMULATED
7 <u>TOTAL DEFINED CONTRIBUTIONS</u> OR LUMP SUM BENEFIT PAYABLE UPON THE
8 DEATH OF SUCH MEMBER <u>OR PARTICIPANT</u>.

9 <u>"IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY</u> 10 DESIGNATED IN WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS

11 <u>TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO</u> 12 <u>RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH</u> 13 OF SUCH PARTICIPANT.

14 * * *

15 "LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING 16 ORGANIZATION." PAID LEAVE GRANTED TO AN ACTIVE MEMBER OR ACTIVE 17 PARTICIPANT BY AN EMPLOYER FOR PURPOSES OF WORKING FULL TIME FOR 18 OR SERVING FULL TIME AS AN OFFICER OF A STATEWIDE EMPLOYEE 19 ORGANIZATION OR A LOCAL COLLECTIVE BARGAINING REPRESENTATIVE 20 UNDER THE ACT OF JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE 21 PUBLIC EMPLOYE RELATIONS ACT: PROVIDED, THAT GREATER THAN ONE-22 HALF OF THE MEMBERS OF THE EMPLOYEE ORGANIZATION ARE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE PLAN; THAT 23 24 THE EMPLOYER SHALL FULLY COMPENSATE THE MEMBER OR PARTICIPANT, 25 INCLUDING, BUT NOT LIMITED TO, SALARY, WAGES, PENSION AND 26 RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER DEFINED 27 CONTRIBUTIONS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN 28 FULL-TIME ACTIVE SERVICE; AND THAT THE EMPLOYEE ORGANIZATION 29 SHALL FULLY REIMBURSE THE EMPLOYER FOR SUCH SALARY, WAGES, 30 PENSION AND RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER

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1 <u>DEFINED CONTRIBUTIONS</u>, AND OTHER BENEFITS AND SENIORITY.

2 <u>"MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." EITHER OF THE</u>
3 FOLLOWING:

4 (1) FOR PARTICIPANTS WHO HAVE ACCRUED LESS THAN 25 ELIGIBILITY POINTS CREDITED AS A MEMBER OF CLASS T-G OR, IF A 5 6 MULTIPLE SERVICE MEMBER, OF CLASS A-5 IN THE STATE EMPLOYEES' 7 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EQUAL 1.5% OF 8 COMPENSATION REQUIRED TO BE CREDITED IN THE PLAN UP TO THE 9 DEFINED BENEFIT COMPENSATION LIMIT AND 7.5% OF COMPENSATION 10 ABOVE SUCH LIMIT. (2) FOR PARTICIPANTS WHO HAVE ACCRUED MORE THAN 25 11 12 ELIGIBILITY POINTS CREDITED AS A MEMBER OF CLASS T-G OR, IF A 13 MULTIPLE SERVICE MEMBER, OF CLASS A-5 IN THE STATE EMPLOYEES' 14 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EOUAL 7.5% OF 15 COMPENSATION REQUIRED TO BE CREDITED IN THE PLAN. * * * 16 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS 17 18 ACTUARIALLY EQUIVALENT ON THE EFFECTIVE DATE OF RETIREMENT AND 19 TAKING INTO ACCOUNT ANY DELAY IN THE RECEIPT OF THE PORTION OF 20 THE ANNUITY BASED ON CLASS T-G SERVICE, IF THE EFFECTIVE DATE OF 21 RETIREMENT IS UNDER SUPERANNUATION AGE APPLICABLE TO CLASS T-G 22 SERVICE, TO THE SUM OF THE ACCUMULATED DEDUCTIONS AND THE 23 SHARED-RISK MEMBER CONTRIBUTIONS AND STATUTORY INTEREST CREDITED 24 ON THE DEDUCTIONS AND CONTRIBUTIONS STANDING TO THE MEMBER'S 25 CREDIT IN THE MEMBERS' SAVINGS ACCOUNT.

26 * * *

27 "MULTIPLE SERVICE." CREDITED SERVICE OF A MEMBER WHO HAS
28 ELECTED TO COMBINE HIS CREDITED SERVICE IN BOTH THE PUBLIC
29 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE STATE EMPLOYEES'
30 RETIREMENT SYSTEM. <u>A CLASS T-G MEMBER IS ELIGIBLE TO ELECT</u>

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MULTIPLE SERVICE MEMBERSHIP ONLY FOR SERVICE CREDITED AS CLASS 1 2 A-5 SERVICE IN THE STATE EMPLOYEES' RETIREMENT SYSTEM. * * * 3 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT 4 5 OR PARTICIPANT RECEIVING DISTRIBUTIONS. 6 "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE 7 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS 8 INDIVIDUAL INVESTMENT ACCOUNT, BUT WHO HAS NOT RECEIVED A TOTAL 9 DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT 10 ACCOUNT. 11 * * * 12 "PLAN." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AS 13 ESTABLISHED BY THE PROVISIONS OF THIS PART AND THE BOARD. "PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER 14 15 SECTION 8402 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS 16 AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF 17 18 THE PLAN AND TRUST. 19 * * * 20 "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE 21 MEMBERSHIP OR ACTIVE PARTICIPATION AS A SCHOOL EMPLOYEE AFTER A 22 PERIOD OF USERRA LEAVE, IF THE RESUMPTION OF ACTIVE MEMBERSHIP 23 OR ACTIVE PARTICIPATION WAS WITHIN THE TIME PERIOD AND UNDER 24 CONDITIONS AND CIRCUMSTANCES SUCH THAT THE SCHOOL EMPLOYEE WAS 25 ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38 U.S.C. CH. 43 (RELATING 26 TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE 27 UNIFORMED SERVICES).

28 * * *

29 "REQUIRED BEGINNING DATE." THE [BEGINNING DATE] <u>LATEST DATE</u>
30 BY WHICH DISTRIBUTIONS OF A MEMBER'S INTEREST <u>OR A PARTICIPANT'S</u>

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1 INTEREST IN HIS INDIVIDUAL INVESTMENT ACCOUNT MUST COMMENCE
2 UNDER SECTION 401(A)(9) OF THE INTERNAL REVENUE CODE OF 1986
3 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(9)).

4 * * *

SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,
DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER <u>OR ACTIVE</u>
<u>PARTICIPANT</u> OR THE STATE SERVICE COMPENSATION OF A MULTIPLE
SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
RETIREMENT SYSTEM AND PAID INTO THE FUND <u>OR TRUST</u>.

10 * * *

11 "SHARED-RISK CONTRIBUTION RATE." THE ADDITIONAL CONTRIBUTION RATE THAT IS ADDED TO THE BASIC CONTRIBUTION RATE FOR CLASS T-E 12 13 [AND], T-F AND T-G MEMBERS, AS PROVIDED FOR IN SECTION 8321(B) 14 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE). "STANDARD SINGLE LIFE ANNUITY." FOR CLASS T-A, T-B AND T-C 15 CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% OF THE 16 17 FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS 18 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A MEMBER. FOR CLASS T-D CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 19 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER 20 21 OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE. FOR 22 CLASS T-E CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% 23 OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF 24 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A 25 MEMBER. FOR CLASS T-F CREDITED SERVICE OF A MEMBER, AN ANNUITY 26 EQUAL TO 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE 27 TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED 28 SERVICE OF A MEMBER. FOR CLASS T-G CREDITED SERVICE OF A MEMBER, 29 AN ANNUITY EOUAL TO 2% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF 30

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1	1 <u>CREDITED SERVICE OF A MEMBER, EXCEPT THAT SUCH TOTAL NU</u>	<u>MBER OF</u>
2	2 <u>YEARS SHALL NOT EXCEED 25.</u>	
3	3 <u>"STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE D</u>	EFINED
4	4 CONTRIBUTION PLAN FOR STATE EMPLOYEES ESTABLISHED BY 71	PA.C.S.
5	5 PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND	_
6	6 <u>OFFICERS).</u>	
7	7 * * *	
8	8 <u>"SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIG</u>	<u>NATED IN</u>
9	9 WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO THE	BOARD TO
10	10 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE	_
11	11 <u>PARTICIPANT.</u>	
12	12 * * *	
13	13 "SUPERANNUATION OR NORMAL RETIREMENT AGE."	
14	14 CLASS OF SERVICE AGE	
15	15 T-A 62 OR ANY AGE UPON A	CCRUAL OF
16	16 35 ELIGIBILITY P	OINTS
17	17 T-B 62	
18	18T-C AND T-D62 OR AGE 60 PROVIDE	D THE
19	19 MEMBER HAS AT LE	AST 30
20	20 ELIGIBILITY POIN	TS OR ANY
21	21 AGE UPON ACCRUAL	OF 35
22	22 ELIGIBILITY POIN	TS <u>, </u>
23	23 <u>EXCLUDING ANY EL</u>	IGIBILITY
24	24 <u>POINTS ACCRUED A</u>	<u>.s a</u>
25	25 <u>MEMBER OF CLASS</u>	T-G, AND
26	26 <u>IF A MULTIPLE SE</u>	RVICE
27	27 <u>MEMBER, CLASS A</u> -	<u>5</u>
28	28 T-E [AND], T-F AND T-G 65 WITH ACCRUAL OF A	T LEAST
29	29 THREE ELIGIBILIT	Y POINTS
30	30 OR A COMBINATION	OF AGE

1	AND ELIGIBILITY POINTS	
2	TOTALING 92, PROVIDED THE	
3	MEMBER HAS ACCRUED AT	
4	LEAST 35 ELIGIBILITY	
5	POINTS, EXCLUDING ANY	
6	ELIGIBILITY POINTS	
7	ACCRUED AS A MEMBER OF	
8	CLASS T-G, AND IF A	
9	MULTIPLE SERVICE MEMBER,	
10	<u>CLASS</u>	
11	* * *	
12	"TRUST." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST	
13	ESTABLISHED UNDER CHAPTER 84 (RELATING TO SCHOOL EMPLOYEES'	
14	DEFINED CONTRIBUTION PLAN).	
15	* * *	
16	"VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM,	
17	COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND	
18	OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.	
19	"VESTEE." A MEMBER WITH FIVE OR MORE ELIGIBILITY POINTS <u>IN A</u>	
20	CLASS OF SERVICE OTHER THAN CLASS T-E, CLASS T-F, CLASS T-G OR	
21	CLASS A-5 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM WHO HAS	
22	TERMINATED SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS	
23	IN THE FUND AND IS DEFERRING FILING OF AN APPLICATION FOR	
24	RECEIPT OF AN ANNUITY. FOR CLASS T-E [AND], CLASS T-F AND CLASS	
25	$\underline{T-G}$ MEMBERS, A MEMBER WITH TEN OR MORE ELIGIBILITY POINTS WHO	
26	HAS TERMINATED SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED	
27	DEDUCTIONS IN THE FUND AND IS DEFERRING FILING OF AN APPLICATION	
28	FOR RECEIPT OF AN ANNUITY.	
29	"VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A	
30	PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL	

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1	INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT
2	CONTRIBUTIONS BY AN ELIGIBLE ROLLOVER OR DIRECT TRUSTEE-TO-
3	TRUSTEE TRANSFER.
4	SECTION 102. SECTION 8103 OF TITLE 24 IS AMENDED BY ADDING
5	SUBSECTIONS TO READ:
6	§ 8103. CONSTRUCTION OF PART.
7	* * *
8	(F) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITSREGARDLESS OF
9	ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF SCHOOL
10	EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART, OR THE PLAN
11	DOCUMENT ESTABLISHED BY THE BOARD, AND NO COLLECTIVE BARGAINING
12	AGREEMENT NOR ANY ARBITRATION AWARD BETWEEN THE EMPLOYER AND ITS
13	EMPLOYEES OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL
14	BE CONSTRUED TO CHANGE ANY OF THE PROVISIONS IN THIS PART, TO
15	REQUIRE THE BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS
16	NOT SET FORTH IN THIS PART OR NOT ESTABLISHED BY THE BOARD IN
17	THE PLAN DOCUMENT, TO REQUIRE THE BOARD TO MODIFY, AMEND OR
18	CHANGE ANY OF THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT OR
19	OTHERWISE REQUIRE ACTION BY ANY OTHER GOVERNMENT BODY PERTAINING
20	TO PENSION OR RETIREMENT BENEFITS OR RIGHTS OF SCHOOL EMPLOYEES.
21	(G) REFERENCES TO CERTAIN FEDERAL STATUTESREFERENCES IN
22	THIS PART TO THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND
23	REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT.
24	3149), INCLUDING ADMINISTRATIVE REGULATIONS PROMULGATED UNDER
25	THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT
26	RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS AND REGULATIONS
27	IN EFFECT ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION.
28	(H) CONSTRUCTION
29	(1) THIS PART MAY NOT BE CONSTRUED TO MEAN THAT THE
30	LIMITATIONS ON BENEFITS OR OTHER REQUIREMENTS UNDER IRC §

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1 401 (A) OR OTHER APPLICABLE PROVISIONS OF THE IRC THAT ARE 2 APPLICABLE TO PARTICIPANTS IN THE PLAN DO NOT APPLY TO THE 3 PARTICIPANTS OR TO THE MEMBERS OF THE SYSTEM AND THE BENEFITS 4 PAYABLE UNDER THIS PART. (2) THIS PART MAY NOT BE CONSTRUED TO MEAN THAT AN 5 6 INTERPRETATION OR APPLICATION OF A PROVISION OF THIS PART OR 7 BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH THE PROVISIONS 8 9 OF PART IV OR OTHER APPLICABLE LAW, INCLUDING THE IRC AND THE 10 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 11 1994 BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION. 12 (3) THIS PART MAY NOT BE CONSTRUED TO MEAN THAT THE 13 RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR DATA THAT 14 WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER SECTION 8502(E)(2) 15 (RELATING TO ADMINISTRATIVE DUTIES OF BOARD) IS A VIOLATION OF THE FIDUCIARY DUTIES OF THE BOARD. 16 17 (I) APPLICABILITY.--THE FOLLOWING SHALL APPLY: 18 (1) THE PROVISIONS OF THIS PART REGARDING THE 19 ESTABLISHMENT OF AND PARTICIPATION IN THE PLAN SHALL APPLY TO 20 CURRENT AND FORMER MEMBERS OF THE SYSTEM WHO RETURN TO SCHOOL SERVICE ON OR AFTER JULY 1, 2018, AFTER A TERMINATION OF 21 22 SCHOOL SERVICE, NOTWITHSTANDING THE FOLLOWING: 23 (I) WHETHER THE TERMINATION OCCURRED BEFORE, ON OR AFTER JULY 1, 2018. 24

25 (II) WHETHER THE SCHOOL EMPLOYEE WAS AN ANNUITANT,

26 <u>INACTIVE MEMBER OR VESTEE OR WITHDREW ACCUMULATED</u>

27 <u>DEDUCTIONS DURING THE PERIOD OF TERMINATION.</u>

28 (2) A TERMINATED SCHOOL EMPLOYEE WHO RETURNS TO SCHOOL

29 <u>SERVICE ON OR AFTER JULY 1, 2018, IS SUBJECT TO THE</u>

30 PROVISIONS OF THIS PART REGARDING PARTICIPATION IN THE PLAN

1 OR MEMBERSHIP IN THE SYSTEM THAT ARE IN EFFECT ON THE 2 EFFECTIVE DATE OF REEMPLOYMENT, INCLUDING, BUT NOT LIMITED 3 TO, BENEFIT FORMULAS AND ACCRUAL RATES, ELIGIBILITY FOR 4 ANNUITIES AND DISTRIBUTIONS, CONTRIBUTION RATES, DEFINITIONS, PURCHASE OF CREDITABLE SCHOOL AND NONSCHOOL SERVICE 5 6 PROVISIONS, PURCHASE OF CREDITABLE STATE AND NONSTATE SERVICE 7 PROVISIONS, AND ACTUARIAL AND FUNDING ASSUMPTIONS. 8 SECTION 102.1. SECTION 8103.1 OF TITLE 24, ADDED DECEMBER 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ: 9 10 § 8103.1. NOTICE TO MEMBERS. 11 NOTICE BY PUBLICATION, INCLUDING, BUT NOT LIMITED TO, 12 NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS, 13 MANUALS AND ELECTRONIC NOTICE, INCLUDING, BUT NOT LIMITED TO, E-14 MAIL OR PUBLICLY ACCESSIBLE INTERNET WEBSITES, DISTRIBUTED OR 15 MADE AVAILABLE TO MEMBERS IN A MANNER REASONABLY CALCULATED TO GIVE ACTUAL NOTICE OF THE PROVISIONS OF THIS PART THAT REQUIRE 16 NOTICE TO MEMBERS AND PARTICIPANTS SHALL BE DEEMED SUFFICIENT 17 18 NOTICE FOR ALL PURPOSES. 19 SECTION 103. TITLE 24 IS AMENDED BY ADDING A SECTION TO 20 READ: 21 § 8103.2. REFERENCE TO PUBLIC SCHOOL EMPLOYEES' RETIREMENT 22 SYSTEM. 23 (A) GENERAL RULE.--UNLESS THE CONTEXT CLEARLY INDICATES 24 OTHERWISE, A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' 25 RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART 26 AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE 27 EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND 28 29 SHALL INCLUDE A REFERENCE TO THE TRUST. 30 (B) CERTAIN AGREEMENTS.--THE AGREEMENT OF AN EMPLOYER TO

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MAKE CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS
 MEMBERS IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE
 CONTRIBUTIONS TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE
 PLAN.

5 SECTION 104. SECTION 8301 OF TITLE 24 IS AMENDED TO READ: 6 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP <u>IN THE SYSTEM AND</u>

7

PARTICIPATION IN THE PLAN.

8 (A) MANDATORY MEMBERSHIP.--MEMBERSHIP IN THE SYSTEM SHALL BE 9 MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL SCHOOL 10 EMPLOYEES EXCEPT THE FOLLOWING:

(1) ANY OFFICER OR EMPLOYEE OF THE [DEPARTMENT OF
EDUCATION] <u>DEPARTMENT</u>, STATE-OWNED EDUCATIONAL INSTITUTIONS,
COMMUNITY COLLEGES, AREA VOCATIONAL-TECHNICAL SCHOOLS,
TECHNICAL INSTITUTES, OR [THE] <u>THE</u> PENNSYLVANIA STATE
UNIVERSITY AND WHO IS A MEMBER OF THE STATE EMPLOYEES'
RETIREMENT SYSTEM OR A MEMBER OF ANOTHER RETIREMENT PROGRAM
APPROVED BY THE EMPLOYER.

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

(3) ANY OFFICER OR EMPLOYEE OF A GOVERNMENTAL ENTITY WHO
SUBSEQUENT TO DECEMBER 22, 1965 AND PRIOR TO JULY 1, 1975
ADMINISTERS, SUPERVISES, OR TEACHES CLASSES FINANCED WHOLLY
OR IN PART BY THE FEDERAL GOVERNMENT SO LONG AS HE CONTINUES
IN SUCH SERVICE.

29 (4) ANY PART-TIME SCHOOL EMPLOYEE WHO HAS AN INDIVIDUAL
 30 RETIREMENT ACCOUNT PURSUANT TO THE FEDERAL ACT OF SEPTEMBER

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2, 1974 (PUBLIC LAW 93-406, 88 STAT. 829), KNOWN AS THE
 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

3 (B) PROHIBITED MEMBERSHIP <u>IN SYSTEM.</u> -- THE SCHOOL EMPLOYEES
4 CATEGORIZED IN SUBSECTION (A) (1) AND (2) SHALL NOT HAVE THE
5 RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.

6 (C) OPTIONAL MEMBERSHIP <u>IN SYSTEM</u>.--THE SCHOOL EMPLOYEES 7 CATEGORIZED IN SUBSECTION (A)(3) AND, IF OTHERWISE ELIGIBLE, 8 SUBSECTION (A)(4) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN 9 THE SYSTEM. ONCE SUCH ELECTION IS EXERCISED, MEMBERSHIP SHALL 10 COMMENCE FROM THE ORIGINAL DATE OF ELIGIBILITY AND SHALL 11 CONTINUE UNTIL THE TERMINATION OF SUCH SERVICE.

12 (D) MANDATORY PARTICIPATION IN PLAN. -- THE SCHOOL EMPLOYEES
13 WHO ARE MANDATORY MEMBERS OF CLASS T-G SHALL BE MANDATORY
14 PARTICIPANTS IN THE PLAN AS OF THE EFFECTIVE DATE OF MEMBERSHIP
15 IN THE SYSTEM.

16 (E) OPTIONAL PARTICIPATION IN PLAN. -- THE SCHOOL EMPLOYEES
17 WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS MEMBERS OF CLASS T-G
18 SHALL BE OPTIONAL PARTICIPANTS IN THE PLAN. THE SCHOOL EMPLOYEES
19 WHO ELECT MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS T-G ALSO
20 ELECT PARTICIPATION IN THE PLAN AS OF THE EFFECTIVE DATE OF

21 <u>MEMBERSHIP IN THE SYSTEM.</u>

22 SECTION 105. SECTION 8302(A), (B)(1) AND (2), (C) AND (D) OF 23 TITLE 24, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), IS AMENDED 24 AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

25 § 8302. CREDITED SCHOOL SERVICE.

(A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED
SCHOOL SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A
FULL-TIME SALARIED SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF
CREDIT FOR EACH SCHOOL YEAR OR THE CORRESPONDING FRACTION
THEREOF, IN ACCORDANCE WITH THE PROPORTION OF THE FULL SCHOOL

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YEAR FOR WHICH THE REQUIRED REGULAR MEMBER CONTRIBUTIONS HAVE 1 2 BEEN MADE TO THE FUND, OR FOR WHICH SUCH CONTRIBUTIONS OTHERWISE 3 REQUIRED FOR SUCH SERVICE WERE NOT MADE TO THE FUND SOLELY BY 4 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401 (A) (17) OR 415 OR LIMITATIONS ON CONTRIBUTIONS 5 6 APPLICABLE TO A CLASS T-G MEMBER. A PER DIEM OR HOURLY SCHOOL 7 EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED SERVICE FOR EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS IN WHICH HE IS 8 EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND, OR 9 10 WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH LIMITATIONS UNDER 11 THE IRC, OR LIMITATIONS ON CONTRIBUTIONS APPLICABLE TO A CLASS T-G MEMBER FOR AT LEAST 180 FULL-DAY SESSIONS OR 1,100 HOURS OF 12 13 EMPLOYMENT. IF SUCH MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE 14 MADE TO THE FUND FOR LESS THAN 180 FULL-DAY SESSIONS OR 1,100 15 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A YEAR DETERMINED BY THE RATIO OF THE NUMBER OF FULL-DAY SESSIONS OR 16 17 HOURS OF SERVICE ACTUALLY RENDERED TO 180 FULL-DAY SESSIONS OR 18 1,100 HOURS, AS THE CASE MAY BE. A PART-TIME SALARIED EMPLOYEE 19 SHALL BE CREDITED WITH THE FRACTIONAL PORTION OF THE YEAR WHICH 20 CORRESPONDS TO THE SERVICE ACTUALLY RENDERED AND FOR WHICH 21 CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND EXCEPT FOR 22 THE LIMITATIONS UNDER THE IRC OR LIMITATIONS APPLICABLE TO A 23 CLASS T-G MEMBER IN RELATION TO THE SERVICE REQUIRED AS A 24 COMPARABLE FULL-TIME SALARIED EMPLOYEE. IN NO CASE SHALL A 25 MEMBER RECEIVE MORE THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 26 CONSECUTIVE MONTHS OR A MEMBER WHO HAS ELECTED MULTIPLE SERVICE 27 RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE THAN ONE YEAR OF 28 CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS. 29 APPROVED LEAVES OF ABSENCE. -- AN ACTIVE MEMBER SHALL (B)

30 RECEIVE CREDIT, AND AN ACTIVE PARTICIPANT SHALL RECEIVE

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ELIGIBILITY POINTS, FOR AN APPROVED LEAVE OF ABSENCE PROVIDED 1 2 THAT: 3 (1)THE MEMBER RETURNS FOR A PERIOD AT LEAST EOUAL TO 4 THE LENGTH OF THE LEAVE OR ONE YEAR AS A MEMBER OF THE SYSTEM 5 AND, FOR CLASS T-G MEMBERS, THE PARTICIPANT RETURNS TO SCHOOL 6 SERVICE AS AN ACTIVE PARTICIPANT IN THE PLAN, WHICHEVER IS 7 LESS, TO THE SCHOOL DISTRICT WHICH GRANTED HIS LEAVE, UNLESS 8 SUCH CONDITION IS WAIVED BY THE EMPLOYER; AND 9 THE PROPER CONTRIBUTIONS ARE MADE BY THE MEMBER AND (2)10 THE EMPLOYER AND, FOR CLASS T-G MEMBERS, BY THE ACTIVE 11 PARTICIPANT AND THE EMPLOYER. 12 * * * 13 (C) CANCELLATION OF CREDITED SERVICE.--(1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE 14 [CANCELLED] <u>CANCELED</u> IF A MEMBER WITHDRAWS HIS ACCUMULATED 15 16 DEDUCTIONS[.] <u>EXCEPT THAT:</u> 17 (I) A MEMBER WITH CLASS T-G SERVICE CREDIT AND ONE 18 OR MORE OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE 19 HIS SERVICE CREDIT IN THE CLASSES OF SERVICE OTHER THAN 20 CLASS T-G CANCELED WHEN THE MEMBER RECEIVES A LUMP SUM 21 PAYMENT OF ACCUMULATED DEDUCTIONS RELATING TO THE CLASS 22 T-G SERVICE; AND 23 (II) A MEMBER WITH CLASS T-G SERVICE CREDIT AND ONE 24 OR MORE OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE 25 HIS SERVICE CREDIT AS A MEMBER OF CLASS T-G CANCELED WHEN 26 THE MEMBER RECEIVES A LUMP SUM PAYMENT OF ACCUMULATED 27 DEDUCTIONS RESULTING FROM THE OTHER CLASSES OF SERVICE. 28 (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL 29 DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM. 30

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(D) CREDIT FOR MILITARY SERVICE. --<u>A SCHOOL EMPLOYEE WHO HAS</u>
 <u>PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM AS</u>
 FOLLOWS:

4 (1)FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS 5 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A 6 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY 7 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE 8 9 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73 10 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL 11 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE 12 PERIOD OF MILITARY SERVICE BEGAN, NOTWITHSTANDING IF THE MEMBER IS NOT DEFINED AS AN EMPLOYEE UNDER 51 PA.C.S. § 7301 13 14 (RELATING TO DEFINITIONS).

15 (1.1) SCHOOL EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT OR
16 EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306(A), (B) AND (C)
17 (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT
18 BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION,
19 EXCEPT OTHERWISE PROVIDED UNDER THIS SUBSECTION.

20 (2) A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY
 21 RECEIVE CREDIT AS PROVIDED BY THIS PARAGRAPH.

22 (I) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED 23 AS NOT HAVING INCURRED A BREAK IN SCHOOL SERVICE BY 24 25 REASON OF THE USERRA LEAVE AND SHALL BE GRANTED 26 ELIGIBILITY POINTS AS IF THE SCHOOL EMPLOYEE HAD NOT BEEN 27 ON THE USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS 28 REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE 29 SYSTEM SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS, SHARED-RISK MEMBER CONTRIBUTIONS AND ANY OTHER MEMBER 30

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1 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS 2 REQUIRED BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES) 3 4 AND IRC § 414 (U) AS IF THE SCHOOL EMPLOYEE HAD CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT AND PERFORMED SCHOOL 5 6 SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA 7 LEAVE, THEN THE SCHOOL EMPLOYEE SHALL BE GRANTED SCHOOL 8 SERVICE CREDIT FOR THE PERIOD OF USERRA LEAVE. THE 9 EMPLOYEE SHALL HAVE HIS BENEFITS, RIGHTS AND OBLIGATIONS 10 DETERMINED UNDER THIS PART AS IF HE WAS AN ACTIVE MEMBER 11 WHO PERFORMED CREDITABLE SCHOOL SERVICE DURING THE USERRA LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE 12 13 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE SCHOOL SERVICE 14 CREDIT FOR THE USERRA LEAVE WERE DETERMINED. 15

(II) FOR PURPOSES OF DETERMINING WHETHER A SCHOOL 16 17 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR 18 SCHOOL SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE 19 WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER 20 OF THE SYSTEM TERMINATES SCHOOL SERVICE OR DIES IN SCHOOL SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT 21 22 PERIOD, SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE SHALL 23 BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS WERE 24 PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT OF 25 THE REOUIRED MEMBER CONTRIBUTIONS SHALL BE TREATED AS AN 26 INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF SECTION 27 8325 (RELATING TO INCOMPLETE PAYMENTS). UPON A SUBSEQUENT 28 RETURN TO SCHOOL SERVICE OR TO STATE SERVICE AS A 29 MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE 30

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TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER
 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP
 SUM UNDER SECTION 8345(A) (4) (RELATING TO MEMBER'S
 OPTIONS). FOR THIS PURPOSE, THE EXCLUSION OF CLASS T-E
 AND CLASS T-F MEMBERS FROM ELECTING A FORM OF PAYMENT
 UNDER SECTION 8345(A) (4) (III) SHALL BE IGNORED.

7 (III) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM
8 USERRA LEAVE <u>AS AN ACTIVE MEMBER OF THE SYSTEM</u> AND WHO
9 DOES NOT MAKE THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES
10 ONLY PART OF THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE
11 ALLOWED PAYMENT PERIOD SHALL NOT BE:

12 (A) GRANTED CREDITED SERVICE FOR THE PERIOD OF
13 USERRA LEAVE FOR WHICH THE REQUIRED MEMBER
14 CONTRIBUTIONS WERE NOT TIMELY MADE.

15 (B) ELIGIBLE TO SUBSEQUENTLY MAKE CONTRIBUTIONS.
16 (C) GRANTED EITHER SCHOOL SERVICE CREDIT OR
17 NONSCHOOL SERVICE CREDIT FOR THE PERIOD OF USERRA
18 LEAVE FOR WHICH THE REQUIRED MEMBER CONTRIBUTIONS
19 WERE NOT TIMELY MADE.

20 (3) A SCHOOL EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND 21 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN 22 REEMPLOYED FROM USERRA LEAVE HAD THE SCHOOL EMPLOYEE RETURNED 23 TO SCHOOL SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. 24 CH. 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE 25 ABLE TO RECEIVE CREDITABLE NONSCHOOL SERVICE AS 26 NONINTERVENING MILITARY SERVICE FOR THE PERIOD OF USERRA 27 LEAVE IF THE EMPLOYEE LATER RETURNS TO SCHOOL SERVICE AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE AS NONINTERVENING 28 29 MILITARY SERVICE.

30 (4) [A SCHOOL EMPLOYEE] <u>AN ACTIVE OR INACTIVE MEMBER</u>

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1 WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS 2 GRANTED A LEAVE OF ABSENCE UNDER SECTION 1178 OF THE PUBLIC 3 SCHOOL CODE, A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 4 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT 5 EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73, THAT 6 IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE CREDITABLE 7 NONSCHOOL SERVICE AS NONINTERVENING MILITARY SERVICE SHOULD 8 THE EMPLOYEE RETURN TO SCHOOL SERVICE AS AN ACTIVE MEMBER OF 9 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE 10 AS NONINTERVENING MILITARY SERVICE.

(5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THE
BENEFICIARIES OR SURVIVOR ANNUITANTS OF THE DECEASED MEMBER
SHALL BE ENTITLED TO ANY ADDITIONAL BENEFITS, INCLUDING
ELIGIBILITY POINTS, OTHER THAN BENEFIT ACCRUALS RELATING TO
THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS
PART AS IF THE MEMBER RESUMED AND THEN TERMINATED EMPLOYMENT
ON ACCOUNT OF DEATH.

18 (6) A SCHOOL EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM 19 HIS DUTIES AS A SCHOOL EMPLOYEE AND FOR WHICH 51 PA.C.S. § 20 4102 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR 21 EFFICIENCY SHALL NOT BE AN ACTIVE MEMBER, RECEIVE SERVICE 22 CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF ABSENCE EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING THIS 23 24 PARAGRAPH, ANY PAY THE MEMBER RECEIVES UNDER SECTION 1178 OF 25 THE PUBLIC SCHOOL CODE OR 51 PA.C.S. § 4102 SHALL BE INCLUDED 26 IN THE DETERMINATION OF FINAL AVERAGE SALARY AND OTHER 27 CALCULATIONS IN THE SYSTEM UTILIZING COMPENSATION AS IF THE 28 PAYMENTS WERE COMPENSATION UNDER THIS PART.

(E) MILITARY SERVICE BY PARTICIPANT.--A PARTICIPANT WHO HAS
 30 PERFORMED USERRA LEAVE SHALL BE TREATED AND MAY MAKE

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1 <u>CONTRIBUTIONS AS FOLLOWS:</u>

2	(1) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE
3	SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN SCHOOL
4	SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE GRANTED
5	ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT BEEN ON
6	USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
7	LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP PARTICIPANT
8	CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS REQUIRED
9	BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS IF THE PARTICIPANT
10	HAD CONTINUED IN HIS SCHOOL EMPLOYMENT AND PERFORMED SCHOOL
11	SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA
12	LEAVE, THE PARTICIPANT'S EMPLOYER SHALL MAKE THE
13	CORRESPONDING EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE
14	SHALL HAVE HIS CONTRIBUTIONS, BENEFITS, RIGHTS AND
15	OBLIGATIONS DETERMINED UNDER THIS PART AS IF HE WAS AN ACTIVE
16	PARTICIPANT WHO PERFORMED SCHOOL SERVICE DURING THE USERRA
17	LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE NOT
18	BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON WHICH
19	THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO RECEIVE
20	SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE WERE DETERMINED,
21	INCLUDING THE RIGHT TO MAKE VOLUNTARY CONTRIBUTIONS AS
22	PERMITTED BY LAW.
23	(2) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE
24	AND DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT
25	CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP
26	PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT PERIOD
27	SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT
28	CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS AT A LATER DATE FOR
29	THE PERIOD OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP
30	PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

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 THE EMPLOYEE COULD HAVE BEEN REEMPLOYED FROM USERRA LEAVE HAD THE SCHOOL EMPLOYEE RETURNED TO SCHOOL SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH. 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN. (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S. \$ 4102 OR A MILITARY
 4 FRAMES REQUIRED BY 38 U.S.C. CH. 43 FOR REEMPLOYMENT RIGHTS, 5 BUT DID NOT DO SO, SHALL NOT BE ELIGIBLE TO MAKE MANDATORY 6 PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS 7 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER 8 RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN. 9 (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO, 10 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
5 BUT DID NOT DO SO, SHALL NOT BE ELIGIBLE TO MAKE MANDATORY 6 PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS 7 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER 8 RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN. 9 (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO, 10 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
 6 PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS 7 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER 8 RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN. 9 (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO, 10 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN. (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
8 RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN. 9 (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO, 10 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
9 <u>(4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO,</u> 10 <u>ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED</u>
10 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
11 <u>a leave of absence under 51 pa.c.s. § 4102 or a military</u>
12 LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT USERRA LEAVE SHALL
13 NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT
14 CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS DURING OR FOR THE
15 LEAVE OF ABSENCE OR MILITARY LEAVE AND SHALL NOT HAVE
16 EMPLOYER DEFINED CONTRIBUTIONS MADE DURING SUCH LEAVE,
17 WITHOUT REGARD TO WHETHER OR NOT THE PARTICIPANT RECEIVED
18 SALARY, WAGES, STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER
19 PAYMENTS FROM HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING
20 ANY PROVISION TO THE CONTRARY IN 51 PA.C.S. § 4102 OR CH. 73.
21 (5) IF A PARTICIPANT DIES WHILE PERFORMING USERRA LEAVE,
22 THEN THE BENEFICIARIES OR SUCCESSOR PAYEES, AS THE CASE MAY
23 <u>BE, OF THE DECEASED PARTICIPANT ARE ENTITLED TO ANY</u>
24 ADDITIONAL BENEFITS, OTHER THAN BENEFIT ACCRUALS RELATING TO
25 THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS
26 PART HAD THE PARTICIPANT RESUMED AND THEN TERMINATED
27 <u>EMPLOYMENT ON ACCOUNT OF DEATH.</u>
28 SECTION. 105.1. SECTION 8303(C) OF TITLE 24 IS AMENDED AND
29 THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:
30 § 8303. ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF

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1

SERVICE CREDITS.

2 * * *

3 (C) PURCHASE OF PREVIOUS CREDITABLE SERVICE.--[EVERY]
4 <u>SUBJECT TO THE LIMITATIONS IN SUBSECTION (C.1), AN</u> ACTIVE MEMBER
5 OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE
6 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE
7 EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND RECEIVE
8 ELIGIBILITY POINTS:

9 (1) AS A MEMBER OF CLASS T-C, CLASS T-E OR CLASS T-F FOR
10 PREVIOUS CREDITABLE SCHOOL SERVICE OR CREDITABLE NONSCHOOL
11 SERVICE; [OR]

12 (2) AS A MEMBER OF CLASS T-D FOR PREVIOUS CREDITABLE
13 SCHOOL SERVICE, PROVIDED THE MEMBER ELECTS TO BECOME A CLASS
14 T-D MEMBER PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION
15 TO BECOME A CLASS T-D MEMBER); OR

16 (3) AS A MEMBER OF CLASS T-G FOR PREVIOUS CREDITABLE
 17 SCHOOL SERVICE PERFORMED AS A CLASS T-G MEMBER;

18 UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE 19 MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE; 20 EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT 21 SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.

22 (C.1) INELIGIBILITY TO PURCHASE PREVIOUS SCHOOL SERVICE

23 <u>CREDIT.--AN ACTIVE MEMBER OF CLASS T-G, OR A MULTIPLE SERVICE</u>

24 MEMBER WHO IS AN ACTIVE MEMBER OF CLASS A-5 IN THE STATE

25 EMPLOYEES' RETIREMENT SYSTEM, SHALL NOT BE ELIGIBLE TO PURCHASE

26 SERVICE CREDIT FOR PREVIOUS SCHOOL SERVICE, WHETHER OR NOT

27 <u>PREVIOUSLY CREDITED IN THE SYSTEM, EXCEPT TO REINSTATE</u>

28 PREVIOUSLY CREDITED CLASS T-G SERVICE CREDIT FOR WHICH

29 ACCUMULATED DEDUCTIONS WERE WITHDRAWN, AND EXCEPT TO THE EXTENT

30 THAT ANY OTHER PROVISION OF LAW REQUIRES OR ALLOWS THE CREDITING

1 OF ANY PERIOD OF LEAVE TO BE PURCHASED AS SCHOOL SERVICE AFTER

2 THE MEMBER RETURNS FROM THE LEAVE TO SCHOOL SERVICE.

3 * * *

4 SECTION 106. SECTION 8304(A) OF TITLE 24 IS AMENDED TO READ:
5 § 8304. CREDITABLE NONSCHOOL SERVICE.

6 (A) ELIGIBILITY.--AN ACTIVE MEMBER IN A CLASS OTHER THAN 7 CLASS T-G, OR A MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE MEMBER 8 OF THE STATE EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OTHER THAN CLASS A-5, SHALL BE ELIGIBLE TO RECEIVE CLASS T-C, CLASS T-E OR 9 10 CLASS T-F SERVICE CREDIT FOR CREDITABLE NONSCHOOL SERVICE AND 11 CLASS T-D, CLASS T-E OR CLASS T-F SERVICE FOR INTERVENING 12 MILITARY SERVICE, PROVIDED THE MEMBER BECOMES A CLASS T-D MEMBER 13 PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION TO BECOME A 14 CLASS T-D MEMBER) OR CLASS T-F MEMBER PURSUANT TO SECTION 8305.2 15 (RELATING TO ELECTION TO BECOME A CLASS T-F MEMBER) OR 8305 (RELATING TO CLASSES OF SERVICE), AS SET FORTH IN SUBSECTION (B) 16 17 PROVIDED THAT HE IS NOT ENTITLED TO RECEIVE, ELIGIBLE TO RECEIVE 18 NOW OR IN THE FUTURE, OR IS RECEIVING RETIREMENT BENEFITS FOR 19 SUCH SERVICE UNDER A RETIREMENT SYSTEM ADMINISTERED AND WHOLLY 20 OR PARTIALLY PAID FOR BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY 21 PRIVATE EMPLOYER, OR A RETIREMENT PROGRAM APPROVED BY THE 22 EMPLOYER IN ACCORDANCE WITH SECTION 8301(A) (1) (RELATING TO 23 MANDATORY AND OPTIONAL MEMBERSHIP), AND FURTHER PROVIDED THAT 24 SUCH SERVICE IS CERTIFIED BY THE PREVIOUS EMPLOYER AND THE 25 MANNER OF PAYMENT OF THE AMOUNT DUE IS AGREED UPON BY THE 26 MEMBER, THE EMPLOYER, AND THE BOARD. AN ACTIVE MEMBER WHO IS A 27 MEMBER OF CLASS T-G OR A MULTIPLE SERVICE MEMBER WHO IS A STATE 28 EMPLOYEE AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT 29 SYSTEM AS A MEMBER OF CLASS A-5 SHALL BE ELIGIBLE FOR CLASS T-G SERVICE CREDIT FOR CREDITABLE NONSCHOOL SERVICE AS SET FORTH IN 30

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1 SUBSECTION (B) (2) FOR WHICH THE MEMBER MAKES THE REQUIRED

2 CONTRIBUTIONS TO THE FUND.

3 * * *

4 SECTION 107. SECTION 8305(A), (B), (C)(1) AND (4), (D) AND 5 (E) OF TITLE 24 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING 6 A SUBSECTION TO READ:

7 § 8305. CLASSES OF SERVICE.

8 (A) CLASS T-C MEMBERSHIP.--A SCHOOL EMPLOYEE WHO IS A MEMBER 9 OF CLASS T-C ON THE EFFECTIVE DATE OF THIS PART OR WHO BECOMES A 10 MEMBER OF THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS 11 PART SHALL BE CLASSIFIED AS A CLASS T-C MEMBER, PROVIDED THE 12 SCHOOL EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS T-D PURSUANT 13 TO SUBSECTION (C) <u>AND DOES NOT BECOME A MEMBER OF CLASS T-G</u> 14 PURSUANT TO SUBSECTION (F).

15 (B) OTHER CLASS MEMBERSHIP. -- A SCHOOL EMPLOYEE WHO IS A MEMBER OF A CLASS OF SERVICE OTHER THAN CLASS T-C ON THE 16 EFFECTIVE DATE OF THIS PART MAY ELECT TO BECOME A MEMBER OF 17 18 CLASS T-C OR CLASS T-D OR MAY RETAIN HIS MEMBERSHIP IN SUCH 19 OTHER CLASS UNTIL THE SERVICE IS DISCONTINUED OR HE ELECTS TO 20 BECOME A FULL COVERAGE MEMBER OR ELECTS TO PURCHASE CREDIT FOR PREVIOUS SCHOOL OR CREDITABLE NONSCHOOL SERVICE. ANY SERVICE 21 22 THEREAFTER AS A MEMBER OF THE SYSTEM SHALL BE CREDITED AS CLASS 23 T-C [OR], T-D OR T-G SERVICE AS APPLICABLE.

24 (C) CLASS T-D MEMBERSHIP.--

(1) A PERSON WHO BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE
MEMBER, OR A PERSON WHO BECOMES A MULTIPLE SERVICE MEMBER WHO
IS A STATE EMPLOYEE AND A MEMBER OF THE STATE EMPLOYEES'
RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF THIS
SUBSECTION SHALL BE CLASSIFIED AS A CLASS T-D MEMBER UPON
PAYMENT OF REGULAR MEMBER CONTRIBUTIONS. ANY PRIOR SCHOOL

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SERVICE CREDITED AS CLASS T-C SERVICE SHALL BE CREDITED AS
 CLASS T-D SERVICE, SUBJECT TO THE LIMITATIONS CONTAINED IN
 PARAGRAPH (4) AND SECTION 8303(C.1) (RELATING TO ELIGIBILITY
 POINTS FOR RETENTION AND REINSTATEMENT OF SERVICE CREDITS).
 * * *

6 (4) (I) SCHOOL SERVICE PERFORMED AS CLASS T-C SERVICE 7 BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION SHALL BE 8 CREDITED AS CLASS T-D SERVICE ONLY UPON COMPLETION OF ALL 9 ACTS NECESSARY FOR THE SCHOOL SERVICE TO BE CREDITED AS 10 CLASS T-C SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED.

11 (II) A PERSON WHO IS NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND 12 13 WHO HAS PREVIOUS SCHOOL SERVICE SHALL NOT RECEIVE CLASS 14 T-D SERVICE CREDIT FOR SCHOOL SERVICE PERFORMED BEFORE JULY 1, 2001, UNTIL THE PERSON BECOMES AN ACTIVE MEMBER 15 OR AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT 16 17 SYSTEM AND A MULTIPLE SERVICE MEMBER AND EARNS THREE 18 ELIGIBILITY POINTS BY PERFORMING CREDITED SCHOOL SERVICE 19 IN A CLASS OTHER THAN CLASS T-G OR STATE SERVICE IN A 20 CLASS OTHER THAN CLASS A-5 AFTER JUNE 30, 2001. THIS SUBPARAGRAPH DOES NOT APPLY TO A DISABILITY ANNUITANT WHO 21 22 RETURNS TO SCHOOL SERVICE AFTER JUNE 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY. 23

(D) CLASS T-E MEMBERSHIP.--NOTWITHSTANDING ANY OTHER
PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN
ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE
MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE
EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF
THIS SUBSECTION SHALL BE CLASSIFIED AS A CLASS T-E MEMBER UPON
PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND THE SHARED-RISK

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1 CONTRIBUTIONS, PROVIDED THE MEMBER DOES NOT TERMINATE SERVICE

2 AND THEN RETURN TO SERVICE ON OR AFTER JULY 1, 2018.

3 (E) CLASS T-F MEMBERSHIP. -- NOTWITHSTANDING ANY OTHER 4 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE 5 6 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE 7 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF 8 THIS SUBSECTION AND WHO IS ELIGIBLE TO BECOME A CLASS T-E MEMBER 9 SHALL HAVE THE RIGHT TO ELECT INTO CLASS T-F MEMBERSHIP, 10 PROVIDED THE PERSON ELECTS TO BECOME A CLASS T-F MEMBER PURSUANT 11 TO SECTION 8305.2 (RELATING TO ELECTION TO BECOME A CLASS T-F 12 MEMBER), UPON WRITTEN ELECTION FILED WITH THE BOARD AND PAYMENT 13 OF REGULAR MEMBER CONTRIBUTIONS AND THE SHARED-RISK 14 CONTRIBUTIONS, PROVIDED THE MEMBER DOES NOT TERMINATE SERVICE 15 AND THEN RETURN TO SERVICE ON OR AFTER JULY 1, 2018. 16 (F) CLASS T-G MEMBERSHIP. -- A PERSON WHO FIRST BECOMES A 17 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER, OR A PERSON WHO FIRST 18 BECOMES A MULTIPLE SERVICE MEMBER WHO IS A STATE EMPLOYEE AND A 19 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER 20 JULY 1, 2018, SHALL BE CLASSIFIED AS A CLASS T-G MEMBER UPON 21 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND THE SHARED RISK 22 CONTRIBUTIONS. 23 SECTION 108. SECTIONS 8305.1(C) AND 8305.2(C) OF TITLE 24 24 ARE AMENDED TO READ: 25 § 8305.1. ELECTION TO BECOME A CLASS T-D MEMBER. 26 * * *

(C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS T-D
MEMBER SHALL REMAIN IN EFFECT UNTIL THE TERMINATION OF
EMPLOYMENT. THOSE MEMBERS WHO, ON THE EFFECTIVE DATE OF THIS
SECTION, CONTRIBUTE AT THE RATE OF 5 1/4% SHALL BE DEEMED TO

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HAVE ACCEPTED THE BASIC CONTRIBUTION RATE OF 6 1/2% FOR ALL 1 2 CLASS T-D SERVICE PERFORMED ON OR AFTER JANUARY 1, 2002. THOSE 3 MEMBERS WHO, ON THE EFFECTIVE DATE OF THIS SECTION, CONTRIBUTE 4 AT THE RATE OF 6 1/4% SHALL BE DEEMED TO HAVE ACCEPTED THE BASIC CONTRIBUTION RATE OF 7 1/2% FOR ALL CLASS T-D SERVICE PERFORMED 5 6 ON OR AFTER JANUARY 1, 2002. UPON TERMINATION AND A SUBSEQUENT 7 REEMPLOYMENT THAT OCCURS BEFORE JULY 1, 2018, THE CLASS OF 8 SERVICE OF THE SCHOOL EMPLOYEE SHALL BE CREDITED IN THE CLASS OF 9 SERVICE OTHERWISE PROVIDED FOR IN THIS PART. IF THE REEMPLOYMENT 10 OCCURS ON OR AFTER JULY 1, 2018, THE SCHOOL EMPLOYEE'S 11 ELIGIBILITY FOR MEMBERSHIP AND CLASS OF SERVICE IN THE SYSTEM OR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART. 12 * * * 13 § 8305.2. ELECTION TO BECOME A CLASS T-F MEMBER. 14 15 * * * 16 (C) EFFECT OF ELECTION. -- AN ELECTION TO BECOME A CLASS T-F 17 MEMBER SHALL BE IRREVOCABLE AND SHALL COMMENCE FROM THE ORIGINAL 18 DATE OF ELIGIBILITY [. A MEMBER WHO ELECTS CLASS T-F MEMBERSHIP 19 SHALL RECEIVE CLASS T-F SERVICE CREDIT ON ANY AND ALL FUTURE SERVICE, REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR 20 21 HAS A BREAK IN SERVICE.] AND SHALL REMAIN IN EFFECT FOR ALL 22 FUTURE SCHOOL SERVICE CREDITABLE IN THE SYSTEM THAT OTHERWISE 23 WOULD NOT BE CREDITED AS CLASS T-G SERVICE. * * * 24 SECTION 108.1. TITLE 24 IS AMENDED BY ADDING A SECTION TO 25 26 READ: 27 § 8305.3. ELECTION TO BECOME A CLASS T-G MEMBER. 28 (A) GENERAL RULE. -- A MEMBER WHO RETURNS TO SCHOOL SERVICE ON 29 OR AFTER JULY 1, 2018, MAY MAKE A ONE-TIME ELECTION TO BECOME A MEMBER OF CLASS T-G. 30

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1 (B) TIME FOR MAKING ELECTION. -- A MEMBER MUST ELECT TO BECOME 2 A CLASS T-G MEMBER BY FILING A WRITTEN ELECTION WITH THE BOARD 3 WITHIN 45 DAYS OF NOTIFICATION BY THE BOARD OF THE MEMBER'S 4 ELIGIBILITY TO ELECT CLASS T-G MEMBERSHIP AND PARTICIPATION. A 5 SCHOOL EMPLOYEE WHO IS ELIGIBLE TO BECOME A CLASS T-G MEMBER WHO 6 BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING 7 ELECTED CLASS T-G MEMBERSHIP MAY MAKE THE ELECTION WITHIN 45 8 DAYS AFTER BEING REEMPLOYED FROM USERRA LEAVE. 9 (C) EFFECT OF ELECTION. -- AN ELECTION TO BECOME A CLASS T-G 10 MEMBER SHALL BE IRREVOCABLE AND SHALL COMMENCE FROM THE ORIGINAL 11 DATE OF THE MEMBER'S RETURN TO SERVICE. A MEMBER WHO ELECTS CLASS T-G MEMBERSHIP SHALL RECEIVE CLASS T-G SERVICE CREDIT ON 12 13 ANY AND ALL FUTURE SERVICE, REGARDLESS OF WHETHER THE MEMBER 14 TERMINATES SERVICE OR HAS A BREAK IN SERVICE. (D) EFFECT OF FAILURE TO MAKE ELECTION. -- A MEMBER WHO FAILS 15 16 TO TIMELY FILE AN ELECTION TO BECOME A CLASS T-G MEMBER SHALL 17 NEVER BE ABLE TO ELECT CLASS T-G SERVICE, REGARDLESS OF WHETHER 18 THE MEMBER TERMINATES SERVICE OR HAS A BREAK IN SERVICE. 19 SECTION 108.2. SECTIONS 8306 AND 8307(B) AND (C) OF TITLE 24 20 ARE AMENDED TO READ: 21 § 8306. ELIGIBILITY POINTS. 22 (A) GENERAL RULE. -- AN ACTIVE MEMBER OF THE SYSTEM SHALL 23 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE 24 AS A MEMBER OF THE [SCHOOL OR STATE RETIREMENT] SYSTEM OR IF A 25 MULTIPLE SERVICE MEMBER, AS A MEMBER OF THE STATE EMPLOYEES' 26 RETIREMENT SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO-27 THIRDS OF AN ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 28 CREDITED SERVICE UNDER THE STATE EMPLOYEES' RETIREMENT SYSTEM. 29 IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE,

30 A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF AN

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1 ELIGIBILITY POINT.

2 (A.1) USERRA LEAVE.--A MEMBER OR PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA 3 4 LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT 5 INSTEAD OF PERFORMING USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS 6 7 REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER OR MANDATORY 8 PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED SCHOOL SERVICE 9 CREDIT FOR THE USERRA LEAVE, NO ADDITIONAL ELIGIBILITY POINTS 10 MAY BE GRANTED.

(B) TRANSITIONAL RULE. -- FOR THE PURPOSES OF THE TRANSITION: 11 12 IN DETERMINING WHETHER A MEMBER, OTHER THAN A (1)13 DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY, WHO IS 14 15 NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE, HAS 16 THE FIVE ELIGIBILITY POINTS REQUIRED BY THE DEFINITION OF 17 18 "VESTEE" IN SECTIONS 8102 (RELATING TO DEFINITIONS), 8307 19 (RELATING TO ELIGIBILITY FOR ANNUITIES), 8308 (RELATING TO 20 ELIGIBILITY FOR VESTING) AND 8345 (RELATING TO MEMBER'S 21 OPTIONS), ONLY ELIGIBILITY POINTS EARNED BY PERFORMING 22 CREDITED SCHOOL SERVICE, USERRA LEAVE CREDITED AS AN ACTIVE MEMBER OF THE SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS 23 24 T-G OR CREDITED STATE SERVICE AS AN ACTIVE MEMBER OF THE 25 STATE EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OTHER THAN 26 CLASS A-5 AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL SUCH 27 MEMBER EARNS ONE SUCH ELIGIBILITY POINT BY PERFORMING 28 CREDITED SCHOOL SERVICE OR CREDITED STATE SERVICE AFTER JUNE 29 30, 2001, AT WHICH TIME ALL ELIGIBILITY POINTS, OTHER THAN 30 ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS T-G

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<u>OR CLASS A-5</u>, AS DETERMINED UNDER SUBSECTION (A) SHALL BE
 COUNTED.

3 (2) A MEMBER SUBJECT TO PARAGRAPH (1) SHALL BE
4 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE
5 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER HAS
6 AT LEAST TEN ELIGIBILITY POINTS DETERMINED UNDER SUBSECTION
7 (A).

8 <u>(C)</u> TRANSITIONAL RULE FOR MEMBERS WITH CLASS T-G SERVICE 9 CREDIT.--

10 (1) ANY PROVISION OF THIS PART PERTAINING TO ELIGIBILITY 11 POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF 12 ANNUITIES OR BENEFITS ATTRIBUTABLE TO CLASSES OF SERVICE 13 OTHER THAN CLASS T-G SHALL NOT INCLUDE ANY ELIGIBILITY POINTS 14 ATTRIBUTABLE TO SERVICE CREDITED IN CLASS T-G OR AS A MEMBER 15 OF CLASS A-5 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM. 16 (2) ANY PROVISION OF THIS PART PERTAINING TO ELIGIBILITY POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF 17 18 ANNUITIES OR BENEFITS ATTRIBUTABLE TO SERVICE IN CLASS T-G 19 SHALL INCLUDE ONLY ELIGIBILITY POINTS ATTRIBUTABLE TO SERVICE 20 CREDITED IN CLASS T-G OR IF A MULTIPLE SERVICE MEMBER AS A 21 MEMBER OF CLASS A-5 IN THE STATE EMPLOYEES' RETIREMENT 22 SYSTEM. 23 (3) ONLY ELIGIBILITY POINTS EARNED AS A MEMBER OF CLASS 24 T-G, OR IF A MULTIPLE SERVICE MEMBER AS A MEMBER OF CLASS A-5 25 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM, SHALL BE 26 APPLICABLE TO ANY PROVISION IN THIS PART REOUIRING 27 ELIGIBILITY POINTS FOR THE DETERMINATION OR PAYMENT OF

28 <u>BENEFITS FROM THE PLAN.</u>

29 § 8307. ELIGIBILITY FOR ANNUITIES.

30 * * *

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1 (B) WITHDRAWAL ANNUITY.--

(1) A VESTEE IN CLASS T-C OR CLASS T-D WITH FIVE OR MORE 2 3 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-C OR 4 CLASS T-D MEMBER WHO TERMINATES SCHOOL SERVICE HAVING FIVE OR MORE ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN 5 6 CLASS T-G, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5, SHALL, 7 UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN 8 EARLY ANNUITY BASED ON THE SERVICE CREDITED AS A CLASS T-C OR 9 T-D MEMBER.

10 (2) A VESTEE IN CLASS T-E OR CLASS T-F WITH TEN OR MORE 11 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-E OR 12 CLASS T-F MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR 13 MORE ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN 14 CLASS T-G, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5, SHALL, 15 UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY BASED ON THE SERVICE CREDITED AS A CLASS T-E OR 16 17 T-F MEMBER.

18 (3) A VESTEE IN CLASS T-G WITH TEN OR MORE ELIGIBILITY 19 POINTS OR AN ACTIVE OR INACTIVE CLASS T-G MEMBER WHO 20 TERMINATES SCHOOL SERVICE HAVING TEN OR MORE ELIGIBILITY POINTS CREDITED AS A CLASS T-G MEMBER, OR IF A MULTIPLE 21 22 SERVICE MEMBER, AS CLASS A-5, SHALL, UPON FILING A PROPER 23 APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY FROM THE 24 SYSTEM BASED ON THE ELIGIBILITY POINTS CREDITED AS A CLASS T-25 G OR CLASS A-5 MEMBER. 26 (4) A MEMBER WHO IS VESTED WITH CLASS T-C, T-D, T-E, T-F 27 OR T-G CREDITED SERVICE, SHALL, UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY BASED ON 28 29 THE CREDITED SERVICE IN EACH CLASS. 30 DISABILITY ANNUITY .-- AN ACTIVE OR INACTIVE MEMBER WHO (C)

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HAS [CREDIT FOR AT LEAST FIVE YEARS OF SERVICE] FIVE OR MORE 1 2 ELIGIBILITY POINTS OTHER THAN ELIGIBILITY POINTS RESULTING FROM SERVICE AS A MEMBER OF CLASS T-G, OR HAS FIVE OR MORE 3 4 ELIGIBILITY POINTS AS A MEMBER OF CLASS T-G, SHALL, UPON FILING OF A PROPER APPLICATION, BE ENTITLED TO A DISABILITY ANNUITY 5 6 BASED ON SERVICE AND COMPENSATION IN CLASSES OTHER THAN CLASS T-G IF HE IS ELIGIBLE FOR A DISABILITY ANNUITY ON SERVICE AND 7 COMPENSATION OTHER THAN CLASS T-G, AND A DISABILITY ANNUITY 8 9 BASED ON SERVICE AND COMPENSATION AS A MEMBER OF CLASS T-G IF HE 10 IS ELIGIBLE FOR A DISABILITY ANNUITY ON SERVICE AND COMPENSATION 11 AS A MEMBER OF CLASS T-G, IF HE BECOMES MENTALLY OR PHYSICALLY 12 INCAPABLE OF CONTINUING TO PERFORM THE DUTIES FOR WHICH HE IS 13 EMPLOYED AND QUALIFIES FOR AN ANNUITY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8505(C)(1) (RELATING TO DUTIES OF BOARD 14 15 REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS). SECTION 108.3. SECTION 8308 OF TITLE 24, AMENDED DECEMBER 16 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ: 17 18 § 8308. ELIGIBILITY FOR VESTING. 19 ELIGIBILITY FOR VESTING SHALL BE AS FOLLOWS: 20 (1) ANY CLASS T-C OR CLASS T-D MEMBER WHO TERMINATES 21 SCHOOL SERVICE WITH FIVE OR MORE ELIGIBILITY POINTS SHALL BE 22 ENTITLED TO VEST HIS RETIREMENT BENEFITS UNTIL THE MEMBER'S 23 REQUIRED BEGINNING DATE. ANY CLASS T-E [OR], CLASS T-F OR 24 CLASS T-G MEMBER WHO TERMINATES SCHOOL SERVICE WITH TEN OR 25 MORE ELIGIBILITY POINTS SHALL BE ENTITLED TO VEST HIS 26 RETIREMENT BENEFITS UNTIL HIS REQUIRED BEGINNING DATE. 27 (2) ANY MEMBER WHO HAS CLASS T-G SERVICE CREDIT AND 28 SERVICE CREDITED IN ONE OR MORE OTHER CLASSES OF SERVICE AND

29 <u>TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE SERVICE MEMBER</u>

30 AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT

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1 <u>SYSTEM TERMINATES STATE SERVICE, SHALL BE ELIGIBLE TO VEST</u>

<u>HIS RETIREMENT BENEFITS IN EACH CLASS IN ACCORDANCE WITH THE</u>
 REQUIREMENTS FOR THAT CLASS OF SERVICE.

4 SECTION 108.4. (RESERVED).

5 SECTION 108.5. SECTIONS 8310, 8321(A) AND 8322.1(A) OF TITLE
6 24, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO
7 READ:

8 § 8310. ELIGIBILITY FOR REFUNDS.

9 UPON TERMINATION OF SERVICE ANY ACTIVE MEMBER, REGARDLESS OF 10 ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS ACCUMULATED 11 DEDUCTIONS BY HIS REQUIRED BEGINNING DATE IN LIEU OF ANY BENEFIT 12 FROM THE SYSTEM TO WHICH HE IS ENTITLED.

13 § 8321. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

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

19 OR 415[.] OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM

20 APPLICABLE TO A CLASS T-G MEMBER WHEN THE CLASS T-G MEMBER IS

21 MAKING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO THE TRUST.

22 (B) CLASS T-E [AND], CLASS T-F AND CLASS T-G SHARED-RISK 23 CONTRIBUTIONS. -- COMMENCING WITH THE ANNUAL ACTUARIAL VALUATION 24 PERFORMED UNDER SECTION 8502(J) (RELATING TO ADMINISTRATIVE 25 DUTIES OF BOARD), FOR THE PERIOD ENDING JUNE 30, 2014, AND EVERY THREE YEARS THEREAFTER, THE BOARD SHALL COMPARE THE ACTUAL 26 27 INVESTMENT RATE OF RETURN, NET OF FEES, TO THE ANNUAL INTEREST 28 RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF THE NORMAL 29 CONTRIBUTION RATE, BASED ON THE MARKET VALUE OF ASSETS, FOR THE PRIOR TEN-YEAR PERIOD. IF THE ACTUAL INVESTMENT RATE OF RETURN, 30

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NET OF FEES, IS LESS THAN THE ANNUAL INTEREST RATE ADOPTED BY 1 2 THE BOARD BY AN AMOUNT OF 1% OR MORE, THE SHARED-RISK CONTRIBUTION RATE OF CLASS T-E [AND], CLASS T-F AND CLASS T-G 3 4 MEMBERS WILL INCREASE BY .5%. IF THE ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, IS EQUAL TO OR EXCEEDS THE ANNUAL INTEREST 5 6 RATE ADOPTED BY THE BOARD, THE SHARED-RISK CONTRIBUTIONS RATE OF CLASS T-E [AND], CLASS T-F AND CLASS T-G MEMBERS WILL DECREASE 7 BY .5%. CLASS T-E [AND], CLASS T-F AND CLASS T-G MEMBERS WILL 8 CONTRIBUTE AT THE TOTAL MEMBER CONTRIBUTION RATE IN EFFECT WHEN 9 10 THEY ARE HIRED. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-E 11 MEMBERS SHALL NOT BE LESS THAN 7.5%, NOR MORE THAN 9.5%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-F MEMBERS SHALL NOT 12 13 BE LESS THAN 10.3%, NOR MORE THAN 12.3%. THE TOTAL MEMBER 14 CONTRIBUTION RATE FOR CLASS T-G MEMBERS SHALL NOT BE LESS THAN 6% NOR MORE THAN 8%. NOTWITHSTANDING THIS SUBSECTION, IF THE 15 SYSTEM'S ACTUARIAL FUNDED STATUS IS 100% OR MORE AS OF THE DATE 16 17 USED FOR THE COMPARISON REQUIRED UNDER THIS SUBSECTION, AS 18 DETERMINED IN THE CURRENT ANNUAL ACTUARIAL VALUATION, THE 19 SHARED-RISK CONTRIBUTION RATE SHALL BE ZERO. IN THE EVENT THAT 20 THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE 21 CALCULATION OF THE NORMAL CONTRIBUTION RATE IS CHANGED DURING 22 THE PERIOD USED TO DETERMINE THE SHARED-RISK CONTRIBUTION RATE, 23 THE BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE 24 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN ANNUAL 25 RATE. THE FOLLOWING PROVISIONS SHALL APPLY:

26 (1) UNTIL THE SYSTEM HAS A TEN-YEAR PERIOD OF INVESTMENT
27 RATE OF RETURN EXPERIENCE FOLLOWING THE EFFECTIVE DATE OF
28 THIS SUBSECTION, THE LOOK-BACK PERIOD SHALL BEGIN NOT EARLIER
29 THAN THE EFFECTIVE DATE OF THIS SUBSECTION.

30 (2) FOR ANY FISCAL YEAR IN WHICH THE EMPLOYER

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1 CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION RATE 2 UNDER SECTION 8328(H) (RELATING TO ACTUARIAL COST METHOD), 3 THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-E [AND], T-F 4 <u>AND T-G</u> MEMBERS SHALL BE PROSPECTIVELY RESET TO THE BASIC 5 CONTRIBUTION RATE.

6 (3) THERE SHALL BE NO INCREASE IN THE MEMBER
7 CONTRIBUTION RATE IF THERE HAS NOT BEEN AN EQUIVALENT
8 INCREASE TO THE EMPLOYER CONTRIBUTION RATE OVER THE PREVIOUS
9 THREE-YEAR PERIOD.

10 § 8322.1. PICKUP CONTRIBUTIONS.

11 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS 12 13 8321 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT 14 SERVICE), 8322 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) 15 AND 8305 (RELATING TO CLASSES OF SERVICE), WITH RESPECT TO 16 CURRENT SCHOOL SERVICE RENDERED BY AN ACTIVE MEMBER ON OR AFTER JANUARY 1, 1983, SHALL BE PICKED UP BY THE EMPLOYER AND SHALL BE 17 18 TREATED AS THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 19 414(H).

20 * * *

21 SECTION 108.6. SECTIONS 8323(A), (C) AND (D)(1), 8324(A), 22 (B), (C) AND (D), 8325.1(A), 8326(A) AND (C) AND 8327 OF TITLE 23 24 ARE AMENDED TO READ:

24 § 8323. MEMBER CONTRIBUTIONS FOR CREDITABLE SCHOOL SERVICE.

(A) PREVIOUS SCHOOL SERVICE, SABBATICAL LEAVE AND FULL
COVERAGE.--THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR
AN ELIGIBLE STATE EMPLOYEE FOR CREDIT <u>IN THE SYSTEM</u> FOR
REINSTATEMENT OF [ALL] <u>THE PORTION OF</u> PREVIOUSLY CREDITED SCHOOL
SERVICE, SCHOOL SERVICE NOT PREVIOUSLY CREDITED, SABBATICAL
LEAVE AS IF HE HAD BEEN IN FULL-TIME DAILY ATTENDANCE <u>THAT A</u>

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MEMBER IS ELIGIBLE TO HAVE CREDITED, OR FULL-COVERAGE MEMBERSHIP 1 2 SHALL BE SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE 3 ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE 4 CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR MEMBER CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE AT THE RATE OF 5 6 CONTRIBUTION NECESSARY TO BE CREDITED AS CLASS T-C SERVICE, 7 CLASS T-D SERVICE IF THE MEMBER IS A CLASS T-D MEMBER, CLASS T-E 8 SERVICE IF THE MEMBER IS A CLASS T-E MEMBER OR CLASS T-F SERVICE IF THE MEMBER IS A CLASS T-F MEMBER AND HAD SUCH CONTRIBUTIONS 9 10 BEEN CREDITED WITH STATUTORY INTEREST DURING THE PERIOD THE 11 CONTRIBUTIONS WOULD HAVE BEEN MADE AND DURING ALL PERIODS OF SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER 12 13 AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON 14 LEAVE WITHOUT PAY UP TO THE DATE OF PURCHASE.

15 * * *

16 (C) APPROVED LEAVE OF ABSENCE OTHER THAN SABBATICAL LEAVE 17 AND ACTIVATED MILITARY SERVICE LEAVE. -- THE CONTRIBUTIONS TO BE 18 PAID BY AN ACTIVE MEMBER FOR CREDIT FOR AN APPROVED LEAVE OF 19 ABSENCE, OTHER THAN SABBATICAL LEAVE AND ACTIVATED MILITARY 20 SERVICE LEAVE, SHALL BE SUFFICIENT TO TRANSFER HIS MEMBERSHIP TO 21 CLASS T-C OR TO CLASS T-D IF THE MEMBER IS A CLASS T-D MEMBER, 22 TO CLASS T-E IF THE MEMBER IS A CLASS T-E MEMBER [OR]_ TO CLASS 23 T-F IF THE MEMBER IS A CLASS T-F MEMBER OR TO CLASS T-G IF THE 24 MEMBER IS A CLASS T-G MEMBER, AND FURTHER TO PROVIDE AN ANNUITY 25 AS A CLASS T-C MEMBER OR CLASS T-D MEMBER IF THE MEMBER IS A 26 CLASS T-D MEMBER, TO CLASS T-E IF THE MEMBER IS A CLASS T-E 27 MEMBER [OR], TO CLASS T-F IF THE MEMBER IS A CLASS T-F MEMBER OR 28 TO CLASS T-G IF THE MEMBER IS A CLASS T-G MEMBER, FOR SUCH 29 ADDITIONAL CREDITED SERVICE. SUCH AMOUNT SHALL BE THE SUM OF THE AMOUNT REQUIRED IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION 30

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(B) AND AN AMOUNT DETERMINED AS THE SUM OF THE MEMBER'S BASIC
CONTRIBUTION RATE AND THE NORMAL CONTRIBUTION RATE AS PROVIDED
IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) DURING SUCH
PERIOD MULTIPLIED BY THE COMPENSATION WHICH WAS RECEIVED OR
WHICH WOULD HAVE BEEN RECEIVED DURING SUCH PERIOD AND WITH
STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND
STATE SERVICE UP TO THE DATE OF PURCHASE.

8 * * *

9 (D) CERTIFICATION AND PAYMENT OF CONTRIBUTIONS.--

10 (1)IN ALL CASES OTHER THAN FOR THE PURCHASE OF CREDIT 11 FOR SABBATICAL LEAVE AND ACTIVATED MILITARY SERVICE LEAVE 12 BEGINNING BEFORE THE EFFECTIVE DATE OF PARAGRAPH (2), THE 13 AMOUNT PAYABLE SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID IN A 14 15 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE 16 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH 17 18 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN 19 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY 20 DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE 21 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY 22 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. 23 24 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO 25 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN 26 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE 27 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE 28 29 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID. 30

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2 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE

NONSCHOOL SERVICE AND NONCREDITABLE SCHOOL SERVICE.
(A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO
PURCHASE CREDIT AS A MEMBER OF CLASS T-C, CLASS T-E [OR], CLASS
T-F <u>OR CLASS T-G</u> FOR CREDITABLE NONSCHOOL SERVICE OF AN ACTIVE
MEMBER OR AN ELIGIBLE STATE EMPLOYEE SHALL BE PAID EITHER BY THE
MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, THE COMMONWEALTH, OR A
COMBINATION THEREOF, AS PROVIDED BY LAW.

10 (B) NONINTERVENING MILITARY SERVICE.--

11 (1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR 12 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE BY A 13 MEMBER NOT IN CLASS T-G SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION 14 15 RATE AS PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) AT THE TIME OF ENTRY OF THE MEMBER INTO SCHOOL 16 SERVICE SUBSEQUENT TO SUCH MILITARY SERVICE TO ONE-THIRD OF 17 18 HIS TOTAL COMPENSATION RECEIVED DURING THE FIRST THREE YEARS 19 OF SUCH SUBSEQUENT CREDITED SCHOOL SERVICE, EXCLUDING 20 COMPENSATION RECEIVED FOR CLASS T-G SERVICE, AND MULTIPLYING 21 THE PRODUCT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A 22 YEAR OF CREDITABLE NONINTERVENING MILITARY SERVICE BEING 23 PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS 24 OF SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE 25 MEMBER AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE 26 MEMBER ON LEAVE WITHOUT PAY TO DATE OF PURCHASE.

27 (2) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR
 28 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE BY A
 29 MEMBER WHO IS ELIGIBLE TO MAKE THE PURCHASE UNDER SECTION
 30 8304 (RELATING TO CREDITABLE NONSCHOOL SERVICE) SHALL BE

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1 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE, 2 PLUS THE COMMONWEALTH'S NORMAL CONTRIBUTION RATE FOR ACTIVE 3 MEMBERS AT THE TIME OF ENTRY, SUBSEQUENT TO SUCH MILITARY 4 SERVICE, OF THE MEMBER INTO CLASS T-G SERVICE TO HIS AVERAGE ANNUAL RATE OF COMPENSATION RECEIVED FOR CLASS T-G SERVICE 5 6 SUBJECT TO ANY LIMIT EACH YEAR BY THE APPLICATION OF THE 7 CLASS T-G DEFINED BENEFIT COMPENSATION LIMIT, OVER THE FIRST 8 THREE YEARS OF SUCH SUBSEQUENT CLASS T-G SERVICE AND 9 MULTIPLYING THE RESULT BY THE NUMBER OF YEARS AND FRACTIONAL 10 PART OF A YEAR OF CREDITABLE NONINTERVENING MILITARY SERVICE 11 BEING PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL 12 PERIODS OF SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR 13 INACTIVE MEMBER AND STATE SERVICE AS AN ACTIVE MEMBER OR 14 INACTIVE MEMBER ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' 15 RETIREMENT SYSTEM TO DATE OF PURCHASE.

(3) UPON CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE 16 MADE IN A LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE 17 18 MEMBER OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER 19 OF THE STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED 20 WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. 21 22 THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND 23 24 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR 25 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO 26 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION 27 PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS 28 29 AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, 30 THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE

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1 STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND 2 TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION MAY BE 3 FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON COMPLETION OF 4 THREE YEARS OF SUBSEQUENT CREDITED SCHOOL SERVICE AND SHALL BE CREDITED AS CLASS T-C SERVICE. IN THE EVENT THAT A CLASS 5 6 T-E MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY 7 SERVICE, THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-E 8 SERVICE. IN THE EVENT THAT A CLASS T-F MEMBER MAKES A 9 PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH 10 SERVICE SHALL BE CREDITED AS CLASS T-F SERVICE.

11 (C) INTERVENING MILITARY SERVICE. -- CONTRIBUTIONS ON ACCOUNT 12 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED 13 BY THE MEMBER'S BASIC CONTRIBUTION RATE AND COMPENSATION AT THE TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE, 14 15 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER 16 AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON 17 18 LEAVE WITHOUT PAY TO DATE OF PURCHASE. UPON APPLICATION FOR SUCH 19 CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN THE CASE OF EACH 20 MEMBER BY THE BOARD, IN ACCORDANCE WITH METHODS APPROVED BY THE 21 ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY ONE OF THE FOLLOWING 22 METHODS:

23 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY24 SERVICE.

25 (2) A LUMP SUM PAYMENT WITHIN 90 DAYS OF CERTIFICATION26 OF THE AMOUNT DUE.

27 (3) SALARY DEDUCTIONS <u>TO THE SYSTEM</u> IN AMOUNTS AGREED
28 UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION
29 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY
30 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST

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

10 (D) OTHER CREDITABLE NONSCHOOL SERVICE AND NONCREDITABLE 11 SCHOOL SERVICE.--

12 (1) CONTRIBUTIONS ON ACCOUNT OF CLASS T-C CREDIT FOR 13 CREDITABLE NONSCHOOL SERVICE OTHER THAN MILITARY SERVICE SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC 14 15 CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS PROVIDED IN SECTION 8328 AT THE TIME OF THE MEMBER'S ENTRY 16 INTO SCHOOL SERVICE SUBSEQUENT TO SUCH CREDITABLE NONSCHOOL 17 18 SERVICE TO HIS TOTAL COMPENSATION RECEIVED DURING THE FIRST 19 YEAR OF SUBSEQUENT CREDITED SCHOOL SERVICE AND MULTIPLYING 20 THE PRODUCT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A 21 YEAR OF CREDITABLE NONSCHOOL SERVICE BEING PURCHASED TOGETHER 22 WITH STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT 23 SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER OR 24 STATE SERVICE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER 25 ON LEAVE WITHOUT PAY TO THE DATE OF PURCHASE, EXCEPT THAT IN 26 THE CASE OF PURCHASE OF CREDIT FOR CREDITABLE NONSCHOOL 27 SERVICE AS SET FORTH IN SECTION 8304(B)(5) (RELATING TO CREDITABLE NONSCHOOL SERVICE) THE MEMBER SHALL PAY ONLY THE 28 29 EMPLOYEE'S SHARE UNLESS OTHERWISE PROVIDED BY LAW. UPON CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE MADE IN A 30

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1 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR 2 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE 3 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH 4 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY 5 6 DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE 7 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE 8 9 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. 10 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO 11 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN 12 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE 13 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE 14 15 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID. 16

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

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

9 CONTRIBUTIONS ON ACCOUNT OF CLASS T-E OR CLASS T-F (3)10 CREDIT FOR NONCREDITABLE SCHOOL SERVICE OTHER THAN MILITARY 11 SERVICE SHALL BE THE PRESENT VALUE OF THE FULL ACTUARIAL COST 12 OF THE INCREASE IN THE PROJECTED SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL SERVICE CREDITED ON ACCOUNT OF THE 13 14 PURCHASE. UPON CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY 15 BE MADE IN A LUMP SUM WITHIN 90 DAYS OR, IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE 16 17 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, IT MAY BE 18 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS 19 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE 20 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY 21 THE MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT 22 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE 23 24 DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY 25 DEDUCTION AMORTIZATION PLANS TO THE TERMS AS THE BOARD IN ITS 26 SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE 27 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE 28 29 REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH 30 SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

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1 * * *

2 § 8325.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17). 3 (A) GENERAL RULE. -- IN ADDITION TO OTHER APPLICABLE 4 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION 5 6 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO 7 ACCOUNT FOR BENEFIT PURPOSES UNDER THIS SUBCHAPTER SHALL NOT EXCEED THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JULY 8 1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC 9 10 \$ 401(A)(17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF 11 1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL 12 COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93 13 ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE 14 COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE 15 WITH IRC § 401(A)(17)(B). THE COST-OF-LIVING ADJUSTMENT IN EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD 16 17 WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH 18 COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF 19 A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE 20 OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION, 21 THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE 22 DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12. * * * 23

24 § 8326. CONTRIBUTIONS BY THE COMMONWEALTH.

(A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE
COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE FUND ON BEHALF OF
ALL ACTIVE MEMBERS <u>AND PARTICIPANTS</u>, INCLUDING MEMBERS <u>AND</u>
<u>PARTICIPANTS</u> ON ACTIVATED MILITARY SERVICE LEAVE, IN AN AMOUNT
EQUAL TO ONE-HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY
TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY

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RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS 1 2 PART IN ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST 3 METHOD). IN CASE A SCHOOL EMPLOYEE HAS ELECTED MEMBERSHIP IN A 4 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER, THE COMMONWEALTH SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS MEMBERSHIP AN 5 6 AMOUNT NO GREATER THAN THE AMOUNT IT WOULD HAVE CONTRIBUTED HAD 7 THE EMPLOYEE BEEN A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' 8 RETIREMENT SYSTEM.

9 * * *

10 (C) CONTRIBUTIONS AFTER JUNE 30, 1995.--

(1) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE
FUND ON BEHALF OF ALL ACTIVE MEMBERS <u>AND PARTICIPANTS</u>,
INCLUDING MEMBERS <u>AND PARTICIPANTS</u> ON ACTIVATED MILITARY
SERVICE LEAVE, FOR SERVICE PERFORMED AFTER JUNE 30, 1995, IN
THE FOLLOWING MANNER:

16 (I) FOR MEMBERS <u>AND PARTICIPANTS</u> WHO ARE EMPLOYEES
17 OF EMPLOYERS THAT ARE SCHOOL ENTITIES, NO COMMONWEALTH
18 CONTRIBUTIONS SHALL BE MADE.

19 (II) FOR MEMBERS <u>AND PARTICIPANTS</u> WHO ARE EMPLOYEES
20 OF EMPLOYERS THAT ARE NOT SCHOOL ENTITIES, THE AMOUNT
21 COMPUTED UNDER SUBSECTION (A).

(2) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE
FUND ON BEHALF OF ANNUITANTS FOR ALL AMOUNTS DUE TO THE FUND
AFTER JUNE 30, 1995, INCLUDING, BUT NOT LIMITED TO, AMOUNTS
DUE PURSUANT TO SECTION 8328(D) AND (F), IN THE FOLLOWING
MANNER:

(I) FOR MEMBERS <u>AND PARTICIPANTS</u> WHO ARE EMPLOYEES
OF EMPLOYERS WHO ARE SCHOOL ENTITIES, NO COMMONWEALTH
CONTRIBUTIONS SHALL BE MADE.

30 (II) FOR MEMBERS <u>AND PARTICIPANTS</u> WHO ARE EMPLOYEES

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- 1 OF EMPLOYERS WHO ARE NOT SCHOOL ENTITIES, THE AMOUNT 2 COMPUTED UNDER SUBSECTION (B).
- 3 * * *
- 4 § 8327. PAYMENTS BY EMPLOYERS.
- 5 (A) [GENERAL RULE.--EACH] <u>TIMING OF PAYMENTS.--</u>

6 (1) FOR PAYMENTS PRIOR TO JUNE 30, 2018, EACH EMPLOYER, 7 INCLUDING THE COMMONWEALTH AS EMPLOYER OF EMPLOYEES OF THE [DEPARTMENT OF EDUCATION] DEPARTMENT, STATE-OWNED COLLEGES 8 9 AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY, 10 WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND SCHOOL FOR 11 VETERANS' CHILDREN, AND [THE] THE PENNSYLVANIA STATE 12 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND EACH QUARTER IN 13 AN AMOUNT EQUAL TO ONE-HALF THE SUM OF THE PERCENTAGES, AS DETERMINED UNDER SECTION 8328 (RELATING TO ACTUARIAL COST 14 15 METHOD), APPLIED TO THE TOTAL COMPENSATION DURING THE PAY PERIODS IN THE PRECEDING OUARTER OF ALL ITS EMPLOYEES WHO 16 17 WERE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING 18 MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE. IN THE EVENT A 19 MEMBER ON ACTIVATED MILITARY SERVICE LEAVE DOES NOT RETURN TO 20 SERVICE FOR THE NECESSARY TIME OR RECEIVES AN UNDESIRABLE, 21 BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES NOT ELECT TO 22 RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE UNDER SECTION 8302(B.1)(3) (RELATING TO CREDITED SCHOOL SERVICE), THE 23 24 CONTRIBUTIONS MADE BY THE EMPLOYER ON BEHALF OF SUCH MEMBER 25 SHALL BE RETURNED WITH VALUATION INTEREST UPON APPLICATION BY 26 THE EMPLOYER.

27 (2) FOR PAYMENTS AFTER JUNE 30, 2018, EACH EMPLOYER,
 28 INCLUDING THE COMMONWEALTH AS EMPLOYER OF EMPLOYEES OF THE
 29 DEPARTMENT, STATE-OWNED COLLEGES AND UNIVERSITIES, THADDEUS
 30 STEVENS COLLEGE OF TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL

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1 FOR THE DEAF AND THE PENNSYLVANIA STATE UNIVERSITY, SHALL 2 MAKE PAYMENTS TO THE FUND EACH MONTH IN AN AMOUNT EQUAL TO 3 ONE-HALF THE SUM OF THE PERCENTAGES, AS DETERMINED UNDER 4 SECTION 8328, APPLIED TO THE TOTAL COMPENSATION DURING THE 5 PAY PERIODS IN THE PRECEDING MONTH OF ALL ITS EMPLOYEES WHO 6 WERE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING 7 MEMBERS ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE, PLUS 8 THE ACCRUED LIABILITY CONTRIBUTION RATE APPLIED TO THE TOTAL 9 COMPENSATION OF ALL ACTIVE PARTICIPANTS IN THE PLAN. IN THE 10 EVENT A MEMBER ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE 11 DOES NOT RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES 12 AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES 13 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED OR USERRA MILITARY SERVICE UNDER SECTION 8302(B.1)(3), THE CONTRIBUTIONS MADE BY 14 15 THE EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER. 16

17 (B) DEDUCTION FROM APPROPRIATIONS.--

18 TO FACILITATE THE PAYMENT OF AMOUNTS DUE FROM ANY (1)19 EMPLOYER TO THE FUND AND THE TRUST THROUGH THE STATE 20 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION 21 22 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID 23 INTO THE FUND AND THE TRUST FROM THE AMOUNT OF ANY MONEYS DUE 24 TO ANY EMPLOYER ON ACCOUNT OF ANY APPROPRIATION FOR SCHOOLS 25 OR OTHER PURPOSES AMOUNTS EOUAL TO THE EMPLOYER AND PICKUP 26 CONTRIBUTIONS WHICH AN EMPLOYER IS REQUIRED TO PAY TO THE 27 FUND AND THE TRUST, AS CERTIFIED BY THE BOARD, AND AS REMAINS UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD OTHERWISE BE 28 29 PAID TO THE EMPLOYER. SUCH AMOUNT SHALL BE CREDITED TO THE APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST. 30

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1 TO FACILITATE THE PAYMENTS OF AMOUNTS DUE FROM ANY (2)2 CHARTER SCHOOL, AS DEFINED IN ARTICLE XVII-A OF THE ACT OF MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL 3 4 CODE OF 1949, TO THE FUND AND THE TRUST THROUGH THE STATE TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE 5 6 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION 7 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID INTO THE FUND AND THE TRUST FROM ANY FUNDS APPROPRIATED TO 8 9 THE [DEPARTMENT OF EDUCATION] DEPARTMENT FOR BASIC EDUCATION 10 OF THE CHARTERING SCHOOL DISTRICT OF A CHARTER SCHOOL AND 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT CONTRIBUTIONS AMOUNTS 12 EQUAL TO THE EMPLOYER AND PICKUP CONTRIBUTIONS WHICH A 13 CHARTER SCHOOL IS REQUIRED TO PAY TO THE FUND AND THE TRUST, AS CERTIFIED BY THE BOARD, AND AS REMAINS UNPAID ON THE DATE 14 15 SUCH APPROPRIATIONS WOULD OTHERWISE BE PAID TO THE CHARTERING SCHOOL DISTRICT OR CHARTER SCHOOL. SUCH AMOUNTS SHALL BE 16 CREDITED TO THE APPROPRIATE ACCOUNTS IN THE FUND AND THE 17 18 TRUST. ANY REDUCTION IN PAYMENTS TO A CHARTERING SCHOOL 19 DISTRICT MADE PURSUANT TO THIS SECTION SHALL BE DEDUCTED FROM 20 THE AMOUNT DUE TO THE CHARTER SCHOOL DISTRICT PURSUANT TO THE PUBLIC SCHOOL CODE OF 1949. 21

22 (C) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 1995, AND BEFORE 23 JULY 1, 2018. -- AFTER JUNE 30, 1995, AND BEFORE JULY 1, 2018, 24 EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER OF 25 EMPLOYEES OF THE [DEPARTMENT OF EDUCATION] DEPARTMENT, STATE-26 OWNED COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF 27 TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF[, SCOTLAND 28 SCHOOL FOR VETERANS' CHILDREN] AND THE PENNSYLVANIA STATE 29 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND AND THE TRUST EACH QUARTER IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER: 30

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(1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT 1 2 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER 3 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY 4 PERIODS IN THE PRECEDING OUARTER OF ALL EMPLOYEES WHO WERE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE 5 6 PLAN DURING SUCH PERIOD, INCLUDING MEMBERS OR ACTIVE 7 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE. IN THE 8 EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE DOES NOT 9 RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES AN 10 UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES 11 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE 12 UNDER SECTION 8302(B.1)(3), THE CONTRIBUTION MADE BY THE 13 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH 14 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

15 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE16 AMOUNT COMPUTED UNDER SUBSECTION (A).

(3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN 17 18 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL 19 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS 20 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A 21 NONELIGIBLE MEMBER ON THE BASIS OF WHICH MEMBER 22 CONTRIBUTIONS HAVE NOT BEEN MADE BY REASON OF THE LIMITATION 23 UNDER IRC § 401(A)(17), EXCEPT AS OTHERWISE PROVIDED IN THIS 24 PART. ANY AMOUNT OF CONTRIBUTION TO THE FUND PAID BY THE 25 EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE BASIS OF 26 COMPENSATION WHICH WAS SUBJECT TO EXCLUSION FROM TOTAL 27 COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON 28 29 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH VALUATION INTEREST. 30

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1 (D) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 2018.--AFTER JUNE 2 30, 2018, EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER OF EMPLOYEES OF THE DEPARTMENT, STATE-OWNED COLLEGES AND 3 4 UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF AND THE PENNSYLVANIA STATE 5 6 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND AND THE TRUST EACH 7 MONTH IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER: 8 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT 9 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER 10 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY 11 PERIODS IN THE PRECEDING MONTH OF ALL EMPLOYEES WHO WERE 12 ACTIVE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING 13 MEMBERS ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE, PLUS 14 THE ACCRUED LIABILITY CONTRIBUTION RATE APPLIED TO THE TOTAL 15 COMPENSATION OF ALL ACTIVE PARTICIPANTS IN THE PLAN. IN THE EVENT A MEMBER ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE 16 DOES NOT RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES 17 18 AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES 19 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED OR USERRA MILITARY 20 SERVICE UNDER SECTION 8302(B.1)(3), THE CONTRIBUTION MADE BY 21 THE EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH 22 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER. 23 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE 24 AMOUNT COMPUTED UNDER SUBSECTION (A). 25 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN 26 COMPUTING THE AMOUNT OF PAYMENT DUE EACH MONTH, THERE SHALL 27 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS SUBSECTION AND SUBSECTION (A), ANY AMOUNT OF COMPENSATION OF 28 29 A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF WHICH 30 MEMBER OR PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY

1	REASON OF THE LIMITATION UNDER IRC § 401(A)(17). ANY AMOUNT
2	OF CONTRIBUTION TO THE FUND PAID BY THE EMPLOYER ON BEHALF OF
3	A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF
4	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	(E) DEEMED AGREED TOTHE AGREEMENT OF AN EMPLOYER LISTED
10	IN THE DEFINITION OF SCHOOL EMPLOYEE UNDER SECTION 8102
11	(RELATING TO DEFINITIONS) OR ANY OTHER LAW TO MAKE CONTRIBUTIONS
12	TO THE FUND OR TO ENROLL ITS EMPLOYEES AS MEMBERS IN THE SYSTEM
13	SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE CONTRIBUTIONS TO THE
14	TRUST OR ENROLL ITS EMPLOYEES IN THE PLAN.
15	(F) CONTRIBUTIONSTHE EMPLOYER EMPLOYING A PARTICIPANT
16	SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT CONTRIBUTIONS
17	BY A REDUCTION IN THE COMPENSATION OF THE PARTICIPANT.
18	(G) CONTRIBUTIONS RESULTING FROM MEMBERS REEMPLOYED FROM
19	USERRA LEAVEWHEN A SCHOOL EMPLOYEE REEMPLOYED FROM USERRA
20	LEAVE MAKES THE MEMBER CONTRIBUTIONS REQUIRED TO BE GRANTED
21	SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE AFTER JUNE 30, 2018,
22	EITHER BY ACTUAL PAYMENT OR BY ACTUARIAL DEBT UNDER SECTION 8325
23	(RELATING TO INCOMPLETE PAYMENTS), THE EMPLOYER THAT EMPLOYED
24	THE SCHOOL EMPLOYEE WHEN THE MEMBER CONTRIBUTIONS WERE MADE OR
25	THE LAST EMPLOYER BEFORE TERMINATION IN THE CASE OF PAYMENT
26	UNDER SECTION 8325 SHALL MAKE THE EMPLOYER CONTRIBUTIONS THAT
27	WOULD HAVE BEEN MADE UNDER THIS SECTION IF THE EMPLOYEE MAKING
28	THE MEMBER CONTRIBUTIONS AFTER HE IS REEMPLOYED FROM USERRA
29	LEAVE CONTINUED TO BE EMPLOYED IN HIS SCHOOL OFFICE OR POSITION
30	INSTEAD OF PERFORMING USERRA LEAVE.

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SECTION 109. SECTION 8328(A), (B), (C)(4), (D)(2) AND (E) OF
 TITLE 24 ARE AMENDED AND SUBSECTIONS (C), (D) AND (G) ARE
 AMENDED BY ADDING PARAGRAPHS TO READ:

4 § 8328. ACTUARIAL COST METHOD.

(A) EMPLOYER CONTRIBUTION RATE. -- THE AMOUNT OF THE TOTAL 5 6 EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A 7 PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND 8 ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH 9 THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD. THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE 10 11 FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (H) PLUS THE 12 PREMIUM ASSISTANCE CONTRIBUTION RATE AS COMPUTED IN SUBSECTION 13 (F). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL CONSIST OF 14 THE NORMAL CONTRIBUTION RATE AS DEFINED IN SUBSECTION (B), THE 15 ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C) AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE AS DEFINED IN 16 17 SUBSECTION (D). BEGINNING JULY 1, 2004, THE ACTUARIALLY REQUIRED 18 CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT 19 FACTORS AS CALCULATED IN SUBSECTION (E).

20

(B) NORMAL CONTRIBUTION RATE. -- [THE]

(1) FOR FISCAL YEARS ENDING BEFORE JULY 1, 2018, THE 21 22 NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH 23 ACTUARIAL VALUATION. UNTIL ALL ACCRUED LIABILITY 24 CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL CONTRIBUTION 25 RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL INTEREST 26 RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED 27 BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL 28 PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION OF THE 29 AVERAGE NEW ACTIVE MEMBER, WHICH PERCENTAGE, IF CONTRIBUTED ON THE BASIS OF HIS PROSPECTIVE COMPENSATION THROUGH THE 30

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ENTIRE PERIOD OF ACTIVE SCHOOL SERVICE, WOULD BE SUFFICIENT
 TO FUND THE LIABILITY FOR ANY PROSPECTIVE BENEFIT PAYABLE TO
 HIM, IN EXCESS OF THAT PORTION FUNDED BY HIS PROSPECTIVE
 MEMBER CONTRIBUTIONS, EXCLUDING THE SHARED-RISK

5 CONTRIBUTIONS.

6 (2) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2018, 7 THE NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH 8 ACTUARIAL VALUATION. UNTIL ALL ACCRUED LIABILITY 9 CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL CONTRIBUTION 10 RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL INTEREST 11 RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED 12 BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL 13 PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION OF ALL 14 ACTIVE MEMBERS IN CLASSES OF SERVICE OTHER THAN CLASS T-G. AND FOR CLASS T-G MEMBERS, AS LIMITED: 15

16 (I) BY THE DEFINED BENEFIT COMPENSATION LIMIT. 17 (II) TO CLASS T-G MEMBERS WHO HAVE LESS THAN 25 18 ELIGIBILITY POINTS AS A MEMBER OF CLASS T-G, OR IF A 19 MULTIPLE SERVICE MEMBER, AS A MEMBER OF CLASS A-5, WHICH 20 PERCENTAGE, IF CONTRIBUTED ON THE BASIS OF THE MEMBER'S 21 PROSPECTIVE COMPENSATION THROUGH THE ENTIRE PERIOD OF 22 ACTIVE SCHOOL SERVICE, AS LIMITED BY THE DEFINED BENEFIT 23 COMPENSATION LIMIT, WOULD BE SUFFICIENT TO FUND THE 24 LIABILITY FOR ANY PROSPECTIVE BENEFIT PAYABLE TO HIM, IN 25 EXCESS OF THAT PORTION FUNDED BY HIS PROSPECTIVE MEMBER 26 CONTRIBUTIONS, EXCLUDING THE SHARED-RISK CONTRIBUTIONS. 27 IN NO CASE SHALL THE EMPLOYER NORMAL COST BE LESS THAN ZERO. 28 29 (C) ACCRUED LIABILITY CONTRIBUTION RATE. --* * * 30

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1 (4) FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, THE 2 ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE 3 RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND AS A LEVEL 4 5 PERCENTAGE OF COMPENSATION OVER A PERIOD OF 24 YEARS FROM 6 JULY 1, 2011, THE PRESENT VALUE OF THE LIABILITIES FOR ALL 7 PROSPECTIVE BENEFITS CALCULATED AS OF JUNE 30, 2010, 8 INCLUDING THE SUPPLEMENTAL BENEFITS AS PROVIDED IN SECTIONS 9 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND 10 8348.7, IN EXCESS OF THE ACTUARIALLY CALCULATED ASSETS IN THE 11 FUND (CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED 12 INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL INSTALLMENTS OVER A TEN-YEAR PERIOD). IN THE EVENT THAT THE 13 ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED 14 15 SUBSEQUENT TO JUNE 30, 2010, BUT BEFORE JULY 1, 2018, SUCH 16 ADDITIONAL LIABILITY SHALL BE FUNDED AS A LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD OF TEN YEARS FROM THE JULY 1 17 18 SECOND SUCCEEDING THE DATE SUCH LEGISLATION IS ENACTED.

19 (5) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2018, 20 THE ACTUARIALLY CALCULATED ASSETS IN THE FUND DETERMINED IN 21 ACCORDANCE WITH PARAGRAPH (4) SHALL BE NO LESS THAN 70% AND 22 NO MORE THAN 130% OF MARKET VALUE. IN THE EVENT THAT THE ACCRUED LIABILITY IS CHANGED BY LEGISLATION ENACTED 23 SUBSEQUENT TO JUNE 30, 2016, SUCH CHANGE IN LIABILITY SHALL 24 25 BE FUNDED AS A LEVEL PERCENTAGE OF COMPENSATION OF ALL ACTIVE 26 MEMBERS AND ACTIVE PARTICIPANTS, AS APPLICABLE, OVER A PERIOD 27 OF TEN YEARS FROM THE JULY 1 SECOND SUCCEEDING THE DATE SUCH 28 LEGISLATION IS ENACTED.

29 (D) SUPPLEMENTAL ANNUITY CONTRIBUTION RATE.--

30 * * *

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1 (2) FOR FISCAL YEARS BEGINNING JULY 1, 2011, AND ENDING 2 JUNE 30, 2018, CONTRIBUTIONS FROM THE COMMONWEALTH AND OTHER 3 EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM REOUIRED TO PROVIDE FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES AS 4 5 PROVIDED IN SECTIONS 8348, 8348.1, 8348.2, 8348.3, 8348.4, 6 8348.5, 8348.6 AND 8348.7 SHALL BE PAID AS PART OF THE 7 ACCRUED LIABILITY CONTRIBUTION RATE AS PROVIDED FOR IN 8 SUBSECTION (C) (4), AND THERE SHALL NOT BE A SEPARATE 9 SUPPLEMENTAL ANNUITY CONTRIBUTION RATE ATTRIBUTABLE TO THOSE SUPPLEMENTAL ANNUITIES. IN THE EVENT THAT SUPPLEMENTAL 10 11 ANNUITIES ARE INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO 12 JUNE 30, 2010, [THE] BUT BEFORE JULY 1, 2016, SUCH ADDITIONAL LIABILITY FOR THE INCREASE IN BENEFITS SHALL BE FUNDED AS A 13 LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD OF TEN YEARS 14 15 FROM THE JULY 1 SECOND SUCCEEDING THE DATE SUCH LEGISLATION 16 IS ENACTED.

(3) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2018, 17 18 CONTRIBUTIONS FROM EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF 19 THE SYSTEM REQUIRED TO PROVIDE FOR THE PAYMENT OF 20 SUPPLEMENTAL ANNUITIES AS PROVIDED IN SECTIONS 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND 8348.7 SHALL BE 21 22 PAID AS PART OF THE ACCRUED LIABILITY CONTRIBUTION RATE AS 23 PROVIDED FOR IN SUBSECTION (C) (4), AND THERE SHALL NOT BE A 24 SEPARATE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE ATTRIBUTABLE 25 TO THOSE SUPPLEMENTAL ANNUITIES. IN THE EVENT THAT 26 SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED

27 <u>SUBSEQUENT TO JUNE 30, 2016, THE ADDITIONAL LIABILITY FOR THE</u>

28 INCREASE IN BENEFITS SHALL BE FUNDED AS A LEVEL PERCENTAGE OF

29 <u>COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS</u>

30 OVER A PERIOD OF TEN YEARS FROM THE JULY 1 SECOND SUCCEEDING

1 <u>THE DATE SUCH LEGISLATION IS ENACTED.</u>

2 (E) EXPERIENCE ADJUSTMENT FACTOR.--

3 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING 4 JULY 1, 2011, AND ENDING JUNE 30, 2018, ANY INCREASE OR 5 6 DECREASE IN THE UNFUNDED ACCRUED LIABILITY, EXCLUDING THE 7 GAINS OR LOSSES ON THE ASSETS OF THE HEALTH INSURANCE 8 ACCOUNT, DUE TO ACTUAL EXPERIENCE DIFFERING FROM ASSUMED 9 EXPERIENCE, CHANGES IN ACTUARIAL ASSUMPTIONS, CHANGES IN 10 CONTRIBUTIONS CAUSED BY THE FINAL CONTRIBUTION RATE BEING 11 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE, 12 ACTIVE MEMBERS MAKING SHARED-RISK CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE BENEFITS PROVIDED BY THE 13 SYSTEM BY JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER 14 15 THAN LEGISLATION, INCLUDING, BUT NOT LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART, SHALL BE 16 AMORTIZED AS A LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD 17 18 OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND SUCCEEDING THE 19 ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES. 20 (2) [(RESERVED).] FOR FISCAL YEARS BEGINNING ON OR AFTER 21 JULY 1, 2018, ANY INCREASE OR DECREASE IN THE UNFUNDED 22 ACCRUED LIABILITY, EXCLUDING THE GAINS OR LOSSES ON THE ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL 23 24 EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE, CHANGES IN 25 ACTUARIAL ASSUMPTIONS, CHANGES IN CONTRIBUTIONS CAUSED BY THE 26 FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY 27 REQUIRED CONTRIBUTION RATE, ACTIVE MEMBERS MAKING SHARED-RISK CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE 28 29 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE 30 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT

1 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART, 2 SHALL BE AMORTIZED AS A LEVEL PERCENTAGE OF THE COMPENSATION 3 OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS OVER A PERIOD 4 OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND SUCCEEDING THE ACTUARIAL VALUATION DETERMINING SUCH INCREASES OR DECREASES. 5 * * * 6 (G) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--7 * * * 8 9 (3) FOR PURPOSES OF APPLYING THE COLLARED CONTRIBUTION 10 RATE, COMPENSATION FOR DETERMINING THE NORMAL CONTRIBUTION 11 RATE SHALL BE DEFINED AS THE TOTAL COMPENSATION OF ALL ACTIVE 12 MEMBERS AND ACTIVE PARTICIPANTS, AS APPLICABLE. * * * 13 SECTION 110. SECTION 8330 OF TITLE 24 IS AMENDED TO READ: 14 § 8330. APPROPRIATIONS BY THE COMMONWEALTH. 15 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE 16 AND THROUGH THE GOVERNOR SUBMIT ANNUALLY TO THE GENERAL ASSEMBLY 17 18 AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS NECESSARY TO BE 19 APPROPRIATED BY THE COMMONWEALTH OUT OF THE GENERAL FUND 20 REOUIRED TO MEET THE SEPARATE OBLIGATIONS TO THE FUND AND THE 21 TRUST ACCRUING DURING THE FISCAL PERIOD BEGINNING JULY 1 OF THE 22 FOLLOWING YEAR. 23 (B) APPROPRIATION AND PAYMENT. -- THE GENERAL ASSEMBLY SHALL 24 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE 25 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH 26 AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE 27 DEPARTMENT OF REVENUE INTO THE FUND OR THE TRUST, AS THE CASE 28 MAY BE, WITHIN 30 DAYS OF RECEIPT OF THE REQUISITION PRESENTED 29 EACH OUARTER BY THE BOARD. 30 SECTION 110.1. SECTION 8341 OF TITLE 24, AMENDED DECEMBER

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1 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

2 § 8341. RETURN OF ACCUMULATED DEDUCTIONS.

3 ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL 4 BENEFITS PAYABLE <u>FROM THE SYSTEM</u> UNDER THIS CHAPTER TO WHICH HE 5 MAY BE ENTITLED, ELECT TO RECEIVE HIS ACCUMULATED DEDUCTIONS BY 6 HIS REQUIRED BEGINNING DATE.

SECTION 111. SECTIONS 8342(A) AND 8344(A), (B) AND (D) OF
TITLE 24 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING
SUBSECTIONS TO READ:

10 § 8342. MAXIMUM SINGLE LIFE ANNUITY.

11 (A) GENERAL RULE.--UPON TERMINATION OF SERVICE, ANY FULL 12 COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT 13 TO THE PROVISIONS OF SECTION 8307(A) OR (B) (RELATING TO 14 ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN 15 ACCORDANCE WITH THE PROVISIONS OF SECTION 8507(F) (RELATING TO 16 RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS], MEMBERS AND 17 PARTICIPANTS) SHALL BE ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE 18 ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND EQUAL TO THE 19 SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES BEGINNING AT THE 20 EFFECTIVE DATE OF RETIREMENT AND, IN CASE THE MEMBER ON THE 21 EFFECTIVE DATE OF RETIREMENT IS UNDER SUPERANNUATION AGE, 22 MULTIPLIED BY A REDUCTION FACTOR CALCULATED TO PROVIDE BENEFITS 23 ACTUARIALLY EQUIVALENT TO AN ANNUITY STARTING AT SUPERANNUATION 24 AGE: PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE 25 CASE OF ANY MEMBER WHO HAS ATTAINED AGE 55 AND HAS 25 OR MORE 26 ELIGIBILITY POINTS SUCH SUM OF SINGLE LIFE ANNUITIES SHALL BE 27 REDUCED BY A PERCENTAGE DETERMINED BY MULTIPLYING THE NUMBER OF 28 MONTHS, INCLUDING A FRACTION OF A MONTH AS A FULL MONTH, BY 29 WHICH THE EFFECTIVE DATE OF RETIREMENT PRECEDES SUPERANNUATION AGE BY 1/4%: FURTHER PROVIDED, IN NO EVENT SHALL A CLASS T-E OR 30

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CLASS T-F MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF THE
 EFFECTIVE DATE OF RETIREMENT, GREATER THAN THE MEMBER'S FINAL
 AVERAGE SALARY <u>ATTRIBUTABLE TO CLASS T-E OR T-F SERVICE</u>:

4 (1) A [STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE]
5 <u>SINGLE LIFE ANNUITY THAT IS THE SUM OF ANNUITIES DETERMINED</u>
6 <u>SEPARATELY FOR EACH</u> CLASS OF SERVICE [MULTIPLIER] AND
7 CALCULATED ON THE BASIS OF THE NUMBER OF YEARS OF CREDITED
8 SCHOOL SERVICE OTHER THAN CONCURRENT SERVICE.

9 (2) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE 10 CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF 11 THE NUMBER OF YEARS OF CONCURRENT SERVICE AND MULTIPLIED BY 12 THE RATIO OF TOTAL COMPENSATION RECEIVED IN THE SCHOOL SYSTEM 13 DURING THE PERIOD OF CONCURRENT SERVICE TO THE TOTAL 14 COMPENSATION RECEIVED DURING SUCH PERIOD.

(3) A SUPPLEMENTAL ANNUITY SUCH THAT THE TOTAL ANNUITY
PRIOR TO ANY OPTIONAL MODIFICATION OR ANY REDUCTION DUE TO
RETIREMENT PRIOR TO SUPERANNUATION AGE SHALL BE AT LEAST \$100
FOR EACH FULL YEAR OF CREDITED SERVICE.

19 * * *

(D) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE
 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,
 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
 IN THE PLAN.

25 § 8344. DISABILITY ANNUITIES.

(A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION
FOR A DISABILITY ANNUITY AS PROVIDED IN SECTION 8507(K)
(RELATING TO RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND
MEMBERS], MEMBERS AND PARTICIPANTS) AND HAS BEEN FOUND TO BE
ELIGIBLE IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 8307(C)

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(RELATING TO ELIGIBILITY FOR ANNUITIES) AND 8505(C)(1) (RELATING 1 2 TO DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF 3 MEMBERS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM THE 4 EFFECTIVE DATE OF DISABILITY AND CONTINUED UNTIL A SUBSEQUENT DETERMINATION BY THE BOARD THAT THE ANNUITANT IS NO LONGER 5 6 ENTITLED TO A DISABILITY ANNUITY. THE DISABILITY ANNUITY SHALL 7 BE A SINGLE LIFE ANNUITY THAT IS EQUAL TO A SUM OF THE STANDARD SINGLE LIFE [ANNUITY] ANNUITIES DETERMINED SEPARATELY FOR EACH 8 CLASS OF SERVICE IF THE TOTAL NUMBER OF YEARS OF CREDITED 9 10 SERVICE IS GREATER THAN 16.667, OTHERWISE [THE] EACH STANDARD 11 SINGLE LIFE ANNUITY SHALL BE MULTIPLIED BY THE LESSER OF THE 12 FOLLOWING RATIOS:

13

Y*/Y OR 16.667/Y

14 WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE AND Y^* = 15 TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE AS A SCHOOL EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE, OR IF 16 17 THE MEMBER HAS ATTAINED SUPERANNUATION AGE THEN THE NUMBER OF 18 YEARS OF CREDITED SERVICE. IN NO EVENT SHALL THE DISABILITY 19 ANNUITY PLUS ANY COST-OF-LIVING INCREASES BE LESS THAN \$100 FOR 20 EACH FULL YEAR OF CREDITED SERVICE. THE MEMBER SHALL BE ENTITLED 21 TO THE ELECTION OF A JOINT AND SURVIVOR ANNUITY ON THAT PORTION 22 OF THE DISABILITY ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION 23 8342 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY).

(B) REDUCTION ON ACCOUNT OF EARNED INCOME.--PAYMENTS ON
ACCOUNT OF DISABILITY SHALL BE REDUCED BY THAT AMOUNT BY WHICH
THE EARNED INCOME OF THE ANNUITANT, AS REPORTED IN ACCORDANCE
WITH SECTION 8508(B) (RELATING TO RIGHTS AND DUTIES OF
ANNUITANTS) FOR THE PRECEDING YEAR TOGETHER WITH THE DISABILITY
ANNUITY PAYMENTS FOR THE YEAR, EXCEEDS THE GREATER OF \$5,000 OR
THE LAST YEAR'S SALARY OF THE ANNUITANT AS A [SCHOOL EMPLOYEE]

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MEMBER OF THE SYSTEM, PROVIDED THAT THE ANNUITANT SHALL NOT
 RECEIVE LESS THAN HIS MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE
 MAY BE ENTITLED UNDER SECTION 8342, WHICHEVER IS GREATER.

4 * * *

5 (D) WITHDRAWAL OF ACCUMULATED DEDUCTIONS.--UPON TERMINATION
6 OF DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY
7 CALCULATED IN ACCORDANCE WITH SECTION 8342, A DISABILITY
8 ANNUITANT WHO:

9

(1) IS A CLASS T-C OR CLASS T-D MEMBER; OR

10 (2) IS A CLASS T-E [OR], CLASS T-F <u>OR CLASS T-G</u> MEMBER 11 WITH LESS THAN TEN ELIGIBILITY POINTS AND WHO DOES NOT RETURN 12 TO SCHOOL SERVICE MAY FILE AN APPLICATION WITH THE BOARD FOR 13 AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS, SHARED-RISK 14 MEMBER CONTRIBUTIONS AND STATUTORY INTEREST STANDING TO HIS 15 CREDIT AT THE EFFECTIVE DATE OF DISABILITY LESS THE TOTAL 16 PAYMENTS RECEIVED ON ACCOUNT OF HIS MEMBER'S ANNUITY.

17 * * *

(F) COORDINATION OF BENEFITS. -- THE DETERMINATION AND PAYMENT
OF A DISABILITY ANNUITY UNDER THIS SECTION SHALL BE IN ADDITION
TO ANY PAYMENTS A SCHOOL EMPLOYEE MAY BE ENTITLED TO RECEIVE,
HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
IN THE PLAN.

23 SECTION 112. SECTIONS 8345(A) AND 8346 OF TITLE 24, AMENDED 24 DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ: 25 § 8345. MEMBER'S OPTIONS.

(A) GENERAL RULE.--ANY CLASS T-C OR CLASS T-D MEMBER WHO IS
[A VESTEE WITH FIVE OR MORE ELIGIBILITY POINTS, ANY CLASS T-E
OR], CLASS T-F <u>OR CLASS T-G</u> MEMBER WHO IS A VESTEE WITH TEN OR
MORE ELIGIBILITY POINTS, OR ANY [OTHER] ELIGIBLE MEMBER UPON
TERMINATION OF SCHOOL SERVICE [WHO HAS NOT WITHDRAWN HIS

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ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 8341 (RELATING TO 1 2 RETURN OF ACCUMULATED DEDUCTIONS)] WHO IS ELIGIBLE TO RECEIVE AN 3 ANNUITY MAY APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM 4 SINGLE LIFE ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE 5 6 ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE 7 ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN 8 ACCORDANCE WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO 9 MEMBER SHALL ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR 10 ANNUITANTS OTHER THAN HIS SPOUSE OR ALTERNATE PAYEE OF SUCH A 11 MAGNITUDE THAT THE PRESENT VALUE OF THE ANNUITY PAYABLE TO HIM 12 FOR LIFE PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO 13 RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM 14 SINGLE LIFE ANNUITY AND NO MEMBER MAY ELECT A PAYMENT OPTION 15 THAT WOULD PROVIDE BENEFITS THAT DO NOT SATISFY THE MINIMUM DISTRIBUTION REQUIREMENTS OR WOULD VIOLATE THE INCIDENTAL DEATH 16 17 BENEFIT RULES OF IRC § 401(A) (9). IN NO EVENT SHALL A CLASS T-E 18 OR CLASS T-F MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF 19 THE EFFECTIVE DATE OF RETIREMENT, GREATER THAN THE MEMBER'S 20 FINAL AVERAGE SALARY.

21 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH: 22 (I) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO 23 CLASSES OF SERVICE OTHER THAN CLASS T-G EQUAL TO THE 24 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY 25 ATTRIBUTABLE TO CLASSES OF SERVICE OTHER THAN CLASS T-G 26 ON THE EFFECTIVE DATE OF RETIREMENT WITH THE PROVISION 27 THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS THAN SUCH 28 PRESENT VALUE, THE UNPAID BALANCE SHALL BE PAYABLE TO HIS 29 BENEFICIARY[.]; AND

30 (II) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO

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1CLASS T-G SERVICE EQUAL TO THE PRESENT VALUE OF THE2MAXIMUM SINGLE LIFE ANNUITY ATTRIBUTABLE TO CLASS T-G3SERVICE ON THE EFFECTIVE DATE OF RETIREMENT WITH THE4PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS5THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE6PAYABLE TO HIS BENEFICIARY.

7 (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE
8 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
9 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
10 LIVING AT HIS DEATH.

11 (3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR
12 ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE13 HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR
14 ANNUITANT, IF LIVING AT HIS DEATH.

15 (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE
16 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
17 MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
18 RESTRICTIONS:

(I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
 DURING THE LIFETIME OF THE MEMBER.

(II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
THE ANNUITY PAYABLE TO THE MEMBER.

(III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS
STANDING TO THE CREDIT OF THE MEMBER. THE BALANCE OF THE
PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED
IN ACCORDANCE WITH SECTION 8342 (B) SHALL BE PAID IN THE
FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A

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SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR
 ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS
 OF SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH. THIS
 SUBPARAGRAPH SHALL NOT APPLY TO A CLASS T-E [OR], CLASS
 T-F OR CLASS T-G MEMBER.

6 * * *

7 § 8346. TERMINATION OF ANNUITIES.

8 (A) GENERAL RULE.--IF AN ANNUITANT RETURNS TO SCHOOL SERVICE OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE 9 10 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART 11 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE WITHOUT REGARD TO WHETHER HE 12 13 IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR 14 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER, 15 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR 16 PARTICIPANT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR STATE 17 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND IN THE CASE OF AN 18 ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF 19 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT 20 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR 21 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY 22 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF 23 MEMBERSHIP SERVICE AS PROVIDED IN SECTION 8302(B.2) (RELATING TO 24 CREDITED SCHOOL SERVICE) AND WHO RETURNS TO SCHOOL SERVICE, 25 EXCEPT AS PROVIDED IN SUBSECTION (B), SHALL FORFEIT SUCH 26 CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE 27 ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN APPLIED 28 TO HIS ACCOUNT. IN THE EVENT THAT THE COST-OF-LIVING INCREASE 29 ENACTED DECEMBER 18, 1979, OCCURRED DURING THE PERIOD OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE SHALL BE 30

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INCREASED, ON OR AFTER THE MEMBER ATTAINS SUPERANNUATION AGE, BY
 THE PERCENT APPLICABLE HAD HE NOT RETURNED TO SERVICE.

3 (A.1) RETURN OF BENEFITS. -- IN THE EVENT AN ANNUITANT WHOSE 4 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO 5 6 SECTION 8345 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE 7 OF HIS RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE, THE ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM 8 9 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE 10 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS 11 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 12 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR A STATE EMPLOYEE 13 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT 14 SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY 15 DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO 16 17 BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT 18 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL 19 SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION 20 DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION 21 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE 22 DISCRETION DETERMINES. IN THE CASE OF A STATE EMPLOYEE WHO IS AN 23 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE 24 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE 25 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO 26 THE BOARD THE AMOUNTS PAID.

27 (A.2) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--IF A
28 FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM USERRA LEAVE WHO HAD
29 RECEIVED ANY PAYMENTS OR ANNUITY FROM THE SYSTEM DURING THE
30 USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE BOARD THE AMOUNT

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RECEIVED PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE 1 2 CERTIFIED BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY 3 THE ACTUARY AND:

(1) SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS; OR (2) IN THE CASE OF AN ACTIVE MEMBER, MAY BE AMORTIZED 5 6 WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS IN AMOUNTS 7 AGREED UPON BY THE MEMBER AND THE BOARD FOR NOT LONGER THAN A 8 PERIOD THAT STARTS WITH THE DATE OF REEMPLOYMENT AND 9 CONTINUING FOR UP TO THREE TIMES THE LENGTH OF THE MEMBER'S 10 IMMEDIATE PAST PERIOD OF USERRA LEAVE. A REPAYMENT PERIOD 11 UNDER THIS PARAGRAPH MAY NOT EXCEED FIVE YEARS OR A LONGER 12 TIME AS AGREED TO BETWEEN THE BOARD AND THE MEMBER. 13 (B) RETURN TO SCHOOL SERVICE DURING EMERGENCY.--WHEN, IN THE 14 JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE IN 15 THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF SERVICE TO THE PUBLIC OR IN THE EVENT OF A SHORTAGE OF APPROPRIATE 16 17 SUBJECT CERTIFIED TEACHERS OR OTHER PERSONNEL, AN ANNUITANT OR 18 PARTICIPANT RECEIVING DISTRIBUTIONS MAY BE RETURNED TO SCHOOL 19 SERVICE FOR A PERIOD NOT TO EXTEND BEYOND THE SCHOOL YEAR DURING 20 WHICH THE EMERGENCY OR SHORTAGE OCCURS, WITHOUT LOSS OF HIS 21 ANNUITY OR DISTRIBUTIONS, PROVIDED THAT THE ANNUITANT MEETS THE 22 CONDITIONS SET FORTH IN SUBSECTION (B.2). THE ANNUITANT SHALL 23 NOT BE ENTITLED TO EARN ANY CREDITED SERVICE, AND NO 24 CONTRIBUTIONS MAY BE MADE BY THE ANNUITANT, THE EMPLOYER OR THE 25 COMMONWEALTH ON ACCOUNT OF SUCH EMPLOYMENT. SUCH SERVICE SHALL 26 NOT BE SUBJECT TO MEMBER CONTRIBUTIONS OR BE ELIGIBLE FOR 27 QUALIFICATION AS CREDITABLE SCHOOL SERVICE OR FOR PARTICIPATION 28 IN THE PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR 29 EMPLOYER DEFINED CONTRIBUTIONS.

(B.1) RETURN TO SCHOOL SERVICE IN AN EXTRACURRICULAR 30

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1 POSITION.--

(1) AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS 2 3 MAY BE EMPLOYED UNDER SEPARATE CONTRACT BY A PUBLIC SCHOOL OR 4 CHARTER SCHOOL IN AN EXTRACURRICULAR POSITION PERFORMED 5 PRIMARILY OUTSIDE REGULAR INSTRUCTIONAL HOURS AND NOT PART OF 6 MANDATED CURRICULUM WITHOUT LOSS OF ANNUITY, PROVIDED THAT 7 THE ANNUITANT MEETS THE CONDITIONS SET FORTH IN SUBSECTION 8 (B.2). [NEITHER THE ANNUITANT NOR] THE ANNUITANT, THE 9 PARTICIPANT RECEIVING DISTRIBUTION AND THE EMPLOYER SHALL NOT 10 MAKE CONTRIBUTIONS TO THE MEMBER'S SAVINGS ACCOUNT, THE 11 INDIVIDUAL INVESTMENT ACCOUNT OR STATE ACCUMULATION ACCOUNT 12 RESPECTIVELY FOR SUCH SERVICE. FURTHER, SUCH CONTRACT SHALL CONTAIN A WAIVER WHEREBY THE ANNUITANT WAIVES ANY POTENTIAL 13 RETIREMENT BENEFITS THAT COULD ARISE FROM THE CONTRACT AND 14 15 RELEASES THE EMPLOYER AND THE BOARD FROM ANY LIABILITY FOR SUCH BENEFITS. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR 16 PARTICIPANT CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS 17 18 CREDITABLE SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN, 19 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER 20 DEFINED CONTRIBUTIONS.

(2) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO
ABRIDGE OR LIMIT ANY RIGHTS PROVIDED UNDER A COLLECTIVE
BARGAINING AGREEMENT OR ANY RIGHTS PROVIDED UNDER THE ACT OF
JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE
RELATIONS ACT.

26 (3) FOR PURPOSES OF THIS SUBSECTION, THE TERM
27 "EXTRACURRICULAR POSITION" MEANS A CONTRACT POSITION FILLED
28 BY AN ANNUITANT THAT IS SEPARATE FROM THE ESTABLISHED
29 ACADEMIC COURSE STRUCTURE, INCLUDING THE POSITION OF ATHLETIC
30 DIRECTOR.

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(B.2) LIMITATION ON RETURN TO SCHOOL SERVICE BY AN ANNUITANT
 2 DURING EMERGENCY OR IN AN EXTRACURRICULAR POSITION.--

(1) AN ANNUITANT MAY RETURN TO SCHOOL SERVICE UNDER
SUBSECTION (B) OR (B.1), PROVIDED THE ANNUITANT OTHERWISE
MEETS THE REQUIREMENTS OF SUBSECTION (B) OR (B.1) AND HAS
ATTAINED THE AGE SET FORTH IN IRC § 401(A) (36) OR THE
APPLICABLE "NORMAL RETIREMENT AGE" IN 26 C.F.R. § 1.401(A) 1(B) (2) (RELATING TO POST-ERISA QUALIFIED PLANS AND QUALIFIED
TRUSTS; IN GENERAL).

10 (2) AN ANNUITANT WHO HAS NOT REACHED THE AGE AS SET
11 FORTH IN IRC § 401(A) (36), OR THE APPLICABLE "NORMAL
12 RETIREMENT AGE" UNDER 26 C.F.R. § 1.401(A)-1(B)(2), MAY
13 RETURN TO SERVICE UNDER SUBSECTION (B) OR (B.1) PROVIDED THE
14 ANNUITANT OTHERWISE MEETS THE REQUIREMENTS OF SUBSECTION (B)
15 OR (B.1) AND HAS HAD A BREAK IN SERVICE, AS SET FORTH IN
16 PARAGRAPH (3).

17 (3) FOR PURPOSES OF THIS SUBSECTION, A BREAK IN SERVICE
18 OCCURS WHEN A MEMBER HAS A BONA FIDE TERMINATION OF SERVICE.
19 THE FOLLOWING FACTORS WILL BE CONSIDERED IN DETERMINING
20 WHETHER THERE HAD BEEN A BONA FIDE TERMINATION OF SERVICE:

(I) WHETHER THE CHANGE IN THE EMPLOYMENT
RELATIONSHIP IS MORE THAN A FORMAL OR TECHNICAL CHANGE,
REQUIRING THE SEVERING OF THE EMPLOYMENT CONNECTION WITH
THE EMPLOYER;

(II) WHETHER THERE HAS BEEN A REASONABLE
ANTICIPATION OR PREARRANGED AGREEMENT BETWEEN THE MEMBER
AND THE EMPLOYER THAT A RETURN TO SCHOOL SERVICE UNDER
THIS SECTION SHALL TAKE PLACE;

(III) THE AMOUNT OF TIME THAT HAS ELAPSED FROM THE
 DATE THE MEMBER BECOMES AN ANNUITANT AND THE RETURN TO

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2 (IV) WHETHER THE SERVICES ARE A CONTINUATION OF THE
3 ANNUITANT'S PREVIOUS SERVICE WITH THE SAME EMPLOYER; AND
4 (V) SUCH OTHER FACTORS AS THE BOARD MAY DEEM
5 APPROPRIATE.

6 (C) SUBSEQUENT DISCONTINUANCE OF SERVICE.--UPON SUBSEQUENT DISCONTINUANCE OF SERVICE, SUCH [MEMBER] TERMINATING SCHOOL 7 8 EMPLOYEE OTHER THAN A FORMER ANNUITANT WHO HAD THE EFFECT OF HIS 9 FROZEN PRESENT VALUE ELIMINATED IN ACCORDANCE WITH SUBSECTION 10 (D) OR A FORMER DISABILITY ANNUITANT SHALL BE ENTITLED TO AN 11 ANNUITY WHICH IS ACTUARIALLY EQUIVALENT TO [THE SUM OF] THE 12 PRESENT VALUE AS DETERMINED UNDER SUBSECTION (A) [AND THE] TO 13 WHICH SHALL BE ADDED, IF THE SERVICE AFTER REEMPLOYMENT WAS AS A 14 MEMBER OF THE SYSTEM:

15 (1) THE PRESENT VALUE OF A MAXIMUM SINGLE LIFE ANNUITY BASED ON YEARS OF SERVICE CREDITED IN CLASSES OF SERVICE 16 17 OTHER THAN CLASS T-G SUBSEQUENT TO REENTRY IN THE SYSTEM AND 18 HIS FINAL AVERAGE SALARY COMPUTED BY REFERENCE TO HIS 19 COMPENSATION FOR SERVICE CREDITED IN CLASSES OF SERVICE OTHER 20 THAN CLASS T-G AS A MEMBER OF THE SYSTEM OR AS CLASS A-5 AS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM DURING HIS 21 22 ENTIRE PERIOD OF SCHOOL AND STATE SERVICE.

(2) IF ELIGIBLE, THE PRESENT VALUE OF A MAXIMUM SINGLE
 LIFE ANNUITY BASED ON YEARS OF SERVICE CREDITED IN CLASS T-G
 SUBSEQUENT TO REENTRY IN THE SYSTEM AND HIS FINAL AVERAGE
 SALARY COMPUTED BY REFERENCE TO HIS COMPENSATION FOR SERVICE
 CREDITED IN CLASS T-G AND CLASS A-5 DURING HIS ENTIRE PERIOD

28 OF SCHOOL AND STATE SERVICE.

29 (D) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.-30 (1) AN ANNUITANT WHO RETURNS TO SCHOOL SERVICE <u>AS AN</u>

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<u>ACTIVE MEMBER OF THE SYSTEM</u> AND EARNS THREE ELIGIBILITY
 POINTS BY PERFORMING CREDITED SCHOOL SERVICE OR REEMPLOYMENT
 FROM USERRA LEAVE <u>IN A CLASS OF SERVICE OTHER THAN CLASS T-G</u>
 FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY
 UNDER THIS PART, OR AN ANNUITANT WHO ENTERS STATE SERVICE
 AND:

7

(I) IS A MULTIPLE SERVICE MEMBER; OR

8 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND 9 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE 10 SERVICE, REEMPLOYMENT FROM USERRA LEAVE, IN A CLASS OF 11 SERVICE OTHER THAN CLASS A-5 OR CREDITED SCHOOL SERVICE IN A 12 CLASS OF SERVICE OTHER THAN CLASS T-G FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND 13 WHO HAD THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE 14 15 WITH SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF 16 RETIREMENT ELIMINATED, PROVIDED THAT ALL PAYMENTS UNDER 17 18 OPTION 4 AND ANNUITY PAYMENTS PAYABLE DURING PREVIOUS PERIODS 19 OF RETIREMENT PLUS INTEREST AS SET FORTH IN PARAGRAPH (3) 20 SHALL BE RETURNED TO THE FUND IN THE FORM OF AN ACTUARIAL ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE 21 22 BOARD MAY OTHERWISE DIRECT.

(2) UPON SUBSEQUENT DISCONTINUANCE OF SERVICE AND THE
FILING OF AN APPLICATION FOR AN ANNUITY, A FORMER ANNUITANT
WHO QUALIFIES TO HAVE THE EFFECT OF A FROZEN PRESENT VALUE
ELIMINATED UNDER THIS SUBSECTION SHALL BE ENTITLED TO RECEIVE
THE HIGHER OF EITHER:

(I) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)
CALCULATED AS IF THE FREEZING OF THE FORMER ANNUITANT'S
ACCOUNT PURSUANT TO SUBSECTION (A) HAD NOT OCCURRED,

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1 ADJUSTED BY CREDITING CLASS T-C SCHOOL SERVICE AS CLASS 2 T-D SERVICE AS PROVIDED FOR IN SECTION 8305(C) (RELATING 3 TO CLASSES OF SERVICE) AND FURTHER ADJUSTED ACCORDING TO 4 PARAGRAPH (3), PROVIDED THAT A FORMER ANNUITANT OF THE SYSTEM OR A FORMER ANNUITANT OF THE STATE EMPLOYEES' 5 6 RETIREMENT SYSTEM WHO RETIRED UNDER A PROVISION OF LAW GRANTING ADDITIONAL SERVICE CREDIT IF TERMINATION OF 7 8 SCHOOL OR STATE SERVICE OR RETIREMENT OCCURRED DURING A 9 SPECIFIC PERIOD OF TIME SHALL NOT BE PERMITTED TO RETAIN 10 THE ADDITIONAL SERVICE CREDIT UNDER THE PRIOR LAW WHEN 11 THE ANNUITY IS COMPUTED FOR HIS MOST RECENT RETIREMENT; 12 OR

(II) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)
CALCULATED AS IF THE FORMER ANNUITANT DID NOT QUALIFY TO
HAVE THE EFFECT ON THE FROZEN PRESENT VALUE ELIMINATED,
UNLESS THE FORMER ANNUITANT NOTIFIES THE BOARD IN WRITING BY
THE LATER OF THE DATE THE APPLICATION FOR ANNUITY IS FILED OR
THE EFFECTIVE DATE OF RETIREMENT THAT THE FORMER ANNUITANT
WISHES TO RECEIVE THE LOWER ANNUITY.

20 IN ADDITION TO ANY OTHER ADJUSTMENT TO THE PRESENT (3)21 VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY THAT A MEMBER MAY BE 22 ENTITLED TO RECEIVE THAT OCCURS AS A RESULT OF ANY OTHER 23 PROVISION OF LAW, THE PRESENT VALUE OF THE MAXIMUM SINGLE 24 LIFE ANNUITY SHALL BE REDUCED BY ALL AMOUNTS PAID OR PAYABLE 25 TO HIM DURING ALL PREVIOUS PERIODS OF RETIREMENT PLUS 26 INTEREST ON THESE AMOUNTS UNTIL THE DATE OF SUBSEQUENT 27 RETIREMENT. THE INTEREST FOR EACH YEAR SHALL BE CALCULATED BASED UPON THE ANNUAL INTEREST RATE ADOPTED FOR THAT SCHOOL 28 29 YEAR BY THE BOARD FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE PURSUANT TO SECTION 8328(B) (RELATING TO 30

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1 ACTUARIAL COST METHOD).

2 SECTION 113. SECTION 8347(A) AND (D) OF TITLE 24 ARE AMENDED
3 AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ:
4 § 8347. DEATH BENEFITS.

5 (A) MEMBERS ELIGIBLE FOR ANNUITIES.--

6 (1) ANY MEMBER OR FORMER MEMBER ON USERRA LEAVE, OTHER 7 THAN AN ANNUITANT, WHO DIES AND WAS ELIGIBLE FOR AN ANNUITY 8 IN ACCORDANCE WITH SECTION 8307(A) OR (B) (RELATING TO 9 ELIGIBILITY FOR ANNUITIES) SHALL BE CONSIDERED AS HAVING 10 APPLIED FOR AN ANNUITY TO BECOME EFFECTIVE THE DAY BEFORE HIS 11 DEATH; AND, IN THE EVENT HE HAS NOT ELECTED AN OPTION, IT 12 SHALL BE ASSUMED THAT HE ELECTED OPTION 1 AND ASSIGNED AS 13 BENEFICIARY THAT PERSON LAST DESIGNATED IN WRITING TO THE 14 BOARD.

15 (2) THIS SUBSECTION SHALL ALSO APPLY TO A MEMBER WITH AT
 16 LEAST TEN ELIGIBILITY POINTS CREDITED AS A MEMBER OF CLASS T 17 G, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5, AND WHO IS
 18 UNDER SUPERANNUATION AGE.

19 * * *

(B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF 20 21 SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE.--IN THE 22 EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY 23 BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND NOT 24 ELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES OF 25 SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED ON 26 THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN ADDITION 27 TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT ELIGIBLE 28 29 FOR AN ANNUITY.

30 * * *

1 (C.1) DEATH OF DISABILITY ANNUITANT.--IN THE EVENT OF THE

2 DEATH OF A DISABILITY ANNUITANT:

-	
3	(1) WHO HAS ELECTED TO RECEIVE A MAXIMUM DISABILITY
4	ANNUITY BEFORE HE HAS RECEIVED IN ANNUITY PAYMENTS AN AMOUNT
5	EQUAL TO THE PRESENT VALUE, ON THE EFFECTIVE DATE OF
6	DISABILITY, OF THE BENEFITS ATTRIBUTABLE TO CLASSES OF
7	SERVICE OTHER THAN CLASS T-G TO WHICH HE WOULD HAVE BEEN
8	ENTITLED UNDER SUBSECTION (A) HAD HE DIED WHILE IN SCHOOL
9	SERVICE, THE BALANCE OF SUCH AMOUNT SHALL BE PAID TO HIS
10	DESIGNATED BENEFICIARY, EXCEPT THAT, IN THE EVENT OF THE
11	DEATH OF A DISABILITY ANNUITANT WHO WAS NOT ENTITLED TO
12	RECEIVE BENEFITS ATTRIBUTABLE TO CLASSES OF SERVICE OTHER
13	THAN CLASS T-G UNDER SUBSECTION (A), HIS BENEFICIARY SHALL BE
14	PAID THE ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT ON THE
15	EFFECTIVE DATE OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED
16	ON ACCOUNT OF HIS MEMBER'S ANNUITY.
17	(2) WHO HAS ELECTED TO RECEIVE A MAXIMUM DISABILITY
18	ANNUITY BEFORE HE HAS RECEIVED IN ANNUITY PAYMENTS AN AMOUNT
19	EQUAL TO THE PRESENT VALUE, ON THE EFFECTIVE DATE OF
20	DISABILITY, OF THE BENEFITS ATTRIBUTABLE TO CLASS T-G SERVICE
21	TO WHICH HE WOULD HAVE BEEN ENTITLED UNDER SUBSECTION (A) HAD
22	HE DIED WHILE IN SCHOOL SERVICE, THE BALANCE OF SUCH AMOUNT
23	SHALL BE PAID TO HIS DESIGNATED BENEFICIARY, EXCEPT THAT, IN
24	THE EVENT OF THE DEATH OF A DISABILITY ANNUITANT WHO WAS NOT
25	ENTITLED TO RECEIVE BENEFITS ATTRIBUTABLE TO CLASS T-G
26	SERVICE UNDER SUBSECTION (A), HIS BENEFICIARY SHALL BE PAID
27	THE ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT ON THE
28	EFFECTIVE DATE OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED
29	ON ACCOUNT OF HIS MEMBER'S ANNUITY.
30	(D) OTHER ANNUITANTSIN THE EVENT OF THE DEATH OF AN

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1 ANNUITANT[WHO]:

(1) WHO HAS ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE 2 3 ANNUITY BEFORE HE HAS RECEIVED IN TOTAL ANNUITY PAYMENTS AN 4 AMOUNT EQUAL TO THE FULL AMOUNT OF THE ACCUMULATED DEDUCTIONS 5 ON OTHER THAN CLASS T-G SERVICE STANDING TO HIS CREDIT ON THE 6 EFFECTIVE DATE OF RETIREMENT, THE DIFFERENCE BETWEEN THE 7 TOTAL PAYMENTS MADE TO THE DATE OF DEATH AND THE ACCUMULATED 8 DEDUCTIONS SHALL BE PAID TO HIS DESIGNATED BENEFICIARY[.] ON 9 OTHER THAN CLASS T-G SERVICE.

10 (2) WHO HAS ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE 11 ANNUITY BEFORE HE HAS RECEIVED IN ANNUITY PAYMENTS THE FULL 12 AMOUNT OF THE ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO CLASS T-13 G SERVICE STANDING TO HIS CREDIT ON THE EFFECTIVE DATE OF 14 RETIREMENT, THE BALANCE SHALL BE PAID TO HIS DESIGNATED 15 BENEFICIARY.

16 * * *

SECTION 113.1. SECTION 8349(A) AND (B) OF TITLE 24, AMENDED BECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ: 8 8349. PAYMENT OF BENEFITS.

20 (A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF 21 THIS PART <u>AND PAID FROM THE FUND</u> SHALL BE PAID IN EQUAL MONTHLY 22 INSTALLMENTS COMMENCING BY THE REQUIRED BEGINNING DATE.

(B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT
PAYABLE <u>FROM THE FUND</u> TO A BENEFICIARY <u>OF A MEMBER</u> UNDER SECTION
8347 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF
OPTION 1 OF SECTION 8345(A)(1) (RELATING TO MEMBER'S OPTIONS) IS
\$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT
ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

29 (1) A LUMP SUM PAYMENT.

30 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT

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1 PAYABLE.	
------------	--

2	(3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE
3	ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS
4	THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.
5	* * *
6	SECTION 114. TITLE 24 IS AMENDED BY ADDING A CHAPTER TO
7	READ:
8	<u>CHAPTER 84</u>
9	SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN
10	<u>SEC.</u>
11	8401. ESTABLISHMENT.
12	8402. PLAN DOCUMENT.
13	8403. INDIVIDUAL INVESTMENT ACCOUNTS.
14	8404. PARTICIPANT CONTRIBUTIONS.
15	8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.
16	8406. EMPLOYER DEFINED CONTRIBUTIONS.
17	8406.1. USE OF PLAN SAVINGS.
18	8407. ELIGIBILITY FOR BENEFITS.
19	8408. DEATH BENEFITS.
20	<u>8409. VESTING.</u>
21	8410. TERMINATION OF DISTRIBUTIONS.
22	8411. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER
23	ORGANIZATIONS.
24	8412. POWERS AND DUTIES OF BOARD.
25	8413. RESPONSIBILITY FOR INVESTMENT LOSS.
26	8414. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT ALLOCATION
27	CHOICES.
28	8415. EXPENSES.
29	8416. TAX QUALIFICATION.
30	8417. ESTABLISHMENT OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION

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1 <u>HOLDING VEHICLE TRUST.</u>

2 <u>§ 8401. ESTABLISHMENT.</u>

3	(A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN THE SCHOOL
4	EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD
5	SHALL ADMINISTER AND MANAGE THE PLAN, WHICH SHALL BE A DEFINED
6	CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL
7	EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
8	WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
9	BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT
10	INCONSISTENT WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW
11	AND SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.
12	(B) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUSTTHE
13	SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS
14	PART OF THE PLAN IN ACCORDANCE WITH THIS PART. THE TRUST SHALL
15	BE COMPRISED OF THE INDIVIDUAL INVESTMENT ACCOUNTS AND ALL
16	ASSETS AND MONEYS IN THOSE ACCOUNTS. THE MEMBERS OF THE BOARD
17	SHALL BE THE TRUSTEES OF THE TRUST, WHICH SHALL BE ADMINISTERED
18	EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL EMPLOYEES WHO
19	PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES WITHIN THE
20	MEANING OF AND IN CONFORMITY WITH IRC § $401(A)$. THE BOARD SHALL
21	DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT INCONSISTENT
22	WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW AND SHALL
23	PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE TRUST.
24	(C) ASSETS HELD IN TRUSTALL ASSETS AND INCOME IN THE PLAN
25	THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE
26	PARTICIPANTS, THE COMMONWEALTH AND EMPLOYERS IN ACCORDANCE WITH
27	THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
28	PERMITTED BY THE APPLICABLE PROVISIONS OF IRC FOR THE EXCLUSIVE
29	BENEFIT OF THE PLAN'S PARTICIPANTS AND THEIR BENEFICIARIES UNTIL
30	SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS OR

THEIR BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN 1 2 DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE 3 BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED 4 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. 5 6 (D) NAME FOR TRANSACTING BUSINESS.--BY THE NAME OF "THE 7 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN," ALL OF THE 8 BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, 9 ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF 10 ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD, EXCEPT 11 THAT, ANY OTHER LAW TO THE CONTRARY NOTWITHSTANDING, THE BOARD MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE 12 13 OF REGISTERING SECURITIES IN ORDER TO FACILITATE THE PURCHASE, 14 SALE OR OTHER DISPOSITION OF SECURITIES PURSUANT TO THE 15 PROVISIONS OF THIS PART. 16 § 8402. PLAN DOCUMENT. 17 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS 18 19 OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED 20 IN THE PENNSYLVANIA BULLETIN. THE CREATION OF THE DOCUMENT 21 CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE TRUST 22 DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND PROVISIONS OF 23 THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY REGULATION OR 24 FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE ACT OF JULY 25 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE COMMONWEALTH 26 DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER LAW TO THE PLAN 27 SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE CONTEXT CLEARLY 28 INDICATES OTHERWISE. 29 § 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

30 <u>THE BOARD</u>:

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1	(1) SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
2	INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
3	CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON
4	BEHALF OF A PARTICIPANT SHALL BE CREDITED TO THE
5	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH
6	ALL INTEREST AND INVESTMENT EARNINGS AND LOSSES. INVESTMENT
7	AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL BE CHARGED
8	TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNTS.
9	(2) SHALL SEPARATELY TRACK PARTICIPANT CONTRIBUTIONS,
10	INCLUDING INVESTMENT GAINS AND LOSSES, AND EMPLOYER
11	CONTRIBUTIONS, INCLUDING INVESTMENT GAINS AND LOSSES, BUT ALL
12	INTEREST, INVESTMENT GAINS AND LOSSES AND ADMINISTRATIVE
13	FEES, COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.
14	(3) MAY CONTRACT WITH FINANCIAL INSTITUTIONS, INSURANCE
15	COMPANIES OR OTHER TYPES OF THIRD-PARTY PROVIDERS AND OTHER
16	VENDORS TO ALLOW PARTICIPANTS TO DEPOSIT PARTICIPANT
17	CONTRIBUTIONS INTO THE INDIVIDUAL INVESTMENT ACCOUNTS IN A
18	FORM AND MANNER AS PROVIDED BY THE CONTRACT.
19	<u>§ 8404. PARTICIPANT CONTRIBUTIONS.</u>
20	(A) MANDATORY CONTRIBUTIONS A PARTICIPANT SHALL MAKE
21	MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL
22	DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
23	FOR REQUIRED SCHOOL SERVICE. THE EMPLOYER SHALL CAUSE THE PICKUP
24	CONTRIBUTIONS FOR REQUIRED SERVICE TO BE MADE AND DEDUCTED FROM
25	EACH PAYROLL OR ON A SCHEDULE ESTABLISHED BY THE BOARD.
26	(B) VOLUNTARY CONTRIBUTIONSA PARTICIPANT MAY MAKE
27	VOLUNTARY CONTRIBUTIONS THROUGH DIRECT TRUSTEE-TO-TRUSTEE
28	TRANSFERS OR THROUGH TRANSFERS OF MONEY RECEIVED IN AN ELIGIBLE
29	ROLLOVER INTO THE TRUST TO THE EXTENT ALLOWED BY IRC § 402.
30	ROLLOVERS SHALL BE MADE IN A FORM AND MANNER AS DETERMINED BY

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1	THE BOARD, SHALL BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
2	INVESTMENT ACCOUNT AND SHALL BE SEPARATELY ACCOUNTED FOR BY THE
3	BOARD.
4	(C) PROHIBITION ON CONTRIBUTIONS NO CONTRIBUTIONS SHALL BE
5	ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
6	TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
7	IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
8	DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS
9	IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE
10	CONTRIBUTIONS SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.
11	§ 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.
12	(A) TREATMENT FOR PURPOSES OF IRC § 414(H)THE
13	CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION
14	8404(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO
15	REQUIRED SCHOOL SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL
16	BE PICKED UP BY THE EMPLOYER AND SHALL BE TREATED AS THE
17	EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE
18	EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A
19	PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY
20	PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF
21	THE PARTICIPANT.
22	(B) TREATMENT FOR OTHER PURPOSES FOR ALL OTHER PURPOSES
23	UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT
24	CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A
25	PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE
26	CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT
27	PICKED UP.
28	§ 8406. EMPLOYER DEFINED CONTRIBUTIONS.
29	(A) CONTRIBUTIONS FOR SERVICE THE EMPLOYER OF A
30	PARTICIPANT SHALL MAKE EMPLOYER DEFINED CONTRIBUTIONS FOR

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1	SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE CREDITED TO THE
2	ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. EMPLOYER
3	DEFINED CONTRIBUTIONS MUST BE RECORDED AND ACCOUNTED FOR
4	SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.
5	(B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED
6	FROM USERRA LEAVE WHEN A SCHOOL EMPLOYEE REEMPLOYED FROM
7	USERRA LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT
8	CONTRIBUTIONS PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE
9	EMPLOYER BY WHOM THE SCHOOL EMPLOYEE IS EMPLOYED AT THE TIME THE
10	PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER EMPLOYER
11	DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS SECTION
12	HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS AFTER
13	BEING REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE EMPLOYED IN
14	THE EMPLOYEE'S SCHOOL POSITION INSTEAD OF PERFORMING USERRA
15	LEAVE. THE EMPLOYER DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE
16	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE
17	PROVIDED BY THIS PART.
18	(C) LIMITATIONS ON CONTRIBUTIONS NO CONTRIBUTIONS SHALL BE
19	ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
20	TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
21	IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
22	DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
23	CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
24	EARNINGS THEREON SHALL BE REFUNDED TO THE EMPLOYER BY THE BOARD.
25	<u>§ 8406.1. USE OF PLAN SAVINGS.</u>
26	(A) DETERMINATIONTHE SYSTEM SHALL DETERMINE THE
27	DIFFERENCE BETWEEN:
28	(1) THE CURRENT AGGREGATE EMPLOYER CONTRIBUTIONS AND THE
29	AGGREGATE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN
30	REQUIRED BY ACT 120 OF 2010.

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1	(2) THE CURRENT PLAN EXPENDITURES AND THE PLAN
2	EXPENDITURES THAT WOULD HAVE BEEN REQUIRED BY ACT 120 OF
3	<u>2010.</u>
4	(B) UTILIZATIONANY SAVINGS REALIZED BASED ON THE
5	IMPLEMENTATION OF THE PLAN, AS DETERMINED UNDER SUBSECTION (A),
6	SHALL BE UTILIZED TO PAY DOWN THE ACCRUED UNFUNDED LIABILITY.
7	(C) INTENTIT IS THE INTENT OF THE GENERAL ASSEMBLY TO
8	MAKE AN ANNUAL APPROPRIATION FROM THE GENERAL FUND TO THE SYSTEM
9	IN THE AMOUNT DETERMINED UNDER SUBSECTION (A)(1).
10	(D) DEFINITIONAS USED IN THIS SECTION, THE TERM "ACT 120
11	OF 2010" SHALL MEAN THE ACT OF NOVEMBER 23, 2010 (P.L.1269,
12	NO.120), ENTITLED, "AN ACT AMENDING TITLES 24 (EDUCATION) AND 71
13	(STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES, IN
14	TITLE 24, FURTHER PROVIDING FOR DEFINITIONS, FOR MANDATORY AND
15	OPTIONAL MEMBERSHIP, FOR CONTRIBUTIONS BY THE COMMONWEALTH, FOR
16	PAYMENTS BY EMPLOYERS, FOR ACTUARIAL COST METHOD, FOR ADDITIONAL
17	SUPPLEMENTAL ANNUITIES, FOR FURTHER ADDITIONAL SUPPLEMENTAL
18	ANNUITIES, FOR SUPPLEMENTAL ANNUITIES COMMENCING 1994, FOR
19	SUPPLEMENTAL ANNUITIES COMMENCING 1998, FOR SUPPLEMENTAL
20	ANNUITIES COMMENCING 2002, FOR SUPPLEMENTAL ANNUITIES COMMENCING
21	2003, FOR ADMINISTRATIVE DUTIES OF BOARD, FOR PAYMENTS TO SCHOOL
22	ENTITIES BY COMMONWEALTH, FOR ELIGIBILITY POINTS FOR RETENTION
23	AND REINSTATEMENT OF SERVICE CREDITS AND FOR CREDITABLE
24	NONSCHOOL SERVICE; PROVIDING FOR ELECTION TO BECOME A CLASS T-F
25	MEMBER; FURTHER PROVIDING FOR CLASSES OF SERVICE, FOR
26	ELIGIBILITY FOR ANNUITIES, FOR ELIGIBILITY FOR VESTING, FOR
27	REGULAR MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR
28	CREDITABLE SCHOOL SERVICE, FOR CONTRIBUTIONS FOR PURCHASE OF
29	CREDIT FOR CREDITABLE NONSCHOOL SERVICE, FOR MAXIMUM SINGLE LIFE
30	ANNUITY, FOR DISABILITY ANNUITIES, FOR MEMBER'S OPTIONS, FOR

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1	DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS
2	AND FOR RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS;
3	PROVIDING FOR INDEPENDENT FISCAL OFFICE STUDY; IN TITLE 71,
4	ESTABLISHING AN INDEPENDENT FISCAL OFFICE AND MAKING A RELATED
5	REPEAL; FURTHER PROVIDING FOR DEFINITIONS, FOR CREDITED STATE
6	SERVICE, FOR RETENTION AND REINSTATEMENT OF SERVICE CREDITS, FOR
7	CREDITABLE NONSTATE SERVICE AND FOR CLASSES OF SERVICE;
8	PROVIDING FOR ELECTION TO BECOME A CLASS A-4 MEMBER; FURTHER
9	PROVIDING FOR ELIGIBILITY FOR ANNUITIES AND FOR ELIGIBILITY FOR
10	VESTING; PROVIDING FOR SHARED-RISK MEMBER CONTRIBUTIONS FOR
11	CLASS A-3 AND CLASS A-4 SERVICE; FURTHER PROVIDING FOR WAIVER OF
12	REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION
13	MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR PURCHASE OF
14	CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE
15	MEMBER, FOR CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
16	CREDITABLE NONSTATE SERVICE, FOR CONTRIBUTIONS BY THE
17	COMMONWEALTH AND OTHER EMPLOYERS, FOR ACTUARIAL COST METHOD, FOR
18	MAXIMUM SINGLE LIFE ANNUITY, FOR DISABILITY ANNUITIES AND FOR
19	MEMBER'S OPTIONS; PROVIDING FOR PAYMENT OF ACCUMULATED
20	DEDUCTIONS RESULTING FROM CLASS A-3 SERVICE; FURTHER PROVIDING
21	FOR ADDITIONAL SUPPLEMENTAL ANNUITIES, FOR FURTHER ADDITIONAL
22	SUPPLEMENTAL ANNUITIES, FOR SUPPLEMENTAL ANNUITIES COMMENCING
23	1994, FOR SUPPLEMENTAL ANNUITIES COMMENCING 1998, FOR
24	SUPPLEMENTAL ANNUITIES COMMENCING 2002, FOR SUPPLEMENTAL
25	ANNUITIES COMMENCING 2003, FOR SPECIAL SUPPLEMENTAL
26	POSTRETIREMENT ADJUSTMENT OF 2002, FOR ADMINISTRATIVE DUTIES OF
27	THE BOARD, FOR DUTIES OF BOARD TO ADVISE AND REPORT TO HEADS OF
28	DEPARTMENTS AND MEMBERS, FOR DUTIES OF BOARD REGARDING
29	APPLICATIONS AND ELECTIONS OF MEMBERS, FOR INSTALLMENT PAYMENTS
30	OF ACCUMULATED DEDUCTIONS, FOR RIGHTS AND DUTIES OF STATE

1	EMPLOYEES AND MEMBERS, FOR MEMBERS' SAVINGS ACCOUNT, FOR STATE
2	ACCUMULATION ACCOUNT, FOR STATE POLICE BENEFIT ACCOUNT, FOR
3	ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, FOR SUPPLEMENTAL ANNUITY
4	ACCOUNT AND FOR CONSTRUCTION OF PART; AND PROVIDING FOR
5	INDEPENDENT FISCAL OFFICE STUDY, FOR RETIREMENT ELIGIBILITY OF
6	PENNSYLVANIA STATE POLICE OFFICERS OR MEMBERS, FOR A PROHIBITION
7	ON THE ISSUANCE OF PENSION OBLIGATION BONDS, FOR HOLDING CERTAIN
8	PUBLIC OFFICIALS HARMLESS, FOR CONSTRUCTION OF CALCULATION OR
9	ACTUARIAL METHOD, FOR APPLICABILITY AND FOR CERTAIN OPERATIONAL
10	PROVISIONS."
11	<u>§ 8407. ELIGIBILITY FOR BENEFITS.</u>
12	(A) TERMINATION OF SERVICE A PARTICIPANT WHO TERMINATES
13	SCHOOL SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED
14	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE
15	PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
16	ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
17	PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
18	ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A
19	PARTICIPANT WHO WITHDRAWS THE VESTED ACCUMULATED TOTAL DEFINED
20	CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
21	NOTWITHSTANDING THAT THE FORMER SCHOOL EMPLOYEE MAY CONTINUE TO
22	BE A MEMBER OF THE SYSTEM WITH CLASS T-G SERVICE CREDIT OR MAY
23	CONTRACT TO RECEIVE AN ANNUITY OR OTHER FORM OF PAYMENT FROM A
24	PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.
25	(B) REQUIRED DISTRIBUTIONSALL PAYMENTS PURSUANT TO THIS
26	SECTION SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
27	DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
28	IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY
29	DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
30	THOSE REQUIREMENTS.

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1	(C) PROHIBITED DISTRIBUTIONSA SCHOOL EMPLOYEE MUST BE
2	TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP
3	IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO
4	RECEIVE A DISTRIBUTION.
5	(D) LOANSLOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
6	OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO
7	SCHOOL EMPLOYEES WHO HAVE NOT TERMINATED SCHOOL SERVICE ARE NOT
8	PERMITTED, EXCEPT AS REQUIRED BY LAW.
9	(E) (RESERVED).
10	(F) SMALL INDIVIDUAL INVESTMENT ACCOUNTSA PARTICIPANT WHO
11	TERMINATES SCHOOL SERVICE AND WHOSE VESTED ACCUMULATED TOTAL
12	DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW
13	AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED
14	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS
15	<u>provided in irc § 401(A)(31).</u>
16	<u>§ 8408. DEATH BENEFITS.</u>
17	(A) GENERAL RULEIN THE EVENT OF THE DEATH OF AN ACTIVE
18	PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
19	PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
20	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
21	SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN
22	DOCUMENT.
23	(B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONSIN THE
24	EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE
25	BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
26	BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
27	LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
28	THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE
29	METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE
30	PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S

1	BENEFICIARY OR SUCCESSOR PAYEE AS PROVIDED IN THE PLAN DOCUMENT.
2	(C) CONTRACTSTHE BOARD MAY CONTRACT WITH FINANCIAL
3	INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY
4	PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM
5	DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM
6	AND MANNER AS PROVIDED BY THE CONTRACT.
7	<u>§ 8409. VESTING.</u>
8	(A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONSSUBJECT TO THE
9	FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 8533 (RELATING
10	TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS
11	PROVIDED BY LAW, A PARTICIPANT SHALL BE VESTED WITH RESPECT TO
12	ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY
13	CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT TO THE
14	TRUST PLUS INTEREST AND INVESTMENT EARNINGS ON THE PARTICIPANT
15	CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE
16	CHARGES.
17	(B) EMPLOYER DEFINED CONTRIBUTIONS
18	(1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS
19	OF SECTION 8533 OR OTHERWISE AS PROVIDED BY LAW, A
20	PARTICIPANT SHALL BE VESTED WITH RESPECT TO EMPLOYER DEFINED
21	CONTRIBUTIONS PAID PLUS INTEREST AND INVESTMENT EARNINGS BY
22	OR ON BEHALF OF THE PARTICIPANT TO THE TRUST AFTER ATTAINING
23	THREE ELIGIBILITY POINTS.
24	(2) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS, INCLUDING
25	
26	INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED
20	INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST
27	
	BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST
27	BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS.
27 28	BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS. (C) USERRA LEAVE AND ELIGIBILITY POINTSA PARTICIPANT IN

1	THIS SECTION FOR THE SCHOOL SERVICE THAT WOULD HAVE BEEN
2	PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.
3	<u>§ 8410. TERMINATION OF DISTRIBUTIONS.</u>
4	(A) RETURN TO SCHOOL SERVICE
5	(1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
6	PARTICIPANT WHO RETURNS TO SCHOOL SERVICE SHALL CEASE
7	RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE
8	DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
9	SCHOOL SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS
10	A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
11	PARTICIPANT IN THE PLAN.
12	(2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION OF
13	ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS OR OTHER
14	DISTRIBUTIONS THAT THE PARTICIPANT HAS RECEIVED OR USED TO
15	PURCHASE AN ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.
16	(B) RETURN OF BENEFITS PAID DURING USERRA LEAVE
17	(1) IF A FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM
18	USERRA LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE
19	PLAN DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO
20	THE BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN
21	THE PLAN DOCUMENT.
22	(2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
23	BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
24	ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR, IN
25	THE CASE OF AN ACTIVE PARTICIPANT, MAY BE AMORTIZED WITH
26	INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY
27	DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE
28	PARTICIPANT AND THE BOARD, BUT NOT LONGER THAN A PERIOD THAT
29	STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUING FOR UP TO
30	THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S IMMEDIATE

1	PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD SHALL NOT
2	EXCEED FIVE YEARS.
3	§ 8411. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER
4	ORGANIZATIONS.
5	(A) WRITTEN AGREEMENTTO ESTABLISH AND ADMINISTER THE
6	PLAN, THE BOARD SHALL ENTER INTO A WRITTEN AGREEMENT WITH ONE OR
7	MORE FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS
8	TO ADMINISTER THE PLAN AND THE INVESTMENT OF FUNDS HELD PURSUANT
9	TO THE PLAN. THE ADMINISTRATOR SHALL BE SELECTED IN ACCORDANCE
10	WITH THE FOLLOWING:
11	(1) THE BOARD SHALL SOLICIT PROPOSALS FROM FINANCIAL
12	INSTITUTIONS AND PENSION MANAGEMENT ORGANIZATIONS.
13	(2) THE BOARD SHALL PUBLISH THE SOLICITATION IN THE
14	PENNSYLVANIA BULLETIN.
15	(3) PROPOSALS RECEIVED SHALL BE EVALUATED BASED ON
16	SPECIFIC CRITERIA ADOPTED BY THE BOARD. THE CRITERIA SHALL
17	INCLUDE EXPERIENCE, CUSTOMER SERVICE HISTORY AND OTHER
18	CRITERIA.
19	(B) REBID A CONTRACT TO ADMINISTER THE PLAN UNDER
20	SUBSECTION (A) SHALL BE REBID AT LEAST ONCE EVERY TEN YEARS.
21	§ 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES'
22	DEFINED CONTRIBUTION PLAN TO PROVIDERS OF 403(B)
23	PLANS.
24	(A) GENERAL RULE A FINANCIAL INSTITUTION OR PENSION
25	MANAGEMENT ORGANIZATION ENTERING INTO A WRITTEN AGREEMENT
26	PURSUANT TO SECTION 8411 (RELATING TO AGREEMENTS WITH FINANCIAL
27	INSTITUTIONS AND OTHER ORGANIZATIONS) MAY OFFER OR PROVIDE
28	SERVICES TO ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL
29	DISTRICT UNDER IRC § 403(B) OR 457 IF THE WRITTEN AGREEMENT FOR
30	THE ADMINISTRATION OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION

1	PLAN IS NOT COMBINED WITH ANY OTHER WRITTEN AGREEMENT FOR THE
2	ADMINISTRATION OF A SCHOOL DISTRICT'S 403(B) PLAN OR 457 PLAN.
3	EACH SCHOOL DISTRICT THAT PROVIDES A 403(B) PLAN SHALL MAKE
4	AVAILABLE, IN THE MANNER PROVIDED BY SUBSECTION (C), TO
5	PARTICIPANTS, MULTIPLE FINANCIAL INSTITUTIONS OR PENSION
6	MANAGEMENT ORGANIZATIONS THAT HAVE NOT ENTERED INTO A WRITTEN
7	AGREEMENT PURSUANT TO SECTION 8411 AND WHICH PROVIDE SERVICES TO
8	THE SCHOOL DISTRICT'S 403(B) PLAN OR 457 PLAN.
9	(B) PLAN TRANSPARENCY AND ADMINISTRATION A FINANCIAL
10	INSTITUTION OR PENSION MANAGEMENT ORGANIZATION PROVIDING
11	SERVICES FOR ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL
12	DISTRICT UNDER IRC § 403(B) OR 457 SHALL:
13	(1) ENTER INTO AN AGREEMENT WITH THE SCHOOL DISTRICT OR
14	THE SCHOOL DISTRICT'S INDEPENDENT COMPLIANCE ADMINISTRATOR
15	THAT SHALL REQUIRE THE FINANCIAL INSTITUTION OR PENSION
16	MANAGEMENT ORGANIZATION TO PROVIDE IN AN ELECTRONIC FORMAT
17	ALL DATA NECESSARY FOR THE ADMINISTRATION OF THE 403(B) PLAN
18	OR 457 PLAN AS DETERMINED BY THE SCHOOL DISTRICT OR THE
19	SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR; AND
20	(2) PROVIDE ALL DATA REQUIRED BY THE SCHOOL DISTRICT OR
21	A SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR TO FACILITATE
22	DISCLOSURE OF ALL FEES, CHARGES, EXPENSES, COMMISSIONS,
23	COMPENSATION AND PAYMENTS TO THIRD PARTIES RELATED TO
24	INVESTMENTS OFFERED UNDER THE 403(B) PLAN OR 457 PLAN.
25	(C) PROVIDER SELECTION A SCHOOL DISTRICT THAT ESTABLISHES
26	<u>OR MAINTAINS A PLAN UNDER IRC § 403(B) OR 457 SHALL SELECT A</u>
27	MINIMUM OF FOUR FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT
28	ORGANIZATIONS, IN ADDITION TO THE FINANCIAL INSTITUTION OR
29	PENSION MANAGEMENT ORGANIZATION THAT ENTERED INTO AN AGREEMENT
30	PURSUANT TO SECTION 8411, TO PROVIDE SERVICES TO THE 403(B) PLAN

1	OR 457 PLAN. IF FEWER THAN FOUR SUCH ADDITIONAL FINANCIAL
2	INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS ARE DETERMINED
3	TO BE AVAILABLE OR ABLE TO MEET THE REQUIREMENTS ESTABLISHED IN
4	THIS SECTION, THEN THE SCHOOL DISTRICT SHALL SELECT THE NUMBER
5	OF AVAILABLE PROVIDERS ABLE TO MEET THE SCHOOL DISTRICT'S
6	REQUIREMENTS. A FINANCIAL INSTITUTION OR PENSION MANAGEMENT
7	ORGANIZATION SHALL BE DESIGNATED A 403(B) PLAN OR 457 PLAN
8	PROVIDER IF THE FINANCIAL INSTITUTION OR PENSION MANAGEMENT
9	ORGANIZATION ENTERS INTO AN AGREEMENT IN ACCORDANCE WITH
10	SUBSECTION (B).
11	§ 8412. POWERS AND DUTIES OF BOARD.
12	THE BOARD SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
13	ESTABLISH THE PLAN AND TRUST AND TO ADMINISTER THE PROVISIONS OF
14	THIS PART:
15	(1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
16	ASSETS OF OTHER PERSONS OR ENTITIES.
17	(2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
18	AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE
19	PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM
20	THE BALANCE OF THE INDIVIDUAL INVESTMENT ACCOUNTS, EXCEPT AS
21	THE GENERAL ASSEMBLY OTHERWISE PROVIDES THROUGH
22	APPROPRIATIONS FROM THE GENERAL FUND.
23	(3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND
24	LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY
25	MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.
26	(4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS
27	OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED
28	STATUS OF THE PLAN.
29	(5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO
30	PARTICIPATE IN THE PLAN BY THOSE SCHOOL EMPLOYEES FOR WHOM

1	PARTICIPATION IS NOT MANDATORY.
2	(6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT
3	REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF
4	ASSURING IT CONTINUES TO MEET ALL STANDARDS AND CRITERIA
5	ESTABLISHED.
6	(7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND
7	DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM
8	QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE
9	EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.
10	(8) THE BOARD MAY ALLOW A FORMER PARTICIPANT TO MAINTAIN
11	THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT WITHIN THE
12	PLAN.
13	(9) THE BOARD SHALL ADMINISTER OR ENSURE THE
14	ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE
15	QUALIFICATIONS AND OTHER RULES OF THE IRC.
16	(10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR
17	THE LAWFUL PAYMENT OF BENEFITS.
18	(11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A
19	TERMINATION OF SCHOOL SERVICE.
20	(12) THE BOARD MAY ESTABLISH PROCEDURES FOR
21	DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
22	IRC.
23	(13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
24	DOCUMENT OR TO PROMULGATE RULES AND REGULATIONS AS IT DEEMS
25	NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
26	INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:
27	(I) PROCEDURES BY WHICH ELIGIBLE PARTICIPANTS MAY
28	CHANGE THEIR INVESTMENT CHOICES ON A PERIODIC BASIS OR
29	MAKE OTHER ELECTIONS REGARDING THEIR PARTICIPATION IN THE
30	PLAN.

1	(II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
2	PARTICIPANT CONTRIBUTIONS FROM A PARTICIPANT'S
3	COMPENSATION.
4	(III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-
5	TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED BY
6	THE BOARD AS PART OF THE PLAN.
7	(IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS
8	THAN TEN OPTIONS IN ACCORDANCE WITH THREE OR MORE
9	PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS
10	REGARDING INVESTMENT OF AMOUNTS DEFERRED UNDER THE PLAN.
11	THE STANDARDS AND CRITERIA MUST PROVIDE FOR A VARIETY OF
12	INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE
13	WITH CRITERIA ESTABLISHED BY THE BOARD. ONE OF THE
14	AVAILABLE OPTIONS MUST SERVE AS THE DEFAULT OPTION FOR
15	PARTICIPANTS WHO DO NOT MAKE A TIMELY ELECTION AND, TO
16	THE EXTENT COMMERCIALLY AVAILABLE, ONE OPTION MUST HAVE
17	AN ANNUITY.
18	(V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE
19	PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME
20	ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL
21	FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS
22	DEFERRED TO COVER THE COSTS AND EXPENSES OF ADMINISTERING
23	AND MANAGING THE PLAN OR TRUST.
24	(VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE
25	MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION
26	FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES
27	CONSISTENT WITH THE PURPOSE OF THE PLAN.
28	(14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION
29	REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES

1 <u>THE PLAN.</u>

2	(15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN
3	LIEU OF STAFF EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED BY
4	LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT REQUIRED
5	BY LAW TO BE PERFORMED BY THE BOARD MAY BE DELEGATED TO A
6	THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.
7	(16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE
8	EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE
9	EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.
10	(17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE
11	PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS
12	AND CHOICES.
13	§ 8413. RESPONSIBILITY FOR INVESTMENT LOSS.
14	THE COMMONWEALTH, THE BOARD, AN EMPLOYER OR A SCHOOL ENTITY
15	OR OTHER POLITICAL SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY
16	INVESTMENT LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF
17	ANY INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO
18	EARN AS MUCH AS ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT
19	SUCH OTHER OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.
20	<u>§ 8414. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT</u>
21	ALLOCATION CHOICES.
22	(A) INVESTMENT BY PARTICIPANTALL CONTRIBUTIONS, INTEREST
23	AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A
24	PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT
25	ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN
26	CONTRIBUTIONS FROM THE PARTICIPANT AND EMPLOYER DEFINED
27	CONTRIBUTIONS. EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY
28	WITH THE AMOUNT OF CONTRIBUTIONS, INTEREST AND INVESTMENT
29	EARNINGS.
30	(B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN

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1	THE COMMONWEALTH INVESTMENT OF CONTRIBUTIONS BY ANY_
2	CORPORATION, INSTITUTION, INSURANCE COMPANY OR CUSTODIAL BANK OR
3	OTHER ENTITY THAT THE BOARD HAS APPROVED SHALL NOT BE
4	UNREASONABLY DELAYED, AND IN NO CASE SHALL THE INVESTMENT OF
5	CONTRIBUTIONS BE DELAYED MORE THAN 30 DAYS FROM THE DATE EACH
6	PAYROLL DEDUCTION IS MADE TO THE DATE THAT THE FUNDS ARE
7	INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT
8	SHALL BE ALLOCATED TO THE EMPLOYERS AND CREDITED TO THE
9	INDIVIDUAL INVESTMENT ACCOUNTS OF PARTICIPANTS WHO ARE THEN
10	PARTICIPATING IN THE PLAN, UNLESS THE INTEREST IS USED TO DEFRAY
11	ADMINISTRATIVE COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED
12	TO BE BORNE BY PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE
13	PLAN.
14	<u>§ 8415. EXPENSES.</u>
15	ALL EXPENSES, FEES AND COSTS OF ADMINISTERING THE PLAN AND
16	THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE
17	BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE
18	BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY
19	THE BOARD, EXCEPT THAT, FOR FISCAL YEARS ENDING BEFORE JULY 1,
20	2020, THE EXPENSES, FEES AND COSTS OF ESTABLISHING AND
21	ADMINISTERING THE PLAN AND TRUST SHALL BE PAID BY THE
22	COMMONWEALTH THROUGH ANNUAL APPROPRIATIONS FROM THE GENERAL
23	FUND, MADE ON THE BASIS OF ESTIMATES FROM THE BOARD.
24	<u>§ 8416. TAX QUALIFICATION.</u>
25	(A) REQUIRED DISTRIBUTIONSALL PAYMENTS UNDER THIS CHAPTER
26	SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
27	DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
28	<u>IRC § 401(A).</u>
29	(B) LIMITATIONSTHE FOLLOWING SHALL APPLY:
30	(1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND

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1	NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION
2	OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A
3	LIMITATION UNDER IRC § 415 WITH RESPECT TO GOVERNMENTAL
4	PLANS THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION OR
5	BENEFIT PAYMENT TAKES EFFECT.
6	(II) AN INCREASE IN A LIMITATION UNDER IRC § 415
7	SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFFECTIVE
8	DATE OF THIS SECTION.
9	(III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM
10	"GOVERNMENT PLANS" SHALL HAVE THE SAME MEANING AS IN IRC
11	<u>§ 414(D).</u>
12	(2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN
13	AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF
14	THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR
15	ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR
16	PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DEEMED TO
17	PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF A
18	LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF
19	THIS SECTION UNDER IRC § 415 UNLESS SPECIFICALLY PROVIDED
20	BY LEGISLATION.
21	(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE
22	IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS
23	SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED
24	AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.
25	§ 8417. ESTABLISHMENT OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION
26	HOLDING VEHICLE TRUST.
27	(A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION HOLDING VEHICLE
28	TRUST THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION HOLDING
29	VEHICLE TRUST IS ESTABLISHED AS PART OF THE PLAN. THE HOLDING
30	VEHICLE TRUST SHALL BE COMPRISED OF THE INDIVIDUAL INVESTMENT

ACCOUNTS AND ALL ASSETS AND MONEYS IN THOSE ACCOUNTS FROM JULY 1 2 1, 2018, UNTIL THE EARLIER OF THE DATE THE BOARD CERTIFIES THAT 3 THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST IS OPERATIONAL 4 AND ABLE TO ACCEPT PARTICIPANT AND EMPLOYER CONTRIBUTIONS OR 5 DECEMBER 31, 2018. THE MEMBERS OF THE BOARD SHALL BE THE TRUSTEES OF THE HOLDING VEHICLE TRUST, WHICH SHALL BE HELD IN A 6 7 SEPARATE ACCOUNT, ESTABLISHED BY THE TREASURY DEPARTMENT AND 8 SHALL NOT BE INCONSISTENT WITH THIS PART, THE IRC OR OTHER 9 APPLICABLE LAW. THE HOLDING VEHICLE TRUST SHALL BE ADMINISTERED 10 EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL EMPLOYEES WHO 11 PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A) SUBJECT TO THE 12 13 REQUIREMENTS OF CHAPTER 85 (RELATING TO ADMINISTRATION AND 14 MISCELLANEOUS PROVISIONS). 15 (B) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE 16 HOLDING VEHICLE TRUST THAT ARE WITHHELD OR CONTRIBUTED BY THE 17 PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE 18 WITH THIS PART SHALL BE HELD IN TRUST AS PERMITTED BY THE 19 APPLICABLE PROVISIONS OF THE IRC FOR THE EXCLUSIVE BENEFIT OF 20 THE PARTICIPANTS AND THEIR BENEFICIARIES UNTIL SUCH TIME AS THE 21 FUNDS ARE TRANSFERRED TO THE SCHOOL EMPLOYEES' DEFINED 22 CONTRIBUTION TRUST IN ACCORDANCE WITH THE TERMS OF THE PLAN 23 DOCUMENT. THE ASSETS OF THE HOLDING VEHICLE TRUST MAY BE USED 24 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE 25 ADMINISTRATION AND INVESTMENT OF THE HOLDING VEHICLE TRUST AND 26 TRANSFER OF ASSETS TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION 27 TRUST. 28 (C) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.--ALL 29 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED CONTRIBUTIONS THAT WILL BE REQUIRED UNDER SECTIONS 8404 30

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1	(RELATING TO PARTICIPANT CONTRIBUTIONS), 8405 (RELATING TO
2	MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS) AND 8406 (RELATING
3	TO EMPLOYER DEFINED CONTRIBUTIONS) TO BE MADE TO THE SCHOOL
4	EMPLOYEES' DEFINED CONTRIBUTION TRUST UPON CERTIFICATION OF SUCH
5	TRUST SHALL BE MADE TO THE HOLDING VEHICLE TRUST PRIOR TO THE
6	DATE THE BOARD CERTIFIES THE SCHOOL EMPLOYEES' DEFINED
7	CONTRIBUTION TRUST. THE EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS
8	FOR SERVICE REQUIRED TO BE CREDITED IN THE PLAN TO BE MADE AND
9	DEDUCTED FROM EACH PAYROLL OR ON A SCHEDULE AS ESTABLISHED BY
10	THE BOARD, AND PARTICIPANT CONTRIBUTIONS SHALL BE PICKED UP BY
11	THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE
12	EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE
13	EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A
14	PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY
15	PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF
16	THE PARTICIPANT. NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY
17	CONTRIBUTIONS TO THE HOLDING VEHICLE TRUST.
18	(D) TREATMENT FOR OTHER PURPOSES FOR ALL PURPOSES OTHER
19	THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
20	SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE
21	SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE
22	MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP.
23	(E) LIMITATIONS ON CONTRIBUTIONS NO CONTRIBUTIONS MAY BE
24	ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
25	TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
26	IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
27	DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
28	CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
29	EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER
30	BY THE BOARD.

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1	(F) DEATH BENEFITSIN THE EVENT OF THE DEATH OF AN ACTIVE
2	PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
3	PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
4	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM.
5	(G) INTERESTUPON THE DISBURSEMENT OF A RETURN OF
6	ACCUMULATED DEDUCTIONS TO A PARTICIPANT WHO HAS TERMINATED
7	SCHOOL SERVICE OR OF A DEATH BENEFIT TO A PARTICIPANT'S
8	DESIGNATED BENEFICIARIES OR UPON THE TRANSFER OF ALL ASSETS IN
9	THE HOLDING VEHICLE TRUST TO THE SCHOOL EMPLOYEES' DEFINED
10	CONTRIBUTION TRUST OR DECEMBER 31, 2018, WHICHEVER OCCURS FIRST,
11	THE COMMONWEALTH SHALL MAKE AN INTEREST PAYMENT TO THE HOLDING
12	VEHICLE TRUST. THE INTEREST PAYMENT SHALL BE EQUAL TO 4% ANNUAL
13	RATE OF RETURN ON THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
14	AND EMPLOYER DEFINED CONTRIBUTIONS MADE FOR THE PARTICIPANT,
15	INCREASED OR DECREASED FOR ANY INVESTMENT LOSSES OR EARNINGS
16	WHILE IN THE HOLDING VEHICLE TRUST, BUT IN NO CASE SHALL THE
17	INTEREST PAYMENT BE LESS THAN ZERO.
18	(H) RESPONSIBILITY FOR LOSS OF INVESTMENT OPPORTUNITYTHE
19	BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL
20	SUBDIVISION SHALL NOT BE RESPONSIBLE FOR THE FAILURE OF ANY
21	INVESTMENT IN THE HOLDING VEHICLE TRUST TO EARN ANY SPECIFIC OR
22	EXPECTED RETURN GREATER THAN THE 4% INTEREST RATE PAID UNDER
23	SUBSECTION (G) OR TO EARN AS MUCH AS ANY OTHER INVESTMENT
24	OPPORTUNITY, WHETHER OR NOT THE OTHER OPPORTUNITY WAS OFFERED TO
25	PARTICIPANTS IN THE HOLDING VEHICLE TRUST.
26	(I) TERMINATION OF HOLDING VEHICLE TRUSTAFTER THE
27	DISBURSEMENT OR TRANSFER OF ALL ASSETS IN THE HOLDING VEHICLE
28	TRUST AND THE CERTIFICATION BY THE BOARD THAT NO FURTHER
29	LIABILITIES FROM THE HOLDING VEHICLE TRUST EXIST, THE HOLDING

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(J) EXPIRATION.--THE BOARD SHALL PUBLISH THE CERTIFICATION
 UNDER SUBSECTION (I) IN THE PENNSYLVANIA BULLETIN. SUBSECTIONS
 (A), (B), (C), (D), (E), (F), (G) AND (I) AND THIS SUBSECTION
 SHALL EXPIRE ON THE DATE OF PUBLICATION OF THE CERTIFICATION.
 SECTION 115. SECTION 8501(A), (C), (D) AND (E) OF TITLE 24
 ARE AMENDED TO READ:

7 § 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD.

8 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN INDEPENDENT ADMINISTRATIVE BOARD AND SHALL CONSIST OF 15 9 10 MEMBERS: THE SECRETARY OF EDUCATION, EX OFFICIO; THE STATE 11 TREASURER, EX OFFICIO; TWO SENATORS; TWO MEMBERS OF THE HOUSE OF 12 REPRESENTATIVES; THE EXECUTIVE SECRETARY OF THE PENNSYLVANIA 13 SCHOOL BOARDS ASSOCIATION, EX OFFICIO; TWO TO BE APPOINTED BY 14 THE GOVERNOR, AT LEAST ONE OF WHOM SHALL NOT BE A SCHOOL 15 EMPLOYEE OR AN OFFICER OR EMPLOYEE OF THE STATE; THREE TO BE 16 ELECTED BY THE ACTIVE PROFESSIONAL MEMBERS OF THE SYSTEM AND 17 ACTIVE PROFESSIONAL PARTICIPANTS OF THE PLAN FROM AMONG THEIR 18 NUMBER; ONE TO BE ELECTED BY ANNUITANTS OR A PARTICIPANT OF THE 19 PLAN WHO HAS TERMINATED SCHOOL SERVICE AND IS RECEIVING OR IS 20 ELIGIBLE TO RECEIVE DISTRIBUTIONS FROM AMONG THEIR NUMBER; ONE TO BE ELECTED BY THE ACTIVE NONPROFESSIONAL MEMBERS OF THE 21 22 SYSTEM OR ACTIVE NONPROFESSIONAL PARTICIPANTS OF THE PLAN FROM 23 AMONG THEIR NUMBER; AND ONE TO BE ELECTED BY MEMBERS OF 24 PENNSYLVANIA PUBLIC SCHOOL BOARDS FROM AMONG THEIR NUMBER. THE 25 APPOINTMENTS MADE BY THE GOVERNOR SHALL BE CONFIRMED BY THE 26 SENATE AND EACH ELECTION SHALL BE CONDUCTED IN A MANNER APPROVED 27 BY THE BOARD. THE TERMS OF THE APPOINTED AND NONLEGISLATIVE 28 ELECTED MEMBERS SHALL BE THREE YEARS. THE MEMBERS FROM THE 29 SENATE SHALL BE APPOINTED BY THE PRESIDENT PRO TEMPORE OF THE SENATE AND SHALL CONSIST OF ONE MEMBER FROM THE MAJORITY AND ONE 30

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MEMBER FROM THE MINORITY. THE MEMBERS FROM THE HOUSE OF 1 2 REPRESENTATIVES SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE 3 OF REPRESENTATIVES AND SHALL CONSIST OF ONE MEMBER FROM THE 4 MAJORITY AND ONE MEMBER FROM THE MINORITY. THE LEGISLATIVE MEMBERS SHALL SERVE ON THE BOARD FOR THE DURATION OF THEIR 5 6 LEGISLATIVE TERMS AND SHALL CONTINUE TO SERVE UNTIL 30 DAYS 7 AFTER THE CONVENING OF THE NEXT REGULAR SESSION OF THE GENERAL 8 ASSEMBLY AFTER THE EXPIRATION OF THEIR RESPECTIVE LEGISLATIVE 9 TERMS OR UNTIL A SUCCESSOR IS APPOINTED FOR THE NEW TERM, 10 WHICHEVER OCCURS FIRST. THE CHAIRMAN OF THE BOARD SHALL BE 11 ELECTED BY THE BOARD MEMBERS. EACH EX OFFICIO MEMBER OF THE BOARD AND EACH LEGISLATIVE MEMBER OF THE BOARD MAY APPOINT A 12 13 DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN THE EVENT THAT 14 A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE PARTICIPANT OR AS 15 THE PARTICIPANT IN THE PLAN WHO IS RECEIVING OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL DISTRIBUTION OF THE 16 17 BOARD MEMBER'S INTEREST IN THE PLAN, THAT BOARD MEMBER MAY 18 CONTINUE TO SERVE ON THE BOARD FOR THE REMAINDER OF THE TERM. 19 * * *

20 (C) OATH OF OFFICE. -- EACH MEMBER OF THE BOARD SHALL TAKE AN OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM, 21 22 DILIGENTLY AND HONESTLY ADMINISTER THE AFFAIRS OF SAID BOARD, 23 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE 24 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW 25 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE 26 MEMBER MAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS 27 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE 28 SECRETARY OF THE COMMONWEALTH.

29 (D) COMPENSATION AND EXPENSES. -- THE MEMBERS OF THE BOARD WHO
30 ARE MEMBERS OF THE SYSTEM <u>OR PARTICIPANTS IN THE PLAN</u> SHALL

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SERVE WITHOUT COMPENSATION. MEMBERS OF THE BOARD WHO ARE MEMBERS 1 2 OF THE SYSTEM <u>OR PARTICIPANTS IN THE PLAN</u> AND WHO ARE EMPLOYED 3 BY A GOVERNMENTAL ENTITY SHALL NOT SUFFER LOSS OF SALARY OR 4 WAGES THROUGH SERVING ON THE BOARD. THE BOARD, ON REQUEST OF THE EMPLOYER OF ANY MEMBER OF THE BOARD WHO IS AN ACTIVE 5 6 PROFESSIONAL OR NONPROFESSIONAL MEMBER OF THE SYSTEM OR ACTIVE PROFESSIONAL OR NONPROFESSIONAL PARTICIPANT IN THE PLAN, MAY 7 REIMBURSE SUCH EMPLOYER FOR THE SALARY OR WAGES OF THE MEMBER OR 8 PARTICIPANT, OR FOR THE COST OF EMPLOYING A SUBSTITUTE FOR SUCH 9 10 MEMBER OR PARTICIPANT, WHILE THE MEMBER OR PARTICIPANT IS 11 NECESSARILY ABSENT FROM EMPLOYMENT TO EXECUTE THE DUTIES OF THE 12 BOARD. THE MEMBERS OF THE BOARD WHO ARE NOT MEMBERS OF EITHER 13 THE SCHOOL SYSTEM OR THE STATE EMPLOYEES' RETIREMENT SYSTEM MAY 14 BE PAID \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD 15 MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER, WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO 16 17 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS 18 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES ARE NOT EXECUTED. 19

(E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF
THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A
CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE
THE LEGAL ADVISOR OF THE BOARD.] <u>LEGAL COUNSEL TO THE BOARD</u>
<u>SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF GENERAL</u>
<u>COUNSEL, THE ATTORNEY GENERAL AND THE GENERAL ASSEMBLY.</u>
SECTION 116. SECTION 8502(B), (C), (E), (H), (I), (J), (K),

27 (N) AND (O) OF TITLE 24 ARE AMENDED AND THE SECTION IS AMENDED28 BY ADDING A SUBSECTION TO READ:

29 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

30 * * *

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1 (B) PROFESSIONAL PERSONNEL.--

2 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF
3 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS,
4 COUNSELORS, AN INVESTMENT COORDINATOR, AND SUCH OTHER
5 PROFESSIONAL PERSONNEL AS IT DEEMS ADVISABLE.

6 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS
7 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE
8 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED
9 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS

10 <u>APPROPRIATE.</u>

11 (C) EXPENSES.--

12 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE 13 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE 14 ADMINISTRATIVE EXPENSES OF [THIS PART.] <u>THE SYSTEM AND A</u> 15 <u>SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE</u> 16 <u>PLAN. THE SEPARATE BUDGET SHALL INCLUDE THOSE EXPENSES</u> 17 <u>NECESSARY TO ESTABLISH THE PLAN AND TRUST.</u>

18 (2) SUCH EXPENSES <u>OF THE SYSTEM</u> AS APPROVED BY THE
19 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
20 INVESTMENT EARNINGS OF THE FUND.

21 (3) FOR FISCAL YEARS ENDING ON OR BEFORE JUNE 30, 2020, 22 SUCH EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY 23 THROUGH AN APPROPRIATION SHALL BE PAID FROM THE GENERAL FUND. 24 FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2020, SUCH 25 EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY 26 SHALL BE PAID FROM INTEREST, PURSUANT TO SECTION 8414(B) 27 (RELATING TO INVESTMENTS BASED ON PARTICIPANT INVESTMENT 28 ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE

29 <u>PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.</u>

30 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE

1 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A 2 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY 3 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST 4 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL 5 6 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE 7 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS MEMBERS 8 AND FOR THE EXCLUSIVE BENEFIT OF THE PLAN AND ITS

9 <u>PARTICIPANTS, RESPECTIVELY</u>.

10 * * *

11 (E) RECORDS.--

12 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
13 WHICH SHALL BE [OPEN TO INSPECTION BY] <u>ACCESSIBLE TO</u> THE
14 PUBLIC, EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER
15 LAW.

(2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED, 16 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT 17 18 PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT 19 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION] 20 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212), REFERRED TO] FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE 21 22 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE 23 BOARD, THE [INSPECTION] ACCESS WOULD:

(I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR
ALTERNATIVE INVESTMENT VEHICLE INVOLVE THE RELEASE OF
SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO
THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT
VEHICLE WHICH THE FUND <u>OR TRUST</u> WAS ABLE TO OBTAIN ONLY
UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;
(II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE

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PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL
 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

3 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE
4 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED
5 OF BY THE FUND <u>OR TRUST</u>, OR WOULD CAUSE A BREACH OF THE
6 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS
7 PART.

8 (3) (I) THE SENSITIVE INVESTMENT OR FINANCIAL 9 INFORMATION EXCLUDED FROM [INSPECTION] <u>ACCESS</u> UNDER 10 PARAGRAPH (2)(I), TO THE EXTENT NOT OTHERWISE EXCLUDED 11 FROM [INSPECTION] <u>ACCESS</u>, SHALL CONSTITUTE A PUBLIC 12 RECORD SUBJECT TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE 13 RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY 14 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

(II) THE SENSITIVE INVESTMENT OR FINANCIAL
INFORMATION EXCLUDED FROM [INSPECTION] <u>ACCESS</u> UNDER
PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED
FROM [INSPECTION] <u>ACCESS</u>, SHALL CONSTITUTE A PUBLIC
RECORD SUBJECT TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE
RIGHT-TO-KNOW LAW ONCE:

21(A) THE [INSPECTION] ACCESS NO LONGER CAUSES22SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM23THE INFORMATION WAS RECEIVED; OR

24 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
25 IS LIQUIDATED;

WHICHEVER IS LATER.

(III) THE SENSITIVE INVESTMENT OR FINANCIAL
INFORMATION EXCLUDED FROM [INSPECTION] <u>ACCESS</u> UNDER
PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED
FROM [INSPECTION] <u>ACCESS</u>, SHALL CONSTITUTE A PUBLIC

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RECORD SUBJECT TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE
 RIGHT-TO-KNOW LAW ONCE:

3 (A) THE [INSPECTION] <u>ACCESS</u> NO LONGER HAS A
4 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN
5 INVESTMENT OF THE FUND <u>OR TRUST</u> AND WOULD NOT CAUSE A
6 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET
7 FORTH IN THIS PART; OR

8 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
9 IS LIQUIDATED;

10

WHICHEVER IS LATER.

(4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE RIGHT-TO-KNOW LAW.

17 (5) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,
18 THE FOLLOWING INFORMATION REGARDING AN ALTERNATIVE INVESTMENT
19 VEHICLE SHALL BE SUBJECT TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER
20 THE RIGHT-TO-KNOW LAW:

21 (I) THE NAME, ADDRESS AND VINTAGE YEAR OF THE
22 ALTERNATIVE INVESTMENT VEHICLE.

23 (II) THE IDENTITY OF THE MANAGER OF THE ALTERNATIVE24 INVESTMENT VEHICLE.

(III) THE DOLLAR AMOUNT OF THE COMMITMENT MADE BY
THE SYSTEM <u>OR PLAN</u> TO THE ALTERNATIVE INVESTMENT VEHICLE.
(IV) THE DOLLAR AMOUNT OF CASH CONTRIBUTIONS MADE BY
THE SYSTEM <u>OR PLAN</u> TO THE ALTERNATIVE INVESTMENT VEHICLE
SINCE INCEPTION.

30 (V) THE DOLLAR AMOUNT OF CASH DISTRIBUTIONS RECEIVED

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BY THE SYSTEM <u>OR PLAN</u> FROM THE ALTERNATIVE INVESTMENT
 VEHICLE SINCE INCEPTION.

(VI) THE NET INTERNAL RATE OF RETURN OF THE 3 4 ALTERNATIVE INVESTMENT VEHICLE SINCE INCEPTION, PROVIDED THAT THE SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE 5 6 THE NET INTERNAL RATE OF RETURN UNDER CIRCUMSTANCES IN 7 WHICH, BECAUSE OF THE LIMITED NUMBER OF PORTFOLIO ASSETS 8 REMAINING IN THE ALTERNATIVE INVESTMENT VEHICLE, THE 9 DISCLOSURE COULD REVEAL THE VALUES OF SPECIFICALLY 10 IDENTIFIABLE REMAINING PORTFOLIO ASSETS TO THE DETRIMENT 11 OF THE ALTERNATIVE INVESTMENT.

12 (VII) THE AGGREGATE VALUE OF THE REMAINING PORTFOLIO 13 ASSETS ATTRIBUTABLE TO THE SYSTEM'S OR PLAN'S INVESTMENT 14 IN THE ALTERNATIVE INVESTMENT VEHICLE, PROVIDED THAT THE SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE THE 15 VALUE UNDER CIRCUMSTANCES IN WHICH, BECAUSE OF THE 16 17 LIMITED NUMBER OF PORTFOLIO ASSETS REMAINING IN THE 18 ALTERNATIVE INVESTMENT VEHICLE, THE DISCLOSURE COULD 19 REVEAL THE VALUES OF SPECIFICALLY IDENTIFIABLE REMAINING 20 PORTFOLIO ASSETS TO THE DETRIMENT OF THE ALTERNATIVE 21 INVESTMENT.

22(VIII) THE DOLLAR AMOUNT OF TOTAL MANAGEMENT FEES23AND COSTS PAID TO THE ALTERNATIVE INVESTMENT VEHICLE BY24THE SYSTEM OR PLAN ON AN ANNUAL FISCAL YEAR-END BASIS.

25 (6) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
26 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES OR AGENTS
27 RELATING TO A PARTICIPANT SHALL NOT CONSTITUTE A PUBLIC
28 RECORD SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT-TO-KNOW LAW,
29 IF, IN THE REASONABLE JUDGMENT OF THE BOARD, THE ACCESS WOULD
30 DISCLOSE ANY OF THE FOLLOWING:

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1	(I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER
2	INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,
3	INCLUDING ROLLOVER CONTRIBUTIONS AND TRUSTEE-TO-TRUSTEE
4	TRANSFERS, OF ANY PARTICIPANT.
5	(II) THE INVESTMENT OPTION SELECTIONS OF ANY
6	PARTICIPANT.
7	(III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
8	INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
9	THE PARTICIPANT, AND ANY INVESTMENT GAINS OR LOSSES OR
10	RATES OF RETURN.
11	(IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED
12	BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.
13	(V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.
14	(7) (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO
15	DESIGNATE ANY RECORD, MATERIAL OR DATA RECEIVED,
16	PREPARED, USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES
17	OR AGENTS RELATING TO THE CONTRIBUTIONS, INVESTMENTS,
18	ACCOUNT VALUE OR BENEFITS PAYABLE TO OR ON ACCOUNT OF A
19	PARTICIPANT AS A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS
20	UNDER THE RIGHT-TO-KNOW LAW.
21	(II) THIS PARAGRAPH SHALL APPLY TO A RECORD,
22	MATERIAL OR DATA UNDER THIS SUBSECTION NOTWITHSTANDING
23	WHETHER:
24	(A) THE RECORD, MATERIAL OR DATA WAS CREATED,
25	GENERATED OR STORED BEFORE THE EFFECTIVE DATE OF THIS
26	PARAGRAPH;
27	(B) THE RECORD, MATERIAL OR DATA WAS PREVIOUSLY
28	RELEASED OR MADE PUBLIC; OR
29	(C) A REQUEST FOR THE RECORD, MATERIAL OR DATA
30	WAS MADE OR IS PENDING FINAL RESPONSE UNDER THE

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1FORMER ACT OF JUNE 21, 1957 (P.L.390, NO.212),2REFERRED TO AS THE RIGHT-TO-KNOW LAW, OR THE ACT OF3FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE RIGHT-4TO-KNOW LAW.

5 * * *

6 (H) REGULATIONS AND PROCEDURES. -- THE BOARD SHALL, WITH THE ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND 7 8 PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION 9 OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL 10 COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF 11 CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE 12 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES, 13 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND 14 15 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS 16 ARE ADOPTED AND PUBLISHED PURSUANT TO SUBSECTION (J) AS NECESSARY FOR THE CALCULATION OF ANNUITIES AND OTHER BENEFITS, 17 18 SHALL BE AS EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY 19 ACTUARIAL ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, 20 REGULATION OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS 21 FOR DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM 22 MANNER.

(I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA
AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL
ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS <u>OF THE FUND</u> CAN BE
COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH FISCAL YEAR.
THE BOARD SHALL HAVE FINAL AUTHORITY OVER THE MEANS BY WHICH
DATA IS COLLECTED, MAINTAINED AND STORED AND IN SO DOING SHALL
PROTECT THE RIGHTS OF ITS MEMBERSHIP AS TO PRIVACY AND
CONFIDENTIALITY.

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1 (J) ACTUARIAL INVESTIGATION AND VALUATION.--THE BOARD SHALL 2 HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS 3 ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH 4 FISCAL YEAR. IN THE FISCAL YEAR 1975 AND IN EVERY FIFTH YEAR THEREAFTER, THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN 5 6 ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON 7 DATA INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING 8 FIVE YEARS CONCERNING THE MEMBERS AND BENEFICIARIES OF THE 9 10 SYSTEM. THE BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE 11 NECESSARY FOR THE ACTUARIAL VALUATION OF THE FUND AND 12 CALCULATION OF CONTRIBUTIONS, ANNUITIES, AND OTHER BENEFITS 13 BASED ON THE REPORTS AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR ADOPTION, THE SECRETARY OF THE BOARD SHALL 14 15 CAUSE THOSE TABLES WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN 16 17 IN ACCORDANCE WITH THE PROVISIONS OF 45 PA.C.S. § 725(A) 18 (RELATING TO ADDITIONAL CONTENTS OF PENNSYLVANIA BULLETIN) AND, 19 UNLESS THE BOARD SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH 20 TABLES SHALL BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD 21 SHALL INCLUDE A REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS 22 AND DATA DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND 23 EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT 24 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (N) FOR THE 25 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE 26 CONCLUDED.

(K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS <u>TO THE FUND</u>.-THE BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
REQUIRED UNDER SECTION 8330 (RELATING TO APPROPRIATIONS BY THE
COMMONWEALTH), CERTIFY TO THE EMPLOYERS AND THE COMMONWEALTH THE

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EMPLOYER CONTRIBUTION RATE EXPRESSED AS A PERCENTAGE OF MEMBERS' 1 2 PAYROLL NECESSARY FOR THE FUNDING OF PROSPECTIVE ANNUITIES FOR 3 ACTIVE MEMBERS AND THE ANNUITIES OF ANNUITANTS, AND CERTIFY THE 4 RATES AND AMOUNTS OF THE NORMAL CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 8328(B) (RELATING TO ACTUARIAL COST METHOD), 5 6 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO 7 SECTION 8328(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS 8 DETERMINED PURSUANT TO SECTION 8328(D), THE EXPERIENCE 9 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 8328(E), 10 PREMIUM ASSISTANCE CONTRIBUTIONS AS DETERMINED PURSUANT TO 11 SECTION 8328(F), THE COSTS ADDED BY LEGISLATION AS DETERMINED 12 PURSUANT TO SECTION 8328(I), THE ACTUARIAL REQUIRED CONTRIBUTION 13 RATE AS DETERMINED PURSUANT TO SECTION 8328(I), THE COLLARED 14 CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION 8328(G), THE 15 FINAL CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION 16 8328(H) AND THE SHARED-RISK CONTRIBUTION RATE AS DETERMINED 17 UNDER SECTION 8321(B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS 18 FOR CURRENT SERVICE), WHICH SHALL BE PAID TO THE FUND AND 19 CREDITED TO THE APPROPRIATE ACCOUNTS. THESE CERTIFICATIONS SHALL 20 BE REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE 21 SECRETARY OF THE BUDGET.

22 * * *

23 (N) ANNUAL FINANCIAL STATEMENT. -- THE BOARD SHALL PREPARE AND 24 HAVE PUBLISHED, ON OR BEFORE JANUARY 1 OF EACH YEAR, [A 25 FINANCIAL STATEMENT] FINANCIAL STATEMENTS AS OF THE FISCAL YEAR 26 ENDING JUNE 30 OF THE PREVIOUS YEAR SHOWING THE CONDITION OF THE 27 FUND, THE TRUST AND THE VARIOUS ACCOUNTS, INCLUDING, BUT NOT 28 LIMITED TO, THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED 29 COMMISSIONS, AND SETTING FORTH SUCH OTHER FACTS, RECOMMENDATIONS AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF KNOWLEDGE 30

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CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY THIS PART.
 THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT] <u>STATEMENTS</u> TO
 THE GOVERNOR AND SHALL MAKE COPIES AVAILABLE TO THE EMPLOYERS
 FOR THE USE OF THE SCHOOL EMPLOYEES AND THE PUBLIC.

5 (O) INDEPENDENT [AUDIT] <u>AUDITS</u>.--THE BOARD SHALL PROVIDE FOR 6 [AN ANNUAL AUDIT] <u>ANNUAL AUDITS</u> OF THE SYSTEM <u>AND THE PLAN</u> BY AN 7 INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM, WHICH [AUDIT] 8 <u>AUDITS</u> SHALL INCLUDE THE BOARD'S ACCRUAL AND EXPENDITURE OF 9 DIRECTED COMMISSIONS. <u>THE BOARD MAY USE THE SAME INDEPENDENT</u> 10 CERTIFIED PUBLIC ACCOUNTING FIRM FOR THE AUDITS OF BOTH THE

11 SYSTEM AND THE PLAN.

12 * * *

13 (Q) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE

14 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED

15 BUDGET REQUIRED UNDER SECTION 8330, CERTIFY, AS A PERCENTAGE OF

16 EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED

17 CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO

18 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE

19 CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO

20 MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL

21 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON

22 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY

23 <u>A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL</u>

24 <u>INVESTMENT ACCOUNT.</u>

25 SECTION 117. SECTION 8502.2(A) OF TITLE 24 IS AMENDED TO 26 READ:

27 § 8502.2. HEALTH INSURANCE.

(A) AUTHORITY.--THE BOARD MAY SPONSOR A PARTICIPANT-FUNDED
GROUP HEALTH INSURANCE PROGRAM FOR ANNUITANTS, <u>PARTICIPANTS</u>
<u>RECEIVING DISTRIBUTIONS</u>, SPOUSES OF ANNUITANTS <u>AND PARTICIPANTS</u>

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RECEIVING DISTRIBUTIONS, SURVIVOR ANNUITANTS AND THEIR 1 2 DEPENDENTS. THE BOARD MAY PROMULGATE REGULATIONS REGARDING THE PRUDENT AND EFFICIENT OPERATION OF THE PROGRAM, INCLUDING, BUT 3 4 NOT LIMITED TO:

5 (1) ESTABLISHMENT OF AN ANNUAL BUDGET AND DISBURSEMENTS 6 IN ACCORDANCE WITH THE BUDGET.

7 (2) DETERMINATION OF THE BENEFITS STRUCTURE.

(3) DETERMINATION OF ENROLLMENT PROCEDURES. 8

9 (4) ESTABLISHMENT OF PREMIUM RATES SUFFICIENT TO FULLY FUND THE PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES. 10

11 (5) CONTRACTING FOR GOODS, EQUIPMENT, SERVICES, 12 CONSULTANTS AND OTHER PROFESSIONAL PERSONNEL AS NEEDED TO 13 OPERATE THE PROGRAM.

* * * 14

SECTION 117.1. SECTION 8503 HEADING OF TITLE 24 IS AMENDED 15 16 AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ: 17 § 8503. DUTIES OF BOARD TO ADVISE AND REPORT TO EMPLOYERS [AND 18

MEMBERS], MEMBERS AND PARTICIPANTS.

19 * * *

20 (B.1) PARTICIPANT STATUS STATEMENTS. -- THE BOARD SHALL

21 FURNISH ANNUALLY TO EACH PARTICIPANT ON OR BEFORE DECEMBER 31,

22 AND MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY

23 LAW, A STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED

24 CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL

25 INVESTMENT ACCOUNT, THE NATURE AND TYPE OF INVESTMENTS AND THE

26 INVESTMENT ALLOCATION OF FUTURE CONTRIBUTIONS AS OF JUNE 30 OF

27 THE CURRENT YEAR AND REQUESTING THE PARTICIPANT TO MAKE ANY

28 NECESSARY CORRECTION OR REVISION REGARDING HIS DESIGNATED

29 BENEFICIARY.

30 * * *

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1 SECTION 118. SECTION 8505 HEADING, (H) AND (I) OF TITLE 24, 2 AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), IS AMENDED AND THE 3 SECTION IS AMENDED BY ADDING A SUBSECTIONS TO READ: 4 \$ 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF 5 MEMBERS AND PARTICIPANTS. * * * 6 7 (E.1) CERTIFICATION TO PARTICIPANTS TERMINATING SERVICE.--IN 8 THE CASE OF A PARTICIPANT TERMINATING SERVICE, THE BOARD SHALL 9 CERTIFY TO A PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED 10 TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S 11 INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE 12 WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER MATTERS 13 REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE PARTICIPANT 14 TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S 15 REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART 16 OF THE VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT 17 ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY 18 AUTHORIZE OR AS REQUIRED BY LAW. 19 * * * 20 (F.1) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING 21 REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY EACH INACTIVE 22 PARTICIPANT WHO HAS TERMINATED SCHOOL SERVICE AND FOR WHOM 23 DISTRIBUTION HAS NOT COMMENCED BY 90 DAYS BEFORE THE 24 PARTICIPANT'S REQUIRED BEGINNING DATE, IN WRITING, THAT THE 25 INACTIVE PARTICIPANT HAS AN OBLIGATION TO COMMENCE DISTRIBUTIONS 26 BY THE REQUIRED BEGINNING DATE IN A FORM AND MANNER REQUIRED BY 27 IRC § 401(A)(9) AND OTHER APPLICABLE PROVISIONS OF IRC. 28 * * * 29 (G.1) INITIAL PAYMENT TO PARTICIPANTS.--THE BOARD SHALL MAKE THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A 30

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1 DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION AND

2 <u>RECEIPT OF THE REQUIRED DATA FROM THE EMPLOYER OF THE</u>

3 PARTICIPANT AND OTHER NECESSARY DATA.

4 (H) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION OF THE 5 DEATH OF A MEMBER OR FORMER MEMBER ON USERRA LEAVE, AN ACTIVE 6 PARTICIPANT, AN INACTIVE PARTICIPANT OR A FORMER PARTICIPANT ON 7 USERRA LEAVE, THE BOARD SHALL NOTIFY THE DESIGNATED BENEFICIARY 8 OR SURVIVOR ANNUITANT OF THE BENEFITS TO WHICH HE IS ENTITLED 9 AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY UNDER THE 10 PLAN ELECTED BY THE BENEFICIARY WITHIN 60 DAYS OF RECEIPT OF 11 CERTIFICATION OF DEATH AND OTHER NECESSARY DATA. IF NO 12 BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF THE MEMBER'S 13 OR PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED WITH THE 14 BOARD TO PAY THE AMOUNT OF SUCH BENEFITS TO THE MEMBER'S OR 15 PARTICIPANT'S ESTATE, THE BOARD IS AUTHORIZED TO PAY SUCH 16 BENEFITS TO THE EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR 17 NEXT-OF-KIN OF THE DECEASED MEMBER OR PARTICIPANT, AND PAYMENT 18 PURSUANT HERETO SHALL FULLY DISCHARGE THE FUND OR PLAN FROM ANY 19 FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER 20 PERSON.

21 (I) MEDICAL INSURANCE COVERAGE.--UPON RECEIPT OF 22 NOTIFICATION FROM AN INSURANCE CARRIER OFFERING A HEALTH INSURANCE PROGRAM APPROVED BY THE BOARD THAT AN ANNUITANT WHO 23 24 HAS ATTAINED AGE 65 HAS ELECTED MEDICAL, MAJOR MEDICAL, AND 25 HOSPITALIZATION INSURANCE COVERAGE OR NOTIFICATION THAT 26 ANNUITANTS WITH LESS THAN 24 1/2 ELIGIBILITY POINTS (OTHER THAN 27 DISABILITY ANNUITANTS), SPOUSES OF ANNUITANTS AND SURVIVOR 28 ANNUITANTS ELIGIBLE TO ELECT TO ENROLL IN THE APPROVED HEALTH 29 INSURANCE PROGRAM HAVE ELECTED PARTICIPATION IN SUCH HEALTH INSURANCE PROGRAM, THE BOARD MAY DEDUCT FROM THE ANNUITY 30

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1 PAYMENTS, FROM PAYMENTS TO A PARTICIPANT RECEIVING

2 <u>DISTRIBUTIONS, OR FROM A SUCCESSOR PAYEE</u> THE APPROPRIATE ANNUAL
3 CHARGES IN EQUAL MONTHLY INSTALLMENTS. SUCH DEDUCTIONS SHALL BE
4 TRANSMITTED TO THE INSURANCE CARRIER.

5 * * *

6 SECTION 118.1. SECTIONS 8506(A), (D), (E), (G), (H), (I) AND 7 (K) AND 8507(A), (C), (E) AND (F) OF TITLE 24 ARE AMENDED AND 8 THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ:

9 § 8506. DUTIES OF EMPLOYERS.

10 (A) STATUS OF MEMBERS <u>AND PARTICIPANTS</u>.--THE EMPLOYER SHALL, 11 EACH MONTH, NOTIFY THE BOARD IN A MANNER PRESCRIBED BY THE BOARD 12 OF THE SALARY CHANGES EFFECTIVE DURING THE PAST MONTH, THE DATE 13 OF ALL REMOVALS FROM THE PAYROLL, AND THE TYPE OF LEAVE OF ANY 14 MEMBER <u>OR PARTICIPANT</u> WHO HAS BEEN REMOVED FROM THE PAYROLL FOR 15 ANY TIME DURING THAT MONTH, AND:

16 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, THE
17 EMPLOYER SHALL FURNISH THE BOARD WITH THE DATE OF BEGINNING
18 LEAVE, THE DATE OF RETURN TO SERVICE, AND THE REASON FOR
19 LEAVE;

(2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER
EMPLOYER, THE FORMER EMPLOYER SHALL FURNISH SUCH EMPLOYER AND
THE BOARD WITH A COMPLETE SCHOOL SERVICE RECORD, INCLUDING
CREDITED OR CREDITABLE NONSCHOOL SERVICE; OR

(3) IF THE REMOVAL IS DUE TO TERMINATION OF SCHOOL
SERVICE, THE EMPLOYER SHALL FURNISH THE BOARD WITH A COMPLETE
SCHOOL SERVICE RECORD INCLUDING CREDITED OR CREDITABLE
NONSCHOOL SERVICE AND IN THE CASE OF DEATH OF THE MEMBER <u>OR</u>
<u>PARTICIPANT</u> THE EMPLOYER SHALL SO NOTIFY THE BOARD.

29 * * *

30 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE

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EMPLOYER SHALL CAUSE THE MANDATORY PICKUP PARTICIPANT 1 2 CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE. THE 3 EMPLOYER SHALL ALSO CAUSE THE EMPLOYER DEFINED CONTRIBUTIONS ON 4 BEHALF OF A PARTICIPANT TO BE MADE. THE EMPLOYER SHALL NOTIFY 5 THE BOARD AT TIMES AND IN A MANNER PRESCRIBED BY THE BOARD OF 6 THE COMPENSATION OF ANY PARTICIPANT TO WHOM THE LIMITATION UNDER 7 IRC § 401(A)(17) EITHER APPLIES OR IS EXPECTED TO APPLY AND 8 SHALL CAUSE THE PARTICIPANT'S CONTRIBUTIONS TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER IRC § 401 (A) (17) ON THE 9 10 PAYROLL DATE IF AND WHEN SUCH LIMIT SHALL BE REACHED. THE 11 EMPLOYER SHALL CERTIFY TO THE BOARD THE AMOUNTS PICKED UP AND DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING MADE AND 12 13 SHALL SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND CONTRIBUTED 14 TOGETHER WITH A DUPLICATE OF SUCH VOUCHER TO THE SECRETARY OF 15 THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE AS ESTABLISHED BY 16 THE BOARD. (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR 17 18 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW SCHOOL 19 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY, 20 THE EMPLOYER SHALL NO LATER THAN 30 DAYS THEREAFTER CAUSE AN 21 APPLICATION FOR MEMBERSHIP OR PARTICIPATION, WHICH APPLICATION 22 SHALL INCLUDE THE EMPLOYEE'S HOME ADDRESS, BIRTHDATE CERTIFIED 23 BY THE EMPLOYER, PREVIOUS SCHOOL OR STATE SERVICE AND ANY OTHER 24 INFORMATION REQUESTED BY THE BOARD, AND A NOMINATION OF 25 BENEFICIARY TO BE MADE BY SUCH EMPLOYEE AND FILED WITH THE BOARD 26 AND SHALL MAKE PICKUP CONTRIBUTIONS OR MANDATORY PICKUP 27 PARTICIPANT CONTRIBUTIONS FROM THE EFFECTIVE DATE OF SCHOOL 28 EMPLOYMENT. 29 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR

30 PARTICIPATION.--THE EMPLOYER SHALL INFORM ANY ELIGIBLE SCHOOL

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EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE 1 2 PLAN IS NOT MANDATORY OF HIS OPPORTUNITY TO BECOME A MEMBER OF THE SYSTEM OR A PARTICIPANT IN THE PLAN PROVIDED THAT HE ELECTS 3 4 TO PURCHASE CREDIT FOR ALL SUCH CONTINUOUS CREDITABLE SERVICE. IF SUCH EMPLOYEE SO ELECTS, THE EMPLOYER SHALL NO LATER THAN 30 5 6 DAYS THEREAFTER CAUSE AN APPLICATION FOR MEMBERSHIP OR 7 PARTICIPATION WHICH APPLICATION SHALL INCLUDE THE EMPLOYEE'S HOME ADDRESS, BIRTHDATE CERTIFIED BY THE EMPLOYER, PREVIOUS 8 SCHOOL OR STATE SERVICE AND ANY OTHER INFORMATION REQUESTED BY 9 10 THE BOARD, AND A NOMINATION OF BENEFICIARY TO BE MADE BY HIM AND 11 FILED WITH THE BOARD AND SHALL CAUSE PROPER CONTRIBUTIONS TO BE 12 MADE FROM THE DATE OF ELECTION OF MEMBERSHIP OR PARTICIPATION. * * * 13

(G) FORMER STATE EMPLOYEE CONTRIBUTORS. -- THE EMPLOYER SHALL, 14 15 UPON THE EMPLOYMENT OF A FORMER MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM WHO IS NOT AN ANNUITANT OF THE STATE 16 17 EMPLOYEES' RETIREMENT SYSTEM, ADVISE SUCH EMPLOYEE [OF HIS] IF 18 HE HAS A RIGHT TO ELECT MULTIPLE SERVICE MEMBERSHIP WITHIN 365 19 DAYS OF ENTRY INTO THE SYSTEM OR, FOR A MEMBER OF CLASS T-G, IF 20 HE HAS A RIGHT TO ELECT WITHIN 45 DAYS OF ENTRY INTO THE SYSTEM 21 AND, IN THE CASE ANY SUCH EMPLOYEE WHO SO ELECTS HAS WITHDRAWN 22 HIS ACCUMULATED DEDUCTIONS, REQUIRE HIM TO RESTORE HIS 23 ACCUMULATED DEDUCTIONS AS THEY WOULD HAVE BEEN AT THE TIME OF 24 HIS SEPARATION HAD HE BEEN A FULL COVERAGE MEMBER, TOGETHER WITH 25 STATUTORY INTEREST FOR ALL PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF REPAYMENT. THE EMPLOYER SHALL ADVISE 26 27 THE BOARD OF SUCH ELECTION.

(H) FORMER STATE EMPLOYEE ANNUITANTS.--THE EMPLOYER SHALL,
UPON THE EMPLOYMENT OF AN ANNUITANT OF THE STATE EMPLOYEES'
RETIREMENT SYSTEM WHO APPLIES FOR MEMBERSHIP IN THE SYSTEM,

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ADVISE SUCH EMPLOYEE [THAT] IF HE MAY ELECT MULTIPLE SERVICE 1 2 MEMBERSHIP WITHIN 365 DAYS OF ENTRY INTO THE SYSTEM OR, FOR A MEMBER OF CLASS T-G, IF HE HAS A RIGHT TO ELECT WITHIN 45 DAYS 3 4 OF ENTRY INTO THE SYSTEM AND THAT IF HE SO ELECTS HIS ANNUITY FROM THE STATE EMPLOYEES' RETIREMENT SYSTEM WILL BE DISCONTINUED 5 6 EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL SERVICE AND, UPON TERMINATION OF SCHOOL SERVICE AND APPLICATION FOR AN 7 ANNUITY, THE ANNUITY WILL BE ADJUSTED IN ACCORDANCE WITH SECTION 8 8346 (RELATING TO TERMINATION OF ANNUITIES). THE EMPLOYER SHALL 9 ADVISE THE BOARD OF SUCH ELECTION. 10

(I) TERMINATION OF SERVICE.--THE EMPLOYER SHALL, IN THE CASE OF ANY MEMBER TERMINATING SCHOOL SERVICE, ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS TO WHICH HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND SHALL HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF TERMINATION OF SCHOOL SERVICE, ONE <u>OR MORE</u> OF THE FOLLOWING THREE FORMS, A COPY OF WHICH SHALL BE GIVEN TO THE MEMBER AND THE ORIGINAL OF WHICH SHALL BE FILED WITH THE BOARD:

18 (1) AN APPLICATION FOR THE RETURN OF ACCUMULATED
19 DEDUCTIONS, IF ELIGIBLE.

20 (2) AN ELECTION TO VEST HIS RETIREMENT RIGHTS, IF
21 <u>ELIGIBLE</u>, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO
22 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
23 AGREEMENT TO PAY WITHIN 30 DAYS OF THE DATE OF TERMINATION OF
24 SERVICE THE LUMP SUM REQUIRED.

(3) AN APPLICATION FOR AN IMMEDIATE ANNUITY, IF
<u>ELIGIBLE</u>, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO
DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
AGREEMENT TO PAY WITHIN 30 DAYS OF DATE OF TERMINATION OF
SERVICE THE LUMP SUM REQUIRED.

30 * * *

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(K) SCHOOL EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED
 LEAVE OF ABSENCE.--THE EMPLOYER SHALL REPORT TO THE BOARD ALL OF
 THE FOLLOWING:

4 (1) ANY SCHOOL EMPLOYEE WHO:

5 (I) CEASES TO BE AN ACTIVE MEMBER <u>OR ACTIVE</u>
6 <u>PARTICIPANT</u> TO PERFORM USERRA SERVICE; OR

7 (II) IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S.
8 § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
9 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE OF ABSENCE
10 UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY
11 LEAVES OF ABSENCE).

12 (2) THE DATE ON WHICH THE USERRA SERVICE, LEAVE OF13 ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN.

14 (3) THE DATE ON WHICH THE SCHOOL EMPLOYEE IS REEMPLOYED
15 FROM USERRA LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR
16 MILITARY LEAVE OF ABSENCE, IF APPLICABLE.

17 (4) ANY OTHER INFORMATION THE BOARD MAY REQUIRE.

18 (L) DIFFERENTIAL WAGE PAYMENTS AND MILITARY LEAVE OF ABSENCE 19 PAYMENTS. -- NOTWITHSTANDING THE EXCLUSION OF DIFFERENTIAL WAGE 20 PAYMENTS AS DEFINED IN IRC § 414(U)(12) FROM COMPENSATION UNDER 21 THIS PART, THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON USERRA LEAVE 22 SHALL REPORT DIFFERENTIAL WAGE PAYMENTS MADE TO THE EMPLOYEE TO 23 THE BOARD, AND THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON LEAVE OF 24 ABSENCE PURSUANT TO 51 PA.C.S. § 4102 SHALL REPORT ANY PAYMENT 25 MADE TO THE EMPLOYEE, IN THE FORM AND MANNER ESTABLISHED BY THE 26 BOARD.

27 § 8507. RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS],
 28 <u>MEMBERS AND PARTICIPANTS.</u>

29 (A) INFORMATION ON NEW EMPLOYEES. -- UPON HIS ASSUMPTION OF30 DUTIES, EACH NEW SCHOOL EMPLOYEE SHALL FURNISH HIS EMPLOYER WITH

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A COMPLETE RECORD OF HIS PREVIOUS SCHOOL OR STATE SERVICE, OR 1 2 CREDITABLE NONSCHOOL SERVICE, PROOF OF HIS DATE OF BIRTH, HIS 3 HOME ADDRESS, HIS CURRENT STATUS IN THE SYSTEM AND THE PLAN AND 4 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AND SUCH OTHER INFORMATION 5 6 AS THE BOARD MAY REQUIRE. WILLFUL FAILURE TO PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE 7 8 OR THE PROVISION OF ERRONEOUS INFORMATION UPON ENTRANCE INTO THE 9 SYSTEM SHALL RESULT IN THE FORFEITURE OF THE RIGHT OF THE MEMBER 10 TO SUBSEQUENTLY ASSERT ANY RIGHT TO BENEFITS BASED ON ERRONEOUS 11 INFORMATION OR ON ANY OF THE REQUIRED INFORMATION WHICH HE 12 FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS THAT A 13 MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE INFORMATION, THE 14 ADDITIONAL AMOUNTS RECEIVED PREDICATED ON SUCH FALSE INFORMATION 15 TOGETHER WITH STATUTORY INTEREST DOUBLED AND COMPOUNDED SHALL BE DEDUCTED FROM THE PRESENT VALUE OF ANY REMAINING BENEFITS TO 16 WHICH THE MEMBER IS LEGALLY ENTITLED AND SUCH REMAINING BENEFITS 17 18 SHALL BE CORRESPONDINGLY DECREASED.

19 * * *

20 (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JULY 1,
21 2018, IN THE CASE OF A NEW EMPLOYEE WHO IS NOT CURRENTLY A
22 PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY,
23 THE NEW EMPLOYEE SHALL EXECUTE AN APPLICATION FOR PARTICIPATION
24 AND A NOMINATION OF A BENEFICIARY.

25 (C) MULTIPLE SERVICE MEMBERSHIP.--

26 (1) ANY [ACTIVE MEMBER] <u>SCHOOL EMPLOYEE WHO IS AN ACTIVE</u>
27 <u>MEMBER IN A CLASS OF SERVICE OTHER THAN CLASS T-G AND</u> WHO WAS
28 FORMERLY AN ACTIVE MEMBER IN THE STATE EMPLOYEES' RETIREMENT
29 SYSTEM <u>IN A CLASS OF SERVICE OTHER THAN CLASS A-5</u> MAY ELECT
30 TO BECOME A MULTIPLE SERVICE MEMBER. SUCH ELECTION <u>FOR A</u>

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MEMBER IN OTHER THAN CLASS T-G SHALL OCCUR NO LATER THAN 365
 DAYS AFTER BECOMING AN ACTIVE MEMBER IN A CLASS OF SERVICE
 OTHER THAN CLASS T-G IN THIS SYSTEM.

4 (2) ANY SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF CLASS
5 <u>T-G AND WHO WAS FORMERLY AN ACTIVE MEMBER IN THE STATE</u>
6 <u>EMPLOYEES' RETIREMENT SYSTEM IN CLASS A-5 MAY ELECT TO BECOME</u>
7 <u>A MULTIPLE SERVICE MEMBER. SUCH ELECTION SHALL OCCUR NO LATER</u>
8 <u>THAN 45 DAYS AFTER BECOMING AN ACTIVE MEMBER OF CLASS T-G.</u>

9 <u>(3)</u> A SCHOOL EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME 10 A MULTIPLE SERVICE MEMBER AND WHO BEGINS USERRA LEAVE DURING 11 THE ELECTION PERIOD WITHOUT HAVING ELECTED MULTIPLE SERVICE 12 MEMBERSHIP MAY MAKE THE ELECTION WITHIN 365 DAYS, OR 45 DAYS 13 <u>IF A MEMBER OF CLASS T-G</u>, AFTER BEING REEMPLOYED FROM USERRA 14 LEAVE.

15 * * *

16 (D.2) CONTRIBUTIONS FOR USERRA LEAVE. -- ANY ACTIVE

17 PARTICIPANT OR INACTIVE PARTICIPANT OR FORMER PARTICIPANT WHO

18 WAS REEMPLOYED FROM USERRA LEAVE AND WHO DESIRES TO MAKE

19 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FOR HIS USERRA LEAVE

20 SHALL SO NOTIFY THE BOARD WITHIN THE TIME PERIOD REQUIRED UNDER

21 <u>38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS</u>

22 OF MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) OF HIS

23 DESIRE TO MAKE SUCH CONTRIBUTIONS. UPON MAKING THE PERMITTED

24 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED

25 TIME PERIOD, THE EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER

26 <u>DEFINED CONTRIBUTIONS AT THE SAME TIME.</u>

27 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY

28 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE

29 <u>CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE</u>

30 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND

LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY
 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND
 OTHER APPLICABLE LAW.

(E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY 4 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED 5 6 WITH THE BOARD TO RECEIVE THE DEATH BENEFIT OR THE BENEFIT 7 PAYABLE FROM THE SYSTEM UNDER THE PROVISIONS OF OPTION 1. SUCH 8 NOMINATION MAY BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN DESIGNATION FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A 9 10 CONTINGENT BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH 11 BENEFIT OR THE BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1. 12 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM PLAN.--EVERY 13 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION 14 FILED WITH THE BOARD AS PROVIDED IN SECTION 8506 (RELATING TO 15 DUTIES OF EMPLOYERS) TO RECEIVE THE DEATH BENEFIT PAYABLE UNDER SECTION 8347 (RELATING TO DEATH BENEFITS). A PARTICIPANT MAY 16 17 ALSO NOMINATE A CONTINGENT BENEFICIARY OR BENEFICIARIES TO 18 RECEIVE THE DEATH BENEFIT PROVIDED UNDER SECTION 8408 (RELATING 19 TO DEATH BENEFITS). SUCH NOMINATION MAY BE CHANGED AT ANY TIME 20 BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH THE BOARD. 21 (E.2) BENEFICIARY DESIGNATION.--A SCHOOL EMPLOYEE MAY 22 DESIGNATE OR NOMINATE DIFFERENT PERSONS TO BE BENEFICIARIES, 23 SURVIVOR ANNUITANTS AND SUCCESSOR PAYEES FOR HIS BENEFITS FROM 24 THE SYSTEM AND THE PLAN.

(F) TERMINATION OF SERVICE <u>BY MEMBERS</u>.--EACH MEMBER WHO
TERMINATES SCHOOL SERVICE AND WHO IS NOT THEN A DISABILITY
ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
SERVICE A WRITTEN APPLICATION, DULY ATTESTED BY THE MEMBER OR
HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO DO ONE <u>OR</u>
<u>MORE</u> OF THE FOLLOWING:

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1 (1) WITHDRAW HIS ACCUMULATED DEDUCTIONS, IF ELIGIBLE.

2 (2) VEST HIS RETIREMENT RIGHTS, IF ELIGIBLE, AND IF HE
3 IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A
4 FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE
5 DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

6 (3) RECEIVE AN IMMEDIATE ANNUITY, IF ELIGIBLE, AND MAY,
7 IF HE IS A JOINT COVERAGE MEMBER, ELECT TO BECOME A FULL
8 COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF DATE OF
9 TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

10 * * *

11 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT TERMINATES SCHOOL SERVICE AND DOES NOT COMMENCE RECEIVING A 12 13 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY BY WRITTEN 14 DESIGNATION FILED WITH THE BOARD, AND HE MAY ANYTIME THEREAFTER, 15 BUT NO LATER THAN HIS REQUIRED BEGINNING DATE, WITHDRAW THE 16 VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO HIS 17 CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION REQUIRED BY LAW 18 OR AUTHORIZED BY THE BOARD. 19 * * *

20 SECTION 119. SECTIONS 8521(B), 8522, 8524, 8525 AND 8531 OF 21 TITLE 24 ARE AMENDED TO READ:

22 § 8521. MANAGEMENT OF FUND AND ACCOUNTS.

23 * * *

(B) CREDITING OF INTEREST. -- THE BOARD ANNUALLY SHALL ALLOW
 STATUTORY INTEREST, EXCLUDING THE INDIVIDUAL INVESTMENT

26 <u>ACCOUNTS,</u> TO THE CREDIT OF THE MEMBERS' SAVINGS ACCOUNT ON THE 27 MEAN AMOUNT OF THE ACCUMULATED DEDUCTIONS OF ALL MEMBERS FOR 28 WHOM INTEREST IS PAYABLE FOR THE PRECEDING YEAR AND VALUATION 29 INTEREST ON THE MEAN AMOUNT OF THE ANNUITY RESERVE ACCOUNT FOR 30 THE PRECEDING YEAR TO THE CREDIT OF THAT ACCOUNT. THE BOARD

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ANNUALLY SHALL ALLOW VALUATION INTEREST CALCULATED ON THE MEAN 1 2 AMOUNT FOR THE PRECEDING YEAR OF THE BALANCE IN THE STATE ACCUMULATION ACCOUNT EXCLUDING ANY EARNINGS OF THE FUND CREDITED 3 4 TO THE ACCOUNT DURING THAT YEAR. IN THE EVENT THE TOTAL EARNINGS FOR THE YEAR DO NOT EXCEED 5 1/2% OF THE MEAN AMOUNT FOR THE 5 6 PRECEDING YEAR OF THE TOTAL ASSETS OF THE FUND LESS EARNINGS 7 CREDITED TO THE FUND DURING THAT YEAR PLUS THE ADMINISTRATIVE EXPENSES OF THE BOARD, THE DIFFERENCE REQUIRED TO BE 8 APPROPRIATED FROM THE GENERAL FUND SHALL BE CREDITED TO THE 9 10 STATE ACCUMULATION ACCOUNT.

11 * * *

12 § 8522. PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND.

13 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL MONEYS IN 14 THE SEVERAL SEPARATE FUNDS IN THE STATE TREASURY SET APART TO BE 15 USED UNDER THE DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE 16 17 FUND ALL MONEYS RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING 18 FROM THE CONTRIBUTIONS RELATING TO OR ON BEHALF OF THE MEMBERS 19 OF THE SYSTEM REQUIRED UNDER THE PROVISIONS OF CHAPTER 83 20 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) AND ALL 21 EARNINGS FROM INVESTMENTS OR MONEYS OF SAID FUND. THERE SHALL BE 22 ESTABLISHED AND MAINTAINED BY THE BOARD THE SEVERAL LEDGER 23 ACCOUNTS SPECIFIED IN SECTIONS 8523 (RELATING TO MEMBERS' 24 SAVINGS ACCOUNT), 8524 (RELATING TO STATE ACCUMULATION ACCOUNT), 25 8525 (RELATING TO ANNUITY RESERVE ACCOUNT) AND 8526 (RELATING TO 26 HEALTH INSURANCE ACCOUNT).

27 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE

28 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL

29 NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT

30 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED

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<u>CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE</u>
 <u>INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED</u>
 <u>TO THE FUND BUT INSTEAD SHALL BE PAID TO THE TRUST AND CREDITED</u>
 <u>TO THE INDIVIDUAL INVESTMENT ACCOUNTS.</u>

5 § 8524. STATE ACCUMULATION ACCOUNT.

THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO 6 7 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH AND OTHER EMPLOYERS AS WELL AS THE EARNINGS OF THE FUND, EXCEPT 8 9 THE PREMIUM ASSISTANCE CONTRIBUTIONS AND EARNINGS THEREON IN THE 10 HEALTH INSURANCE ACCOUNT. VALUATION INTEREST SHALL BE ALLOWED ON 11 THE TOTAL AMOUNT OF SUCH ACCOUNT LESS ANY EARNINGS OF THE FUND 12 CREDITED DURING THE YEAR. THE RESERVES NECESSARY FOR THE PAYMENT 13 OF ANNUITIES AND DEATH BENEFITS RESULTING FROM MEMBERSHIP IN THE 14 SYSTEM AS APPROVED BY THE BOARD AND AS PROVIDED IN CHAPTER 83 15 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE ANNUITY 16 17 RESERVE ACCOUNT. AT THE END OF EACH YEAR THE REQUIRED INTEREST 18 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE 19 CREDIT OF THE MEMBERS' SAVINGS ACCOUNT AND THE ANNUITY RESERVE 20 ACCOUNT. THE ADMINISTRATIVE EXPENSES OF THE BOARD SHALL BE 21 CHARGED TO THE STATE ACCUMULATION ACCOUNT. EMPLOYER DEFINED 22 CONTRIBUTIONS, MANDATORY PICKUP CONTRIBUTIONS AND A PARTICIPANT'S VOLUNTARY CONTRIBUTIONS, TOGETHER WITH ANY INCOME 23 24 OR INTEREST EARNED THEREON, MAY BE TEMPORARILY PLACED INTO THE

25 STATE ACCUMULATION ACCOUNT PENDING ALLOCATION OR DISTRIBUTION

26 TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

27 § 8525. ANNUITY RESERVE ACCOUNT.

28 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE
29 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED
30 THE RESERVES HELD FOR THE PAYMENT OF ANNUITIES AND DEATH

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BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM ON ACCOUNT OF 1 2 ALL ANNUITANTS AND THE CONTRIBUTIONS FROM THE COMMONWEALTH AND 3 OTHER EMPLOYERS AS DETERMINED IN ACCORDANCE WITH SECTION 8328 4 (RELATING TO ACTUARIAL COST METHOD) FOR THE PAYMENT OF THE SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348 (RELATING TO 5 6 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL 7 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER ADDITIONAL 8 SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO SUPPLEMENTAL 9 ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO SPECIAL 10 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5 (RELATING TO 11 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6 (RELATING TO 12 SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND 8348.7 (RELATING TO 13 SUPPLEMENTAL ANNUITIES COMMENCING 2003). THE ANNUITY RESERVE 14 ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER THE 15 TRANSFERS PROVIDED IN SECTIONS 8523 (RELATING TO MEMBERS' SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION 16 17 ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE 18 CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND. 19 TRANSFERS FROM ACCOUNT. -- SHOULD AN ANNUITANT BE (B) 20 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE EITHER AS A MEMBER OF 21 THE SYSTEM OR PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF HIS 22 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO SCHOOL SERVICE 23 SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE ACCOUNT AND PLACED 24 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN 25 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY LESS THE AMOUNT 26 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED 27 FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION 28 ACCOUNT.

29 § 8531. STATE GUARANTEE <u>REGARDING THE SYSTEM</u>.

30 STATUTORY INTEREST CHARGES PAYABLE, THE MAINTENANCE OF

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RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER 1 2 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE 3 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND 4 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM 5 6 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART 7 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE 8 9 PLAN OR TRUST.

10 SECTION 120. SECTION 8533(A), (B) AND (D) OF TITLE 24 ARE 11 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO 12 READ:

13 § 8533. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

(A) GENERAL RULE. -- EXCEPT AS PROVIDED IN SUBSECTIONS (B), 14 15 (C) AND (D), THE RIGHT OF A PERSON TO A MEMBER'S ANNUITY, A STATE ANNUITY, OR RETIREMENT ALLOWANCE, TO THE RETURN OF 16 17 CONTRIBUTIONS, ANY BENEFIT OR RIGHT ACCRUED OR ACCRUING TO ANY 18 PERSON UNDER THE PROVISIONS OF THIS PART, AND THE MONEYS IN THE FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR MUNICIPAL 19 20 TAX, [AND EXEMPT FROM] LEVY AND SALE, GARNISHMENT, ATTACHMENT, 21 OR ANY OTHER PROCESS WHATSOEVER, AND THE PROVISIONS OF ARTICLE 22 XIII.1 OF THE THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN 23 AS THE FISCAL CODE, AND SHALL BE UNASSIGNABLE.

24 (A.1) INDIVIDUAL INVESTMENT ACCOUNTS AND DISTRIBUTIONS.--NO

25 PARTICIPANT OR BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE

26 OF A PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL,

27 ASSIGN, ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,

28 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR

29 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO

30 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER

<u>AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE</u>
 <u>PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A</u>
 <u>PARTICIPANT.</u>

4 (B) FORFEITURE.--

5 (1) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752, 6 7 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT. 8 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER 9 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS 10 THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER THIS PART. 11 (2) NOTWITHSTANDING PARAGRAPH (1) AND THE PROVISIONS OF 12 SECTION 16(B) OF ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA, THE ACT OF JULY 8, 1978 (P.L.752, NO.140), 13 14 KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT AND 42 15 PA.C.S. § 3352 (RELATING TO PENSION RIGHTS), THE ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY 16 CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT SHALL 17 18 NOT BE FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES 19 AND RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT 20 HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE AS 21 THE RESULT OF AN EOUITABLE DISTRIBUTION OF MARITAL PROPERTY 22 AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER ENTERED 23 BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT OR OTHER 24 TRIBUNAL RESULTING IN A FORFEITURE OF A PARTICIPANT'S 25 INTEREST IN THE TRUST SHALL NOT BE SUBJECT TO THE PROVISIONS 26 OF SECTION 16(B) OF THE ARTICLE V OF THE CONSTITUTION OF 27 PENNSYLVANIA, THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY ACCUMULATED EMPLOYER DEFINED 28 29 CONTRIBUTIONS FORFEITED AS A RESULT OF THIS SUBSECTION OR 30 OTHER LAW SHALL BE RETAINED BY THE BOARD AND USED FOR THE

1 <u>PAYMENT OF EXPENSES OF THE PLAN.</u>

2 * * *

3 (D) DIRECT ROLLOVER.--EFFECTIVE WITH DISTRIBUTIONS MADE ON 4 OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART TO THE CONTRARY, A DISTRIBUTEE MAY ELECT, 5 6 AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE 7 ANY PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR 8 PURPOSES OF THIS SUBSECTION, A "DISTRIBUTEE" INCLUDES A MEMBER 9 10 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A 11 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER[.] 12 13 AND A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE 14 15 AUTHORIZED UNDER IRC AND THE PLAN TERMS APPROVED BY THE BOARD TO 16 HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN 17 ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR 18 PURPOSES OF THIS SUBSECTION, THE TERM "ELIGIBLE ROLLOVER 19 DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(F)(2) 20 (A) AND "ELIGIBLE RETIREMENT PLAN" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A QUALIFIED TRUST SHALL 21 22 BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE 23 DISTRIBUTEE'S ELIGIBLE ROLLOVER DISTRIBUTION; HOWEVER, IN THE 24 CASE OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE, 25 AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS 26 27 ARE DEFINED IN IRC § 408(A) AND (B). SECTION 121. SECTIONS 8533.1, 8533.2, 8533.3 AND 8533.4(A) 28 29 OF TITLE 24 ARE AMENDED TO READ:

30 § 8533.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

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1 (A) CERTIFICATION <u>REGARDING MEMBERS</u>.--A DOMESTIC RELATIONS 2 ORDER <u>PERTAINING TO A MEMBER OF THE SYSTEM</u> SHALL BE CERTIFIED AS 3 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE 4 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF [SUCH] <u>THE</u> 5 ORDER MEETS ALL OF THE FOLLOWING:

6 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
7 BENEFIT OR ANY OPTION <u>APPLICABLE TO MEMBERS</u> ALREADY PROVIDED
8 UNDER THIS PART.

9 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE 10 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE 11 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS 12 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE 13 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON 14 OTHER THAN ACTUARIAL VALUE.

15 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
16 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
17 PAYEE OR THE MANNER IN WHICH THE AMOUNT OR PERCENTAGE IS TO
18 BE DETERMINED.

19 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
20 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY
21 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON
22 RETIREMENT.

(5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND
STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE
TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

28 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,
29 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

30 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION

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1 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S 2 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER 3 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER 4 MAINTAINED BY THE SYSTEM. (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC 5 6 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED 7 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE 8 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THE ORDER MEETS 9 ALL OF THE FOLLOWING: 10 (1) DOES NOT REOUIRE THE SEGREGATION OF THE ALTERNATE 11 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT 12 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL 13 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE. 14 (2) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE 15 ANY FUNDS WHICH WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC 16 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS 17 18 DESIGNATED REPRESENTATIVE. 19 (3) REOUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO 20 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE 21 22 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE 23 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF 24 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE 25 PAYEE. 26 (4) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP 27 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF 28 29 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION 30 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

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1	(5) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE
2	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE
3	ALTERNATE PAYEE AND THE DATE UPON WHICH SUCH VALUATION IS
4	BASED.
5	(6) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
6	IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN
7	MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER
8	AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE
9	PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE
10	PLAN.
11	(7) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,
12	PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.
13	(8) IN THE CASE OF A PARTICIPANT WHO HAS NOT YET BEGUN
14	TO RECEIVE DISTRIBUTIONS AS OF THE DATE THE DOMESTIC
15	RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE BOARD OR
16	HIS DESIGNATED REPRESENTATIVE, REQUIRES THE IMMEDIATE
17	DISTRIBUTION OF THE ALTERNATE PAYEE'S SHARE OF THE
18	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, WHICH MAY BE
19	MADE BY DIRECT PAYMENT, ELIGIBLE ROLLOVER OR TRUSTEE-TO-
20	TRUSTEE TRANSFER TO ANOTHER ELIGIBLE PLAN OR QUALIFIED
21	ACCOUNT OWNED BY THE ALTERNATE PAYEE.
22	(9) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
23	RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
24	DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE
25	BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE
26	BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE
27	AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
28	AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT
29	DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH
30	OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S

1 <u>INDIVIDUAL INVESTMENT ACCOUNT.</u>

2 DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD (B) 3 OF TIME AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE 4 SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS 5 6 ORDER AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE 7 PAYEE OF THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR 8 ALTERNATE PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE 9 10 BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO 11 AN ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 (RELATING TO 12 PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO THE 13 COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT APPEALS 14 15 FROM GOVERNMENT AGENCIES).

16 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO 17 18 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS 19 THAT TERM IS DEFINED IN 23 PA.C.S. § 4302 (RELATING TO 20 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS 21 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF 22 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT 23 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS 24 AS ESTABLISHED BY THE LAWS OF THIS COMMONWEALTH AND THE UNITED 25 STATES[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER THAT 26 WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER STATE OR 27 THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS FOR 28 SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST ANY PARTICIPANT WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME SUCH 29 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING 30

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1 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD

2 OTHERWISE REQUIRE A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED

3 <u>CONTRIBUTIONS IN THE FORM OF AN ANNUITY OR TO REQUIRE THE</u>

4 <u>PURCHASE OF AN ANNUITY.</u>

(D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS 5 6 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO 7 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS 8 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS 9 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE 10 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN 11 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE 12 OBLIGATIONS OF THE SYSTEM OR PLAN WITH RESPECT TO SUCH APPROVAL 13 OR DISAPPROVAL SHALL BE DISCHARGED.

14 § 8533.2. IRREVOCABLE BENEFICIARY.

15 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC 16 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A 17 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN 18 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES 19 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A 20 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT 21 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT 22 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC 23 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC 24 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED 25 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED 26 27 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT WITHOUT APPROVAL BY THE COURT. 28

29 § 8533.3. IRREVOCABLE SURVIVOR ANNUITANT.

30 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC

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RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR 1 2 ANNUITANT <u>PERTAINING TO A MEMBER</u>. A DOMESTIC RELATIONS ORDER REOUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT 3 4 SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE 5 6 REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW. 7 8 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED 9 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS 10 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE 11 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY 12 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AN 13 14 IRREVOCABLE SURVIVOR ANNUITANT.

15 § 8533.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

16 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE 17 ALTERNATE PAYEE PREDECEASES THE MEMBER <u>OR PARTICIPANT</u> AND THERE 18 ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE COURT 19 MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO SUBSTITUTE A 20 PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE ANY BENEFITS 21 PAYABLE TO THE DECEASED ALTERNATE PAYEE.

22 * * *

23 SECTION 122. TITLE 24 IS AMENDED BY ADDING A SECTION TO 24 READ:

25 <u>§ 8533.5. IRREVOCABLE SUCCESSOR PAYEE.</u>

26 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS 27 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY

28 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE, ONLY IF THE

29 PARTICIPANT IS RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION

30 PROVIDED BY THE BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.

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1 (B) DETERMINATION. -- A DOMESTIC RELATIONS ORDER REQUIRING THE 2 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO 3 BE ONE THAT REOUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN 4 5 ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT SUCCESSOR PAYEE WITHOUT APPROVAL OF A 6 COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW. 7 8 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER 9 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC 10 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED 11 REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE COURT CANNOT BE CHANGED BY THE PARTICIPANT 12 13 WITHOUT APPROVAL BY THE COURT. 14 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS A SUCCESSOR PAYEE MAY NOT BE DESIGNATED AS AN IRREVOCABLE 15 16 SUCCESSOR PAYEE. A COURT MAY NOT NAME AN IRREVOCABLE SUCCESSOR 17 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM 18 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL 19 PORTION OF THE PENSION BENEFIT. 20 SECTION 123. SECTIONS 8534 AND 8535 OF TITLE 24 ARE AMENDED 21 TO READ: 22 § 8534. FRAUD AND ADJUSTMENT OF ERRORS. 23 (A) PENALTY FOR FRAUD. -- ANY PERSON WHO SHALL KNOWINGLY MAKE 24 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED 25 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE 26 27 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE. 28 ADJUSTMENT OF ERRORS. -- SHOULD ANY CHANGE OR MISTAKE IN (B)

29 RECORDS RESULT IN ANY MEMBER, <u>PARTICIPANT</u>, BENEFICIARY, [OR],
30 SURVIVOR ANNUITANT <u>OR SUCCESSOR PAYEE</u> RECEIVING FROM THE SYSTEM

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OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE 1 2 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF 3 4 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO 5 6 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE 7 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL 8 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED 9 SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS 10 FROM THE PLAN, THE BOARD SHALL TAKE SUCH ACTION AS SHALL BE 11 PROVIDED FOR IN THE PLAN DOCUMENT.

12 § 8535. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH.

FOR EACH SCHOOL YEAR BEGINNING WITH THE 1995-1996 SCHOOL YEAR AND ENDING WITH THE 2017-2018 SCHOOL YEAR, EACH SCHOOL ENTITY SHALL BE PAID BY THE COMMONWEALTH FOR CONTRIBUTIONS BASED UPON SCHOOL SERVICE OF ACTIVE MEMBERS OF THE SYSTEM AFTER JUNE 30, 17 1995, AS FOLLOWS:

18 THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR (1)19 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 20 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS, INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHOSE 21 22 EFFECTIVE DATES OF EMPLOYMENT WITH THEIR SCHOOL ENTITIES ARE 23 AFTER JUNE 30, 1994, AND WHO ALSO HAD NOT PREVIOUSLY BEEN 24 EMPLOYED BY ANY SCHOOL ENTITY WITHIN THIS COMMONWEALTH AN 25 AMOUNT EOUAL TO THE AMOUNT CERTIFIED BY THE PUBLIC SCHOOL 26 EMPLOYEES' RETIREMENT BOARD AS NECESSARY TO PROVIDE, TOGETHER 27 WITH THE MEMBERS' CONTRIBUTIONS, RESERVES ON ACCOUNT OF 28 PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND THE PREMIUM 29 ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD), 30

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MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF THE SCHOOL
 ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY RECEIVE
 LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET
 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF
 THE PUBLIC SCHOOL CODE [OF 1949] WAS 0.50.

6 (2)THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR 7 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS, 8 9 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHO 10 ARE NOT DESCRIBED IN PARAGRAPH (1), ONE-HALF OF THE AMOUNT 11 CERTIFIED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AS 12 NECESSARY TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES, 13 SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS 14 15 PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328.

(3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER 16 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S 17 18 LIABILITY TO MAKE PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES' 19 RETIREMENT FUND. SCHOOL ENTITIES ARE EXPECTED TO MAKE THE 20 FULL PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND 21 IN ACCORDANCE WITH SECTION 8327 (RELATING TO PAYMENTS BY 22 EMPLOYERS) IN THE EVENT THE RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED BECAUSE OF 23 24 DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY THE SCHOOL 25 ENTITIES. 26 SECTION 124. TITLE 24 IS AMENDED BY ADDING SECTIONS TO READ: 27 § 8535.1. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH 28 COMMENCING WITH THE 2018-2019 SCHOOL YEAR.

29 FOR EACH SCHOOL YEAR, BEGINNING WITH THE 2018-2019 SCHOOL

30 YEAR, EACH SCHOOL ENTITY SHALL BE PAID BY THE COMMONWEALTH FOR

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<u>CONTRIBUTIONS BASED UPON SCHOOL SERVICE OF ACTIVE MEMBERS OF THE</u>
 <u>SYSTEM AND ACTIVE PARTICIPANTS OF THE PLAN AFTER JUNE 30, 2018,</u>
 <u>AS FOLLOWS:</u>
 <u>(1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR</u>
 <u>CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL</u>
 <u>SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,</u>

7 <u>INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED OR USERRA</u>

8 MILITARY SERVICE LEAVE, WHOSE EFFECTIVE DATES OF EMPLOYMENT

9 WITH THEIR SCHOOL ENTITIES ARE AFTER JUNE 30, 1994, AND WHO

10 ALSO HAD NOT PREVIOUSLY BEEN EMPLOYED BY ANY SCHOOL ENTITY

11 WITHIN THIS COMMONWEALTH, AN AMOUNT EQUAL TO THE AMOUNT

12 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH

13 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON

14 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND

15 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN

16 ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST

17 METHOD), MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF

18 THE SCHOOL ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY

19 RECEIVE LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET

20 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF

21 THE PUBLIC SCHOOL CODE WAS 0.50.

22 (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR

23 <u>CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL</u>

24 <u>SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,</u>

25 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED MILITARY

26 <u>SERVICE LEAVE, AND ACTIVE PARTICIPANTS OF THE PLAN WHO ARE</u>

27 NOT DESCRIBED IN PARAGRAPH (1) ONE-HALF OF THE AMOUNT

28 <u>CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH</u>

29 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON

30 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND

1 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN

2 <u>ACCORDANCE WITH SECTION 8328.</u>

- 3 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER
- 4 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S
- 5 LIABILITY TO MAKE PAYMENT TO THE FUND OR THE TRUST. SCHOOL
- 6 ENTITIES ARE EXPECTED TO MAKE THE FULL PAYMENT TO THE FUND OR
- 7 THE TRUST IN ACCORDANCE WITH SECTION 8327 (RELATING TO
- 8 <u>PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE</u>
- 9 <u>COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED</u>
- 10 <u>BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY</u>
- 11 <u>THE SCHOOL ENTITIES.</u>
- 12 § 8537. INTERNAL REVENUE CODE LIMITATIONS.
- 13 NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,
- 14 NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES'
- 15 DEFINED CONTRIBUTION PLAN SHALL BE MADE OR PAYABLE TO THE EXTENT
- 16 THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC
- 17 <u>§ 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS</u>
- 18 DEFINED IN IRC § 414 (D) ON THE DATE THE CONTRIBUTION OR BENEFIT
- 19 PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC
- 20 <u>§ 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE</u>
- 21 <u>PARTICIPANTS.</u>
- 22 SECTION 125. SECTION 8702(A) OF TITLE 24 IS AMENDED TO READ: 23 \$ 8702. DEFINITIONS.
- (A) GENERAL RULE.--SUBJECT TO ADDITIONAL DEFINITIONS
 CONTAINED IN SUBSEQUENT PROVISIONS OF THIS PART WHICH ARE
 APPLICABLE TO SPECIFIC PROVISIONS OF THIS PART, THE FOLLOWING
 WORDS AND PHRASES WHEN USED IN THIS PART SHALL HAVE THE MEANINGS
 GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY
 INDICATES OTHERWISE:
- 30 "ELIGIBLE PERSON." AN INDIVIDUAL WHO IS:

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(1) AN ANNUITANT OR SURVIVOR ANNUITANT OR THE SPOUSE OR 1 2 DEPENDENT OF AN ANNUITANT OR SURVIVOR ANNUITANT[.]; OR 3 (2) A PARTICIPANT RECEIVING DISTRIBUTIONS OR A SUCCESSOR 4 PAYEE, OR THE SPOUSE OR DEPENDENT OF A PARTICIPANT RECEIVING DISTRIBUTIONS OR SUCCESSOR PAYEE. 5 6 "FUND." THE PUBLIC SCHOOL RETIREES' HEALTH INSURANCE FUND. 7 "PLAN YEAR." THE PERIOD JULY 1, 2001, THROUGH DECEMBER 31, 2001, SHALL BE THE FIRST PLAN YEAR. AFTER DECEMBER 31, 2001, THE 8 9 PLAN YEAR SHALL BE THE CALENDAR YEAR. 10 "PROGRAM." THE GROUP HEALTH INSURANCE PROGRAM THAT MAY BE 11 SPONSORED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD UNDER 12 THIS PART. "RESERVE ACCOUNT." THE RESTRICTED RECEIPT ACCOUNT 13 14 ESTABLISHED IN SECTION 8902(B) (RELATING TO PUBLIC SCHOOL 15 RETIREES' HEALTH INSURANCE FUND). 16 * * * 17 ARTICLE II 18 SECTION 201. SECTION 7306(A) INTRODUCTORY PARAGRAPH OF TITLE 19 51 IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION 20 TO READ: 21 § 7306. RETIREMENT RIGHTS. 22 (A) OPTIONS AVAILABLE TO EMPLOYEES. -- ANY EMPLOYEE WHO IS A 23 MEMBER OF A RETIREMENT SYSTEM OTHER THAN AN ACTIVE MEMBER OR 24 INACTIVE MEMBER ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' 25 RETIREMENT SYSTEM [OR], AN ACTIVE PARTICIPANT OR INACTIVE 26 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' DEFINED 27 CONTRIBUTION PLAN, AN ACTIVE OR INACTIVE MEMBER OF THE PUBLIC 28 SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR AN ACTIVE OR INACTIVE 29 PARTICIPANT OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN 30 AT THE TIME HE IS GRANTED A MILITARY LEAVE OF ABSENCE SHALL BE

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ENTITLED TO EXERCISE ANY ONE OF THE FOLLOWING OPTIONS IN REGARD
 THERETO:

- * * *
- 4 (F) PARTICIPANT OF A DEFINED CONTRIBUTION PLAN.--

5 (1) AN EMPLOYEE WHO IS AN ACTIVE OR INACTIVE PARTICIPANT

6 OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AT THE

7 <u>TIME THE EMPLOYEE IS GRANTED A MILITARY LEAVE OF ABSENCE</u>

8 <u>SHALL BE ENTITLED TO MAKE CONTRIBUTIONS TO THE PUBLIC SCHOOL</u>

9 <u>EMPLOYEES' DEFINED CONTRIBUTION TRUST FOR THE LEAVE AS</u>

10 PROVIDED IN 24 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR

- 11 <u>SCHOOL EMPLOYEES).</u>
- 12 (2) AN EMPLOYEE WHO IS AN ACTIVE PARTICIPANT OR INACTIVE

13 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'

14 DEFINED CONTRIBUTION PLAN AT THE TIME HE IS GRANTED A

15 MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO MAKE

16 <u>CONTRIBUTIONS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION</u>

17 TRUST FOR THE LEAVE AS PROVIDED IN 71 PA.C.S. PT. XXV

18 (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS).

19

3

ARTICLE III

20 SECTION 301. SECTION 4104(A)(7) OF TITLE 71 IS AMENDED TO

21 READ:

22 § 4104. DUTIES OF OFFICE.

* * *

23 (A) MANDATORY.--THE OFFICE SHALL:

24

25 (7) STUDY AND ANALYZE THE IMPACT OF SHARED-RISK

26 CONTRIBUTIONS UNDER 24 PA.C.S. § 8321(B) (RELATING TO REGULAR

27 MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) AND SECTION 5501.1

28 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3

29 [AND], CLASS A-4 AND CLASS A-5 SERVICE).

30 * * *

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1 SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF 2 SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE 3 4 SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE 5 6 SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," "IRREVOCABLE BENEFICIARY," "MEMBER'S ANNUITY," "REEMPLOYED FROM 7 USERRA LEAVE," "REGULAR MEMBERSHIP CONTRIBUTIONS," "REQUIRED 8 9 BEGINNING DATE," "RETIREMENT COUNSELOR," "SALARY DEDUCTIONS," 10 "SHARED-RISK MEMBER CONTRIBUTIONS," "SPECIAL VESTEE," "STANDARD 11 SINGLE LIFE ANNUITY," "STATE EMPLOYEE," "SUPERANNUATION AGE," 12 "SUPERANNUATION SCORE," "TOTAL ACCUMULATED DEDUCTIONS," "VALUATION INTEREST" AND "VESTEE" IN SECTION 5102 OF TITLE 71, 13 AMENDED OR ADDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED 14 AND THE SECTION IS AMENDED BY ADDING DEFINITIONS TO READ: 15 § 5102. DEFINITIONS. 16

17 THE FOLLOWING WORDS AND PHRASES AS USED IN THIS PART, UNLESS 18 A DIFFERENT MEANING IS PLAINLY REQUIRED BY THE CONTEXT, SHALL 19 HAVE THE FOLLOWING MEANINGS:

20 * * *

21 <u>"ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF</u>
 22 <u>THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON</u>
 23 <u>ACCOUNT OF A PARTICIPANT'S STATE SERVICE, TOGETHER WITH ANY</u>

24 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS

25 AND EXPENSES CREDITED OR CHARGED THEREON.

26 <u>"ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL</u>
 27 <u>OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE</u>
 28 <u>TRUST ON ACCOUNT OF A PARTICIPANT'S STATE SERVICE, TOGETHER WITH</u>

29 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,

30 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

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1 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE 2 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED 3 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY 4 CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN 5 6 THE TRUST. 7 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF ANY 8 AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A DIRECT 9 TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH ANY 10 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS 11 AND EXPENSES CREDITED OR CHARGED THEREON. 12 "ACTIVE MEMBER." A STATE EMPLOYEE, OR A MEMBER ON LEAVE 13 WITHOUT PAY, FOR WHOM PICKUP CONTRIBUTIONS ARE BEING MADE TO THE 14 FUND OR FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR 15 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER 16 17 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER 18 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE 19 LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL 20 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17) 21 OR 415) [.] OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM 22 APPLICABLE TO A CLASS A-5 MEMBER WHO IS MAKING MANDATORY PICKUP 23 PARTICIPANT CONTRIBUTIONS TO THE TRUST. 24 "ACTIVE PARTICIPANT." A STATE EMPLOYEE FOR WHOM MANDATORY 25 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR 26 FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR STATE SERVICE 27 REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE SOLELY BY 28 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS 29 UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17) OR 415). 30

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1 * * *

2 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
3 DEPENDENT OF A MEMBER <u>OR PARTICIPANT</u> WHO IS RECOGNIZED BY A
4 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A
5 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER <u>OR PARTICIPANT</u>
6 UNDER THIS PART.

7 * * *

8 "AVERAGE NONCOVERED SALARY." THE AVERAGE OF THE AMOUNTS OF 9 COMPENSATION RECEIVED <u>BY AN ACTIVE MEMBER, OTHER THAN</u> 10 <u>COMPENSATION ATTRIBUTABLE TO SERVICE AS A CLASS A-5 MEMBER, EACH</u> 11 CALENDAR YEAR SINCE JANUARY 1, 1956, EXCLUSIVE OF THE AMOUNT 12 WHICH WAS OR COULD HAVE BEEN COVERED BY THE FEDERAL SOCIAL 13 SECURITY ACT[, 42 U.S.C. § 301 ET SEQ.] <u>(42 U.S.C. § 301 ET</u>) 14 <u>SEO.</u>), DURING THAT PORTION OF THE MEMBER'S SERVICE SINCE JANUARY 15 1, 1956, FOR WHICH HE HAS RECEIVED SOCIAL SECURITY INTEGRATION 16 CREDIT.

17 * * *

18 "BENEFICIARY." [THE] <u>IN THE CASE OF THE SYSTEM, THE</u> PERSON 19 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER 20 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON 21 THE DEATH OF SUCH MEMBER. <u>IN THE CASE OF THE PLAN, THE PERSON OR</u> 22 <u>PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY THE</u>

23 PARTICIPANT TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED

24 <u>TOTAL DEFINED CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH</u>
25 <u>OF THE PARTICIPANT.</u>

26 * * *

27 <u>"CLASS A-5 ACCUMULATED DEDUCTIONS." THE SUM OF THE REGULAR</u>

28 ACCUMULATED DEDUCTIONS, SHARED-RISK MEMBER CONTRIBUTIONS AND ALL

29 OTHER CONTRIBUTIONS PAID INTO THE FUND FOR THE PURCHASE,

30 TRANSFER OR CONVERSION OF CREDIT FOR SERVICE OR OTHER COVERAGE

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1	<u>in class a-5 tc</u>	GETHER WITH ALL STATUTORY INTEREST CREDITED			
2	THEREON UNTIL THE DATE OF TERMINATION OF SERVICE. IN THE CASE OF				
3	A VESTEE, STATUTORY INTEREST SHALL BE CREDITED UNTIL THE				
4	EFFECTIVE DATE	OF RETIREMENT. A MEMBER'S ACCOUNT SHALL NOT BE			
5	CREDITED WITH S	TATUTORY INTEREST FOR MORE THAN TWO YEARS DURING			
6	A LEAVE WITHOUT	PAY.			
7	<u>"Class a-5 a</u>	NNUAL COMPENSATION LIMIT." FOR CALENDAR YEAR			
8	2018, THE AMOUN	T OF \$50,000. FOR EACH SUBSEQUENT CALENDAR YEAR,			
9	THE LIMIT SHALL	BE 3% GREATER THAN THE PREVIOUS YEAR'S AMOUNT,			
10	ROUNDED TO THE	NEAREST HUNDRED DOLLARS.			
11	<u>"Class a-5 e</u>	XEMPT EMPLOYEE." A SWORN POLICE OFFICER.			
12	"CLASS OF SE	RVICE MULTIPLIER."			
13	CLASS OF SERVIC	E MULTIPLIER			
14	A	1			
15	AA	FOR ALL PURPOSES			
16		EXCEPT			
17		CALCULATING			
18		REGULAR MEMBER			
19		CONTRIBUTIONS ON			
20		COMPENSATION			
21		PAID PRIOR TO			
22		JANUARY 1, 2002 1.25			
23					
24	AA	FOR PURPOSES OF			
25		CALCULATING			
26		REGULAR MEMBER			
27		CONTRIBUTIONS			
28		ON COMPENSATION			
29		PAID PRIOR TO			
30		JANUARY 1, 2002 1			

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1	A-3	FOR ALL PURPOSES	
2		EXCEPT THE	
3		CALCULATION OF	
4		REGULAR MEMBER	
5		CONTRIBUTIONS	
6		AND	
7		CONTRIBUTIONS	
8		FOR CREDITABLE	
9		NONSTATE SERVICE	1
10			
11	A-3	FOR PURPOSES OF	
12		CALCULATING	
13		REGULAR MEMBER	
14		CONTRIBUTIONS	
15		AND	
16		CONTRIBUTIONS	
17		FOR CREDITABLE	
18		NONSTATE SERVICE	1.25
19	A-4	FOR ALL PURPOSES	
20		EXCEPT THE	
21		CALCULATION OF	
22		REGULAR MEMBER	
23		CONTRIBUTIONS	1.25
24			
25	A-4	FOR PURPOSES OF	
26		CALCULATING	
27		REGULAR MEMBER	
28		CONTRIBUTIONS	1.86
29	<u>A-5</u>	FOR ALL PURPOSES	
30		EXCEPT THE	

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1		CALCULATION OF
2		REGULAR MEMBER
3		CONTRIBUTIONS
4	<u>A-5</u>	FOR PURPOSES OF
5		CALCULATING_
6		REGULAR MEMBER
7		CONTRIBUTIONS ON
8		COMPENSATION UP
9		TO THE CLASS A-5
10		ANNUAL
11		<u>COMPENSATION</u>
12		LIMIT FOR
13		MEMBERS WHO HAVE
14		LESS THAN 25
15		ELIGIBILITY_
16		POINTS CREDITED
17		<u>AS A MEMBER OF</u>
18		<u>CLASS A-5 OR, IF</u>
19		<u>a multiple</u>
20		SERVICE MEMBER,
21		<u>AS A MEMBER OF</u>
22		CLASS T-G IN THE
23		PUBLIC SCHOOL
24		EMPLOYEES'
25		<u>RETIREMENT</u>
26		<u>SYSTEM</u>
27		
28		
29	<u>A-5</u>	FOR PURPOSES OF
30		CALCULATING_
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1.2

1

1		<u>regular member</u>	
2		CONTRIBUTIONS ON	
3		COMPENSATION_	
4		OVER THE CLASS	
5		<u>a-5 annual</u>	
6		<u>COMPENSATION</u>	
7		LIMIT OR FOR	
8		MEMBERS WHO HAVE	
9		25 OR MORE	
10		ELIGIBILITY_	
11		POINTS CREDITED	
12		<u>as a member of</u>	
13		CLASS A-5 OR, IF	
14		<u>a multiple</u>	
15		SERVICE MEMBER,	
16		<u>AS A MEMBER OF</u>	
17		CLASS T-G IN THE	
18		PUBLIC SCHOOL	
19		EMPLOYEES '	
20		RETIREMENT_	
21		SYSTEM	<u>0</u>
22			
23	В		.625
24			
25	С		1
26	D		1.25
27	D-1	PRIOR TO JANUARY	
28		1, 1973	1.875
29	D-1	ON AND	
30		SUBSEQUENT TO	

1		JANUARY 1, 1973	1.731	
2	D-2	PRIOR TO JANUARY		
3		1, 1973	2.5	
4	D-2	ON AND		
5		SUBSEQUENT TO		
6		JANUARY 1, 1973	1.731	
7	D-3	PRIOR TO JANUARY		
8		1, 1973	3.75	
9	D-3	ON AND		
10		SUBSEQUENT TO		
11		JANUARY 1, 1973	1.731	EXCEPT PRIOR TO
12				DECEMBER 1, 1974
13				AS APPLIED TO
14				ANY ADDITIONAL
15				LEGISLATIVE
16				COMPENSATION AS
17				AN OFFICER OF
18				THE GENERAL
19				ASSEMBLY
20				
21			3.75	
22	D-4	FOR ALL PURPOSES		
23		EXCEPT		
24		CALCULATING		
25		REGULAR MEMBER		
26		CONTRIBUTIONS		
27		ON COMPENSATION		
28		PAID PRIOR TO		
29		JULY 1, 2001	1.5	
30				

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1	5 4			
1	D-4	FOR PURPOSES OF		
2		CALCULATING		
3		REGULAR MEMBER		
4		CONTRIBUTIONS ON		
5		COMPENSATION		
6		PAID PRIOR TO		
7		JULY 1, 2001	1	
8	E, E-1	PRIOR TO JANUARY		
9		1, 1973	2	FOR EACH OF THE
10				FIRST TEN YEARS
11				OF JUDICIAL
12				SERVICE, AND
13				
14			1.5	FOR EACH
15				SUBSEQUENT YEAR
16				OF JUDICIAL
17				SERVICE
18	E, E-1	ON AND		
19		SUBSEQUENT TO		
20		JANUARY 1, 1973	1.50	FOR EACH OF THE
21				FIRST TEN YEARS
22				OF JUDICIAL
23				SERVICE AND
24			1.125	FOR EACH
25				SUBSEQUENT YEAR
26				OF JUDICIAL
27				SERVICE
28				
29	E-2	PRIOR TO		
30		SEPTEMBER 1,		

1		1973		1.5
2	E-2	ON AND		
3		SUBSEQUENT TO)	
4		SEPTEMBER 1,		
5		1973		1.125
6	G			0.417
7	Н			0.500
8	I			0.625
9	J			0.714
10				
11	K			0.834
12	L			1.000
13	М			1.100
14	Ν			1.250
15	T-C (PUB)	LIC SCHOOL		1
16	EMPLOYEES			
17	RETIREMEN	NT CODE)		
18	T-E (PUB)	LIC SCHOOL		1
19	EMPLOYEES	5'		
20	RETIREMEN	NT CODE)		
21	T-F (PUB)	LIC SCHOOL		1
22	EMPLOYEES	5'		
23	RETIREMEN	NT CODE)		
24	<u>T-G (PUB</u>	LIC SCHOOL		<u>1</u>
25	EMPLOYEE:	S' RETIREMENT_		
26	<u>CODE)</u>			
27	* * *			
28	"COMPENSATIO	N." PICKUP CO	NTRIBUTIONS	AND MANDATORY PICKUP
29	PARTICIPANT CON	TRIBUTIONS PLU	S REMUNERAT	ION ACTUALLY RECEIVED AS

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30 A STATE EMPLOYEE EXCLUDING REFUNDS FOR EXPENSES, CONTINGENCY AND

ACCOUNTABLE EXPENSE ALLOWANCES; EXCLUDING ANY SEVERANCE PAYMENTS 1 2 OR PAYMENTS FOR UNUSED VACATION OR SICK LEAVE; AND EXCLUDING 3 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN 4 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN 5 6 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER 7 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF 8 ABSENCE) OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES OF LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS 9 10 DEFINED IN IRC § 414(U)(12) AND ANY OTHER PAYMENTS[:]; AND FOR A 11 MEMBER WHO FIRST BECOMES AN OFFICER OF THE STATE POLICE ON OR AFTER JANUARY 1, 2018, EXCLUDING REMUNERATION RECEIVED IN ANY 12 13 PAY PERIOD FOR VOLUNTARY OVERTIME SERVICE FOR SERVICE AS AN 14 OFFICER OF THE STATE POLICE THAT EXCEEDS 10% OF THE MEMBER'S 15 BASE SALARY AS AN OFFICER OF THE STATE POLICE IN THAT PAY 16 PERIOD, NOTWITHSTANDING THE PROVISIONS OF A BINDING ARBITRATION AWARD ISSUED BEFORE JULY 1, 1989, UNDER THE ACT OF JUNE 24, 1968_ 17 18 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, AND IMPLEMENTED BY THE BOARD: 19 20 PROVIDED, HOWEVER, THAT COMPENSATION RECEIVED PRIOR TO JANUARY 21 1, 1973, SHALL BE SUBJECT TO THE LIMITATIONS FOR RETIREMENT 22 PURPOSES IN EFFECT DECEMBER 31, 1972, IF ANY: PROVIDED FURTHER, 23 THAT THE LIMITATION UNDER SECTION 401(A) (17) OF THE INTERNAL 24 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17)) 25 TAKEN INTO ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS, 26 INCLUDING ANY ADDITIONAL MEMBER CONTRIBUTIONS IN ADDITION TO REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS AND SOCIAL 27 28 SECURITY INTEGRATION CONTRIBUTIONS, REGARDLESS OF CLASS OF 29 SERVICE, SHALL APPLY TO EACH MEMBER WHO FIRST BECAME A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER JANUARY 1, 30

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1996, AND WHO BY REASON OF SUCH FACT IS A NONELIGIBLE MEMBER
 SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION
 5506.1(A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC §
 401(A)(17)) AND SHALL APPLY TO EACH PARTICIPANT PERTAINING TO

5 <u>HIS PARTICIPATION IN THE PLAN</u>.

6 * * *

7 "CREDITABLE NONSTATE SERVICE." SERVICE <u>FOR WHICH AN ACTIVE</u>
8 MEMBER MAY OBTAIN CREDIT IN THE SYSTEM, OTHER THAN:

9 (1) SERVICE AS A STATE EMPLOYEE;

10 (2) SERVICE CONVERTED TO STATE SERVICE PURSUANT TO
 11 SECTION 5303.1 (RELATING TO ELECTION TO CONVERT COUNTY
 12 SERVICE TO STATE SERVICE); OR

13 (3) SCHOOL SERVICE CONVERTED TO STATE SERVICE PURSUANT
14 TO SECTION 5303.2 (RELATING TO ELECTION TO CONVERT SCHOOL
15 SERVICE TO STATE SERVICE) [FOR WHICH AN ACTIVE MEMBER MAY
16 OBTAIN CREDIT].

"CREDITED SERVICE." STATE OR CREDITABLE NONSTATE SERVICE FOR 17 18 WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND OR 19 FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE 20 WERE NOT MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO 21 WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY 22 INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART 23 RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF 24 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. 25 § 401(A)(17) OR 415), OR LIMITATIONS ON CONTRIBUTIONS TO THE 26 SYSTEM APPLICABLE TO A CLASS A-5 MEMBER WHO IS MAKING MANDATORY 27 PICKUP PARTICIPANT CONTRIBUTIONS TO THE TRUST, EXCEPT AS 28 OTHERWISE PROVIDED IN THIS PART, OR FOR WHICH SALARY DEDUCTIONS 29 OR LUMP SUM PAYMENTS TO THE SYSTEM HAVE BEEN AGREED UPON IN 30 WRITING.

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1 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE

2 FOLLOWING DATES:

3 (1) THE LAST DAY OF SERVICE FOR WHICH PICKUP 4 CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR FOR WHICH THE CONTRIBUTIONS OTHERWISE REOUIRED FOR SUCH SERVICE WERE NOT 5 6 MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER 7 OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY 8 INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS 9 PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 10 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 11 26 U.S.C. § 401(A)(17) OR 415) OR LIMITATIONS ON 12 CONTRIBUTIONS TO THE SYSTEM APPLICABLE TO A CLASS A-5 MEMBER; 13 (2) THE LAST DAY OF SERVICE FOR WHICH MANDATORY PICKUP 14 PARTICIPANT CONTRIBUTIONS ARE MADE FOR AN ACTIVE PARTICIPANT; 15 OR

16 (3) IN THE CASE OF AN INACTIVE MEMBER ON LEAVE WITHOUT
17 PAY <u>OR AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY</u>, THE DATE
18 OF HIS RESIGNATION OR THE DATE HIS EMPLOYMENT IS FORMALLY
19 DISCONTINUED BY HIS EMPLOYER.

20 * * *

"DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S
INTEREST IN <u>EITHER</u> THE STATE EMPLOYEES' RETIREMENT FUND <u>OR THE</u>
<u>STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH</u>, WHICH IS
PAYABLE UNDER THIS PART.

25 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,
26 INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED
27 ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF
28 COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW
29 WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR
30 FORMER SPOUSE OF A MEMBER <u>OR PARTICIPANT</u>, INCLUDING THE RIGHT TO

1 RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR 2 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF 3 4 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS 5 6 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF 7 ARREARAGES). * * * 8 9 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS THAT ARE 10 MADE BY THE COMMONWEALTH OR OTHER EMPLOYER TO THE TRUST TO BE 11 CREDITED IN AN ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT 12 ACCOUNT AS FOLLOWS: 13 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2), 14 CONTRIBUTIONS EQUAL TO 4% OF AN ACTIVE PARTICIPANT'S 15 COMPENSATION. 16 (2) FOR PARTICIPANTS WHO HAVE LESS THAN 25 ELIGIBILITY 17 POINTS CREDITED AS A MEMBER OF CLASS A-5 OR, IF A MULTIPLE 18 SERVICE MEMBER, IN CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' 19 RETIREMENT SYSTEM, CONTRIBUTIONS EQUAL TO 0.5% OF AN ACTIVE 20 PARTICIPANT'S COMPENSATION UP TO THE CLASS A-5 ANNUAL 21 COMPENSATION LIMIT AND FOR OTHER COMPENSATION CONTRIBUTIONS AS SET FORTH IN PARAGRAPH (1). 22 * * * 23 24 "FINAL AVERAGE SALARY." [THE] AS FOLLOWS: 25 (1) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND 26 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE OTHER THAN CLASS A-5, THE HIGHEST AVERAGE COMPENSATION 27 RECEIVED AS A MEMBER DURING ANY THREE NONOVERLAPPING PERIODS 28 29 OF FOUR CONSECUTIVE CALENDAR QUARTERS DURING WHICH THE MEMBER 30 WAS A STATE EMPLOYEE, EXCLUDING COMPENSATION RECEIVED FROM

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1 STATE SERVICE CREDITED AS A MEMBER OF CLASS A-5, WITH THE 2 COMPENSATION FOR PART-TIME SERVICE BEING ANNUALIZED ON THE 3 BASIS OF THE FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT 4 IS RECEIVED; EXCEPT IF THE EMPLOYEE WAS NOT A MEMBER IN CLASSES OF SERVICE OTHER THAN CLASS A-5 FOR THREE 5 6 NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR OUARTERS, 7 THE TOTAL COMPENSATION RECEIVED AS A MEMBER FOR STATE SERVICE 8 CREDITED OTHER THAN AS A MEMBER OF CLASS A-5, ANNUALIZED IN 9 THE CASE OF PART-TIME SERVICE, DIVIDED BY THE NUMBER OF NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR QUARTERS 10 11 OF MEMBERSHIP IN CLASSES OF SERVICE OTHER THAN CLASS A-5; IN 12 THE CASE OF A MEMBER WITH MULTIPLE SERVICE, THE FINAL AVERAGE 13 SALARY FOR PURPOSES OF CALCULATING ALL ANNUITIES AND BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE OTHER THAN 14 15 CLASS A-5 SHALL BE DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM AS A [STATE EMPLOYEE] MEMBER OF 16 17 THE SYSTEM OR AS A SCHOOL EMPLOYEE, OR BOTH [;], EXCLUDING 18 COMPENSATION RECEIVED FOR SERVICE PERFORMED AS A MEMBER OF 19 CLASS A-5 OR CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' 20 RETIREMENT SYSTEM; AND, IN THE CASE OF A MEMBER WITH CLASS A-3 OR CLASS A-4 SERVICE AND SERVICE IN ONE OR MORE OTHER 21 22 CLASSES OF SERVICE OTHER THAN CLASS A-5, THE FINAL AVERAGE 23 SALARY SHALL BE DETERMINED ON THE BASIS OF THE COMPENSATION 24 RECEIVED BY HIM IN ALL CLASSES OF STATE SERVICE [; AND] OTHER 25 THAN CLASS A-5. 26 (2) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND 27 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO SERVICE AS A MEMBER 28 OF CLASS A-5, THE HIGHEST AVERAGE COMPENSATION RECEIVED FOR 29 SERVICE AS A MEMBER OF CLASS A-5 DURING ANY FIVE CALENDAR 30 YEARS; EXCEPT, IF THE EMPLOYEE WAS NOT A MEMBER OF CLASS A-5

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1 DURING FIVE CALENDAR YEARS, THE TOTAL COMPENSATION RECEIVED 2 AS A MEMBER OF CLASS A-5, DIVIDED BY THE NUMBER OF CALENDAR 3 YEARS OF MEMBERSHIP IN CLASS A-5; IN THE CASE OF A MEMBER 4 WITH MULTIPLE SERVICE, THE FINAL AVERAGE SALARY FOR PURPOSES OF CALCULATING ALL ANNUITIES AND BENEFITS FROM THE SYSTEM 5 6 ATTRIBUTABLE TO CLASS A-5 SERVICE SHALL BE DETERMINED ON THE 7 BASIS OF THE COMPENSATION RECEIVED BY HIM AS A STATE EMPLOYEE 8 FOR SERVICE CREDITED CLASS A-5 OR AS A SCHOOL EMPLOYEE FOR 9 SERVICE CREDITED IN CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' 10 RETIREMENT SYSTEM, OR BOTH. FOR THE PURPOSE OF CALCULATING 11 FINAL AVERAGE SALARY UNDER THE PARAGRAPH, COMPENSATION FOR 12 SERVICE AS A MEMBER OF CLASS A-5 SHALL BE ADJUSTED AS SET 13 FORTH IN SECTION 5506.2 (RELATING TO APPLICATION OF CLASS A-5 14 ANNUAL COMPENSATION LIMIT).

15 (3) FOR ALL MEMBERS, IN THE CASE OF A MEMBER WHO FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 1996, THE FINAL 16 17 AVERAGE SALARY SHALL BE DETERMINED AS HEREINABOVE PROVIDED BUT SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION 18 19 5506.1(A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC § 20 401(A)(17)). FINAL AVERAGE SALARY SHALL BE DETERMINED BY 21 INCLUDING IN COMPENSATION PAYMENTS DEEMED TO HAVE BEEN MADE 22 TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN SECTION 5302(F) 23 24 (2) (RELATING TO CREDITED STATE SERVICE) AND PAYMENTS MADE TO 25 A MEMBER ON LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 26 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT 27 EMPLOYEES) AS PROVIDED IN SECTION 5302(F)(6).

28 * * *

29 "HOLDING VEHICLE TRUST." THE STATE EMPLOYEES' DEFINED

30 <u>CONTRIBUTION HOLDING VEHICLE TRUST.</u>

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1 "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS 2 ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE 3 MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REOUIRED FOR 4 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER 5 6 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER 7 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL 8 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17) 9 10 OR 415) OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM APPLICABLE 11 TO A CLASS A-5 MEMBER WHO IS MAKING MANDATORY PICKUP PARTICIPANT 12 CONTRIBUTIONS TO THE TRUST, BUT WHO HAS ACCUMULATED DEDUCTIONS 13 STANDING TO HIS CREDIT IN THE FUND AND WHO IS NOT ELIGIBLE TO 14 BECOME OR HAS NOT ELECTED TO BECOME A VESTEE OR HAS NOT FILED AN 15 APPLICATION FOR AN ANNUITY.

"INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY 16 17 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST, 18 EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM SUCH 19 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT STATE SERVICE ARE 20 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART 21 RELATING TO LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE 22 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 23 401(A)(17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED 24 CONTRIBUTIONS STANDING TO HIS CREDIT IN THE TRUST AND WHO HAS 25 NOT FILED AN APPLICATION FOR AN ANNUITY. 26 "INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO

27 WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A 28 PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH

29 THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INTEREST AND

30 INVESTMENT EARNINGS AFTER DEDUCTION FOR FEES, COSTS, EXPENSES

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1 AND INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A
MEMBER WHO WAS A STATE EMPLOYEE AND ACTIVE MEMBER OF THE SYSTEM
IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED SERVICES OR
FORCES OF THE UNITED STATES IN ORDER TO MEET A MILITARY
OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH SERVICE AND
WHO BECOMES A STATE EMPLOYEE WITHIN 90 DAYS OF THE EXPIRATION OF
SUCH SERVICE.

9 * * *

"IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
DESIGNATED BY A MEMBER <u>OR PARTICIPANT</u> IN WRITING TO THE STATE
EMPLOYEES' RETIREMENT BOARD PURSUANT TO AN APPROVED DOMESTIC
RELATIONS ORDER TO RECEIVE ALL OR A PORTION OF THE ACCUMULATED
DEDUCTIONS, VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR
LUMP SUM BENEFIT PAYABLE UPON THE DEATH OF SUCH MEMBER <u>OR</u>
PARTICIPANT.

17 <u>"IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY</u>
18 <u>DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING</u>
19 <u>TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO</u>
20 <u>RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH</u>
21 <u>OF SUCH PARTICIPANT.</u>

22 * * *

<u>"MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." CONTRIBUTIONS</u>
 <u>THAT ARE MADE BY THE COMMONWEALTH OR OTHER EMPLOYER FOR ACTIVE</u>
 <u>PARTICIPANTS FOR STATE SERVICE REQUIRED TO BE CREDITED IN THE</u>
 <u>PLAN AS FOLLOWS:</u>

27 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2),

28 <u>CONTRIBUTIONS EQUAL TO 7.5% OF COMPENSATION.</u>

29 (2) FOR PARTICIPANTS WHO HAVE LESS THAN 25 ELIGIBILITY
 30 POINTS CREDITED AS A MEMBER OF CLASS A-5 OR, IF A MULTIPLE

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1 SERVICE MEMBER, IN CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' 2 RETIREMENT SYSTEM, CONTRIBUTIONS EQUAL TO 1.5% OF AN ACTIVE 3 PARTICIPANT'S COMPENSATION FOR STATE SERVICE REOUIRED TO BE 4 CREDITED IN THE PLAN UP TO THE CLASS A-5 ANNUAL COMPENSATION LIMIT AND FOR OTHER COMPENSATION CONTRIBUTIONS AS SET FORTH 5 6 IN PARAGRAPH (1). * * * 7 8 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS ACTUARIALLY EQUIVALENT, AT THE EFFECTIVE DATE OF RETIREMENT AND 9 10 TAKING INTO ACCOUNT ANY DELAY IN THE RECEIPT OF THE PORTION OF 11 THE ANNUITY BASED ON CLASS A-5 SERVICE, IF THE EFFECTIVE DATE OF 12 RETIREMENT IS UNDER THE SUPERANNUATION AGE APPLICABLE TO CLASS 13 A-5 SERVICE, TO THE SUM OF THE REGULAR ACCUMULATED DEDUCTIONS, SHARED-RISK ACCUMULATED DEDUCTIONS, THE ADDITIONAL ACCUMULATED 14 15 DEDUCTIONS AND THE SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS STANDING TO THE MEMBER'S CREDIT IN THE MEMBERS' 16 17 SAVINGS ACCOUNT. * * * 18 19 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT 20 OR PARTICIPANT RECEIVING DISTRIBUTIONS. 21 "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE 22 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS 23 INDIVIDUAL INVESTMENT ACCOUNT BUT WHO HAS NOT RECEIVED A TOTAL 24 DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT 25 ACCOUNT. 26 * * * 27 "PLAN." THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS 28 ESTABLISHED BY THE PROVISIONS OF THIS PART AND THE BOARD. 29 "PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER SECTION 5802 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS 30

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<u>AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD</u>
 <u>REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF</u>
 THE PLAN AND TRUST.

4 * * *

"REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE 5 6 MEMBERSHIP OR ACTIVE PARTICIPATION AS A STATE EMPLOYEE AFTER A 7 PERIOD OF USERRA LEAVE, PROVIDED, HOWEVER, THAT THE RESUMPTION OF ACTIVE MEMBERSHIP OR ACTIVE PARTICIPATION WAS WITHIN THE TIME 8 PERIOD AND UNDER CONDITIONS AND CIRCUMSTANCES SUCH THAT THE 9 10 STATE EMPLOYEE WAS ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38 11 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF 12 MEMBERS OF THE UNIFORMED SERVICES).

13 * * *

14 "REGULAR MEMBER CONTRIBUTIONS." THE PRODUCT OF THE BASIC
15 CONTRIBUTION RATE, THE CLASS OF SERVICE MULTIPLIER [IF GREATER
16 THAN ONE] AND THE COMPENSATION OF THE MEMBER.

17 "REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH 18 DISTRIBUTIONS OF A MEMBER'S INTEREST <u>OR A PARTICIPANT'S INTEREST</u> 19 <u>IN HIS INDIVIDUAL INVESTMENT ACCOUNT</u> MUST COMMENCE UNDER SECTION 20 401(A)(9) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-21 514, 26 U.S.C. § 401(A)(9)).

22 "RETIREMENT COUNSELOR." THE STATE EMPLOYEES' RETIREMENT
23 SYSTEM <u>OR STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN</u> EMPLOYEE
24 WHOSE DUTY IT SHALL BE TO ADVISE EACH EMPLOYEE OF HIS RIGHTS AND
25 DUTIES AS A MEMBER OF THE SYSTEM <u>OR AS A PARTICIPANT OF THE</u>
26 PLAN.

27 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,
28 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER <u>OR ACTIVE</u>
29 <u>PARTICIPANT</u>, OR THE SCHOOL SERVICE COMPENSATION OF A MULTIPLE
30 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL

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1 EMPLOYEES' RETIREMENT SYSTEM, AND PAID INTO THE FUND <u>OR TRUST</u>.
2 <u>"SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED</u>
3 <u>CONTRIBUTION PLAN FOR SCHOOL EMPLOYEES ESTABLISHED UNDER 24</u>
4 <u>PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES).</u>
5 * * *

6 "SHARED-RISK MEMBER CONTRIBUTIONS." THE PRODUCT OF THE
7 <u>APPLICABLE</u> SHARED-RISK CONTRIBUTION RATE AND THE COMPENSATION OF
8 A MEMBER FOR SERVICE CREDITED AS CLASS A-3 OR CLASS A-4 <u>OR THE</u>
9 <u>COMPENSATION OF A MEMBER UP TO THE CLASS A-5 ANNUAL COMPENSATION</u>
10 LIMIT FOR SERVICE CREDITED AS CLASS A-5.

11 * * *

"SPECIAL VESTEE." AN EMPLOYEE OF THE PENNSYLVANIA STATE 12 13 UNIVERSITY WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT 14 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY POINTS 15 AND WHO HAS A DATE OF TERMINATION OF SERVICE FROM THE 16 PENNSYLVANIA STATE UNIVERSITY OF JUNE 30, 1997, BECAUSE OF THE TRANSFER OF HIS JOB POSITION OR DUTIES TO A CONTROLLED 17 18 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM OR 19 BECAUSE OF THE ELIMINATION OF HIS JOB POSITION OR DUTIES DUE TO 20 THE TRANSFER OF OTHER JOB POSITIONS OR DUTIES TO A CONTROLLED 21 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM, PROVIDED 22 THAT:

(1) SUBSEQUENT TO TERMINATION OF STATE SERVICE AS AN
EMPLOYEE OF THE PENNSYLVANIA STATE UNIVERSITY, THE MEMBER HAS
NOT RETURNED TO STATE SERVICE IN ANY OTHER CAPACITY OR
POSITION AS A STATE EMPLOYEE;

(2) THE PENNSYLVANIA STATE UNIVERSITY CERTIFIES TO THE
BOARD THAT THE MEMBER IS ELIGIBLE TO BE A SPECIAL VESTEE;
(3) THE MEMBER FILES AN APPLICATION TO VEST THE MEMBER'S
RETIREMENT RIGHTS UNDER SECTION 5907(F) (RELATING TO RIGHTS

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1 AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND

2 <u>PARTICIPANTS</u>) ON OR BEFORE SEPTEMBER 30, 1997; AND

3 (4) THE MEMBER ELECTS TO LEAVE THE MEMBER'S TOTAL
4 ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT OF AN
5 ANNUITY UNTIL ATTAINMENT OF SUPERANNUATION AGE OR THE
6 MEMBER'S REQUIRED BEGINNING DATE.

7 "STANDARD SINGLE LIFE ANNUITY." AN ANNUITY EQUAL TO 2% OF
8 THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF
9 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A
10 MEMBER <u>IN EACH CLASS SERVICE, LIMITED IN THE CASE OF CLASS A-5</u>
11 SERVICE TO 25 YEARS.

12 "STATE EMPLOYEE." ANY PERSON HOLDING A STATE OFFICE OR 13 POSITION UNDER THE COMMONWEALTH, EMPLOYED BY THE STATE 14 GOVERNMENT OF THE COMMONWEALTH, IN ANY CAPACITY WHATSOEVER, 15 EXCEPT AN INDEPENDENT CONTRACTOR OR ANY PERSON COMPENSATED ON A 16 FEE BASIS OR ANY PERSON PAID DIRECTLY BY AN ENTITY OTHER THAN A 17 STATE EMPLOYEES' RETIREMENT SYSTEM EMPLOYER, AND SHALL INCLUDE 18 MEMBERS OF THE GENERAL ASSEMBLY, AND ANY OFFICER OR EMPLOYEE OF 19 THE FOLLOWING:

20

(1) (I) THE DEPARTMENT OF EDUCATION.

21 (II) STATE-OWNED EDUCATIONAL INSTITUTIONS.

22 (III) COMMUNITY COLLEGES.

23 (IV) THE PENNSYLVANIA STATE UNIVERSITY, EXCEPT AN EMPLOYEE IN THE COLLEGE OF AGRICULTURE WHO IS PAID WHOLLY 24 25 FROM FEDERAL FUNDS OR AN EMPLOYEE WHO IS PARTICIPATING IN THE FEDERAL CIVIL SERVICE RETIREMENT SYSTEM. THE 26 27 UNIVERSITY SHALL BE TOTALLY RESPONSIBLE FOR ALL EMPLOYER 28 CONTRIBUTIONS UNDER SECTION 5507 (RELATING TO 29 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER 30 EMPLOYERS).

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1 (2) THE PENNSYLVANIA TURNPIKE COMMISSION, THE DELAWARE 2 RIVER PORT AUTHORITY, THE PORT AUTHORITY TRANSIT CORPORATION, 3 THE PHILADELPHIA REGIONAL PORT AUTHORITY, THE DELAWARE RIVER 4 JOINT TOLL BRIDGE COMMISSION, THE STATE PUBLIC SCHOOL BUILDING AUTHORITY, THE GENERAL STATE AUTHORITY, THE STATE 5 6 HIGHWAY AND BRIDGE AUTHORITY, THE DELAWARE VALLEY REGIONAL 7 PLANNING COMMISSION, THE INTERSTATE COMMISSION OF THE 8 DELAWARE RIVER BASIN, AND THE SUSQUEHANNA RIVER BASIN 9 COMMISSION ANY TIME SUBSEQUENT TO ITS CREATION, PROVIDED THE 10 COMMISSION OR AUTHORITY AGREES TO CONTRIBUTE AND DOES 11 CONTRIBUTE TO THE FUND OR TRUST, FROM TIME TO TIME, THE 12 MONEYS REQUIRED TO BUILD UP THE RESERVES NECESSARY FOR THE 13 PAYMENT OF THE ANNUITIES OR OTHER BENEFITS OF SUCH OFFICERS AND EMPLOYEES WITHOUT ANY LIABILITY ON THE PART OF THE 14 15 COMMONWEALTH TO MAKE APPROPRIATIONS FOR SUCH PURPOSES, AND PROVIDED IN THE CASE OF EMPLOYEES OF THE INTERSTATE 16 17 COMMISSION OF THE DELAWARE RIVER BASIN, THAT THE EMPLOYEE 18 SHALL HAVE BEEN A MEMBER OF THE SYSTEM FOR AT LEAST TEN YEARS 19 PRIOR TO JANUARY 1, 1963.

20 (3) ANY SEPARATE INDEPENDENT PUBLIC CORPORATION CREATED 21 BY STATUTE, NOT INCLUDING ANY MUNICIPAL OR QUASI-MUNICIPAL 22 CORPORATION, SO LONG AS HE REMAINS AN OFFICER OR EMPLOYEE OF SUCH PUBLIC CORPORATION, AND PROVIDED THAT SUCH OFFICER OR 23 24 EMPLOYEE OF SUCH PUBLIC CORPORATION WAS AN EMPLOYEE OF THE 25 COMMONWEALTH IMMEDIATELY PRIOR TO HIS EMPLOYMENT BY SUCH 26 CORPORATION, AND FURTHER PROVIDED SUCH PUBLIC CORPORATION 27 SHALL AGREE TO CONTRIBUTE AND CONTRIBUTES TO THE FUND OR TRUST, FROM TIME TO TIME, THE MONEYS REQUIRED TO BUILD UP THE 28 29 RESERVES NECESSARY FOR THE PAYMENT OF THE ANNUITIES OR OTHER 30 BENEFITS OF SUCH OFFICERS AND EMPLOYEES WITHOUT ANY LIABILITY

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ON THE PART OF THE COMMONWEALTH TO MAKE APPROPRIATIONS FOR
 SUCH PURPOSES.

3 * * *

4 <u>"SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN</u>
5 <u>WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO</u>
6 <u>RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE</u>

7 <u>PARTICIPANT</u>.

8 "SUPERANNUATION AGE." FOR CLASSES OF SERVICE IN THE SYSTEM OTHER THAN CLASS A-3 [AND], CLASS A-4 AND CLASS A-5, ANY AGE 9 10 UPON ACCRUAL OF 35 ELIGIBILITY POINTS OR AGE 60, EXCEPT FOR A 11 MEMBER OF THE GENERAL ASSEMBLY, AN ENFORCEMENT OFFICER, A CORRECTION OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE 12 13 RIVER PORT AUTHORITY POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA 14 STATE POLICE, AGE 50, AND, EXCEPT FOR A MEMBER WITH CLASS G, 15 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, AGE 55 UPON ACCRUAL OF 20 ELIGIBILITY POINTS. FOR CLASS 16 17 A-3 [AND], CLASS A-4 AND CLASS A-5 SERVICE, ANY AGE UPON 18 ATTAINMENT OF A SUPERANNUATION SCORE OF 92 , PROVIDED THE MEMBER 19 HAS ACCRUED 35 ELIGIBILITY POINTS, OR AGE 65, OR FOR PARK 20 RANGERS OR CAPITOL POLICE OFFICERS, AGE 55 WITH 20 YEARS OF 21 SERVICE AS A PARK RANGER OR CAPITOL POLICE OFFICER IN CLASSES OF 22 SERVICE OTHER THAN CLASS A-5, EXCEPT FOR A MEMBER OF THE GENERAL 23 ASSEMBLY, AN ENFORCEMENT OFFICER, A CORRECTION OFFICER, A 24 PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY 25 POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA STATE POLICE, AGE 55. A VESTEE WITH CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE 26 CREDIT ATTAINS SUPERANNUATION AGE ON THE BIRTHDAY THE VESTEE 27 28 ATTAINS THE AGE RESULTING IN A SUPERANNUATION SCORE OF 92, 29 PROVIDED THAT THE VESTEE HAS AT LEAST 35 ELIGIBILITY POINTS, OR 30 ATTAINS ANOTHER APPLICABLE SUPERANNUATION AGE, WHICHEVER OCCURS

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1 FIRST.

2 * * *

"SUPERANNUATION SCORE." THE SUM OF THE MEMBER'S AGE IN WHOLE 3 4 YEARS ON HIS LAST BIRTHDAY AND THE AMOUNT OF THE MEMBER'S TOTAL ELIGIBILITY POINTS, OTHER THAN ELIGIBILITY POINTS RESULTING FROM 5 6 CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, IN 7 CLASS T-G ON THE MEMBER'S EFFECTIVE DATE OF RETIREMENT, 8 EXPRESSED IN WHOLE YEARS AND WHOLE ELIGIBILITY POINTS AND 9 DISREGARDING FRACTIONS OF A YEAR AND FRACTIONS OF TOTAL 10 ELIGIBILITY POINTS. 11 "SWORN POLICE OFFICER." A STATE POLICE OFFICER WHO IS

12 <u>EMPLOYED AND SERVING AS AN OFFICER OF THE PENNSYLVANIA STATE</u>
13 <u>POLICE.</u>

14 * * *

"TOTAL ACCUMULATED DEDUCTIONS." THE SUM OF THE REGULAR 15 16 ACCUMULATED DEDUCTIONS, ADDITIONAL ACCUMULATED DEDUCTIONS, THE 17 SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS, SHARED-RISK 18 MEMBER CONTRIBUTIONS AND ALL OTHER CONTRIBUTIONS OTHER THAN 19 CLASS A-5 ACCUMULATED DEDUCTIONS PAID INTO THE FUND FOR THE 20 PURCHASE, TRANSFER OR CONVERSION OF CREDIT FOR SERVICE OR OTHER 21 COVERAGE OTHER THAN SERVICE OR COVERAGE IN CLASS A-5 TOGETHER 22 WITH ALL STATUTORY INTEREST CREDITED THEREON UNTIL THE DATE OF 23 TERMINATION OF SERVICE. IN THE CASE OF A VESTEE OR A SPECIAL 24 VESTEE, STATUTORY INTEREST SHALL BE CREDITED UNTIL THE EFFECTIVE 25 DATE OF RETIREMENT. A MEMBER'S ACCOUNT SHALL NOT BE CREDITED 26 WITH STATUTORY INTEREST FOR MORE THAN TWO YEARS DURING A LEAVE 27 WITHOUT PAY.

28 <u>"TRUST." THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST</u>
 29 <u>ESTABLISHED UNDER CHAPTER 58 (RELATING TO STATE EMPLOYEES'</u>
 30 <u>DEFINED CONTRIBUTION PLAN).</u>

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1 * * *

2 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM
3 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS <u>OF THE FUND</u>
4 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

"VESTEE." ANY OF THE FOLLOWING: 5 6 (1) A MEMBER WITH: 7 (I) FIVE OR MORE ELIGIBILITY POINTS IN A CLASS OF 8 SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR CLASS T-E [OR], CLASS T-F OR CLASS T-G IN THE PUBLIC 9 10 SCHOOL EMPLOYEES' RETIREMENT SYSTEM[, A MEMBER WITH]; 11 (II) CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE 12 13 ELIGIBILITY POINTS [, OR A MEMBER WITH] IN CLASSES OF SERVICE OTHER THAN CLASS A-5 OR CLASS T-G IN THE PUBLIC 14 SCHOOL EMPLOYEES' RETIREMENT SYSTEM; OR 15 (III) CLASS A-3 OR CLASS A-4 SERVICE WITH TEN OR 16 17 MORE ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN 18 CLASS A-5 OR CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' 19 RETIREMENT SYSTEM ; OR (IV) CLASS A-5 SERVICE WITH TEN OR MORE ELIGIBILITY 20 21 POINTS FOR SERVICE IN CLASS A-5 OR, IF A MULTIPLE SERVICE 22 MEMBER, CLASS T-G SERVICE IN THE PUBLIC SCHOOL EMPLOYEES' 23 RETIREMENT SYSTEM AND 24 WHO HAS TERMINATED STATE SERVICE AND HAS ELECTED TO LEAVE HIS 25 TOTAL ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT 26 OF AN ANNUITY. 27 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A 28 PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL 29 INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS BY AN ELIGIBLE ROLLOVER OR DIRECT TRUSTEE-TO-30

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1 TRUSTEE TRANSFER.

SECTION 303. SECTION 5103 OF TITLE 71 IS AMENDED TO READ: 2 3 § 5103. NOTICE TO MEMBERS AND PARTICIPANTS. 4 NOTICE BY PUBLICATION, INCLUDING, WITHOUT BEING LIMITED TO, NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS, 5 6 MANUALS AND, TO THE EXTENT AUTHORIZED BY A POLICY ADOPTED BY THE 7 BOARD, ELECTRONICALLY, INCLUDING, WITHOUT BEING LIMITED TO, E-8 MAIL OR [WORLD WIDE WEB SITES] INTERNET WEBSITES, DISTRIBUTED OR MADE AVAILABLE TO MEMBERS AND PARTICIPANTS IN A MANNER 9 10 REASONABLY CALCULATED TO GIVE ACTUAL NOTICE OF [THOSE SECTIONS 11 OF THE STATE EMPLOYEES' RETIREMENT CODE] THE PROVISIONS OF THIS 12 PART THAT REQUIRE NOTICE TO MEMBERS OR PARTICIPANTS SHALL BE 13 DEEMED SUFFICIENT NOTICE FOR ALL PURPOSES. SECTION 304. TITLE 71 IS AMENDED BY ADDING A SECTION TO 14 15 READ: § 5104. REFERENCE TO STATE EMPLOYEES' RETIREMENT SYSTEM. 16 17 (A) CONSTRUCTION.--UNLESS THE CONTEXT CLEARLY INDICATES 18 OTHERWISE, ANY REFERENCE TO THE STATE EMPLOYEES' RETIREMENT 19 SYSTEM IN A STATUTORY PROVISION OTHER THAN THIS PART AND 24 20 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES) 21 SHALL INCLUDE A REFERENCE TO THE STATE EMPLOYEES' DEFINED 22 CONTRIBUTION PLAN AND ANY REFERENCE TO THE STATE EMPLOYEES' 23 RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE STATE 24 EMPLOYEES' DEFINED CONTRIBUTION TRUST. 25 (B) AGREEMENT.--THE AGREEMENT OF AN EMPLOYER LISTED IN THE 26 DEFINITION OF "STATE EMPLOYEE" OR ANY OTHER LAW TO MAKE 27 CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS MEMBERS 28 IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE 29 CONTRIBUTIONS TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE 30 PLAN.

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1 SECTION 305. SECTION 5301(A), (B), (C) AND (D) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO 2 3 READ: 4 § 5301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND 5 PARTICIPATION IN THE PLAN. 6 (A) MANDATORY MEMBERSHIP.--MEMBERSHIP IN THE SYSTEM SHALL BE MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL STATE 7 8 EMPLOYEES EXCEPT THE FOLLOWING: 9 (1) GOVERNOR. 10 (2) LIEUTENANT GOVERNOR. 11 (3) MEMBERS OF THE GENERAL ASSEMBLY. 12 (4) HEADS OR DEPUTY HEADS OF ADMINISTRATIVE DEPARTMENTS. 13 (5) MEMBERS OF ANY INDEPENDENT ADMINISTRATIVE BOARD OR 14 COMMISSION. (6) MEMBERS OF ANY DEPARTMENTAL BOARD OR COMMISSION. 15 (7) MEMBERS OF ANY ADVISORY BOARD OR COMMISSION. 16 SECRETARY TO THE GOVERNOR. 17 (8) 18 (9) BUDGET SECRETARY. 19 (10) LEGISLATIVE EMPLOYEES. 20 (11) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN THE 21 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM. 22 (12) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN AN 23 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE EMPLOYER, 24 PROVIDED THAT IN NO CASE, EXCEPT AS HEREINAFTER PROVIDED, 25 SHALL THE EMPLOYER CONTRIBUTE ON ACCOUNT OF SUCH ELECTED 26 MEMBERSHIP AT A RATE GREATER THAN THE EMPLOYER NORMAL CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) (RELATING 27 28 TO ACTUARIAL COST METHOD). FOR THE FISCAL YEAR 1986-1987 AN 29 EMPLOYER MAY CONTRIBUTE ON ACCOUNT OF SUCH ELECTED MEMBERSHIP AT A RATE WHICH IS THE GREATER OF 7% OR THE EMPLOYER NORMAL 30 20150SB1071PN1913 - 907 -

CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) AND FOR
 THE FISCAL YEAR 1992-1993 AND ALL YEARS AFTER THAT AT A RATE
 OF 9.29%.

4 (13) PERSONS WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN
5 THE RETIREMENT SYSTEM OF THE POLITICAL SUBDIVISION BY WHICH
6 THEY WERE EMPLOYED PRIOR TO BECOMING ELIGIBLE FOR MEMBERSHIP
7 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

8 (14) PERSONS WHO ARE NOT MEMBERS OF THE SYSTEM AND ARE 9 EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR LESS THAN 100 DAYS 10 OR 750 HOURS IN A [12-MONTH PERIOD] <u>CALENDAR YEAR</u>.

(15) EMPLOYEES OF THE PHILADELPHIA REGIONAL PORT
AUTHORITY WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN THE
PENSION PLAN OR RETIREMENT SYSTEM IN WHICH THEY WERE ENROLLED
AS EMPLOYEES OF THE PREDECESSOR PHILADELPHIA PORT CORPORATION
PRIOR TO THE CREATION OF THE PHILADELPHIA REGIONAL PORT
AUTHORITY.

(16) EMPLOYEES OF THE JUVENILE COURT JUDGES' COMMISSION 17 18 WHO, BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH, WERE 19 TRANSFERRED FROM THE STATE SYSTEM OF HIGHER EDUCATION TO THE 20 JUVENILE COURT JUDGES' COMMISSION AS A RESULT OF AN INTERAGENCY TRANSFER OF STAFF APPROVED BY THE OFFICE OF 21 22 ADMINISTRATION AND WHO, WHILE EMPLOYEES OF THE STATE SYSTEM 23 OF HIGHER EDUCATION, HAD ELECTED MEMBERSHIP IN AN INDEPENDENT 24 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER.

25 (A.1) MANDATORY PARTICIPATION IN THE PLAN. -- A STATE EMPLOYEE
26 WHO IS A MANDATORY MEMBER OF THE SYSTEM AS A MEMBER OF CLASS A-5
27 SHALL BE A MANDATORY PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE
28 DATE OF MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS A CLASS
29 A-5 EXEMPT EMPLOYEE.

30 (B) OPTIONAL MEMBERSHIP <u>IN THE SYSTEM</u>. -- THE STATE EMPLOYEES

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LISTED IN SUBSECTION (A) (1) THROUGH [(11)] (10) WHOSE FIRST 1 2 PERIOD OF STATE SERVICE BEGINS BEFORE JANUARY 1, 2018, SHALL 3 HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM [; ONCE SUCH 4 ELECTION IS] BEFORE JANUARY 1, 2018, OR THE TERMINATION OF STATE SERVICE, WHICHEVER OCCURS FIRST. THE STATE EMPLOYEES LISTED IN 5 6 SUBSECTION (A) (1) THROUGH (10) WHO FIRST BECOME STATE EMPLOYEES ON OR AFTER JANUARY 1, 2018, SHALL BE MEMBERS OF THE SYSTEM 7 EFFECTIVE AS OF THE DATE OF THEIR EMPLOYMENT UNLESS THEY ELECT 8 NOT TO BE MEMBERS WITHIN 30 DAYS AFTER BEGINNING STATE SERVICE. 9 10 ONCE SUCH ELECTIONS ARE EXERCISED, MEMBERSHIP OR NONMEMBERSHIP, 11 AS THE CASE MAY BE, SHALL CONTINUE UNTIL THE TERMINATION OF STATE SERVICE. THE STATE EMPLOYEES LISTED UNDER SUBSECTION (A) 12 13 (11) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM. ONCE THE ELECTION IS EXERCISED, MEMBERSHIP SHALL CONTINUE UNTIL 14 15 THE TERMINATION OF STATE SERVICE. 16 (B.1) OPTIONAL PARTICIPATION IN THE PLAN. -- THE STATE 17 EMPLOYEES WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS A MEMBER OF CLASS A-5 ALSO ARE OPTIONAL PARTICIPANTS IN THE PLAN. THE STATE 18 EMPLOYEES WHO ELECT MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS 19 20 A-5 ALSO AUTOMATICALLY ELECT PARTICIPATION IN THE PLAN AS OF THE 21 EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS 22 A CLASS A-5 EXEMPT EMPLOYEE. 23 (C) PROHIBITED MEMBERSHIP IN THE SYSTEM. -- THE STATE 24 EMPLOYEES LISTED IN SUBSECTION (A) (12), (13), (14) AND (15) 25 SHALL NOT HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM. 26 (C.1) PROHIBITED PARTICIPATION IN THE PLAN.--THE STATE 27 EMPLOYEES WHO ARE LISTED IN SUBSECTION (A) (11), (12), (13), (14) 28 AND (15) OR WHO ARE NOT MEMBERS OF CLASS A-5 SHALL NOT BE 29 ELIGIBLE TO PARTICIPATE IN THE PLAN.

30 (D) RETURN TO SERVICE.--

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1 (1) AN ANNUITANT WHO RETURNS TO SERVICE AS A STATE 2 EMPLOYEE <u>BEFORE JANUARY 1, 2018, OR AS A CLASS A-5 EXEMPT</u> 3 <u>EMPLOYEE AFTER DECEMBER 31, 2017, SHALL RESUME ACTIVE</u> 4 MEMBERSHIP IN THE SYSTEM AS OF THE EFFECTIVE DATE OF 5 EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION 5706(A) 6 (RELATING TO TERMINATION OF ANNUITIES), REGARDLESS OF THE 7 OPTIONAL MEMBERSHIP CATEGORY OF THE POSITION.

8 (2) AN ANNUITANT, INACTIVE PARTICIPANT OR A PARTICIPANT 9 RECEIVING DISTRIBUTIONS WHO RETURNS TO SERVICE AS A STATE 10 EMPLOYEE ON OR AFTER JANUARY 1, 2018, SHALL RESUME ACTIVE 11 MEMBERSHIP IN THE SYSTEM, IF AN ACTIVE MEMBER OF CLASS A-5 12 SHALL, AND BE AN ACTIVE PARTICIPANT IN THE PLAN AS OF THE 13 EFFECTIVE DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION 5706(A), REGARDLESS OF THE OPTIONAL MEMBERSHIP OR 14 15 PARTICIPATION CATEGORY OF THE POSITION.

16 * * *

SECTION 306. SECTION 5302(A), (B), (E) AND (F) OF TITLE 71,
AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ:
\$ 5302. CREDITED STATE SERVICE.

20 (A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED 21 STATE SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A 22 FULL-TIME SALARIED STATE EMPLOYEE, INCLUDING ANY MEMBER OF THE 23 GENERAL ASSEMBLY, SHALL RECEIVE CREDIT FOR SERVICE IN EACH 24 PERIOD FOR WHICH CONTRIBUTIONS AS REQUIRED ARE MADE TO THE FUND, 25 OR FOR WHICH CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE 26 WERE NOT MADE TO THE FUND SOLELY BY REASON OF SECTION 5502.1 27 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL 28 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF 29 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR 415, OR LIMITATIONS ON CONTRIBUTIONS APPLICABLE TO A CLASS A-5 30

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MEMBER, EXCEPT AS OTHERWISE PROVIDED IN THIS PART, BUT IN NO 1 2 CASE SHALL HE RECEIVE MORE THAN ONE YEAR'S CREDIT FOR ANY 12 CONSECUTIVE MONTHS OR 26 CONSECUTIVE BIWEEKLY PAY PERIODS. A PER 3 4 DIEM OR HOURLY STATE EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED SERVICE FOR EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS 5 6 OR 26 CONSECUTIVE BIWEEKLY PAY PERIODS IN WHICH HE IS EMPLOYED 7 AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND OR WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH WAIVER UNDER SECTION 5502.1 8 OR LIMITATIONS UNDER THE IRC OR LIMITATIONS ON CONTRIBUTIONS 9 10 APPLICABLE TO A CLASS A-5 MEMBER FOR AT LEAST 220 DAYS OR 1,650 11 HOURS OF EMPLOYMENT. IF THE MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE MADE TO THE FUND FOR LESS THAN 220 DAYS OR 12 13 1,650 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A 14 YEAR DETERMINED BY THE RATIO OF THE NUMBER OF DAYS OR HOURS OF 15 SERVICE ACTUALLY RENDERED TO 220 DAYS OR 1,650 HOURS, AS THE CASE MAY BE. A PART-TIME SALARIED EMPLOYEE SHALL BE CREDITED 16 17 WITH THE FRACTIONAL PORTION OF THE YEAR WHICH CORRESPONDS TO THE 18 NUMBER OF HOURS OR DAYS OF SERVICE ACTUALLY RENDERED AND FOR 19 WHICH CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND 20 EXCEPT FOR THE WAIVER UNDER SECTION 5502.1, LIMITATIONS UNDER 21 THE IRC OR LIMITATIONS ON CONTRIBUTIONS APPLICABLE TO A CLASS A-22 5 MEMBER IN RELATION TO 1,650 HOURS OR 220 DAYS, AS THE CASE MAY 23 BE. IN NO CASE SHALL A MEMBER WHO HAS ELECTED MULTIPLE SERVICE 24 RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE THAN ONE YEAR OF 25 CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS.

26

(B) CREDITABLE LEAVES OF ABSENCE.--

(1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER
A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO
IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE
WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL

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1 GOVERNMENT UNDER THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970 2 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) SHALL 3 BE ELIGIBLE FOR CREDIT FOR SUCH SERVICE: PROVIDED, THAT 4 CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT 5 6 SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER 7 CONTRIBUTIONS FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5 8 SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER 9 CONTRIBUTIONS) AND 5507 (RELATING TO CONTRIBUTIONS TO THE 10 SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS), THE MEMBER 11 RETURNS FROM LEAVE WITHOUT PAY TO ACTIVE STATE SERVICE AS A 12 MEMBER OF THE SYSTEM FOR A PERIOD OF AT LEAST ONE YEAR, AND HE IS NOT ENTITLED TO RETIREMENT BENEFITS FOR SUCH SERVICE 13 UNDER A RETIREMENT SYSTEM ADMINISTERED BY ANY OTHER 14 15 GOVERNMENTAL AGENCY.

(2) AN ACTIVE MEMBER OR ACTIVE PARTICIPANT ON PAID LEAVE 16 GRANTED BY AN EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED 17 18 FULL-TIME OFFICER FOR A STATEWIDE EMPLOYEE ORGANIZATION WHICH 19 IS A COLLECTIVE BARGAINING REPRESENTATIVE UNDER THE ACT OF 20 JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN 21 AND FIREMEN COLLECTIVE BARGAINING ACT, OR THE ACT OF JULY 23, 22 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE RELATIONS ACT, AND UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN 23 24 EMPLOYEE ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS 25 EMPLOYED AT STATE CORRECTIONAL INSTITUTIONS: PROVIDED, THAT 26 FOR ELECTED FULL-TIME OFFICERS SUCH LEAVE SHALL NOT BE FOR 27 MORE THAN THREE CONSECUTIVE TERMS OF THE SAME OFFICE AND FOR UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE 28 29 ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT 30 STATE CORRECTIONAL INSTITUTIONS NO MORE THAN THREE

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1 CONSECUTIVE TERMS OF THE SAME OFFICE; THAT THE EMPLOYER SHALL 2 FULLY COMPENSATE THE MEMBER OR PARTICIPANT, INCLUDING, BUT 3 NOT LIMITED TO, SALARY, WAGES, PENSION AND RETIREMENT 4 CONTRIBUTIONS AND BENEFITS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN FULL-TIME ACTIVE SERVICE; AND THAT THE 5 6 STATEWIDE EMPLOYEE ORGANIZATION SHALL FULLY REIMBURSE THE 7 EMPLOYER FOR ALL EXPENSES AND COSTS OF SUCH PAID LEAVE, 8 INCLUDING, BUT NOT LIMITED TO, CONTRIBUTIONS AND PAYMENT IN 9 ACCORDANCE WITH SECTIONS 5501, 5501.1, 5505.1 AND 5507, 5804 10 (RELATING TO PARTICIPANT CONTRIBUTIONS), 5805 (RELATING TO 11 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS) AND 5806 12 (RELATING TO EMPLOYER DEFINED CONTRIBUTIONS), IF THE EMPLOYEE 13 ORGANIZATION EITHER DIRECTLY PAYS, OR REIMBURSES THE COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN 14 ACCORDANCE WITH [SECTION 5507] SECTIONS 5507, 5804, 5805 AND 15 <u>5806</u>. 16

17 * * *

18 (E) CANCELLATION OF CREDITED SERVICE.--

<u>(1)</u> ALL CREDITED SERVICE <u>IN THE SYSTEM</u> SHALL BE
 CANCELLED IF A MEMBER WITHDRAWS HIS TOTAL ACCUMULATED
 DEDUCTIONS <u>AND CLASS A-5 ACCUMULATED DEDUCTIONS</u>, EXCEPT THAT:

22 (I) A MEMBER WITH CLASS A-3 OR CLASS A-4 SERVICE CREDIT AND ONE OR MORE OTHER CLASSES OF SERVICE CREDIT 23 24 SHALL NOT HAVE HIS SERVICE CREDIT AS A MEMBER OF ANY 25 CLASSES OF SERVICE OTHER THAN AS A MEMBER OF CLASS A-3 OR 26 CLASS A-4 CANCELLED WHEN THE MEMBER RECEIVES A LUMP SUM 27 PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-28 3 OR CLASS A-4 SERVICE PURSUANT TO SECTION [5705.1] 29 5705.1(A) (RELATING TO PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM [CLASS A-3 AND CLASS A-4] MORE THAN ONE 30

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1 CLASS OF SERVICE) [.]; 2 (II) A MEMBER WITH CLASS A-5 SERVICE CREDIT AND ONE 3 OR MORE OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE 4 HIS SERVICE CREDIT IN THE CLASSES OF SERVICE OTHER THAN CLASS A-5 CANCELED WHEN THE MEMBER RECEIVES A LUMP SUM 5 6 PAYMENT OF CLASS A-5 ACCUMULATED DEDUCTIONS PURSUANT TO 7 SECTION 5705.1(B)(1); AND 8 (III) A MEMBER WITH CLASS A-5 SERVICE CREDIT AND ONE 9 OR MORE OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE 10 HIS SERVICE CREDIT AS A MEMBER OF CLASS A-5 CANCELED WHEN 11 THE MEMBER RECEIVES A LUMP SUM PAYMENT OF TOTAL 12 ACCUMULATED DEDUCTIONS RESULTING FROM THE OTHER CLASSES 13 OF SERVICE PURSUANT TO SECTION 5705.1(B)(2). (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL 14 15 DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM. 16 17 (F) CREDIT FOR MILITARY SERVICE. -- A STATE EMPLOYEE WHO HAS 18 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM OR 19 PARTICIPATE IN THE PLAN AS FOLLOWS:

(1) 20 FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS 21 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A 22 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY 23 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED 24 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE 25 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73 26 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL 27 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE PERIOD OF MILITARY SERVICE BEGAN, EVEN IF NOT DEFINED AS AN 28 29 EMPLOYEE PURSUANT TO 51 PA.C.S. § 7301 (RELATING TO 30 DEFINITIONS).

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1 (1.1) STATE EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT IN 2 <u>THE SYSTEM</u> OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306 3 (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT 4 BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, 5 EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

6 (1.2) STATE EMPLOYEES MAY NOT PARTICIPATE IN THE PLAN OR
7 EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306 FOR MILITARY
8 LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS
9 PARAGRAPH, EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

10 (2) A STATE EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY
 11 RECEIVE CREDIT <u>IN THE SYSTEM</u> AS PROVIDED BY THIS PARAGRAPH.
 12 THE FOLLOWING SHALL APPLY:

13 (I) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED 14 AS NOT HAVING INCURRED A BREAK IN STATE SERVICE BY REASON 15 OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY 16 POINTS AS IF THE STATE EMPLOYEE HAD NOT BEEN ON THE 17 18 USERRA LEAVE. IF A STATE EMPLOYEE WHO IS REEMPLOYED FROM 19 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM 20 SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS, ADDITIONAL MEMBER CONTRIBUTIONS, SOCIAL SECURITY 21 22 INTEGRATION MEMBER CONTRIBUTIONS, SHARED-RISK MEMBER 23 CONTRIBUTIONS AND ANY OTHER MEMBER CONTRIBUTIONS IN THE 24 AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH. 25 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF 26 MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) AS IF 27 THE STATE EMPLOYEE HAD CONTINUED IN STATE OFFICE OR EMPLOYMENT AND PERFORMED STATE SERVICE AND WAS 28 29 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE STATE EMPLOYEE SHALL BE GRANTED STATE SERVICE CREDIT FOR 30

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1 THE PERIOD OF USERRA LEAVE. THE STATE EMPLOYEE SHALL HAVE THE STATE EMPLOYEE'S BENEFITS, RIGHTS AND OBLIGATIONS 2 DETERMINED UNDER THIS PART AS IF THE STATE EMPLOYEE WAS 3 4 AN ACTIVE MEMBER WHO PERFORMED CREDITABLE STATE SERVICE DURING THE USERRA LEAVE IN THE JOB POSITION THAT THE 5 6 STATE EMPLOYEE WOULD HAVE HELD HAD THE STATE EMPLOYEE NOT 7 BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON 8 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE STATE SERVICE 9 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

10 (II) FOR PURPOSES OF DETERMINING WHETHER A STATE 11 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR STATE SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE WHO 12 13 IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF 14 THE SYSTEM TERMINATES STATE SERVICE OR DIES IN STATE SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT 15 PERIOD, THEN STATE SERVICE CREDIT FOR THE USERRA LEAVE 16 17 WILL BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS 18 WERE PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT 19 OF THE REQUIRED MEMBER CONTRIBUTIONS WILL BE TREATED AS 20 AN INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS). UPON A 21 22 SUBSEQUENT RETURN TO STATE SERVICE OR TO SCHOOL SERVICE 23 AS A MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER 24 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE 25 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER 26 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP 27 SUM PURSUANT TO SECTION 5705(A)(4) (RELATING TO MEMBER'S 28 OPTIONS), AS THE CASE MAY BE.

29 (III) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA
 30 LEAVE <u>AS AN ACTIVE MEMBER OF THE SYSTEM</u> WHO DOES NOT MAKE

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1 THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES ONLY PART OF 2 THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT PERIOD SHALL NOT BE GRANTED CREDITED SERVICE FOR 3 4 THE PERIOD OF USERRA LEAVE FOR WHICH THE REQUIRED MEMBER CONTRIBUTIONS WERE NOT TIMELY MADE, SHALL NOT BE ELIGIBLE 5 6 TO SUBSEQUENTLY MAKE CONTRIBUTIONS AND SHALL NOT BE 7 GRANTED EITHER STATE SERVICE CREDIT OR NONSTATE SERVICE 8 CREDIT FOR THE PERIOD OF USERRA LEAVE FOR WHICH THE 9 REOUIRED MEMBER CONTRIBUTIONS WERE NOT TIMELY MADE. 10 (2.1) (I) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA 11 LEAVE SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN 12 STATE SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE 13 GRANTED ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT 14 BEEN ON USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED 15 FROM USERRA LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP 16 PARTICIPANT CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS 17 18 IF THE PARTICIPANT HAD CONTINUED IN HIS STATE OFFICE OR 19 EMPLOYMENT AND PERFORMED STATE SERVICE AND BEEN 20 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THE 21 PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING 22 EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE 23 HIS CONTRIBUTIONS, BENEFITS, RIGHTS AND OBLIGATIONS 24 DETERMINED UNDER THIS PART AS IF HE WERE AN ACTIVE 25 PARTICIPANT WHO PERFORMED STATE SERVICE DURING THE USERRA 26 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE 27 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON 28 WHICH THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO 29 RECEIVE STATE SERVICE CREDIT FOR THE USERRA LEAVE WERE 30 DETERMINED.

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1 (II) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA 2 LEAVE WHO DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP 3 4 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT PERIOD SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP 5 PARTICIPANT CONTRIBUTIONS AT A LATER DATE FOR THE PERIOD 6 7 OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE. 8

9 A STATE EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND (3)10 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN 11 REEMPLOYED FROM USERRA LEAVE HAD THE STATE EMPLOYEE RETURNED 12 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH. 13 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE ABLE TO RECEIVE CREDITABLE NONSTATE SERVICE AS NONINTERVENING 14 15 MILITARY SERVICE FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER RETURN TO STATE SERVICE AS AN ACTIVE MEMBER OF 16 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE 17 18 AS NONINTERVENING MILITARY SERVICE.

19 (3.1) A STATE EMPLOYEE WHO IS A PARTICIPANT IN THE PLAN 20 AND PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE 21 BEEN REEMPLOYED FROM USERRA LEAVE HAD THE EMPLOYEE RETURNED 22 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH. 23 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL NOT BE 24 ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS 25 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER 26 RETURN TO STATE SERVICE AND BE A PARTICIPANT IN THE PLAN. 27 [A STATE EMPLOYEE] AN ACTIVE MEMBER OR INACTIVE (4) 28 MEMBER ON LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE 29 DATE OF THIS SUBSECTION IS GRANTED A LEAVE OF ABSENCE UNDER 30 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN

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1 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. 2 CH. 73, THAT IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE 3 CREDITABLE NONSTATE SERVICE AS NONINTERVENING MILITARY 4 SERVICE SHOULD THE EMPLOYEE RETURN TO STATE SERVICE <u>AS AN</u> 5 <u>ACTIVE MEMBER OF THE SYSTEM</u> AND IS OTHERWISE ELIGIBLE TO 6 PURCHASE THE SERVICE AS NONINTERVENING MILITARY SERVICE.

7 (4.1) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE DATE OF THIS 8 9 PARAGRAPH IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 10 4102 OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT 11 USERRA LEAVE SHALL NOT BE ABLE TO MAKE MANDATORY PICKUP 12 PARTICIPANT CONTRIBUTIONS DURING OR FOR THE LEAVE OF ABSENCE 13 OR MILITARY LEAVE AND SHALL NOT HAVE EMPLOYER DEFINED 14 CONTRIBUTIONS MADE DURING SUCH LEAVE, WITHOUT REGARD TO 15 WHETHER OR NOT THE STATE EMPLOYEE RECEIVED SALARY, WAGES, STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER PAYMENTS FROM 16 HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING ANY PROVISION 17

18 TO THE CONTRARY UNDER 51 PA.C.S. § 4102 OR CH. 73.

19 (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THEN
20 THE BENEFICIARIES OR SURVIVOR ANNUITANTS, AS THE CASE MAY BE,
21 OF THE DECEASED MEMBER ARE ENTITLED TO ANY ADDITIONAL
22 BENEFITS, INCLUDING ELIGIBILITY POINTS, OTHER THAN BENEFIT
23 ACCRUALS RELATING TO THE PERIOD OF QUALIFIED MILITARY
24 SERVICE, PROVIDED UNDER THIS PART HAD THE MEMBER RESUMED AND
25 THEN TERMINATED EMPLOYMENT ON ACCOUNT OF DEATH.

26 (5.1) IF A PARTICIPANT DIES WHILE PERFORMING USERRA
 27 LEAVE, THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED
 28 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER
 29 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED
 30 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE

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1 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT

2 <u>OF DEATH.</u>

3 (6) A STATE EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM 4 HIS DUTIES AS A STATE EMPLOYEE FOR WHICH 51 PA.C.S. § 4102 5 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR 6 EFFICIENCY RATING SHALL NOT BE AN ACTIVE MEMBER, RECEIVE 7 SERVICE CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF ABSENCE, EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING 8 9 THIS PARAGRAPH, ANY PAY THE MEMBER RECEIVES PURSUANT TO 51 10 PA.C.S. § 4102 SHALL BE INCLUDED IN THE DETERMINATION OF 11 FINAL AVERAGE SALARY AND OTHER CALCULATIONS IN THE SYSTEM 12 UTILIZING COMPENSATION AS IF THE PAYMENTS WERE COMPENSATION 13 UNDER THIS PART. 14 SECTION 307. SECTION 5303(B) AND (D)(1) OF TITLE 71 ARE 15 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO 16 READ: \$ 5303. RETENTION AND REINSTATEMENT OF SERVICE CREDITS. 17 * * * 18 19 (B) ELIGIBILITY POINTS FOR PROSPECTIVE CREDITED SERVICE.--20 [EVERY] SUBJECT TO THE LIMITATIONS IN SUBSECTION (1)21 (I), AN ACTIVE MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE 22 MEMBER WHO IS A SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE EFFECTIVE 23 24 DATE OF THIS PART SHALL RECEIVE ELIGIBILITY POINTS IN 25 ACCORDANCE WITH SECTION 5307 FOR CURRENT STATE SERVICE, 26 PREVIOUS STATE SERVICE, OR CREDITABLE NONSTATE SERVICE UPON 27 COMPLIANCE WITH SECTIONS 5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1 (RELATING TO 28 29 SHARED-RISK CONTRIBUTIONS FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5 SERVICE), 5504 (RELATING TO MEMBER CONTRIBUTIONS 30

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1 FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER), 5505 (RELATING TO 2 3 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE 4 NONSTATE SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) OR 5506 (RELATING TO INCOMPLETE PAYMENTS). 5 6 SUBJECT TO THE LIMITATIONS IN SUBSECTION (I) AND SECTIONS 7 5306.1 (RELATING TO ELECTION TO BECOME A CLASS AA MEMBER) AND 8 5306.2 (RELATING TO ELECTIONS BY MEMBERS OF THE GENERAL 9 ASSEMBLY), THE CLASS OR CLASSES OF SERVICE IN WHICH THE 10 MEMBER MAY BE CREDITED FOR PREVIOUS STATE SERVICE PRIOR TO 11 THE EFFECTIVE DATE OF THIS PART SHALL BE THE CLASS OR CLASSES 12 IN WHICH HE WAS OR COULD HAVE AT ANY TIME ELECTED TO BE 13 CREDITED FOR SUCH SERVICE, EXCEPT THAT A STATE EMPLOYEE WHO 14 FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER OF THE 15 GENERAL ASSEMBLY AND: 16

17 (I) IS CREDITED WITH CLASS A-3 SERVICE FOR SUCH
18 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-3 SERVICE
19 FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1,
20 2011, THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM; OR

(II) IS CREDITED WITH CLASS A-4 SERVICE FOR SUCH 21 22 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-4 SERVICE FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1, 23 24 2011, THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM. 25 THE CLASS OF SERVICE IN WHICH A MEMBER SHALL BE CREDITED FOR 26 SERVICE SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART SHALL 27 BE DETERMINED IN ACCORDANCE WITH <u>SUBSECTION (I) AND</u> SECTION 28 5306 (RELATING TO CLASSES OF SERVICE).

29 (1.1) EVERY ACTIVE MEMBER OF THE SYSTEM WHO ELECTS TO
 30 CONVERT COUNTY SERVICE TO STATE SERVICE PURSUANT TO SECTION

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1 5303.1 (RELATING TO ELECTION TO CONVERT COUNTY SERVICE TO
 2 STATE SERVICE) SHALL RECEIVE ELIGIBILITY POINTS IN ACCORDANCE
 3 WITH SECTION 5307 FOR CONVERTED COUNTY SERVICE UPON
 4 COMPLIANCE WITH SECTION 5303.1(B). THE CLASS OR CLASSES OF
 5 SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR CONVERTED
 6 COUNTY SERVICE SHALL BE DETERMINED IN ACCORDANCE WITH SECTION
 7 5306(C).

(1.2) EVERY MEMBER OF THE SYSTEM WHO ELECTS TO CONVERT 8 9 SCHOOL SERVICE TO STATE SERVICE PURSUANT TO SECTION 5303.2 10 (RELATING TO ELECTION TO CONVERT SCHOOL SERVICE TO STATE 11 SERVICE) SHALL RECEIVE ELIGIBILITY POINTS IN ACCORDANCE WITH 12 SECTION 5307 FOR CONVERTED SCHOOL SERVICE. THE CLASS OR 13 CLASSES OF SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR CONVERTED SCHOOL SERVICE SHALL BE DETERMINED IN ACCORDANCE 14 15 WITH SECTION 5306(D).

16 (1.3) A MEMBER OF THE SYSTEM WHO IS REEMPLOYED FROM
17 USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA LEAVE SHALL
18 RECEIVE ELIGIBILITY POINTS IN ACCORDANCE WITH SECTION 5307
19 FOR THE STATE SERVICE THAT WOULD HAVE BEEN PERFORMED HAD THE
20 MEMBER NOT PERFORMED USERRA LEAVE.

21 (2) A SPECIAL VESTEE OR PERSON OTHERWISE ELIGIBLE TO BE 22 A SPECIAL VESTEE WHO RETURNS TO STATE SERVICE OR WITHDRAWS HIS ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311 (RELATING 23 24 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF 25 [TOTAL] ACCUMULATED DEDUCTIONS) SHALL RECEIVE OR RETAIN 26 ELIGIBILITY POINTS IN ACCORDANCE WITH PARAGRAPH (1) BUT UPON 27 SUBSEQUENT TERMINATION OF STATE SERVICE SHALL ONLY BE ELIGIBLE TO BE AN ANNUITANT VESTEE OR INACTIVE MEMBER WITHOUT 28 29 REGARD TO PREVIOUS STATUS AS A SPECIAL VESTEE AND WITHOUT 30 REGARD TO THE PROVISIONS OF THIS PART PROVIDING FOR SPECIAL

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1 VESTEES.

(3) A SPECIAL VESTEE OR PERSON OTHERWISE ELIGIBLE TO BE 2 3 A SPECIAL VESTEE WHO BECOMES AN ACTIVE MEMBER OF THE PUBLIC 4 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND ELECTS MULTIPLE 5 SERVICE SHALL RECEIVE OR RETAIN ELIGIBILITY POINTS AS 6 OTHERWISE PROVIDED FOR IN THIS PART AND 24 PA.C.S. PT. IV 7 (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES) BUT UPON SUBSEQUENT TERMINATION OF SCHOOL SERVICE SHALL ONLY BE 8 9 ELIGIBLE TO BE AN ANNUITANT, VESTEE OR INACTIVE MEMBER AS 10 OTHERWISE ELIGIBLE AS A MULTIPLE SERVICE MEMBER WITHOUT 11 REGARD TO PREVIOUS STATUS AS A SPECIAL VESTEE AND WITHOUT 12 REGARD TO THE PROVISIONS OF THIS PART PROVIDING FOR SPECIAL 13 VESTEES.

14 * * *

15

(D) TRANSFER OF CERTAIN PENSION SERVICE CREDIT.--

(1) ANY PERSON WHO WAS AN EMPLOYEE OF ANY COUNTY IN THIS 16 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT 17 18 JUDGE PRIOR TO SEPTEMBER 9, 1985, AND WHO HAD THAT EMPLOYMENT 19 TRANSFERRED TO THE COMMONWEALTH PURSUANT TO 42 PA.C.S. § 3703 20 (RELATING TO LOCAL CHAMBER FACILITIES) SHALL BE A MEMBER OF 21 THE SYSTEM FOR ALL SERVICE RENDERED AS AN EMPLOYEE OF THE 22 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT JUDGE SUBSEQUENT TO THE DATE OF THE TRANSFER UNLESS 23 24 SPECIFICALLY PROHIBITED PURSUANT TO SECTION 5301(C) (RELATING 25 TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND 26 PARTICIPATION IN THE PLAN). THE EMPLOYEE SHALL BE ENTITLED TO 27 HAVE ANY PRIOR SERVICE CREDIT IN THAT COUNTY OR OTHER MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM TRANSFERRED TO 28 THE SYSTEM AND DEEMED TO BE STATE SERVICE FOR ALL PURPOSES 29 30 UNDER THIS PART. HOWEVER, FOR THOSE EMPLOYEES WHO WERE IN

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1 CONTINUOUS COUNTY EMPLOYMENT WHICH COMMENCED PRIOR TO JULY 2 22, 1983, SECTION 5505.1 SHALL NOT APPLY. THE TRANSFER OF 3 PRIOR SERVICE CREDIT TO THE SYSTEM SHALL OCCUR UPON THE 4 TRANSFER, BY THE MEMBER, COUNTY OR OTHER MUNICIPAL PENSION 5 PLAN OR RETIREMENT SYSTEM, TO THE SYSTEM OF THE AMOUNT OF 6 ACCUMULATED MEMBER CONTRIBUTIONS, PICK-UP CONTRIBUTIONS AND 7 CREDITED INTEREST STANDING IN THE EMPLOYEE'S COUNTY OR 8 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM ACCOUNT AS OF THE 9 DATE THAT THESE FUNDS ARE TRANSFERRED TO THE SYSTEM. IN THE 10 EVENT THAT THESE FUNDS HAVE BEEN REFUNDED TO THE MEMBER, THE 11 TRANSFER OF SERVICE CREDIT SHALL OCCUR WHEN THE MEMBER 12 TRANSFERS AN AMOUNT EQUAL TO EITHER THE REFUND WHICH THE MEMBER RECEIVED FROM THE COUNTY OR MUNICIPAL PENSION PLAN OR 13 RETIREMENT SYSTEM OR THE AMOUNT DUE UNDER SECTION 5504, IF 14 15 LESS. IN THE CASE OF A TRANSFER BY THE MEMBER, THE TRANSFER SHALL OCCUR BY DECEMBER 31, 1987, IN ORDER FOR THE MEMBER TO 16 RECEIVE CREDIT FOR THE PRIOR SERVICE. IN THE CASE OF A 17 18 TRANSFER BY THE COUNTY OR OTHER MUNICIPAL PENSION PLAN OR 19 RETIREMENT SYSTEM, THE TRANSFER SHALL ALSO OCCUR BY DECEMBER 20 31, 1987. IF THE AMOUNT TRANSFERRED TO THE SYSTEM BY THE 21 MEMBER OF A COUNTY OR MUNICIPAL PENSION PLAN OR RETIREMENT 22 SYSTEM IS GREATER THAN THE AMOUNT THAT WOULD HAVE ACCUMULATED IN THE MEMBER'S ACCOUNT IF THE EMPLOYEE HAD BEEN A MEMBER OF 23 24 THE SYSTEM, ALL EXCESS FUNDS SHALL BE RETURNED TO THE 25 EMPLOYEE WITHIN 90 DAYS OF THE DATE ON WHICH SUCH FUNDS ARE 26 CREDITED TO THE MEMBER'S ACCOUNT IN THE SYSTEM. WITHIN 60 27 DAYS OF RECEIPT OF WRITTEN NOTICE THAT AN EMPLOYEE HAS ELECTED TO TRANSFER CREDITS UNDER THE PROVISIONS OF THIS 28 29 SUBSECTION, THE COUNTY OR OTHER MUNICIPAL PENSION PLANS OR RETIREMENT SYSTEMS SHALL BE REQUIRED TO TRANSFER TO THE 30

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1 SYSTEM AN AMOUNT, EXCLUDING CONTRIBUTIONS DUE UNDER SECTION 2 5504(A), EQUAL TO THE LIABILITY OF THE PRIOR SERVICE IN 3 ACCORDANCE WITH COUNTY OR OTHER MUNICIPAL PENSION PLAN OR 4 RETIREMENT SYSTEM BENEFIT PROVISIONS, MULTIPLIED BY THE RATIO OF SYSTEM ACTUARIAL VALUE OF ASSETS FOR ACTIVE MEMBERS TO THE 5 6 SYSTEM ACTUARIAL ACCRUED LIABILITY FOR ACTIVE MEMBERS. THE 7 PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION SHALL DETERMINE 8 THE APPROPRIATE AMOUNT OF EMPLOYER CONTRIBUTIONS TO BE 9 TRANSFERRED TO THE SYSTEM BY THE COUNTY OR OTHER MUNICIPAL 10 PENSION PLANS OR RETIREMENT SYSTEMS.

11

* * *

12 (I) INELIGIBILITY TO PURCHASE PREVIOUS STATE SERVICE

13 <u>CREDIT.--AN ACTIVE MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE</u>

14 MEMBER WHO IS AN ACTIVE MEMBER OF CLASS T-G IN THE PUBLIC SCHOOL

15 <u>EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO PURCHASE</u>

16 SERVICE CREDIT FOR PREVIOUS STATE SERVICE, WHETHER OR NOT

17 PREVIOUSLY CREDITED IN THE SYSTEM, EXCEPT TO REINSTATE

18 PREVIOUSLY CREDITED CLASS A-5 SERVICE CREDIT FOR WHICH CLASS A-5

19 ACCUMULATED DEDUCTIONS WERE WITHDRAWN UNDER SECTION 5311 OR

20 5701, AND EXCEPT TO THE EXTENT THAT ANY OTHER PROVISION OF LAW

21 <u>REQUIRES OR ALLOWS ANY PERIOD OF LEAVE TO BE CREDITED AS STATE</u>

22 SERVICE AFTER THE MEMBER RETURNS FROM THE LEAVE TO STATE

23 <u>SERVICE</u>.

24 SECTION 308. SECTIONS 5303.2(A) AND 5304(A) AND (B) OF TITLE 25 71 ARE AMENDED TO READ:

§ 5303.2. ELECTION TO CONVERT SCHOOL SERVICE TO STATE SERVICE.
(A) ELIGIBILITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER ON
LEAVE WITHOUT PAY WHO WAS AN EMPLOYEE TRANSFERRED FROM THE
DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF CORRECTIONS
PURSUANT TO SECTION 908-B OF THE ACT OF APRIL 9, 1929 (P.L.177,

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NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, AND WHO ON 1 THE EFFECTIVE DATE OF THAT TRANSFER DID NOT PARTICIPATE IN AN 2 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE DEPARTMENT OF 3 4 EDUCATION UNDER 24 PA.C.S. § 8301(A)(1) (RELATING TO MANDATORY AND OPTIONAL MEMBERSHIP) OR SECTION 5301(A)(12) (RELATING TO 5 6 MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), NOTWITHSTANDING ANY OTHER PROVISION 7 8 OF LAW OR ANY COLLECTIVE BARGAINING AGREEMENT, ARBITRATION AWARD, CONTRACT OR TERM OR CONDITIONS OF ANY RETIREMENT SYSTEM 9 10 OR PENSION PLAN, MAY MAKE A ONE-TIME ELECTION TO CONVERT ALL 11 SERVICE CREDITED IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 12 SYSTEM AS OF JUNE 30, 1999, AND TRANSFER TO THE SYSTEM ALL 13 ACCUMULATED MEMBER CONTRIBUTIONS AND STATUTORY INTEREST CREDITED IN THE MEMBERS' SAVINGS ACCOUNT IN THE PUBLIC SCHOOL EMPLOYEES' 14 15 RETIREMENT SYSTEM AS OF JUNE 30, 1999, PLUS STATUTORY INTEREST 16 ON THAT AMOUNT CREDITED BY THE PUBLIC SCHOOL EMPLOYEES' 17 RETIREMENT SYSTEM FROM JULY 1, 1999, TO THE DATE OF TRANSFER TO 18 THE SYSTEM.

19 * * *

20 § 5304. CREDITABLE NONSTATE SERVICE.

21 (A) ELIGIBILITY.--

22 (1) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER 23 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A 24 MEMBER OF THE GENERAL ASSEMBLY AND WHO IS AN ACTIVE MEMBER OF 25 A CLASS OF SERVICE OTHER THAN CLASS A-5, OR A MULTIPLE 26 SERVICE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER BEFORE 27 JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A MEMBER OF 28 THE GENERAL ASSEMBLY, AND WHO IS A SCHOOL EMPLOYEE AND AN 29 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS T-G SHALL BE 30

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1 ELIGIBLE FOR CLASS A SERVICE CREDIT FOR CREDITABLE NONSTATE 2 SERVICE AS SET FORTH IN SUBSECTIONS (B) AND (C) EXCEPT THAT 3 INTERVENING MILITARY SERVICE SHALL BE CREDITED IN THE CLASS 4 OF SERVICE FOR WHICH THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY SERVICE AND FOR WHICH HE MAKES THE 5 6 REQUIRED CONTRIBUTIONS TO THE FUND AND EXCEPT THAT A MULTIPLE 7 SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT 8 9 BE ELIGIBLE TO PURCHASE SERVICE CREDIT FOR CREDITABLE 10 NONSTATE SERVICE SET FORTH IN SUBSECTION (C) (5).

11 (2) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER 12 ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, 13 AS A MEMBER OF THE GENERAL ASSEMBLY AND IS AN ACTIVE MEMBER OF A CLASS OF SERVICE OTHER THAN CLASS A-5, OR A MULTIPLE 14 15 SERVICE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER 16 OF THE GENERAL ASSEMBLY, [AND WHO] IS A SCHOOL EMPLOYEE AND 17 18 AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 19 SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS T-G AND IS NOT 20 A MEMBER OF CLASS A-5 SHALL BE ELIGIBLE FOR CLASS A-3 SERVICE 21 CREDIT FOR CREDITABLE NONSTATE SERVICE AS SET FORTH IN 22 SUBSECTIONS (B) AND (C) EXCEPT THAT INTERVENING MILITARY SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE FOR WHICH 23 THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY 24 25 SERVICE AND FOR WHICH HE MAKES THE REQUIRED CONTRIBUTIONS TO 26 THE FUND AND EXCEPT THAT A MULTIPLE SERVICE MEMBER WHO IS A 27 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO 28 PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE SET 29 FORTH IN SUBSECTION (C) (5). 30

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1 <u>(3) AN ACTIVE MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE</u> 2 <u>MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE</u> 3 <u>PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS A MEMBER OF</u> 4 <u>CLASS T-G SHALL BE ELIGIBLE FOR CLASS A-5 SERVICE CREDIT FOR</u> 5 <u>CREDITABLE NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B)</u> 6 <u>AND (C) (2) FOR WHICH THE MEMBER MAKES THE REQUIRED</u>

7 <u>CONTRIBUTIONS TO THE FUND.</u>

8 * * *

9 (B) LIMITATIONS ON ELIGIBILITY.--AN ACTIVE MEMBER OR A 10 MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE 11 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL 12 BE ELIGIBLE AS SET FORTH IN SUBSECTION (A) TO RECEIVE CREDIT FOR 13 NONSTATE SERVICE PROVIDED THAT HE DOES NOT HAVE CREDIT FOR SUCH 14 SERVICE IN THE SYSTEM OR IN THE [SCHOOL SYSTEM] PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND IS NOT ENTITLED TO RECEIVE, 15 ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE, OR IS RECEIVING 16 17 RETIREMENT BENEFITS FOR SUCH SERVICE IN THE SYSTEM OR UNDER A 18 RETIREMENT SYSTEM ADMINISTERED AND WHOLLY OR PARTIALLY PAID FOR 19 BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY PRIVATE EMPLOYER, OR 20 A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER IN ACCORDANCE WITH 21 SECTION 5301(A)(12) (RELATING TO MANDATORY AND OPTIONAL 22 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), AND 23 FURTHER PROVIDED, THAT SUCH SERVICE IS CERTIFIED BY THE PREVIOUS 24 EMPLOYER AND CONTRIBUTIONS ARE AGREED UPON AND MADE IN 25 ACCORDANCE WITH SECTION 5505 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE). 26

27 * * *

28 SECTION 309. SECTION 5305(B) OF TITLE 71, AMENDED DECEMBER 29 28, 2015 (P.L.529, NO.93), IS AMENDED AND THE SECTION IS AMENDED 30 BY ADDING A SUBSECTION TO READ:

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1 § 5305. SOCIAL SECURITY INTEGRATION CREDITS.

2 * * *

3 (B) ACCRUAL OF SUBSEQUENT CREDITS. -- ANY ACTIVE MEMBER WHO 4 HAS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS TO HIS CREDIT OR IS RECEIVING A BENEFIT ON ACCOUNT OF SOCIAL SECURITY 5 6 INTEGRATION CREDITS MAY ACCRUE ONE SOCIAL SECURITY INTEGRATION 7 CREDIT FOR EACH YEAR OF SERVICE AS A STATE EMPLOYEE ON OR 8 SUBSEQUENT TO MARCH 1, 1974 AND A FRACTIONAL CREDIT FOR A 9 CORRESPONDING FRACTIONAL YEAR OF SERVICE PROVIDED THAT 10 CONTRIBUTIONS ARE MADE TO THE FUND, OR WOULD HAVE BEEN MADE TO 11 THE FUND BUT FOR SECTION 5502.1 (RELATING TO WAIVER OF REGULAR 12 MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER 13 CONTRIBUTIONS) OR THE LIMITATIONS UNDER IRC § 401(A)(17) OR 415, 14 EXCEPT AS OTHERWISE PROVIDED IN THIS PART, IN ACCORDANCE WITH 15 SECTION 5502 (RELATING TO SOCIAL SECURITY INTEGRATION MEMBER 16 CONTRIBUTIONS), AND HE:

(1) CONTINUES SUBSEQUENT TO MARCH 1, 1974 AS AN ACTIVE
MEMBER IN EITHER THE [STATE OR SCHOOL SYSTEM;] <u>SYSTEM IN A</u>
CLASS OF SERVICE OTHER THAN CLASS A-5 OR, IF A MULTIPLE
SERVICE MEMBER, AS AN ACTIVE MEMBER IN THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OF SERVICE OTHER THAN
CLASS T-G;

(2) TERMINATES SUCH CONTINUOUS SERVICE IN THE [STATE OR
SCHOOL] SYSTEM <u>OR THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT</u>
<u>SYSTEM</u> AND RETURNS TO ACTIVE MEMBERSHIP IN THE [STATE] SYSTEM
WITHIN SIX MONTHS <u>IN A CLASS OF SERVICE OTHER THAN CLASS A-5;</u>
OR

(3) TERMINATES HIS STATUS AS A VESTEE OR AN ANNUITANT
AND RETURNS TO STATE SERVICE <u>AS AN ACTIVE MEMBER OF THE</u>
SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS A-5.

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1 * * *

(E) CLASS A-5 SERVICE INELIGIBLE FOR CREDIT.--NO SOCIAL
SECURITY INTEGRATION CREDITS SHALL ACCRUE FOR ANY SERVICE
PERFORMED OR CREDITED AS CLASS A-5 SERVICE.
SECTION 310. SECTION 5305.1 OF TITLE 71 IS AMENDED TO READ:
\$ 5305.1. ELIGIBILITY FOR ACTUARIAL INCREASE FACTOR.
A PERSON WHO <u>HAS CREDIT FOR A CLASS OF SERVICE OTHER THAN</u>
CLASS A-5 AND IS:

9

(1) AN ACTIVE MEMBER;

10 (2) AN INACTIVE MEMBER ON LEAVE WITHOUT PAY; OR
11 (3) A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE

12 AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'

13 RETIREMENT SYSTEM;

14 WHO TERMINATES STATE SERVICE OR SCHOOL SERVICE, AS THE CASE 15 MAY BE, AFTER ATTAINING AGE 70 AND WHO APPLIES FOR A 16 SUPERANNUATION ANNUITY WITH AN EFFECTIVE DATE OF RETIREMENT THE 17 DAY AFTER THE DATE OF TERMINATION OF STATE SERVICE OR SCHOOL 18 SERVICE SHALL HAVE THAT PERSON'S MAXIMUM SINGLE LIFE ANNUITY 19 CALCULATED PURSUANT TO SECTION 5702 (A.1) (RELATING TO MAXIMUM 20 SINGLE LIFE ANNUITY).

21 SECTION 311. SECTION 5306(A), (A.1), (A.2), (A.3) AND (B) OF 22 TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A 23 SUBSECTION TO READ:

24 § 5306. CLASSES OF SERVICE.

25

(A) CLASS A AND CLASS A-3 MEMBERSHIP.--

(1) A STATE EMPLOYEE WHO IS A MEMBER OF CLASS A ON THE
EFFECTIVE DATE OF THIS PART OR WHO FIRST BECOMES A MEMBER OF
THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART AND
BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
MEMBER OF THE GENERAL ASSEMBLY, SHALL BE CLASSIFIED AS A

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CLASS A MEMBER AND RECEIVE CREDIT FOR CLASS A SERVICE UPON
 PAYMENT OF REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS FOR
 CLASS A SERVICE, PROVIDED THAT THE STATE EMPLOYEE DOES NOT
 BECOME A MEMBER OF CLASS AA PURSUANT TO SUBSECTION (A.1) OR A
 MEMBER OF CLASS D-4 PURSUANT TO SUBSECTION (A.2) <u>OR A MEMBER</u>
 <u>OF CLASS A-5</u>.

7 A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE (2) 8 SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 9 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND, UNLESS A CLASS A-5 EXEMPT EMPLOYEE, BEFORE JANUARY 1, 2018, SHALL BE 10 11 CLASSIFIED AS A CLASS A-3 MEMBER AND RECEIVE CREDIT FOR CLASS 12 A-3 SERVICE UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND 13 SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 SERVICE 14 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A-4 PURSUANT TO SUBSECTION (A.3) OR A MEMBER OF CLASS 15 A-5, EXCEPT THAT A MEMBER OF THE JUDICIARY SHALL BE 16 CLASSIFIED AS A MEMBER OF SUCH OTHER CLASS OF SERVICE FOR 17 18 WHICH THE MEMBER OF THE JUDICIARY IS ELIGIBLE [,] AND SHALL 19 ELECT AND MAKE REGULAR MEMBER CONTRIBUTIONS UNLESS THE MEMBER 20 OF THE JUDICIARY SUBSEQUENTLY BECOMES A MEMBER OF CLASS A-5. 21 (3) A CLASS A-5 EXEMPT EMPLOYEE WHO IS A MEMBER OF CLASS 22 A-3 SHALL HAVE ALL OTHER STATE SERVICE PERFORMED CONCURRENTLY 23 WITH BEING A CLASS A-5 EXEMPT EMPLOYEE CLASSED AS CLASS A-3 24 SERVICE INSTEAD OF ANY OTHER CLASS OF SERVICE THE SERVICE 25 MIGHT OTHERWISE BE CREDITED AS. THIS PARAGRAPH SHALL APPLY 26 ONLY TO SERVICE PERFORMED CONCURRENTLY WITH CLASS A-5 EXEMPT 27 SERVICE. NOTWITHSTANDING THE PROVISIONS OF A BINDING ARBITRATION AWARD ISSUED BEFORE JULY 1, 1989, UNDER THE ACT 28 OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE 29 POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, AND 30

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<u>IMPLEMENTED BY THE BOARD, FOR A MEMBER WHO FIRST BECOMES AN</u>
 <u>OFFICER OF THE PENNSYLVANIA STATE POLICE ON OR AFTER JANUARY</u>
 <u>1, 2018, OTHER SERVICE PERFORMED BEFORE OR AFTER SERVICE AS A</u>
 <u>STATE POLICE OFFICER SHALL BE CREDITED IN THE CLASS OF</u>

5 <u>SERVICE AS PROVIDED UNDER THIS PART.</u>

6 (A.1) CLASS AA MEMBERSHIP.--

7 (1) A PERSON WHO BECOMES A STATE EMPLOYEE AND AN ACTIVE 8 MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND WHO FIRST 9 BECAME AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR BEFORE 10 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND 11 WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A 12 POSITION FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A IS 13 CREDITED OR COULD BE ELECTED SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON 14 15 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7) 16 AND SECTION 5303(I) (RELATING TO RETENTION AND REINSTATEMENT 17 18 OF SERVICE CREDITS), IF PREVIOUSLY A MEMBER OF CLASS A OR 19 PREVIOUSLY EMPLOYED IN A POSITION FOR WHICH CLASS A SERVICE 20 COULD HAVE BEEN EARNED, SHALL HAVE ALL CLASS A STATE SERVICE 21 (OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE OFFICER 22 OR FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED OR COULD HAVE BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE. 23

(2) A PERSON WHO IS A STATE EMPLOYEE ON JUNE 30, 2001,
AND JULY 1, 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM
BECAUSE MEMBERSHIP IN THE SYSTEM IS OPTIONAL OR PROHIBITED
PURSUANT TO SECTION 5301 (RELATING TO MANDATORY AND OPTIONAL
MEMBERSHIP <u>IN THE SYSTEM AND PARTICIPATION IN THE PLAN</u>) AND
WHO FIRST BECOMES AN ACTIVE MEMBER AFTER JUNE 30, 2001, AND
BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A

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1 MEMBER OF THE GENERAL ASSEMBLY, AND WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A POSITION FOR WHICH A CLASS OF 2 3 SERVICE OTHER THAN CLASS A IS CREDITED OR COULD BE ELECTED 4 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON PAYMENT OF REGULAR MEMBER 5 6 CONTRIBUTIONS FOR CLASS AA SERVICE AND, SUBJECT TO THE 7 LIMITATIONS CONTAINED IN PARAGRAPH (7) AND SECTION 5303(I), IF PREVIOUSLY A MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A 8 9 POSITION FOR WHICH CLASS A SERVICE COULD HAVE BEEN EARNED, 10 SHALL HAVE ALL CLASS A STATE SERVICE (OTHER THAN STATE 11 SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR WHICH A 12 CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED OR COULD HAVE 13 BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

14 (3) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA
15 MEMBER IS MADE PURSUANT TO SECTION 5306.1 (RELATING TO
16 ELECTION TO BECOME A CLASS AA MEMBER), A STATE EMPLOYEE,
17 OTHER THAN A STATE EMPLOYEE WHO IS A STATE POLICE OFFICER ON
18 OR AFTER JULY 1, 1989, WHO ON JUNE 30, 2001, AND JULY 1,
19 2001, IS:

20 (I) A MEMBER OF CLASS A, OTHER THAN A MEMBER OF
21 CLASS A WHO COULD HAVE ELECTED MEMBERSHIP IN A CLASS C,
22 CLASS D-3, CLASS E-1 OR CLASS E-2; OR

(II) AN INACTIVE MEMBER ON A LEAVE WITHOUT PAY FROM
A POSITION IN WHICH THE STATE EMPLOYEE WOULD BE A CLASS A
ACTIVE MEMBER IF THE EMPLOYEE WAS NOT ON LEAVE WITHOUT
PAY, OTHER THAN A POSITION IN WHICH THE STATE EMPLOYEE
COULD ELECT MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1
OR CLASS E-2;

SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE
 CREDIT FOR CLASS AA STATE SERVICE PERFORMED AFTER JUNE 30,

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1 2001, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS 2 AA SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED IN 3 PARAGRAPH (7) AND SECTION 5303(I), SHALL RECEIVE CLASS AA 4 SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR AS A 5 6 STATE EMPLOYEE IN A POSITION FOR WHICH THE MEMBER COULD HAVE 7 ELECTED MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1 OR CLASS 8 E-2, PERFORMED BEFORE JULY 1, 2001.

9 (4) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA 10 MEMBER IS MADE PURSUANT TO SECTION 5306.1, A FORMER STATE 11 EMPLOYEE, OTHER THAN A FORMER STATE EMPLOYEE WHO WAS A STATE 12 POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON JUNE 30, 13 2001, AND JULY 1, 2001, IS A MULTIPLE SERVICE MEMBER AND A SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' 14 15 RETIREMENT SYSTEM, SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7) AND SECTION 5303(I), SHALL RECEIVE CLASS AA 16 SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER THAN 17 18 STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR AS A 19 STATE EMPLOYEE IN A POSITION IN WHICH THE FORMER STATE 20 EMPLOYEE COULD HAVE ELECTED A CLASS OF SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001. 21

22 (5) A FORMER STATE EMPLOYEE WHO FIRST BECOMES A MEMBER 23 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A 24 MEMBER OF THE GENERAL ASSEMBLY, OTHER THAN A FORMER STATE 25 EMPLOYEE WHO WAS A STATE POLICE OFFICER ON OR AFTER JULY 1, 26 1989, WHO IS A SCHOOL EMPLOYEE AND WHO ON OR AFTER JULY 1, 27 2001, BECOMES A MULTIPLE SERVICE MEMBER, SUBJECT TO THE 28 LIMITATIONS CONTAINED IN PARAGRAPH (7) AND SECTION 5303(I), 29 SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE OTHER THAN STATE SERVICE PERFORMED AS A STATE 30

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EMPLOYEE IN A POSITION IN WHICH THE FORMER STATE EMPLOYEE
 COULD HAVE ELECTED A CLASS OF SERVICE OTHER THAN CLASS A.

(6) A STATE EMPLOYEE WHO AFTER JUNE 30, 2001, BECOMES A 3 4 STATE POLICE OFFICER OR WHO IS EMPLOYED IN A POSITION IN WHICH THE MEMBER COULD ELECT MEMBERSHIP IN THE SYSTEM IN A 5 6 CLASS OF SERVICE OTHER THAN CLASS AA OR CLASS D-4 SHALL 7 RETAIN ANY CLASS AA SERVICE CREDITED PRIOR TO BECOMING A 8 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE 9 INELIGIBLE TO RECEIVE CLASS AA CREDIT THEREAFTER AND INSTEAD 10 SHALL RECEIVE CLASS A CREDIT FOR SERVICE AS A MEMBER OF THE 11 JUDICIARY IF THE JUDICIAL SERVICE BEGINS BEFORE JANUARY 1, 12 2018, AND THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF THE SYSTEM BEFORE JANUARY 1, 2018, OR IF HE FIRST BECAME A MEMBER 13 14 BEFORE JANUARY 1, 2011, OR DECEMBER 1, 2010, AS A MEMBER OF 15 THE GENERAL ASSEMBLY, OR CLASS A-3 CREDIT FOR SERVICE OTHER THAN AS A MEMBER OF THE JUDICIARY AND OTHER THAN SERVICE AS A 16 CLASS A-5 EXEMPT EMPLOYEE BEFORE JANUARY 1, 2018, AND HE 17 18 FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 2011, OR 19 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, UNLESS 20 A CLASS OF MEMBERSHIP OTHER THAN CLASS A IS ELECTED.

STATE SERVICE PERFORMED AS CLASS A SERVICE 21 (7)(I) 22 BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A 23 SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED 24 BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR 25 PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS 26 CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS 27 NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A 28 SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON 29 PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS AS PROVIDED IN SECTION 5504 (RELATING TO MEMBER 30

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CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER).

3 (II) A PERSON WHO IS NOT A STATE EMPLOYEE OR A 4 SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY 5 6 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30, 7 2001, UPON TERMINATION OF THE DISABILITY ANNUITY) SHALL 8 NOT RECEIVE CLASS AA SERVICE CREDIT FOR STATE SERVICE 9 PERFORMED BEFORE JULY 1, 2001, UNTIL SUCH PERSON BECOMES 10 AN ACTIVE MEMBER, OR AN ACTIVE MEMBER OF THE PUBLIC 11 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND A MULTIPLE SERVICE MEMBER, AND EARNS THREE ELIGIBILITY POINTS BY 12 13 PERFORMING CREDITED STATE SERVICE IN A CLASS OF SERVICE 14 OTHER THAN CLASS A-5 OR CREDITED SCHOOL SERVICE IN A CLASS OF SERVICE OTHER THAN CLASS T-G AFTER JUNE 30, 15 16 2001.

17(III) NOTHING IN THIS PARAGRAPH SHALL BE CONSTRUED18TO AUTHORIZE A MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE19MEMBER WHO IS A MEMBER OF CLASS T-G IN THE PUBLIC SCHOOL20EMPLOYEES' RETIREMENT SYSTEM TO REINSTATE OR PURCHASE21CREDIT FOR PREVIOUSLY CREDITED OR UNCREDITED STATE22SERVICE OTHER THAN AS ALLOWED UNDER SECTION 5303(I).23(A.2)24CLASS OF MEMBERSHIP FOR MEMBERS OF THE GENERAL

24 ASSEMBLY.--

25

1

2

(1) A PERSON WHO:

26 (I) BECOMES A MEMBER OF THE GENERAL ASSEMBLY AND AN
27 ACTIVE MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND
28 BEFORE DECEMBER 1, 2010; OR

(II) IS A MEMBER OF THE GENERAL ASSEMBLY ON JULY 1,
2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM BECAUSE

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MEMBERSHIP IN THE SYSTEM IS OPTIONAL PURSUANT TO SECTION
 5301 AND WHO BECOMES AN ACTIVE MEMBER AFTER JUNE 30,
 2001, AND BEFORE DECEMBER 1, 2010;

4 AND WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1, 1989, SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND UNLESS HE 5 6 LATER BECOMES A MEMBER OF CLASS A-5 RECEIVE CREDIT AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A MEMBER OF THE SYSTEM 7 8 PERFORMED AS A MEMBER OF THE GENERAL ASSEMBLY UPON PAYMENT OF 9 REGULAR MEMBER CONTRIBUTIONS FOR CLASS D-4 SERVICE AND, 10 SUBJECT TO THE LIMITATIONS CONTAINED IN SUBSECTION (A.1) (7) 11 AND SECTION 5303(I), IF PREVIOUSLY A MEMBER OF CLASS A OR 12 EMPLOYED IN A POSITION FOR WHICH CLASS A SERVICE COULD HAVE 13 BEEN EARNED, SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS 14 A STATE POLICE OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER 15 THAN CLASS A OR CLASS D-4 WAS OR COULD HAVE BEEN ELECTED OR 16 17 CREDITED.

18 (2) PROVIDED AN ELECTION TO BECOME A CLASS D-4 MEMBER IS 19 MADE PURSUANT TO SECTION 5306.2 (RELATING TO ELECTIONS BY 20 MEMBERS OF THE GENERAL ASSEMBLY), A STATE EMPLOYEE WHO WAS 21 NOT A STATE POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON 22 JULY 1, 2001, IS A MEMBER OF THE GENERAL ASSEMBLY AND AN 23 ACTIVE MEMBER OF THE SYSTEM AND NOT A MEMBER OF CLASS D-3 24 SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND, UNLESS HE 25 LATER BECOMES A MEMBER OF CLASS A-5, RECEIVE CREDIT AS A 26 CLASS D-4 MEMBER FOR ALL STATE SERVICE PERFORMED AS A MEMBER 27 OF THE GENERAL ASSEMBLY NOT CREDITED AS ANOTHER CLASS OTHER 28 THAN CLASS A UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR 29 CLASS D-4 SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (A.1)(7), SHALL RECEIVE CLASS AA SERVICE CREDIT 30

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FOR ALL CLASS A STATE SERVICE, OTHER THAN STATE SERVICE
 PERFORMED AS A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN
 A POSITION IN WHICH THE MEMBER COULD HAVE ELECTED A CLASS OF
 SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.

(3) A MEMBER OF THE GENERAL ASSEMBLY WHO AFTER JUNE 30, 5 6 2001, BECOMES A STATE POLICE OFFICER SHALL RETAIN ANY CLASS 7 AA SERVICE OR CLASS D-4 SERVICE CREDITED PRIOR TO BECOMING A 8 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE 9 INELIGIBLE TO RECEIVE CLASS AA OR CLASS D-4 CREDIT THEREAFTER 10 AND INSTEAD SHALL RECEIVE CLASS A CREDIT OR CLASS A-3 CREDIT 11 IF HE FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER 12 JANUARY 1, 2011, AND BEFORE JANUARY 1, 2018, OR CLASS A-5 13 CREDIT IF HIS MOST RECENT PERIOD OF STATE SERVICE BEGINS ON OR AFTER JANUARY 1, 2018. 14

15 (4) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION, NO SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY PERFORMED 16 BEFORE DECEMBER 1, 2010, THAT IS NOT CREDITED AS CLASS D-4 17 18 SERVICE ON NOVEMBER 30, 2010, SHALL BE CREDITED AS CLASS D-4 19 SERVICE, UNLESS SUCH SERVICE WAS PREVIOUSLY CREDITED IN THE 20 SYSTEM AS CLASS D-4 SERVICE AND THE MEMBER WITHDREW HIS TOTAL 21 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5311 (RELATING 22 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF 23 TOTAL ACCUMULATED DEDUCTIONS). NO SERVICE AS A MEMBER OF THE 24 GENERAL ASSEMBLY PERFORMED ON OR AFTER DECEMBER 1, 2010, 25 SHALL BE CREDITED AS CLASS D-4 SERVICE UNLESS THE MEMBER 26 PREVIOUSLY WAS CREDITED WITH CLASS D-4 SERVICE CREDITS. 27 (A.3) CLASS A-4 MEMBERSHIP.--PROVIDED THAT AN ELECTION TO BECOME A CLASS A-4 MEMBER IS MADE PURSUANT TO SECTION 5306.3 28 29 (RELATING TO ELECTION TO BECOME A CLASS A-4 MEMBER), A STATE EMPLOYEE WHO OTHERWISE WOULD BE A MEMBER OF CLASS A-3 SHALL BE 30

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1 CLASSIFIED AS A CLASS A-4 MEMBER AND RECEIVE CLASS A-4 CREDIT 2 FOR ALL CREDITABLE STATE SERVICE PERFORMED AFTER THE EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM, EXCEPT AS A MEMBER OF THE 3 4 JUDICIARY, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND 5 SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-4 SERVICE[.], 6 PROVIDED THAT THE MEMBER DOES NOT TERMINATE SERVICE AND THEN, ON 7 OR AFTER JANUARY 1, 2018, RETURNS TO THE STATE SERVICE IN A POSITION OTHER THAN A CLASS A-5 EXEMPT EMPLOYEE AND ELECTS TO BE 8 9 A MEMBER OF CLASS A-5 UNDER SECTION 5306.4 (RELATING TO ELECTION 10 TO BECOME A CLASS A-5 MEMBER AND PARTICIPANT). 11 (A.4) CLASS A-5 MEMBERSHIP.--12 (1) A STATE EMPLOYEE WHO BEGINS STATE SERVICE OR BECOMES 13 A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018, OTHER 14 THAN AS A CLASS A-5 EXEMPT EMPLOYEE, SHALL BE CLASSIFIED AS A 15 CLASS A-5 MEMBER WITHOUT REGARD TO POSITION OR OFFICE HELD OR CLASS OF SERVICE THAT THE EMPLOYEE WOULD HAVE BEEN A MEMBER 16

17 OF OR BENEFITS THAT THE MEMBER WOULD HAVE BEEN ELIGIBLE TO

18 ACCRUE AND RECEIVE BUT FOR THIS SUBSECTION AND SHALL RECEIVE

19 <u>CREDIT FOR CLASS A-5 SERVICE UPON PAYMENT OF REGULAR MEMBER</u>

20 <u>CONTRIBUTIONS FOR CLASS A-5 SERVICE.</u>

22 ESTABLISHMENT OF AND MEMBERSHIP IN CLASS A-5 SHALL APPLY TO

(2) THE PROVISIONS OF THIS PART REGARDING THE

23 ALL CURRENT AND FORMER MEMBERS OF THE STATE EMPLOYEES'

24 RETIREMENT SYSTEM WHO HAVE RETURNED TO STATE SERVICE ON OR

25 AFTER JANUARY 1, 2018, OTHER THAN AS A CLASS A-5 EXEMPT

26 EMPLOYEE, AFTER A TERMINATION OF STATE SERVICE AND WHO HAVE

27 ELECTED TO BE A MEMBER OF CLASS A-5 UNDER SECTION 5306.4.

28 (3) A TERMINATED STATE EMPLOYEE WHO IS A MEMBER OF CLASS

29 A-5 OR WHO ELECTS TO BE A MEMBER OF CLASS A-5 UNDER SECTION

30 <u>5306.4 WHO RETURNS TO STATE SERVICE ON OR AFTER JANUARY 1,</u>

21

1 2018, SHALL BE SUBJECT TO THE PROVISIONS OF THIS PART 2 REGARDING MEMBERSHIP IN CLASS A-5 THAT ARE IN EFFECT ON THE 3 EFFECTIVE DATE OF REEMPLOYMENT, INCLUDING BENEFIT FORMULAS 4 AND ACCRUAL RATES, ELIGIBILITY FOR ANNUITIES AND DISTRIBUTIONS, CONTRIBUTION RATES, DEFINITIONS, PURCHASE OF 5 CREDITABLE SCHOOL, NONSCHOOL, STATE AND NONSTATE SERVICE 6 7 PROVISIONS AND ACTUARIAL AND FUNDING ASSUMPTIONS. 8 (4) AN INDIVIDUAL WHO IS A STATE EMPLOYEE ON JANUARY 1, 9 2018, BUT IS NOT A MEMBER OF THE SYSTEM OR WHO FIRST BECOMES 10 A STATE EMPLOYEE ON OR AFTER JANUARY 1, 2018, OTHER THAN AS A 11 CLASS A-5 EXEMPT EMPLOYEE, SHALL BE INELIGIBLE FOR ACTIVE 12 MEMBERSHIP IN ANY OF THE SEVERAL CLASSES OF STATE SERVICE AS 13 OTHERWISE PROVIDED FOR UNDER THIS SECTION OTHER THAN CLASS A-14 5. ANY SUCH STATE EMPLOYEE, IF ELIGIBLE, MAY BE A MEMBER OF CLASS A-5 AS A RESULT OF SUCH STATE SERVICE. 15 16 (5) NOTWITHSTANDING THIS SUBSECTION THE FOLLOWING SHALL 17 APPLY: 18 (I) A CURRENT OR FORMER CLASS A-5 EXEMPT EMPLOYEE 19 WHO HAS SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE CREDITED 20 AS CLASS A SERVICE SHALL RECEIVE CLASS A SERVICE CREDIT 21 FOR ANY STATE SERVICE THAT OTHERWISE WOULD BE CREDITED AS 22 CLASS A-5 AND SHALL NOT BE ELIGIBLE TO BE AN ACTIVE 23 PARTICIPANT IN THE PLAN FOR THE SERVICE. 24 (II) A CURRENT OR FORMER CLASS A-5 EXEMPT EMPLOYEE 25 WHO HAS SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE CREDITED 26 AS CLASS A-3 OR CLASS A-4 SERVICE BEFORE JANUARY 1, 2018, 27 SHALL RECEIVE CLASS A-3 OR CLASS A-4 SERVICE CREDIT, AS 28 THE CASE MAY BE, FOR ANY STATE SERVICE THAT OTHERWISE 29 WOULD BE CREDITED AS CLASS A-5 AND SHALL NOT BE ELIGIBLE 30 TO BE AN ACTIVE PARTICIPANT IN THE PLAN FOR THE SERVICE.

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1 (III) A PERSON WHO FIRST BECOMES A CLASS A-5 EXEMPT 2 EMPLOYEE ON OR AFTER JANUARY 1, 2018, SHALL RECEIVE 3 CREDIT FOR SERVICE AS A STATE POLICE OFFICER AS A MEMBER 4 OF CLASS A-3, UNLESS THE MEMBER WOULD OTHERWISE BE 5 ELIGIBLE TO RECEIVE CLASS A CREDIT FOR SERVICE AS A CLASS 6 A-5 EXEMPT EMPLOYEE, UPON PAYMENT OF THE REQUIRED MEMBER 7 CONTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO BE AN ACTIVE 8 PARTICIPANT IN THE PLAN FOR SUCH SERVICE. ALL OTHER 9 CREDITABLE STATE SERVICE SHALL BE CREDITED AS OTHERWISE 10 PROVIDED UNDER THIS PART, INCLUDING AS CLASS A-5 SERVICE, 11 EXCEPT THAT ANY STATE SERVICE PERFORMED CONCURRENTLY WITH 12 SERVICE AS AN ACTIVE OR INACTIVE MEMBER ON LEAVE WITHOUT 13 PAY AS A CLASS A-5 EXEMPT EMPLOYEE SHALL BE CREDITED AS 14 CLASS A-3 SERVICE AND SHALL NOT BE ELIGIBLE FOR ACTIVE 15 PARTICIPATION IN THE PLAN. CLASS A-3 SERVICE PROVIDED FOR 16 UNDER THIS SUBPARAGRAPH SHALL BE SUBJECT TO AN ELECTION 17 TO BE CREDITED AS CLASS A-4 SERVICE.

18 (IV) NOTWITHSTANDING THE PROVISIONS OF A BINDING 19 ARBITRATION AWARD ISSUED BEFORE JULY 1, 1989, UNDER THE ACT OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS 20 21 THE POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, AND 22 IMPLEMENTED BY THE BOARD, FOR A MEMBER WHO FIRST BECOMES 23 AN OFFICER OF THE PENNSYLVANIA STATE POLICE ON OR AFTER 24 JANUARY 1, 2018, OTHER SERVICE PERFORMED BEFORE OR AFTER 25 SERVICE AS A OFFICER OF THE PENNSYLVANIA STATE POLICE 26 SHALL BE CREDITED IN THE CLASS OF SERVICE PROVIDED UNDER 27 THIS PART.

28 (B) OTHER CLASS MEMBERSHIP.--

29 (1) A STATE EMPLOYEE WHO IS A MEMBER OF A CLASS OF
30 SERVICE OTHER THAN CLASS A ON THE EFFECTIVE DATE OF THIS PART

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SHALL RETAIN HIS MEMBERSHIP IN THAT CLASS UNTIL SUCH SERVICE
 IS DISCONTINUED; ANY SERVICE THEREAFTER SHALL BE CREDITED AS
 CLASS A SERVICE, CLASS AA SERVICE, CLASS A-5 OR CLASS D-4
 SERVICE AS PROVIDED FOR IN THIS SECTION.

5 (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, 6 A STATE EMPLOYEE [WHO] WHOSE FIRST PERIOD OF STATE SERVICE 7 BEGAN BEFORE JANUARY 1, 2018, IS APPOINTED [BAIL 8 COMMISSIONER] ARRAIGNMENT COURT MAGISTRATE OF THE 9 PHILADELPHIA MUNICIPAL COURT UNDER 42 PA.C.S. § 1123(A) (5) 10 (RELATING TO JURISDICTION AND VENUE) AND IS ELIGIBLE TO BE A 11 MEMBER OF THE SYSTEM AS AN ARRAIGNMENT COURT MAGISTRATE MAY, 12 WITHIN 30 DAYS OF THE EFFECTIVE DATE OF THIS SENTENCE OR 13 WITHIN 30 DAYS OF HIS INITIAL APPOINTMENT AS A [BAIL 14 COMMISSIONER] ARRAIGNMENT COURT MAGISTRATE, WHICHEVER IS 15 LATER, ELECT CLASS E-2 SERVICE CREDIT FOR SERVICE PERFORMED 16 AS [A BAIL COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE UNTIL THE TERMINATION OF STATE SERVICE. THIS CLASS OF SERVICE 17 18 MULTIPLIER FOR E-2 SERVICE AS A BAIL COMMISSIONER SHALL BE 19 1.5.

20 * * *

21 SECTION 312. SECTIONS 5306.1(C), 5306.2(B) AND 5306.3(C) AND 22 (D) OF TITLE 71 ARE AMENDED TO READ:

23 § 5306.1. ELECTION TO BECOME A CLASS AA MEMBER.

24 * * *

(C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS AA
MEMBER SHALL BECOME EFFECTIVE THE LATER OF JULY 1, 2001, OR THE
DATE WHEN THE ELECTION IS FILED WITH THE BOARD AND SHALL REMAIN
IN EFFECT UNTIL THE TERMINATION OF EMPLOYMENT. UPON TERMINATION
AND <u>A</u> SUBSEQUENT REEMPLOYMENT <u>THAT OCCURS BEFORE JANUARY 1,</u>
2018, THE MEMBER'S CLASS OF SERVICE SHALL BE CREDITED IN THE

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CLASS OF SERVICE OTHERWISE PROVIDED FOR IN THIS PART. <u>IF THE</u>
 <u>REEMPLOYMENT OCCURS ON OR AFTER JANUARY 1, 2018, THE STATE</u>
 <u>EMPLOYEE'S ELIGIBILITY FOR MEMBERSHIP AND CLASS OF SERVICE IN</u>
 <u>THE SYSTEM OR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN</u>
 <u>THIS PART.</u>
 * * *

7 § 5306.2. ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY.

8 * * *

(B) EFFECT OF ELECTION. -- MEMBERSHIP AS A CLASS D-4 MEMBER 9 10 SHALL BECOME EFFECTIVE ON JULY 1, 2001, AND SHALL REMAIN IN 11 EFFECT UNTIL THE TERMINATION OF SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY. UPON TERMINATION AND A SUBSEQUENT REEMPLOYMENT 12 13 THAT OCCURS BEFORE JANUARY 1, 2018, UNLESS THE REEMPLOYMENT IS 14 AS A CLASS A-5 EXEMPT EMPLOYEE THE MEMBER'S CLASS OF SERVICE 15 SHALL BE CREDITED IN THE CLASS OF SERVICE OTHERWISE PROVIDED FOR 16 IN THIS PART. IF THE REEMPLOYMENT OCCURS ON OR AFTER JANUARY 1, 17 2018, THE STATE EMPLOYEE'S ELIGIBILITY FOR MEMBERSHIP AND CLASS 18 OF SERVICE IN THE SYSTEM OR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART. 19

20 * * *

21 § 5306.3. ELECTION TO BECOME A CLASS A-4 MEMBER.

22 * * *

23 (C) EFFECT OF ELECTION. -- AN ELECTION TO BECOME A CLASS A-4 24 MEMBER SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE 25 EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM AND SHALL REMAIN IN 26 EFFECT FOR ALL FUTURE [CREDITABLE] STATE SERVICE[.] CREDITABLE 27 IN THE SYSTEM THAT OTHERWISE IS NOT CREDITED AS CLASS A-5 28 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE 29 JUDICIARY, BUT SHALL NOT APPLY TO SERVICE PERFORMED AFTER A TERMINATION OF STATE SERVICE AND A REEMPLOYMENT WHEN THE 30

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REEMPLOYMENT OCCURS ON OR AFTER JANUARY 1, 2018, AND THE MEMBER 1 2 ELECTS TO BE A MEMBER OF CLASS A-5 UNDER SECTION 5306.4 3 (RELATING TO ELECTION TO BECOME A CLASS A-5 MEMBER AND 4 PARTICIPANT). PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-4 STATE SERVICE PERFORMED PRIOR TO THE ELECTION OF CLASS A-4 5 6 MEMBERSHIP SHALL BE MADE IN A FORM, MANNER AND TIME DETERMINED BY THE BOARD. UPON TERMINATION OF STATE SERVICE AND A SUBSEQUENT 7 8 REEMPLOYMENT, A MEMBER WHO ELECTED CLASS A-4 MEMBERSHIP SHALL BE 9 CREDITED AS A CLASS A-4 MEMBER FOR CREDITABLE STATE SERVICE 10 PERFORMED AFTER REEMPLOYMENT, EXCEPT AS A MEMBER OF THE 11 JUDICIARY, REGARDLESS OF TERMINATION OF EMPLOYMENT, TERMINATION 12 OF MEMBERSHIP BY WITHDRAWAL OF ACCUMULATED DEDUCTIONS OR STATUS 13 AS AN ANNUITANT, VESTEE OR INACTIVE MEMBER AFTER THE TERMINATION OF SERVICE; PROVIDED THAT THE MEMBER DOES NOT ELECT TO BE A 14 15 MEMBER OF CLASS A-5. 16 (D) EFFECT OF FAILURE TO MAKE ELECTION. -- FAILURE TO ELECT TO

17 BECOME A CLASS A-4 MEMBER WITHIN THE ELECTION PERIOD SET FORTH 18 IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S STATE 19 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE 20 JUDICIARY OR THAT WOULD OTHERWISE BE CREDITED AS CLASS A-5 AFTER 21 A TERMINATION AND RETURN TO STATE SERVICE, BEING CREDITED AS 22 CLASS A-3 SERVICE AND NOT SUBJECT TO FURTHER ELECTION OR CREDITING AS CLASS A-4 SERVICE. UPON TERMINATION AND SUBSEQUENT 23 24 EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO BECOME A CLASS A-4 25 MEMBER SHALL NOT BE ELIGIBLE TO MAKE ANOTHER ELECTION TO BECOME A CLASS A-4 MEMBER FOR EITHER PAST OR FUTURE STATE SERVICE. 26 27 SECTION 312.1. TITLE 71 IS AMENDED BY ADDING A SECTION TO 28 READ:

29 § 5306.4. ELECTION TO BECOME A CLASS A-5 MEMBER AND
30 PARTICIPANT.

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1	(A) GENERAL RULE A PERSON WHO RETURNS TO STATE SERVICE ON
2	OR AFTER JANUARY 1, 2018, AND BECOMES A MEMBER OF A CLASS OF
3	SERVICE OTHER THAN CLASS A-5 WHO HAS NOT PREVIOUSLY DECLINED TO
4	ELECT CLASS A-5 MEMBERSHIP UNDER THIS SECTION MAY ELECT TO
5	BECOME A MEMBER OF CLASS A-5 AND A PARTICIPANT IN THE PLAN.
6	(B) TIME FOR MAKING ELECTION THE ELECTION TO BECOME A
7	CLASS A-5 MEMBER AND PARTICIPANT MUST BE MADE BY THE MEMBER
8	FILING WRITTEN NOTICE WITH THE BOARD IN A FORM AND MANNER
9	DETERMINED BY THE BOARD NO LATER THAN 45 DAYS AFTER NOTICE FROM
10	THE BOARD OF THE MEMBER'S ELIGIBILITY TO ELECT CLASS A-5
11	MEMBERSHIP AND PARTICIPATION. A STATE EMPLOYEE WHO IS ELIGIBLE
12	TO ELECT TO BECOME A CLASS A-5 MEMBER AND PARTICIPANT WHO BEGINS
13	USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED
14	CLASS A-5 MEMBERSHIP AND PARTICIPATION MAY MAKE THE ELECTION
15	WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM USERRA LEAVE.
16	(C) EFFECT OF ELECTIONAN ELECTION TO BECOME A CLASS A-5
17	MEMBER AND PARTICIPANT SHALL BE IRREVOCABLE AND SHALL BECOME
18	EFFECTIVE ON THE EFFECTIVE DATE OF ACTIVE MEMBERSHIP IN THE
19	SYSTEM RESULTING FROM THE MEMBER'S RETURN TO SERVICE. PAYMENT OF
20	REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER
21	CONTRIBUTIONS FOR CLASS A-5 STATE SERVICE PERFORMED PRIOR TO THE
22	ELECTION OF CLASS A-5 MEMBERSHIP SHALL BE MADE IN A FORM, MANNER
23	AND TIME DETERMINED BY THE BOARD. PAYMENT OF EMPLOYER DEFINED
24	CONTRIBUTIONS AND MANDATORY PARTICIPANT CONTRIBUTIONS TO THE
25	PLAN FOR STATE SERVICE PERFORMED PRIOR TO THE ELECTION OF
26	PARTICIPATION IN THE PLAN SHALL BE AS ESTABLISHED IN THE PLAN
27	DOCUMENT. UPON TERMINATION AND SUBSEQUENT REEMPLOYMENT, A MEMBER
28	WHO ELECTED CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE PLAN
29	SHALL BE CREDITED AS A CLASS A-5 MEMBER AND PARTICIPANT FOR
30	CREDITABLE STATE SERVICE PERFORMED AFTER REEMPLOYMENT,

REGARDLESS OF TERMINATION OF EMPLOYMENT, TERMINATION OF 1 2 MEMBERSHIP OR PARTICIPATION BY WITHDRAWAL OF TOTAL ACCUMULATED 3 DEDUCTIONS, CLASS A-5 ACCUMULATED DEDUCTIONS OR DISTRIBUTION OF ALL OR PART OF ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR STATUS 4 AS AN ANNUITANT, VESTEE, INACTIVE MEMBER, PARTICIPANT RECEIVING 5 6 DISTRIBUTIONS OR INACTIVE PARTICIPANT AFTER THE TERMINATION OF 7 SERVICE. 8 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO 9 BECOME A CLASS A-5 MEMBER AND PARTICIPANT WITHIN THE ELECTION 10 PERIOD SET FORTH IN SUBSECTION (B) SHALL RESULT IN ALL OF THE 11 MEMBER'S STATE SERVICE BEING CREDITED IN THE CLASS OF MEMBERSHIP OTHERWISE PROVIDED FOR UNDER THIS PART AND NOT SUBJECT TO 12 13 FURTHER ELECTION OR CREDITING AS CLASS A-5 SERVICE OR ELIGIBLE 14 FOR PARTICIPATION IN THE PLAN. UPON TERMINATION AND SUBSEQUENT 15 EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO BECOME A CLASS A-5 16 MEMBER AND PARTICIPANT SHALL NOT BE ELIGIBLE TO MAKE ANOTHER 17 ELECTION TO BECOME A CLASS A-5 MEMBER OR PARTICIPANT FOR EITHER 18 PAST OR FUTURE STATE SERVICE. 19 SECTION 312.2. SECTION 5307 OF TITLE 71 IS AMENDED TO READ: 20 § 5307. ELIGIBILITY POINTS. 21 (A) GENERAL RULE. -- AN ACTIVE MEMBER OF THE SYSTEM SHALL 22 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE 23 AS A MEMBER OF THE [STATE OR] SYSTEM AND IF A MULTIPLE SERVICE 24 MEMBER AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 25 SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO-THIRDS OF AN ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 CREDITED SERVICE. 26 27 IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE, 28 A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF 29 ELIGIBILITY POINTS TO WHICH THE CLASS OF SERVICE ENTITLES HIM. (A.1) USERRA LEAVE. -- A MEMBER OF THE SYSTEM OR PARTICIPANT 30

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IN THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES 1 WHILE PERFORMING USERRA LEAVE SHALL BE GRANTED THE ELIGIBILITY 2 POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS STATE 3 4 OFFICE OR EMPLOYMENT INSTEAD OF PERFORMING USERRA LEAVE. IN THE EVENT THAT A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE 5 6 MAKES THE MEMBER CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED STATE SERVICE CREDIT FOR THE USERRA 7 8 LEAVE, NO ADDITIONAL ELIGIBILITY POINTS WILL BE GRANTED.

9 (B) TRANSITIONAL RULE.--

10 (1)IN DETERMINING WHETHER A MEMBER WHO IS NOT A STATE 11 EMPLOYEE OR SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 12 2001, AND WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY 13 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30, 2001, 14 UPON TERMINATION OF THE DISABILITY ANNUITY) HAS THE FIVE 15 ELIGIBILITY POINTS REQUIRED BY SECTIONS 5102 (RELATING TO DEFINITIONS), 5308(B) (RELATING TO ELIGIBILITY FOR 16 17 ANNUITIES), 5309 (RELATING TO ELIGIBILITY FOR VESTING), 18 5704 (B) (RELATING TO DISABILITY ANNUITIES) AND 5705 (A) 19 (RELATING TO MEMBER'S OPTIONS), ONLY ELIGIBILITY POINTS 20 EARNED BY PERFORMING CREDITED STATE SERVICE[,] OR USERRA 21 LEAVE IN A CLASS OF SERVICE OTHER THAN CLASS A-5, OR CREDITED 22 SCHOOL SERVICE AS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL 23 EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OF SERVICE OTHER THAN 24 CLASS T-G AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL SUCH 25 MEMBER EARNS ONE SUCH ELIGIBILITY POINT BY PERFORMING 26 CREDITED STATE SERVICE OR CREDITED SCHOOL SERVICE AFTER JUNE 27 30, 2001, AT WHICH TIME ALL ELIGIBILITY POINTS OTHER THAN 28 ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS A-5 29 OR CLASS T-G AS DETERMINED PURSUANT TO SUBSECTION (A) SHALL 30 BE COUNTED.

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1	(2) ANY MEMBER TO WHOM PARAGRAPH (1) APPLIES SHALL BE
2	CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE
3	ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER:
4	(I) HAS TEN OR MORE ELIGIBILITY POINTS <u>OF THE</u>
5	APPLICABLE CLASS OF SERVICE AS DETERMINED PURSUANT TO
6	SUBSECTION (A); OR
7	(II) HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS
8	L, CLASS M OR CLASS N SERVICE AND HAS EIGHT OR MORE
9	ELIGIBILITY POINTS OF A CLASS OF SERVICE OTHER THAN CLASS
10	<u>A-5 OR CLASS T-G</u> AS DETERMINED PURSUANT TO SUBSECTION
11	(A).
12	(C) TRANSITIONAL RULE FOR MEMBERS WITH CLASS A-5 SERVICE
13	<u>CREDIT</u>
14	(1) ANY PROVISION OF THIS PART PERTAINING TO ELIGIBILITY
15	POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF
16	ANNUITIES OR BENEFITS ATTRIBUTABLE TO CLASSES OF SERVICE
17	OTHER THAN CLASS A-5 SHALL NOT INCLUDE ANY ELIGIBILITY POINTS
18	ATTRIBUTABLE TO SERVICE CREDITED IN CLASS A-5 OR AS A MEMBER
19	OF CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
20	SYSTEM.
21	(2) ANY PROVISION OF THIS PART PERTAINING TO ELIGIBILITY
22	POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF
23	ANNUITIES OR BENEFITS ATTRIBUTABLE TO SERVICE IN CLASS A-5
24	SHALL INCLUDE ONLY ELIGIBILITY POINTS ATTRIBUTABLE TO SERVICE
25	CREDITED IN CLASS A-5 OR IF A MULTIPLE SERVICE MEMBER AS A
26	MEMBER OF CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'
27	RETIREMENT SYSTEM.
28	(3) ONLY ELIGIBILITY POINTS EARNED AS A MEMBER OF CLASS
29	<u>A-5, OR IF A MULTIPLE SERVICE MEMBER, AS A MEMBER OF CLASS T-</u>
30	G IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, SHALL BE

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1 APPLICABLE TO ANY PROVISION IN THIS PART REQUIRING 2 ELIGIBILITY POINTS FOR THE DETERMINATION OR PAYMENT OF 3 BENEFITS FROM THE PLAN. 4 SECTION 312.3. SECTION 5308 OF TITLE 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ: 5 § 5308. ELIGIBILITY FOR ANNUITIES. 6 7 (A) SUPERANNUATION ANNUITY.--ATTAINMENT OF SUPERANNUATION 8 AGE BY AN ACTIVE MEMBER OR AN INACTIVE MEMBER ON LEAVE WITHOUT 9 PAY WITH THREE OR MORE ELIGIBILITY POINTS OTHER THAN ELIGIBILITY 10 POINTS RESULTING FROM NONSTATE SERVICE OR NONSCHOOL SERVICE 11 SHALL ENTITLE HIM TO RECEIVE A SUPERANNUATION ANNUITY UPON 12 TERMINATION OF STATE SERVICE AND COMPLIANCE WITH SECTION 5907(F) 13 (RELATING TO RIGHTS AND DUTIES OF STATE EMPLOYEES [AND 14 MEMBERS).], MEMBERS AND PARTICIPANTS); PROVIDED THAT ONLY ELIGIBILITY POINTS EARNED IN CLASSES OF SERVICE OTHER THAN CLASS 15 A-5 OR, IF A MULTIPLE SERVICE MEMBER, IN CLASS T-G SHALL BE USED 16 17 TO DETERMINE IF A MEMBER HAS THE THREE ELIGIBILITY POINTS 18 NECESSARY TO BE ELIGIBLE TO RECEIVE A SUPERANNUATION ANNUITY 19 ATTRIBUTABLE TO CLASSES OF SERVICE OTHER THAN CLASS A-5; AND 20 FURTHER PROVIDED, THAT ONLY ELIGIBILITY POINTS EARNED IN CLASS 21 A-5 OR, IF A MULTIPLE SERVICE MEMBER, IN CLASS T-G SHALL BE USED 22 TO DETERMINE IF A MEMBER HAS THE THREE ELIGIBILITY POINTS 23 NECESSARY TO BE ELIGIBLE TO RECEIVE A SUPERANNUATION ANNUITY 24 ATTRIBUTABLE TO CLASS A-5 SERVICE.

25 (B) WITHDRAWAL ANNUITY.--

(1) ANY VESTEE OR ANY ACTIVE MEMBER OR INACTIVE MEMBER
ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE HAVING FIVE
OR MORE ELIGIBILITY POINTS AND WHO DOES NOT HAVE CLASS A-3
[OR], CLASS A-4 <u>OR CLASS A-5</u> SERVICE CREDIT OR CLASS T-E
[OR], CLASS T-F <u>OR CLASS T-G</u> SERVICE CREDIT IN THE PUBLIC

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SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR WHO HAS CLASS G,
 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS
 N SERVICE AND TERMINATES STATE SERVICE HAVING FIVE OR MORE
 ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION 5907(F), (G)
 OR (H) SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

6 (2) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON 7 LEAVE WITHOUT PAY WHO HAS CLASS A-3 OR CLASS A-4 SERVICE 8 CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 9 10 SYSTEM WHO TERMINATES STATE SERVICE HAVING TEN OR MORE 11 ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS A-5 12 OR CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 13 SYSTEM, UPON COMPLIANCE WITH SECTION 5907(F), (G) OR (H), 14 SHALL BE ENTITLED TO RECEIVE AN ANNUITY BASED ON SERVICE AND COMPENSATION IN CLASSES OF SERVICE OTHER THAN CLASS A-5 OR 15 16 CLASS T-G.

(3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON 17 18 LEAVE WITHOUT PAY WHO HAS EITHER CLASS A-3 [OR], CLASS A-4 OR 19 CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, 20 CLASS T-E [OR], CLASS T-F OR CLASS T-G SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND ALSO HAS 21 22 SERVICE CREDITED IN THE SYSTEM IN ONE OR MORE OTHER CLASSES 23 OF SERVICE WHO HAS FIVE OR MORE, BUT FEWER THAN TEN, 24 ELIGIBILITY POINTS FROM CLASSES OF SERVICE OTHER THAN CLASS 25 A-5 OR CLASS T-G, UPON COMPLIANCE WITH SECTION 5907(F), (G) 26 OR (H), SHALL BE ELIGIBLE TO RECEIVE AN ANNUITY CALCULATED ON 27 HIS SERVICE CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5, PROVIDED THAT THE MEMBER 28 29 HAS FIVE OR MORE ELIGIBILITY POINTS RESULTING FROM SERVICE IN CLASSES OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 OR 30

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CLASS T-E [OR], CLASS T-F <u>OR CLASS T-G</u> SERVICE IN THE PUBLIC
 SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

3 (4) IN ADDITION TO ANY WITHDRAWAL ANNUITY PAYABLE UNDER PARAGRAPH (2) OR (3), ANY VESTEE, ACTIVE MEMBER OR INACTIVE 4 5 MEMBER ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE 6 HAVING TEN OR MORE ELIGIBILITY POINTS RESULTING FROM CLASS A-7 5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-G SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 8 9 SYSTEM, UPON COMPLIANCE WITH SECTION 5907 (F), (G) OR (H) 10 SHALL BE ENTITLED TO RECEIVE AN ANNUITY BASED ON SERVICE AND 11 COMPENSATION AS A MEMBER OF CLASS A-5 AND CLASS T-G IN 12 ADDITION TO ANY ANNUITY THE MEMBER IS ELIGIBLE TO RECEIVE 13 FROM OTHER CLASSES OF SERVICE. 14 DISABILITY ANNUITY .-- AN ACTIVE MEMBER OR INACTIVE MEMBER (C) 15 ON LEAVE WITHOUT PAY WHO: 16 (1) HAS FIVE OR MORE ELIGIBILITY POINTS OTHER THAN 17 ELIGIBILITY POINTS RESULTING FROM SERVICE AS A MEMBER OF 18 CLASS A-5 OR MEMBERSHIP IN THE PUBLIC SCHOOL EMPLOYEES' 19 RETIREMENT SYSTEM [OR ANY ACTIVE MEMBER OR INACTIVE MEMBER ON 20 LEAVE WITHOUT PAY WHO]; 21 (2) IS AN OFFICER OF THE PENNSYLVANIA STATE POLICE OR AN 22 ENFORCEMENT OFFICER; OR 23 (3) HAS FIVE OR MORE ELIGIBILITY POINTS RESULTING FROM 24 SERVICE AS A MEMBER OF CLASS A-5; 25 SHALL, UPON COMPLIANCE WITH SECTION 5907(K), BE ENTITLED TO A 26 DISABILITY ANNUITY BASED ON SERVICE AND COMPENSATION IN CLASSES 27 OTHER THAN CLASS A-5 IF HE IS ELIGIBLE FOR A DISABILITY ANNUITY 28 ON SERVICE OTHER THAN AS A MEMBER OF CLASS A-5 AND A DISABILITY 29 ANNUITY BASED ON SERVICE AND COMPENSATION IN CLASS A-5 IF HE IS 30 ELIGIBLE FOR A DISABILITY ANNUITY BASED ON SERVICE AND

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<u>COMPENSATION AS A MEMBER OF CLASS A-5</u> IF HE BECOMES MENTALLY OR
 PHYSICALLY INCAPABLE OF CONTINUING TO PERFORM THE DUTIES FOR
 WHICH HE IS EMPLOYED AND QUALIFIES IN ACCORDANCE WITH THE
 PROVISIONS OF SECTION 5905(C)(1) (RELATING TO DUTIES OF THE
 BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS).

6 (D) REQUIRED BEGINNING DATE. --MEMBERS ELIGIBLE FOR AN
7 ANNUITY MUST COMMENCE RECEIVING THE ANNUITY BY THE MEMBER'S
8 REQUIRED BEGINNING DATE.

9 SECTION 312.4. SECTION 5308.1 INTRODUCTORY PARAGRAPH AND (1) 10 OF TITLE 71 ARE AMENDED TO READ:

11 § 5308.1. ELIGIBILITY FOR SPECIAL EARLY RETIREMENT.

12 NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE CONTRARY, 13 THE FOLLOWING SPECIAL EARLY RETIREMENT PROVISIONS SHALL BE 14 APPLICABLE TO SPECIFIED ELIGIBLE MEMBERS [AS FOLLOWS]:

15 (1) DURING THE PERIOD OF JULY 1, 1985, TO SEPTEMBER 30, 1991, AN ACTIVE MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST 16 53 YEARS AND HAS ACCRUED AT LEAST 30 ELIGIBILITY POINTS SHALL 17 18 BE ENTITLED, UPON TERMINATION OF STATE SERVICE AND COMPLIANCE 19 WITH SECTION 5907(F) (RELATING TO RIGHTS AND DUTIES OF STATE 20 EMPLOYEES [AND], MEMBERS AND PARTICIPANTS), TO RECEIVE A 21 MAXIMUM SINGLE LIFE ANNUITY CALCULATED UNDER SECTION 5702 22 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY) WITHOUT A REDUCTION 23 BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH IS UNDER 24 THE SUPERANNUATION AGE.

25 * * *

26 SECTION 312.5. SECTION 5309 OF TITLE 71, AMENDED DECEMBER 27 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

28 § 5309. ELIGIBILITY FOR VESTING.

29 ANY MEMBER WHO:

30 (1) DOES NOT HAVE CLASS A-3 [OR], CLASS A-4 OR CLASS A-5

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1 SERVICE CREDIT OR IF A MULTIPLE SERVICE MEMBER, CLASS T-E 2 [OR], CLASS T-F OR CLASS T-G SERVICE CREDIT IN THE PUBLIC 3 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE 4 SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES 5 6 SCHOOL SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS, OR ANY MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, 7 8 CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE 9 ELIGIBILITY POINTS, SHALL BE ELIGIBLE UNTIL HIS REOUIRED 10 BEGINNING DATE TO VEST HIS RETIREMENT BENEFITS.

11 (2) HAS ONLY CLASS A-3 [OR] AND, IF A MULTIPLE SERVICE 12 MEMBER, ONLY CLASS A-4 SERVICE CREDIT OR CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 13 SYSTEM AND TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE 14 15 MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' 16 RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, WITH TEN OR MORE ELIGIBILITY POINTS SHALL BE ELIGIBLE UNTIL HIS REQUIRED 17 18 BEGINNING DATE TO VEST HIS RETIREMENT BENEFITS.

19 (3) HAS EITHER CLASS A-3 [OR] AND, IF A MULTIPLE SERVICE 20 MEMBER, CLASS A-4 SERVICE CREDIT OR CLASS T-E OR CLASS T-F 21 SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 22 SYSTEM, ALSO HAS SERVICE OTHER THAN CLASS A-5 CREDITED IN THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE AND HAS FIVE 23 24 OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS RESULTING 25 FROM SERVICE IN CLASSES OTHER THAN CLASS A-5 OR CLASS T-G AND 26 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND 27 AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, SHALL BE ELIGIBLE UNTIL HIS 28 29 REQUIRED BEGINNING DATE TO VEST HIS RETIREMENT BENEFITS 30 CALCULATED ON HIS SERVICE CREDITED IN CLASSES OF SERVICE

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1 OTHER THAN CLASS A-3 [OR], CLASS A-4 <u>OR CLASS A-5</u> AND TO BE 2 CREDITED WITH STATUTORY INTEREST ON TOTAL ACCUMULATED 3 DEDUCTIONS, REGARDLESS OF WHETHER OR NOT ANY PART OF HIS 4 ACCUMULATED DEDUCTIONS ARE A RESULT OF CLASS A-3 OR CLASS A-4 5 SERVICE CREDIT.

6 (4) HAS ONLY CLASS A-5 SERVICE CREDIT AND, IF A MULTIPLE 7 SERVICE MEMBER, ONLY CLASS T-G SERVICE CREDIT IN THE PUBLIC 8 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR, IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE 9 10 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, TERMINATES SCHOOL SERVICE WITH TEN OR MORE ELIGIBILITY POINTS 11 12 SHALL BE ELIGIBLE UNTIL HIS REQUIRED BEGINNING DATE TO VEST 13 HIS RETIREMENT BENEFITS RESULTING FROM CLASS A-5 SERVICE. 14 (5) HAS CLASS A-5 SERVICE CREDIT AND SERVICE CREDITED IN 15 ONE OR MORE OTHER CLASSES OF SERVICE AND TERMINATES STATE 16 SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES 17 18 SCHOOL SERVICE, SHALL BE ELIGIBLE TO VEST HIS RETIREMENT 19 BENEFITS BASED ON CLASS A-5 SERVICE UNTIL THE ATTAINMENT OF 20 THE APPLICABLE SUPERANNUATION AGE IF HE WOULD BE REOUIRED OR 21 ELIGIBLE TO VEST HIS RETIREMENT BENEFITS BASED ON CLASS A-5 SERVICE UNDER PARAGRAPH (4) DISREGARDING ALL CLASSES OF 22 23 SERVICE OTHER THAN CLASS A-5 AND CLASS T-G AND SHALL BE 24 ELIGIBLE TO VEST HIS RETIREMENT BENEFITS IN EACH OTHER CLASS 25 OF SERVICE OTHER THAN CLASS A-5 IN ACCORDANCE WITH THE 26 REQUIREMENTS OF EACH CLASS OF SERVICE UNTIL THE ATTAINMENT OF 27 THE APPLICABLE SUPERANNUATION AGES FOR EACH CLASS OF SERVICE 28 FOR WHICH HE WOULD BE ABLE TO VEST HIS RETIREMENT BENEFITS 29 UNDER PARAGRAPH (1), (2) OR (3) DISREGARDING SERVICE IN CLASS 30 A-5 AND CLASS T-G.

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SECTION 312.6. SECTION 5310 OF TITLE 71 IS AMENDED TO READ:
 \$ 5310. ELIGIBILITY FOR DEATH BENEFITS.

3 IN THE EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN 4 ANNUITY IN ACCORDANCE WITH SECTION 5308(A) OR (B) (RELATING TO 5 ELIGIBILITY FOR ANNUITIES), HIS BENEFICIARY SHALL BE ENTITLED TO 6 A DEATH BENEFIT. FOR PURPOSES OF THIS SECTION, A MEMBER WITH TEN OR MORE BUT LESS THAN 25 ELIGIBILITY POINTS RESULTING FROM CLASS 7 A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-G 8 SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM 9 10 SHALL BE CONSIDERED ELIGIBLE FOR AN ANNUITY BASED ON CLASS A-5 11 SERVICE EVEN IF UNDER SUPERANNUATION AGE.

SECTION 312.7. SECTIONS 5311 AND 5501 OF TITLE 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ: \$ 5311. ELIGIBILITY FOR REFUNDS.

(A) TOTAL ACCUMULATED DEDUCTIONS.--ANY ACTIVE MEMBER,
REGARDLESS OF ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS
TOTAL ACCUMULATED DEDUCTIONS BY HIS REQUIRED BEGINNING DATE UPON
TERMINATION OF SERVICE IN LIEU OF ANY BENEFIT <u>FROM THE SYSTEM</u> TO
WHICH HE IS ENTITLED.

20 (B) SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS. -- ANY 21 ACTIVE MEMBER AT ANY TIME AFTER THE ATTAINMENT OF NORMAL 22 RETIREMENT AGE MAY ELECT TO RECEIVE HIS SOCIAL SECURITY 23 INTEGRATION ACCUMULATED DEDUCTIONS AND THEREBY TO HAVE ALL HIS 24 SOCIAL SECURITY INTEGRATION CREDITS AND BENEFITS THEREFOR 25 CANCELLED, AND SHALL NOT BE ENTITLED TO ACCRUE ANY FURTHER 26 SOCIAL SECURITY INTEGRATION CREDITS OR BENEFITS; EXCEPT THAT A 27 DISABILITY ANNUITANT WHO RETURNS TO STATE SERVICE IN A CLASS OF 28 SERVICE OTHER THAN CLASS A-5 SHALL HAVE THE RIGHT TO REINSTATE 29 HIS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS AND 30 CREDITS THEREFOR.

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1 § 5501. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

2 REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO THE FUND ON 3 BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE EXCEPT FOR ANY 4 PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF SUCH CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF SECTION 5502.1 5 6 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL 7 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR 8 415 OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM APPLICABLE TO 9 10 A CLASS A-5 MEMBER WHO IS MAKING MANDATORY PICKUP PARTICIPANT

11 <u>CONTRIBUTIONS TO THE TRUST.</u>

12 SECTION 313. SECTION 5501.1(A) AND (B)(1) AND (7) OF TITLE 13 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION 14 TO READ:

15 § 5501.1. SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 [AND],
16 CLASS A-4 <u>AND CLASS A-5</u> SERVICE.

17 (A) GENERAL.--SHARED-RISK MEMBER CONTRIBUTIONS SHALL BE MADE 18 TO THE FUND ON BEHALF OF EACH MEMBER OF CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 FOR CURRENT SERVICE CREDITED AS CLASS A-3 [OR], 19 20 CLASS A-4 OR CLASS A-5 AS PROVIDED UNDER THIS SECTION, EXCEPT 21 FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF THE 22 CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION OF 23 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR 24 415 OR ANY PROVISION OF THIS PART LIMITING CONTRIBUTIONS 25 APPLICABLE TO A CLASS A-5 MEMBER. SHARED-RISK MEMBER CONTRIBUTIONS SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT. 26 27 (B) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE[.--] FOR 28 CLASS A-3 AND CLASS A-4 SERVICE. -- THE SHARED-RISK CONTRIBUTION

29 FOR CLASS A-3 AND CLASS A-4 SERVICE SHALL BE DETERMINED AS

30 <u>FOLLOWS</u>:

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1 FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS (1)2 SECTION UNTIL JUNE 30, 2014, THE SHARED-RISK CONTRIBUTION 3 RATE FOR CLASS A-3 AND CLASS A-4 SERVICE SHALL BE ZERO. * * * 4 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL 5 6 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER 7 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH 8 9 AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED-RISK 10 CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT 11 MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE 12 ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS 13 OTHERWISE PROVIDED IN THIS SECTION. * * * 14 15 (C) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE FOR CLASS A-5 SERVICE.--THE SHARED RISK CONTRIBUTION FOR CLASS A-5 SERVICE 16 17 SHALL BE DETERMINED AS FOLLOWS: 18 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS 19 SECTION UNTIL JUNE 30, 2020, THE SHARED-RISK CONTRIBUTION 20 RATE FOR CLASS A-5 SERVICE SHALL BE ZERO. (2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023, 21 22 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE 23 DURING THE PERIOD FROM JANUARY 1, 2017, TO DECEMBER 31, 2019, 24 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE 25 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, 26 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE 27 PERIOD, THE SHARED-RISK CONTRIBUTION RATE SHALL BE 0.5%. IN ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL 28 29 BE ZERO. 30 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED-

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1	RISK CONTRIBUTION RATE SHALL BE INCREASED BY 0.5% IF THE
2	ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
3	PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
4	CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL
5	RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND
6	BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED-RISK
7	CONTRIBUTION RATE SHALL BE DECREASED BY 0.5% IF THE ANNUAL
8	INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
9	PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
10	CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF
11	RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON
12	MARKET VALUE OVER THAT PERIOD.
13	(4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED-
14	RISK CONTRIBUTION RATE MAY NOT BE LESS THAN ZERO AND MAY NOT
15	BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM
16	INVESTMENT GAINS OR LOSSES IN EFFECT ON THE FIRST DAY WHEN
17	THE NEW RATE WOULD BE APPLIED, EXPRESSED AS A PERCENTAGE OF
18	MEMBER COMPENSATION, PROVIDED THAT IN NO EVENT MAY THE
19	SHARED-RISK CONTRIBUTION RATE BE MORE THAN 2%. FOR THE
20	DETERMINATION OF THE SHARED-RISK CONTRIBUTION RATE TO BE
21	EFFECTIVE JULY 1, 2023, THE DETERMINATION PERIOD SHALL BE
22	JANUARY 1, 2017, THROUGH DECEMBER 31, 2022. FOR THE
23	DETERMINATION OF THE SHARED-RISK CONTRIBUTION RATE TO BE
24	EFFECTIVE JULY 1, 2026, THE DETERMINATION PERIOD SHALL BE
25	JANUARY 1, 2020, THROUGH DECEMBER 31, 2025.
26	(5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS
27	ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE
28	ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL
29	INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY
30	FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE

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1 <u>DUTIES OF THE BOARD).</u>

2	(6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED
3	BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD
4	USED TO DETERMINE THE SHARED-RISK CONTRIBUTION RATE, THE
5	BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE
6	APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN
7	ANNUAL RATE.
8	(7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL
9	CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER
10	THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)
11	(RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH
12	AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED-RISK
13	CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT
14	MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE
15	ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS
16	OTHERWISE PROVIDED IN THIS SECTION.
17	(8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY
18	CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL
19	COST METHOD PROVIDED IN SECTION 5508(B), AS ADJUSTED BY THE
20	EXPERIENCE ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE
21	SHARED-RISK CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL
22	BE ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS
23	OTHERWISE PROVIDED IN THIS SECTION.
24	SECTION 314. SECTION 5502 OF TITLE 71, AMENDED DECEMBER 28,
25	2015 (P.L.529, NO.93), IS AMENDED TO READ:
26	§ 5502. SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS.
27	EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING
28	OF REGULAR MEMBER CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF
29	SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER
30	CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER

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CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO 1 2 LIMITATIONS UNDER IRC § 401(A)(17) OR 415, CONTRIBUTIONS SHALL 3 BE MADE ON BEHALF OF [A] AN ACTIVE MEMBER OF ANY CLASS OTHER 4 THAN CLASS A-5 WHO PRIOR TO MARCH 1, 1974, HAS ELECTED SOCIAL SECURITY INTEGRATION COVERAGE. THE AMOUNT OF SUCH CONTRIBUTIONS 5 6 SHALL BE 6 1/4% OF THAT PORTION OF HIS COMPENSATION AS AN ACTIVE 7 MEMBER IN EXCESS OF THE MAXIMUM WAGES TAXABLE UNDER THE PROVISIONS OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 8 301 ET SEQ.), IN ADDITION TO THE REGULAR MEMBER CONTRIBUTIONS 9 10 WHICH, AFTER SUCH ELECTION, SHALL BE DETERMINED ON THE BASIS OF 11 THE BASIC CONTRIBUTION RATE OF 5% AND THE ADDITIONAL MEMBER 12 CONTRIBUTION OF 1 1/4%: PROVIDED, THAT A MEMBER MAY ELECT TO 13 DISCONTINUE SOCIAL SECURITY INTEGRATION COVERAGE AND SHALL 14 THEREAFTER BE INELIGIBLE TO ACCRUE ANY FURTHER SOCIAL SECURITY 15 INTEGRATION CREDITS OR ANY ADDITIONAL BENEFITS ON ACCOUNT OF 16 SOCIAL SECURITY INTEGRATION MEMBERSHIP.

17 SECTION 314.1. SECTIONS 5502.1(B) AND 5503.1(A) OF TITLE 71 18 ARE AMENDED TO READ:

19 § 5502.1. WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL
 20 SECURITY INTEGRATION MEMBER CONTRIBUTIONS.

21 * * *

(B) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO ANY
MEMBER WHO HAS CLASS A-3 [OR], CLASS A-4 <u>OR CLASS A-5</u> SERVICE
CREDIT.

25 * * *

26 § 5503.1. PICKUP CONTRIBUTIONS.

(A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL
CONTRIBUTIONS <u>TO THE FUND</u> REQUIRED TO BE MADE UNDER SECTIONS
5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS

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FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5 SERVICE), 5502 1 2 (RELATING TO SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND 3 4 [SECTION] 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS), WITH RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE 5 6 MEMBER ON OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE 7 8 EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

9 * * *

10 SECTION 314.2. SECTION 5504 OF TITLE 71, AMENDED DECEMBER 11 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

12 § 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
 13 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE
 14 MEMBER.

15 (A) AMOUNT OF CONTRIBUTIONS FOR SERVICE IN OTHER THAN CLASS 16 G THROUGH N.--

17 (1) THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR 18 ELIGIBLE SCHOOL EMPLOYEE FOR CREDIT [FOR] IN THE SYSTEM FOR 19 THE PORTION OF TOTAL PREVIOUS STATE SERVICE OTHER THAN 20 SERVICE IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M AND CLASS N THAT A MEMBER IS ELIGIBLE TO HAVE 21 22 CREDITED OR TO BECOME A FULL COVERAGE MEMBER SHALL BE SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE REGULAR AND 23 24 ADDITIONAL ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN 25 STANDING TO THE CREDIT OF THE MEMBER FOR SUCH SERVICE HAD 26 REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS BEEN MADE WITH 27 FULL COVERAGE IN THE CLASS OF SERVICE AND AT THE RATE OF CONTRIBUTION APPLICABLE DURING SUCH PERIOD OF PREVIOUS 28 29 SERVICE AND HAD HIS REGULAR AND ADDITIONAL ACCUMULATED DEDUCTIONS BEEN CREDITED WITH STATUTORY INTEREST DURING ALL 30

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PERIODS OF SUBSEQUENT STATE <u>SERVICE AS AN ACTIVE MEMBER OR</u>
 <u>INACTIVE MEMBER ON LEAVE WITHOUT PAY</u> AND SCHOOL SERVICE <u>AS AN</u>
 <u>ACTIVE MEMBER OR INACTIVE MEMBER OF THE PUBLIC SCHOOL</u>
 EMPLOYEES' RETIREMENT SYSTEM UP TO THE DATE OF PURCHASE.

(2) NOTWITHSTANDING PARAGRAPH (1), <u>ACTIVE MEMBERS [WITH]</u> 5 6 WHO PERFORM STATE SERVICE CREDITED AS CLASS A-3 [STATE] 7 SERVICE SHALL MAKE CONTRIBUTIONS AND RECEIVE CREDIT AS IF THE 8 PREVIOUS STATE SERVICE WAS CLASS A-3 SERVICE, AND ACTIVE 9 MEMBERS [WITH] WHO PERFORM STATE SERVICE CREDITED AS CLASS A-10 4 [STATE] SERVICE SHALL MAKE CONTRIBUTIONS AND RECEIVE CREDIT 11 AS IF THE PREVIOUS STATE SERVICE WAS CLASS A-4 SERVICE, EVEN 12 IF IT WOULD HAVE BEEN CREDITED AS A DIFFERENT CLASS OF SERVICE HAD THE STATE EMPLOYEE BEEN A MEMBER OF THE SYSTEM AT 13 THE TIME THE SERVICE WAS PERFORMED UNLESS IT WAS MANDATORY 14 15 THAT THE STATE EMPLOYEE BE AN ACTIVE MEMBER OF THE SYSTEM AND THE PREVIOUS STATE SERVICE IS BEING CREDITED AS THE RESULT OF 16 17 A MANDATORY ACTIVE MEMBERSHIP REQUIREMENT.

18 (A.1) CONVERTED COUNTY SERVICE. -- NO CONTRIBUTIONS SHALL BE 19 REOUIRED TO RESTORE CREDIT FOR PREVIOUSLY CREDITED STATE SERVICE 20 IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M 21 AND CLASS N. SUCH SERVICE SHALL BE RESTORED UPON THE 22 COMMENCEMENT OF PAYMENT OF THE CONTRIBUTIONS BY AN ACTIVE MEMBER 23 OF A CLASS OF SERVICE OTHER THAN CLASS A-5 REQUIRED TO RESTORE 24 CREDIT IN THE SYSTEM FOR ALL OTHER PREVIOUS STATE SERVICE OTHER 25 THAN CLASS A-5 SERVICE.

26 (B) CERTIFICATION AND METHOD OF PAYMENT.--

27 (1) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
28 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
29 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN
30 THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO

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1 IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' 2 RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST 3 THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED 4 UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY 5 6 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST 7 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS 8 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD 9 MAY LIMIT THE SALARY DEDUCTION AMORTIZATION PLANS TO SUCH 10 TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE 11 CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER 12 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED 13 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER 14 15 TO THE BOARD THE AMOUNTS PAID.

(2) NO PAYMENTS FOR SERVICE OR COVERAGE SHALL BE ALLOWED 16 FOR WHICH THE REQUIRED CONTRIBUTIONS WOULD CAUSE A VIOLATION 17 18 OF THE LIMITATION RELATED TO CONTRIBUTIONS APPLICABLE TO 19 GOVERNMENTAL PLANS CONTAINED IN IRC § 415. IN THE EVENT THAT 20 ANY SERVICE CREDIT OR COVERAGE BASED ON SUCH DISALLOWED 21 CONTRIBUTIONS IS GRANTED AFTER THE EFFECTIVE DATE OF THIS 22 PARAGRAPH, THEN SUCH SERVICE CREDIT SHALL BE CANCELED AND 23 BENEFITS CALCULATED WITHOUT REGARD TO SUCH SERVICE OR 24 CONTRIBUTIONS AND ANY MEMBER CONTRIBUTIONS IN EXCESS OF THE 25 LIMITATIONS AND STATUTORY INTEREST CREDITED ON THOSE 26 CONTRIBUTIONS SHALL BE REFUNDED TO THE MEMBER BY THE BOARD. 27 SECTION 314.3. SECTIONS 5505(B)(1), (C), (D) AND (I)(4) AND 5506.1(A) OF TITLE 71 ARE AMENDED TO READ: 28 29 § 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE

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NONSTATE SERVICE.

1 * * *

2

(B) NONINTERVENING MILITARY SERVICE.--

3 (1)(I) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR 4 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE BY A MEMBER WHO IS ELIGIBLE TO MAKE THE PURCHASE UNDER 5 SECTION 5304(A)(1) OR (2) (RELATING TO CREDITABLE 6 7 NONSTATE SERVICE) SHALL BE DETERMINED BY APPLYING THE 8 MEMBER'S BASIC CONTRIBUTION RATE, THE ADDITIONAL 9 CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL 10 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF 11 ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF THE MEMBER 12 INTO STATE SERVICE TO HIS AVERAGE ANNUAL RATE OF 13 COMPENSATION, EXCLUDING COMPENSATION RECEIVED FOR CLASS 14 A-5 SERVICE, OVER THE FIRST THREE YEARS OF SUCH SUBSEQUENT STATE SERVICE AND MULTIPLYING THE RESULT BY 15 THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF 16 17 CREDITABLE NONINTERVENING MILITARY SERVICE BEING 18 PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL 19 PERIODS OF SUBSEQUENT STATE SERVICE AS AN ACTIVE MEMBER 20 OR INACTIVE MEMBER ON LEAVE WITHOUT PAY AND SCHOOL 21 SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER OF THE 22 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TO DATE OF 23 PURCHASE.

24(II) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR25MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE26BY A MEMBER WHO IS ELIGIBLE TO MAKE THE PURCHASE UNDER27SECTION 5304 (A) (3) SHALL BE DETERMINED BY APPLYING THE28MEMBER'S BASIC CONTRIBUTION RATE, PLUS THE COMMONWEALTH29NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME30OF ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF THE

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1 MEMBER INTO CLASS A-5 STATE SERVICE TO HIS AVERAGE ANNUAL 2 RATE OF COMPENSATION RECEIVED FOR CLASS A-5 SERVICE 3 SUBJECT TO ANY LIMIT EACH YEAR BY THE APPLICATION OF THE 4 CLASS A-5 ANNUAL COMPENSATION LIMIT, OVER THE FIRST THREE 5 YEARS OF SUCH SUBSEQUENT CLASS A-5 STATE SERVICE AND 6 MULTIPLYING THE RESULT BY THE NUMBER OF YEARS AND 7 FRACTIONAL PART OF A YEAR OF CREDITABLE NONINTERVENING 8 MILITARY SERVICE BEING PURCHASED, TOGETHER WITH STATUTORY 9 INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE SERVICE 10 AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON LEAVE WITHOUT 11 PAY AND SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE 12 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM 13 TO DATE OF PURCHASE.

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

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RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
 BOARD THE AMOUNTS PAID. APPLICATION MAY BE FILED FOR ALL
 SUCH MILITARY SERVICE CREDIT UPON COMPLETION OF THREE
 YEARS OF SUBSEQUENT STATE SERVICE AND SHALL BE CREDITED
 AS CLASS A SERVICE.

* * *

6

(C) INTERVENING MILITARY SERVICE. -- CONTRIBUTIONS ON ACCOUNT 7 8 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED 9 BY THE MEMBER'S REGULAR CONTRIBUTION RATE, SHARED-RISK 10 CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION 11 RATE, THE ADDITIONAL CONTRIBUTION RATE WHICH SHALL BE APPLIED 12 ONLY TO THOSE MEMBERS WHO BEGAN SERVICE ON OR AFTER THE 13 EFFECTIVE DATE OF THIS AMENDATORY ACT AND COMPENSATION AT THE 14 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE, 15 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER 16 17 ON LEAVE WITHOUT PAY AND SCHOOL SERVICE AS AN ACTIVE MEMBER OR 18 INACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 19 SYSTEM TO DATE OF PURCHASE. UPON APPLICATION FOR SUCH CREDIT THE 20 AMOUNT DUE SHALL BE CERTIFIED IN THE CASE OF EACH MEMBER BY THE 21 BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY, AND 22 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 <u>TO THE SYSTEM</u> IN AMOUNTS AGREED
28 UPON BY THE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN
29 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
30 SYSTEM AND THE BOARD.

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THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND 1 2 THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR 3 4 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS 5 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN 6 7 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER 8 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL 9 10 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO 11 THE BOARD THE AMOUNTS PAID.

12 (D) NONMILITARY AND NONMAGISTERIAL SERVICE.--CONTRIBUTIONS 13 ON ACCOUNT OF CREDIT FOR CREDITABLE NONSTATE SERVICE OTHER THAN 14 MILITARY AND MAGISTERIAL SERVICE BY STATE EMPLOYEES WHO FIRST 15 BECOME MEMBERS OF THE SYSTEM BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY SHALL BE 16 17 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE, THE 18 ADDITIONAL CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL 19 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY 20 SUBSEQUENT TO SUCH CREDITABLE NONSTATE SERVICE OF THE MEMBER 21 INTO STATE SERVICE TO HIS COMPENSATION AT THE TIME OF ENTRY INTO 22 STATE SERVICE AS A MEMBER OF THE SYSTEM AND MULTIPLYING THE 23 RESULT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF 24 CREDITABLE NONSTATE SERVICE BEING PURCHASED TOGETHER WITH 25 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE 26 SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON LEAVE WITHOUT 27 PAY AND SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TO THE DATE OF 28 29 PURCHASE. UPON APPLICATION FOR CREDIT FOR SUCH SERVICE PAYMENT SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN 30

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ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE 1 2 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS 3 4 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY 5 6 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS 7 AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE 8 OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS 9 10 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN 11 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER 12 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED 13 UPON SALARY DEDUCTION SHALL BE REMITTED TO THE PUBLIC SCHOOL 14 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO 15 THE BOARD THE AMOUNTS PAID.

16 * * *

17 (I) PURCHASES OF NONSTATE SERVICE CREDIT BY STATE EMPLOYEES
18 WHO FIRST BECAME MEMBERS OF THE SYSTEM ON OR AFTER DECEMBER 1,
19 2010.--

20

* * *

21 (4) THE PAYMENT FOR CREDIT PURCHASED UNDER THIS 22 SUBSECTION SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN 23 ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE 24 PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE 25 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF 26 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE 27 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS 28 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE 29 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT 30

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

11 * * *

§ 5506.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17). 12 13 (A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE 14 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY 15 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO 16 17 ACCOUNT FOR BENEFIT PURPOSES UNDER THIS PART SHALL NOT EXCEED 18 THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JANUARY 1, 19 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC § 20 401 (A) (17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF 21 1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL 22 COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93 23 ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE 24 COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE 25 WITH IRC § 401(A)(17)(B). THE COST-OF-LIVING ADJUSTMENT IN 26 EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD 27 WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH 28 COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF 29 A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION, 30

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1	THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE
2	DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.
3	* * *
4	SECTION 315. TITLE 71 IS AMENDED BY ADDING A SECTION TO
5	READ:
6	§ 5506.2. APPLICATION OF CLASS A-5 ANNUAL COMPENSATION LIMIT.
7	(A) GENERAL RULETHE CLASS A-5 ANNUAL COMPENSATION LIMIT
8	SHALL BE APPLIED TO THE TOTAL COMPENSATION RECEIVED EACH
9	CALENDAR YEAR FOR SERVICE AS A MEMBER OF CLASS A-5 AND, IF A
10	MULTIPLE SERVICE MEMBER, FOR SERVICE IN CLASS T-G IN THE PUBLIC
11	SCHOOL EMPLOYEES' RETIREMENT SYSTEM.
12	(B) ADJUSTMENT REQUIRED FOR PURPOSES OF CALCULATING FINAL
13	AVERAGE SALARY FOR THE DETERMINATION OF STANDARD SINGLE LIFE
14	ANNUITIES AND OTHER BENEFITS RESULTING FROM CLASS A-5 SERVICE,
15	COMPENSATION RECEIVED EACH CALENDAR YEAR FOR CLASS A-5 SERVICE
16	AND, IF A MULTIPLE SERVICE MEMBER, AS A SCHOOL EMPLOYEE FOR
17	SERVICE AS A CLASS T-G MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
18	RETIREMENT SYSTEM SHALL BE ADJUSTED BY FIRST LIMITING THE
19	COMPENSATION TO THE CLASS A-5 ANNUAL COMPENSATION LIMIT FOR THAT
20	YEAR. THE LIMITED CLASS A-5 SERVICE COMPENSATION SHALL THEN BE
21	ANNUALIZED FOR ANY PART-TIME SERVICE ON THE BASIS OF THE
22	FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT IS RECEIVED.
23	SECTION 316. SECTION 5507(A), (B), (D) AND (E) OF TITLE 71
24	ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
25	READ:
26	§ 5507. CONTRIBUTIONS <u>TO THE SYSTEM</u> BY THE COMMONWEALTH AND
27	OTHER EMPLOYERS.
28	(A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERSTHE
29	COMMONWEALTH AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF
30	THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS

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TO THE FUND ON BEHALF OF ALL ACTIVE MEMBERS IN SUCH AMOUNTS AS 1 2 SHALL BE CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH THE MEMBERS' TOTAL ACCUMULATED DEDUCTIONS AND 3 4 CLASS A-5 ACCUMULATED DEDUCTIONS, ANNUITY RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES OTHER THAN THOSE PROVIDED IN SECTIONS 5708 5 6 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER 7 8 ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO 9 SUPPLEMENTAL ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO 10 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 11 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 12 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 13 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 14 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 15 2002), IN ACCORDANCE WITH THE ACTUARIAL COST METHOD PROVIDED IN SECTION 5508(A), (B), (C), (D) AND (F) (RELATING TO ACTUARIAL 16 17 COST METHOD).

(B) CONTRIBUTIONS ON BEHALF OF ANNUITANTS.--THE COMMONWEALTH
AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM <u>OR</u>
<u>PARTICIPANTS IN THE PLAN</u> SHALL MAKE CONTRIBUTIONS ON BEHALF OF
ANNUITANTS IN SUCH AMOUNTS AS SHALL BE CERTIFIED BY THE BOARD AS
NECESSARY TO FUND THE LIABILITIES FOR SUPPLEMENTAL ANNUITIES IN
ACCORDANCE WITH THE ACTUARIAL COST METHOD PROVIDED IN SECTION
5508(E) [(RELATING TO ACTUARIAL COST METHOD)].

25 (B.1) PAYMENT OF EMPLOYER CONTRIBUTIONS TO THE SYSTEM.-26 (1) PAYMENT OF EMPLOYER NORMAL CONTRIBUTIONS SHALL BE AS
27 <u>A PERCENTAGE OF:</u>
28 (1) THE COMPENSATION OF ACTIVE MEMBERS IN CLASSES OF
29 <u>SERVICE OTHER THAN CLASS A-5; AND</u>
30 (11) THE COMPENSATION OF ACTIVE MEMBERS OF CLASS A-5

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WHO HAVE 25 OR FEWER ELIGIBILITY POINTS RESULTING FROM
 CLASS A-5 SERVICE OR, IF A MULTIPLE SERVICE MEMBER, CLASS
 T-G SERVICE UP TO EACH EMPLOYEE'S CLASS A-5 ANNUAL
 COMPENSATION LIMIT.
 (2) PAYMENT OF ACCRUED LIABILITY CONTRIBUTIONS AS

6 <u>MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTOR SHALL BE AS A</u> 7 <u>PERCENTAGE OF COMPENSATION OF ACTIVE MEMBERS AND ACTIVE</u>

8 <u>PARTICIPANTS.</u>

9 * * *

10 (D) PAYMENT OF FINAL CONTRIBUTION RATE. -- NOTWITHSTANDING THE 11 CALCULATION OF THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AND 12 THE PROVISIONS OF SUBSECTIONS (A) AND (B), THE COMMONWEALTH AND 13 OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM OR 14 PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS TO THE FUND ON 15 BEHALF OF ALL ACTIVE MEMBERS AND ANNUITANTS IN SUCH AMOUNTS AS SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE WITH SECTION 16 17 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 MEMBERS OF THE SYSTEM SHALL MAKE CONTRIBUTIONS AS CERTIFIED BY 21 22 THE BOARD PURSUANT TO SECTION 5941 (RELATING TO BENEFITS 23 COMPLETION PLAN). PAYMENT OF CONTRIBUTIONS UNDER THIS SUBSECTION 24 SHALL BE AS A PERCENTAGE OF THE COMPENSATION OF ACTIVE MEMBERS 25 IN CLASSES OF SERVICE OTHER THAN CLASS A-5 AND THE COMPENSATION 26 OF ACTIVE MEMBERS OF CLASS A-5 WHO HAVE 25 OR FEWER ELIGIBILITY 27 POINTS RESULTING FROM CLASS A-5 SERVICE OR, IF A MULTIPLE 28 SERVICE MEMBER, CLASS T-G UP TO EACH EMPLOYEE'S CLASS A-5 ANNUAL 29 COMPENSATION LIMIT.

30 * * *

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SECTION 317. SECTION 5508(A), (B), (C)(1) AND (3), (E)(2),
 (F) AND (H) OF TITLE 71 ARE AMENDED AND SUBSECTION (C) IS
 AMENDED BY ADDING A PARAGRAPH TO READ:

4 § 5508. ACTUARIAL COST METHOD.

(A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE 5 6 MEMBERS.--THE AMOUNT OF THE COMMONWEALTH AND OTHER EMPLOYER 7 CONTRIBUTIONS ON BEHALF OF ALL ACTIVE MEMBERS SHALL BE COMPUTED 8 BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND PARTICIPANTS, SUBJECT TO THE LIMITATIONS IN 9 10 SECTION 5507(B.1) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY 11 THE COMMONWEALTH AND OTHER EMPLOYEES), DURING THE PERIOD FOR 12 WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE 13 BOARD. THE ACTUARIALLY REQUIRED CONTRIBUTION RATE ON BEHALF OF 14 ALL ACTIVE MEMBERS SHALL CONSIST OF THE EMPLOYER NORMAL 15 CONTRIBUTION RATE, AS DEFINED IN SUBSECTION (B), AND THE ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C). THE 16 17 ACTUARIALLY REQUIRED CONTRIBUTION RATE ON BEHALF OF ALL ACTIVE 18 MEMBERS SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTOR AS 19 CALCULATED IN SUBSECTION (F).

20 (B) EMPLOYER NORMAL CONTRIBUTION RATE. -- THE EMPLOYER NORMAL 21 CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH ACTUARIAL 22 VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE AND SUCH 23 MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED BY THE BOARD IN 24 ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. THE 25 EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AS A LEVEL 26 PERCENTAGE OF THE COMPENSATION OF THE AVERAGE NEW ACTIVE MEMBER 27 ON WHICH EMPLOYER NORMAL CONTRIBUTIONS ARE MADE UNDER SECTION 28 5507(B.1), WHICH PERCENTAGE, IF CONTRIBUTED ON THE BASIS OF HIS 29 PROSPECTIVE COMPENSATION ON WHICH EMPLOYER NORMAL CONTRIBUTIONS ARE MADE UNDER SECTION 5507 (B.1) THROUGH HIS ENTIRE PERIOD OF 30

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ACTIVE STATE SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY
 FOR ANY PROSPECTIVE BENEFIT PAYABLE TO HIM IN EXCESS OF THAT
 PORTION FUNDED BY HIS PROSPECTIVE MEMBER CONTRIBUTIONS,
 EXCLUDING SHARED-RISK MEMBER CONTRIBUTIONS. <u>IN NO CASE SHALL THE</u>
 EMPLOYER NORMAL CONTRIBUTION RATE BE LESS THAN ZERO.

6 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

7 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND 8 JULY 1, 2003, THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL 9 BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL ACTIVE 10 MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT 11 TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1, 2002, THE 12 PRESENT VALUE OF THE LIABILITIES FOR ALL PROSPECTIVE BENEFITS, EXCEPT FOR THE SUPPLEMENTAL BENEFITS AS PROVIDED IN 13 14 SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1 15 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES), 16 5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994), 17 18 5708.4 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT 19 ADJUSTMENT), 5708.5 (RELATING TO SUPPLEMENTAL ANNUITIES 20 COMMENCING 1998), 5708.6 (RELATING TO SUPPLEMENTAL ANNUITIES 21 COMMENCING 2002), 5708.7 (RELATING TO SUPPLEMENTAL ANNUITIES 22 COMMENCING 2003) AND 5708.8 (RELATING TO SPECIAL SUPPLEMENTAL 23 POSTRETIREMENT ADJUSTMENT OF 2002), IN EXCESS OF THE TOTAL 24 ASSETS IN THE FUND (CALCULATED RECOGNIZING ALL INVESTMENT 25 GAINS AND LOSSES OVER A FIVE-YEAR PERIOD), EXCLUDING THE 26 BALANCE IN THE SUPPLEMENTAL ANNUITY ACCOUNT, AND THE PRESENT 27 VALUE OF EMPLOYER NORMAL CONTRIBUTIONS AND OF MEMBER 28 CONTRIBUTIONS PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS ON 29 DECEMBER 31, 2001, AND EXCLUDING CONTRIBUTIONS TO BE 30 TRANSFERRED BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS

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1 PURSUANT TO SECTION 5507(C) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS). THE AMOUNT 2 3 OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION SHALL BE EQUAL 4 TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE FISCAL YEAR BEGINNING JULY 1, 2002, EXCEPT THAT, IF THE ACCRUED LIABILITY 5 IS INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 6 7 2002, BUT BEFORE JULY 1, 2003, SUCH ADDITIONAL LIABILITY SHALL BE FUNDED OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY 8 9 OF JULY, COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE 10 OF THE INCREASE. THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY 11 CONTRIBUTION FOR SUCH ADDITIONAL LEGISLATIVE LIABILITIES 12 SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE 13 FIRST ANNUAL PAYMENT.

14

* * *

15 (3) FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE 16 RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL 17 18 BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND IN EQUAL 19 DOLLAR INSTALLMENTS OVER A PERIOD OF 30 YEARS FROM JULY 1, 20 2010, THE PRESENT VALUE OF THE LIABILITIES FOR ALL 21 PROSPECTIVE BENEFITS CALCULATED AS OF THE IMMEDIATELY PRIOR 22 VALUATION DATE, INCLUDING THE SUPPLEMENTAL BENEFITS AS PROVIDED IN SECTIONS 5708, 5708.1, 5708.2, 5708.3, 5708.4, 23 24 5708.5, 5708.6, 5708.7 AND 5708.8, BUT EXCLUDING THE BENEFITS 25 PAYABLE FROM THE RETIREMENT BENEFIT PLAN ESTABLISHED PURSUANT 26 TO SECTION 5941 (RELATING TO BENEFITS COMPLETION PLAN), IN 27 EXCESS OF THE ACTUARIALLY CALCULATED ASSETS IN THE FUND (CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED 28 29 INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL 30 INSTALLMENTS OVER FIVE YEARS), INCLUDING THE BALANCE IN THE

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1 SUPPLEMENTAL ANNUITY ACCOUNT, AND THE PRESENT VALUE OF 2 EMPLOYER NORMAL CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS 3 PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS, INACTIVE MEMBERS 4 ON LEAVE WITHOUT PAY, VESTEES AND SPECIAL VESTEES ON DECEMBER 5 31, 2009. IF THE ACCRUED LIABILITY IS CHANGED BY LEGISLATION 6 ENACTED SUBSEQUENT TO DECEMBER 31, 2009, AND BEFORE JANUARY 7 1, 2017, SUCH CHANGE IN LIABILITY SHALL BE FUNDED IN EQUAL 8 DOLLAR INSTALLMENTS OVER A PERIOD OF TEN YEARS FROM THE FIRST 9 DAY OF JULY FOLLOWING THE VALUATION DATE COINCIDENT WITH OR 10 NEXT FOLLOWING THE DATE SUCH LEGISLATION IS ENACTED.

11 (4) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2017, 12 THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS PROVIDED FOR UNDER PARAGRAPH (3), EXCEPT THAT THE RATE SHALL 13 BE COMPUTED AS A RATE OF TOTAL COMPENSATION OF ALL ACTIVE 14 15 MEMBERS AND ACTIVE PARTICIPANTS. IN ADDITION TO ANY EMPLOYER DEFINED CONTRIBUTIONS MADE TO THE TRUST, THE COMMONWEALTH AND 16 OTHER EMPLOYERS OF PARTICIPANTS SHALL MAKE THE ACCRUED 17 18 LIABILITY CONTRIBUTIONS TO THE FUND CERTIFIED BY THE BOARD. 19 IF THE ACCRUED LIABILITY IS CHANGED BY LEGISLATION ENACTED 20 SUBSEQUENT TO DECEMBER 31, 2016, THE CHANGE IN LIABILITY 21 SHALL BE FUNDED IN EOUAL DOLLAR INSTALLMENTS AS A PERCENTAGE 22 OF COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS 23 OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY 24 FOLLOWING THE VALUATION DATE COINCIDENT WITH OR NEXT 25 FOLLOWING THE DATE SUCH LEGISLATION IS ENACTED. THE ACCRUED 26 LIABILITY CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH 27 ACTUARIAL VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE 28 AND THE MORTALITY AND OTHER TABLES ADOPTED BY THE BOARD IN 29 ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. 30 * * *

1 (E) SUPPLEMENTAL ANNUITY CONTRIBUTION RATE.--

2 * * *

(2) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2010, 3 CONTRIBUTIONS FROM THE COMMONWEALTH AND OTHER EMPLOYERS WHOSE 4 5 EMPLOYEES ARE MEMBERS OF THE SYSTEM REQUIRED TO PROVIDE FOR 6 THE PAYMENT OF SUPPLEMENTAL ANNUITIES AS PROVIDED IN SECTIONS 7 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7 8 AND 5708.8 SHALL BE PAID AS PART OF THE ACCRUED LIABILITY 9 CONTRIBUTION RATE AS PROVIDED FOR IN SUBSECTION (C) (3), AND THERE SHALL NOT BE A SEPARATE SUPPLEMENTAL ANNUITY 10 11 CONTRIBUTION RATE ATTRIBUTABLE TO THOSE SUPPLEMENTAL 12 ANNUITIES. IN THE EVENT THAT SUPPLEMENTAL ANNUITIES ARE 13 INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO DECEMBER 31, 2009, THE ADDITIONAL LIABILITY FOR THE INCREASE IN BENEFITS 14 SHALL BE FUNDED IN EQUAL DOLLAR INSTALLMENTS AS A PERCENTAGE 15 OF COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS 16 OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY 17 18 FOLLOWING THE VALUATION DATE COINCIDENT WITH OR NEXT 19 FOLLOWING THE DATE SUCH LEGISLATION IS ENACTED.

20 (F) EXPERIENCE ADJUSTMENT FACTOR.--

21 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED 22 LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, 23 24 ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED LIABILITY 25 AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND FUNDING 26 FOR SUPPLEMENTAL ANNUITIES, DUE TO ACTUAL EXPERIENCE 27 DIFFERING FROM ASSUMED EXPERIENCE (RECOGNIZING ALL REALIZED AND UNREALIZED INVESTMENT GAINS AND LOSSES OVER A FIVE-YEAR 28 29 PERIOD), CHANGES IN CONTRIBUTIONS CAUSED BY THE FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY 30

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1 REQUIRED CONTRIBUTION RATE, STATE EMPLOYEES MAKING SHARED-2 RISK MEMBER CONTRIBUTIONS, CHANGES IN ACTUARIAL ASSUMPTIONS 3 OR CHANGES IN THE TERMS AND CONDITIONS OF THE BENEFITS 4 PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT LIMITED 5 6 TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART, SHALL BE 7 AMORTIZED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS AS A 8 PERCENTAGE OF COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE 9 PARTICIPANTS OVER A PERIOD OF 30 YEARS BEGINNING WITH THE 10 JULY 1 SUCCEEDING THE ACTUARIAL VALUATION DETERMINING SAID 11 INCREASES OR DECREASES.

12 (2) THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL BE
13 THE SUM OF THE NORMAL CONTRIBUTION RATE, THE ACCRUED
14 LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY
15 CONTRIBUTION RATE, MODIFIED BY THE EXPERIENCE ADJUSTMENT
16 FACTOR AS CALCULATED IN PARAGRAPH (1).

17 * * *

18 (H) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--19 THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR SHALL BE 20 DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED CONTRIBUTION 21 RATE CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION TO 22 THE PRIOR YEAR'S FINAL CONTRIBUTION RATE. IF, FOR ANY OF THE 23 FISCAL YEARS BEGINNING JULY 1, 2011, JULY 1, 2012, AND ON OR 24 AFTER JULY 1, 2013, THE ACTUARIALLY REQUIRED CONTRIBUTION RATE 25 CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION IS MORE 26 THAN 3%, 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL COMPENSATION 27 OF ALL ACTIVE MEMBERS GREATER THAN THE PRIOR YEAR'S FINAL 28 CONTRIBUTION RATE, THEN THE COLLARED CONTRIBUTION RATE SHALL BE 29 APPLIED AND BE EQUAL TO THE PRIOR YEAR'S FINAL CONTRIBUTION RATE 30 INCREASED BY THE RESPECTIVE PERCENTAGE ABOVE OF TOTAL

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COMPENSATION OF ALL ACTIVE MEMBERS. OTHERWISE, AND FOR ALL
 SUBSEQUENT FISCAL YEARS, THE COLLARED CONTRIBUTION RATE SHALL
 NOT BE APPLICABLE. IN NO CASE SHALL THE COLLARED CONTRIBUTION
 RATE BE LESS THAN 4% OF TOTAL COMPENSATION OF ALL ACTIVE
 MEMBERS.

6 * * *

SECTION 318. SECTION 5509 OF TITLE 71 IS AMENDED TO READ: 7 \$ 5509. APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH. 8 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE 9 10 AND SUBMIT ANNUALLY AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS 11 NECESSARY TO BE APPROPRIATED BY THE COMMONWEALTH OUT OF THE 12 GENERAL FUND AND SPECIAL OPERATING FUNDS AND THE AMOUNTS TO BE 13 ASSESSED THE OTHER EMPLOYERS REQUIRED TO MEET THE SEPARATE 14 OBLIGATIONS TO THE FUND AND THE TRUST ACCRUING DURING THE FISCAL 15 PERIOD BEGINNING THE FIRST DAY OF JULY OF THE FOLLOWING YEAR. 16 (B) APPROPRIATION AND PAYMENT. -- THE GENERAL ASSEMBLY SHALL 17 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE 18 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH 19 AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE 20 DEPARTMENT OF REVENUE INTO THE FUND OR TRUST, AS THE CASE MAY 21 BE, IN ACCORDANCE WITH REQUISITIONS PRESENTED BY THE BOARD. THE 22 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO ARE OFFICERS OF THE PENNSYLVANIA STATE POLICE 23 24 SHALL BE CHARGED TO THE GENERAL FUND AND TO THE MOTOR LICENSE

FUND IN THE SAME RATIOS AS USED TO APPORTION THE APPROPRIATIONS FOR SALARIES OF MEMBERS OF THE PENNSYLVANIA STATE POLICE. THE CONTRIBUTIONS <u>TO THE SYSTEM</u> BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO ARE ENFORCEMENT OFFICERS AND INVESTIGATORS OF THE PENNSYLVANIA LIQUOR CONTROL BOARD SHALL BE CHARGED TO THE GENERAL FUND AND TO THE STATE STORES FUND.

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(C) CONTRIBUTIONS FROM FUNDS OTHER THAN GENERAL FUND. -- THE 1 2 AMOUNTS ASSESSED OTHER EMPLOYERS WHO ARE REQUIRED TO MAKE THE 3 NECESSARY SEPARATE CONTRIBUTIONS TO THE FUND AND THE TRUST OUT 4 OF FUNDS OTHER THAN THE GENERAL FUND SHALL BE PAID BY SUCH EMPLOYERS INTO THE FUND OR TRUST, AS THE CASE MAY BE, IN 5 6 ACCORDANCE WITH REQUISITIONS PRESENTED BY THE BOARD. THE GENERAL 7 FUND OF THE COMMONWEALTH SHALL NOT BE HELD LIABLE TO APPROPRIATE THE MONEYS REQUIRED TO BUILD UP THE RESERVES IN THE FUND 8 NECESSARY FOR THE PAYMENT OF BENEFITS FROM THE SYSTEM TO 9 10 EMPLOYEES OR TO MAKE THE EMPLOYER DEFINED CONTRIBUTIONS FOR 11 EMPLOYEES OF SUCH OTHER EMPLOYERS. IN CASE ANY SUCH OTHER 12 EMPLOYER SHALL FAIL TO PROVIDE TO THE FUND THE MONEYS NECESSARY 13 FOR SUCH PURPOSE, THEN THE SERVICE OF SUCH MEMBERS OF THE SYSTEM FOR SUCH PERIOD FOR WHICH MONEY IS NOT SO PROVIDED SHALL BE 14 CREDITED AND PICKUP CONTRIBUTIONS WITH RESPECT TO SUCH MEMBERS 15 SHALL CONTINUE TO BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT. 16 17 THE ANNUITY TO WHICH SUCH MEMBER IS ENTITLED SHALL BE DETERMINED 18 AS ACTUARIALLY EQUIVALENT TO THE PRESENT VALUE OF THE MAXIMUM 19 SINGLE LIFE ANNUITY OF EACH SUCH MEMBER REDUCED BY THE AMOUNT OF 20 EMPLOYER CONTRIBUTIONS TO THE SYSTEM PAYABLE ON ACCOUNT AND 21 ATTRIBUTABLE TO HIS COMPENSATION DURING SUCH SERVICE, EXCEPT 22 THAT NO REDUCTION SHALL BE MADE AS A RESULT OF THE FAILURE OF AN EMPLOYER TO MAKE CONTRIBUTIONS REQUIRED FOR A PERIOD OF USERRA 23 24 LEAVE.

25 SECTION 318.1. SECTION 5701 OF TITLE 71, AMENDED DECEMBER 26 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

27 § 5701. RETURN OF TOTAL ACCUMULATED DEDUCTIONS.

ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL BENEFITS PAYABLE <u>FROM THE SYSTEM</u> UNDER THIS CHAPTER TO WHICH HE MAY BE ENTITLED, ELECT TO RECEIVE HIS TOTAL ACCUMULATED

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1 DEDUCTIONS BY HIS REQUIRED BEGINNING DATE.

2 SECTION 318.2. SECTION 5701.1 OF TITLE 71 IS AMENDED TO 3 READ:

4 § 5701.1. TRANSFER OF ACCUMULATED DEDUCTIONS.

5 WHEN AN EMPLOYEE OF THE JUVENILE COURT JUDGES' COMMISSION 6 ELECTS MEMBERSHIP IN AN INDEPENDENT RETIREMENT PROGRAM PURSUANT 7 TO SECTION 5301(F) (RELATING TO MANDATORY AND OPTIONAL 8 MEMBERSHIP <u>IN THE SYSTEM AND PARTICIPATION IN THE PLAN</u>), THE 9 BOARD SHALL TRANSFER DIRECTLY TO THE TRUSTEE OR ADMINISTRATOR OF 10 THE INDEPENDENT RETIREMENT PROGRAM ALL ACCUMULATED DEDUCTIONS 11 RESULTING FROM SERVICE CREDITED WHILE AN EMPLOYEE OF THE 12 JUVENILE COURT JUDGES' COMMISSION.

13 SECTION 319. SECTION 5702(A), (A.1), (B) AND (C) AND 14 5704(A), (C), (E) AND (F) OF TITLE 71 ARE AMENDED AND THE 15 SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ: 16 § 5702. MAXIMUM SINGLE LIFE ANNUITY.

17 (A) GENERAL RULE. -- ANY FULL COVERAGE MEMBER WHO IS ELIGIBLE 18 TO RECEIVE AN ANNUITY PURSUANT TO THE PROVISIONS OF SECTION 19 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) WHO 20 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL 21 22 EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES SCHOOL SERVICE, 23 BEFORE ATTAINING AGE 70 SHALL BE ENTITLED TO RECEIVE A MAXIMUM 24 SINGLE LIFE ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND 25 EOUAL TO THE SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES 26 BEGINNING AT THE EFFECTIVE DATE OF RETIREMENT:

(1) A <u>SINGLE LIFE ANNUITY THAT IS THE SUM OF THE</u>
STANDARD SINGLE LIFE [ANNUITY MULTIPLIED BY THE SUM OF THE
PRODUCTS,] <u>ANNUITIES</u> DETERMINED SEPARATELY FOR EACH CLASS OF
SERVICE[, OBTAINED BY MULTIPLYING] <u>MULTIPLIED BY</u> THE

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1 APPROPRIATE CLASS OF SERVICE MULTIPLIER [BY THE RATIO OF 2 YEARS OF SERVICE CREDITED IN THAT CLASS TO THE TOTAL CREDITED 3 SERVICE] APPLICABLE TO EACH STANDARD SINGLE LIFE ANNUITY. IN 4 CASE THE MEMBER ON THE EFFECTIVE DATE OF RETIREMENT IS UNDER 5 SUPERANNUATION AGE FOR ANY SERVICE, A REDUCTION FACTOR 6 CALCULATED TO PROVIDE BENEFITS ACTUARIALLY EQUIVALENT TO AN 7 ANNUITY STARTING AT SUPERANNUATION AGE SHALL BE APPLIED TO THE PRODUCT DETERMINED FOR THAT SERVICE. THE CLASS OF SERVICE 8 9 MULTIPLIER FOR ANY PERIOD OF CONCURRENT SERVICE SHALL BE 10 MULTIPLIED BY THE PROPORTION OF TOTAL STATE AND SCHOOL 11 COMPENSATION DURING SUCH PERIOD ATTRIBUTABLE TO STATE SERVICE 12 AS A MEMBER OF THE SYSTEM. IN THE EVENT A MEMBER HAS TWO 13 MULTIPLIERS FOR ONE CLASS OF SERVICE [THE CLASS OF SERVICE MULTIPLIER TO BE USED FOR CALCULATING BENEFITS FOR THAT CLASS 14 15 SHALL BE THE AVERAGE OF THE TWO MULTIPLIERS WEIGHTED BY THE PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH MULTIPLIER 16 DURING THE THREE YEARS OF HIGHEST ANNUAL COMPENSATION IN THAT 17 18 CLASS OF SERVICE: PROVIDED, THAT IN THE CASE OF A MEMBER OF 19 CLASS E-1, A PORTION BUT NOT ALL OF WHOSE THREE YEARS OF 20 HIGHEST ANNUAL JUDICIAL COMPENSATION IS PRIOR TO JANUARY 1, 21 1973, TWO CLASS OF SERVICE MULTIPLIERS SHALL BE CALCULATED ON 22 THE BASIS OF HIS ENTIRE JUDICIAL SERVICE, THE ONE APPLYING THE JUDICIAL CLASS OF SERVICE MULTIPLIERS EFFECTIVE PRIOR TO 23 24 JANUARY 1, 1973 AND THE SECOND APPLYING THE CLASS OF SERVICE 25 MULTIPLIERS EFFECTIVE SUBSEQUENT TO JANUARY 1, 1973. THE 26 AVERAGE CLASS OF SERVICE MULTIPLIER TO BE USED FOR 27 CALCULATING BENEFITS FOR HIS JUDICIAL SERVICE SHALL BE THE AVERAGE OF THE TWO CALCULATED MULTIPLIERS WEIGHTED BY THE 28 29 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH OF THE CALCULATED MULTIPLIERS DURING THE THREE YEARS OF HIGHEST 30

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ANNUAL COMPENSATION IN THAT CLASS OF SERVICE.] <u>SEPARATE</u>
 <u>STANDARD SINGLE LIFE ANNUITIES SHALL BE CALCULATED FOR THE</u>
 <u>PORTION OF SERVICE IN SUCH CLASS APPLICABLE TO EACH CLASS OF</u>
 <u>SERVICE MULTIPLIER.</u>

5 (2) IF ELIGIBLE, A SINGLE LIFE ANNUITY OF 2% OF HIS 6 AVERAGE NONCOVERED SALARY FOR EACH YEAR OF SOCIAL SECURITY 7 INTEGRATION CREDIT AS PROVIDED FOR IN SECTION 5305 (RELATING 8 TO SOCIAL SECURITY INTEGRATION CREDITS) MULTIPLIED, IF ON THE 9 EFFECTIVE DATE OF RETIREMENT THE MEMBER IS UNDER 10 SUPERANNUATION AGE FOR ANY SERVICE, BY THE ACTUARIALLY 11 DETERMINED REDUCTION FACTOR FOR THAT SERVICE.

(3) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS
ACTUARIALLY EQUIVALENT TO THE REGULAR AND ADDITIONAL
ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO CONTRIBUTIONS AS A
MEMBER OF CLASS C, BUT NOT LESS THAN SUCH ANNUITY DETERMINED
AS IF THE MEMBER WERE AGE 60 ON THE EFFECTIVE DATE OF
RETIREMENT, ACTUARIALLY REDUCED IN THE EVENT THE MEMBER IS
UNDER SUPERANNUATION AGE ON THE EFFECTIVE DATE OF RETIREMENT.

19 (4) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS 20 ACTUARIALLY EOUIVALENT TO THE AMOUNT BY WHICH HIS REGULAR AND 21 ADDITIONAL ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO ANY 22 CREDITED SERVICE OTHER THAN AS A MEMBER OF CLASS A-3, CLASS 23 A-4, CLASS A-5 AND CLASS C ARE GREATER THAN ONE-HALF OF THE 24 ACTUARIALLY EQUIVALENT VALUE ON THE EFFECTIVE DATE OF 25 RETIREMENT OF THE ANNUITY AS PROVIDED IN PARAGRAPH (1) 26 ATTRIBUTABLE TO SERVICE OTHER THAN CLASS A-3, CLASS A-4, 27 CLASS A-5 AND CLASS C FOR WHICH REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS WERE MADE. [THIS PARAGRAPH SHALL NOT 28 29 APPLY TO ANY MEMBER WITH STATE SERVICE CREDITED AS CLASS A-3 OR CLASS A-4.] 30

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(5) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS
 ACTUARIALLY EQUIVALENT TO THE AMOUNT BY WHICH HIS SOCIAL
 SECURITY INTEGRATION ACCUMULATED DEDUCTIONS ARE GREATER THAN
 ONE-HALF OF THE ACTUARIALLY EQUIVALENT VALUE ON THE EFFECTIVE
 DATE OF RETIREMENT OF THE ANNUITY PROVIDED FOR UNDER
 PARAGRAPH (2).

7 (6) IF ELIGIBLE, A SINGLE LIFE ANNUITY SUFFICIENT TOGETHER WITH THE ANNUITY PROVIDED FOR IN PARAGRAPH (1) AS A 8 CLASS A, CLASS AA, CLASS A-3 AND CLASS A-4 MEMBER AND THE 9 10 HIGHEST ANNUITY PROVIDED FOR IN PARAGRAPH (2) TO WHICH HE IS 11 ENTITLED, OR AT HIS OPTION COULD HAVE BEEN ENTITLED, TO 12 PRODUCE THAT PERCENTAGE OF [A] THE SUMS OF THE STANDARD SINGLE LIFE [ANNUITY] ANNUITIES ADJUSTED BY THE APPLICATION 13 OF THE CLASS OF SERVICE MULTIPLIER FOR CLASS A, CLASS AA, 14 15 CLASS A-3 OR CLASS A-4 AS SET FORTH IN PARAGRAPH (1) IN THE 16 CASE WHERE ANY SERVICE IS CREDITED AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 OR CLASS A-4 ON THE EFFECTIVE DATE OF 17 18 RETIREMENT AS DETERMINED BY HIS TOTAL YEARS OF CREDITED SERVICE AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 AND CLASS 19 20 A-4 AND BY THE FOLLOWING TABLE:

21	TOTAL YEARS OF	PERCENTAGE OF <u>SUMS OF</u>
22	CREDITED SERVICE	STANDARD
23	AS A MEMBER OF	SINGLE LIFE
24	CLASS A,	[ANNUITY] <u>ANNUITIES</u> ADJUSTED FOR
25	CLASS AA, CLASS A-3	CLASS A, CLASS AA,
26	AND CLASS A-4	CLASS A-3 AND CLASS A-4
27		CLASS OF
28		SERVICE MULTIPLIERS
29	35-40	100%
30	41	102%

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1	42	104%
2		
3	43	106%
4		
5	44	108%
6	45 OR MORE	110%
7	(A.1) RULE FOR TERMINATIONS AFTER A	TTAINING AGE 70
8	(1) ANY FULL COVERAGE MEMBER WH	O IS ELIGIBLE TO RECEIVE
9	AN ANNUITY PURSUANT TO THE PROVISION	S OF SECTION 5308(A) WHO
10	TERMINATES STATE SERVICE, OR IF A MU	LTIPLE SERVICE MEMBER WHO
11	IS A SCHOOL EMPLOYEE AND AN ACTIVE M	EMBER OF THE PUBLIC
12	SCHOOL EMPLOYEES' RETIREMENT SYSTEM	WHO TERMINATES SCHOOL
13	SERVICE, ON OR AFTER ATTAINING AGE 7	0 AND WHO APPLIES FOR A
14	SUPERANNUATION ANNUITY TO BE EFFECTI	VE THE DAY AFTER THE
15	TERMINATION OF STATE SERVICE OR SCHO	OL SERVICE, AS THE CASE
16	MAY BE, SHALL BE ENTITLED TO RECEIVE	A MAXIMUM SINGLE LIFE
17	ANNUITY AS OF A DETERMINATION DATE T	HAT IS EQUAL TO THE
18	GREATER OF SUBPARAGRAPH (I) OR (II)_	PLUS ANY ANNUITY HE MAY
19	BE ELIGIBLE TO RECEIVE ATTRIBUTABLE	TO CLASS A-5 SERVICE
20	<u>CREDIT</u> :	
21	(I) THE SUM OF THE ANNUITIE	S PROVIDED IN SUBSECTION
22	(A)(1) THROUGH (6) CALCULATED <u>WI</u>	THOUT INCLUDING ANY
23	ANNUITY ATTRIBUTABLE TO CLASS A-	5 SERVICE CREDIT AS OF
24	THE DETERMINATION DATE; AND	
25	(II) THE GREATER OF CLAUSE	(A) OR (B):
26	(A) THE SUM OF THE ANNU	ITIES PROVIDED IN
27	SUBSECTION (A)(1), (3), (4)	AND (6) AS OF THE
28	PRECEDING DETERMINATION DATE	WITHOUT INCLUDING ANY
29	ANNUITY ATTRIBUTABLE TO CLAS	S A-5 SERVICE CREDIT
30	ADJUSTED BY THE ACTUARIAL IN	CREASE FACTOR, PLUS THE

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ANNUITIES PROVIDED IN SUBSECTION (A)(2) AND (5) AS OF THE DETERMINATION DATE; AND

3 (B) THE MAXIMUM SINGLE LIFE ANNUITY <u>CALCULATED</u>
4 <u>WITHOUT INCLUDING ANY ANNUITY ATTRIBUTABLE TO CLASS</u>
5 <u>A-5 SERVICE CREDIT</u> AS OF THE PRECEDING DETERMINATION
6 DATE ADJUSTED BY THE ACTUARIAL INCREASE FACTOR.
7 THE MAXIMUM SINGLE LIFE ANNUITY <u>CALCULATED WITHOUT</u>
8 <u>INCLUDING ANY ANNUITY ATTRIBUTABLE TO CLASS A-5 SERVICE</u>
9 <u>CREDIT</u> SHALL BE CALCULATED FOR EACH DETERMINATION DATE.

10 (2) FOR PURPOSES OF THIS SUBSECTION, THE DETERMINATION11 DATE SHALL BE:

12 (I) THE MEMBER'S BIRTHDAY, PROVIDED THAT AS OF SUCH
13 DATE THE MEMBER QUALIFIES FOR A MAXIMUM SINGLE LIFE
14 ANNUITY UNDER THIS SUBSECTION, DETERMINED EXCLUDING
15 ELIGIBILITY FOR ANY ANNUITY ATTRIBUTABLE TO CLASS A-5
16 SERVICE CREDIT; OR

17 (II) IF THE MEMBER'S MAXIMUM SINGLE LIFE ANNUITY IS
18 BEING DETERMINED AS OF THE MEMBER'S EFFECTIVE DATE OF
19 RETIREMENT, THEN THE DETERMINATION DATE SHALL BE THE
20 MEMBER'S EFFECTIVE DATE OF RETIREMENT.

(3) IN THE EVENT AN ACTIVE MEMBER, AN INACTIVE MEMBER ON 21 22 LEAVE WITHOUT PAY OR A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL 23 24 EMPLOYEES' RETIREMENT SYSTEM HAS ATTAINED AGE 70 BEFORE THE 25 EFFECTIVE DATE OF THIS SUBSECTION, OR ENTERS STATE SERVICE OR 26 SCHOOL SERVICE, AS THE CASE MAY BE, AFTER ATTAINING AGE 70, 27 THEN SECTION 5305.1 (RELATING TO ELIGIBILITY FOR ACTUARIAL 28 INCREASE FACTOR) AND SUBSECTIONS (A) AND (A.1) SHALL BE 29 EFFECTIVE PROSPECTIVELY WITH RESPECT TO SUCH MEMBER AT THE MEMBER'S NEXT BIRTHDAY AFTER THE EFFECTIVE DATE OF THIS 30

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SUBSECTION, ENTRY INTO STATE SERVICE, OR SCHOOL SERVICE.
 NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO PROVIDE AN
 ACTUARIAL INCREASE FACTOR FOR ANY PERIOD OF SERVICE PRIOR TO THE
 EFFECTIVE DATE OF THIS SUBSECTION.

(B) PRESENT VALUE OF ANNUITY.--THE PRESENT VALUE OF THE 5 6 MAXIMUM SINGLE LIFE ANNUITY AS CALCULATED IN ACCORDANCE WITH 7 SUBSECTION (A) OF THIS SECTION SHALL BE DETERMINED BY 8 MULTIPLYING THE MAXIMUM SINGLE LIFE ANNUITY BY THE COST OF A 9 DOLLAR ANNUITY ON THE EFFECTIVE DATE OF RETIREMENT, WHICH SHALL 10 TAKE INTO ACCOUNT ANY DELAY IN THE RECEIPT OF THE PORTION OF THE 11 ANNUITY BASED ON CLASS A-5 IF THE EFFECTIVE DATE OF RETIREMENT 12 IS UNDER THE SUPERANNUATION AGE APPLICABLE TO CLASS A-5 SERVICE. 13 SUCH PRESENT VALUE SHALL BE DECREASED ONLY AS REQUIRED UNDER THE 14 PROVISIONS OF SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS), 15 5509(C) (RELATING TO APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH) OR 5703 (RELATING TO REDUCTION OF ANNUITIES ON 16 17 ACCOUNT OF SOCIAL SECURITY OLD-AGE INSURANCE BENEFITS).

18 (C) LIMITATION ON AMOUNT OF ANNUITY.--THE ANNUITY PAID TO A 19 MEMBER UNDER SUBSECTION (A) ATTRIBUTABLE TO ANY CREDITED SERVICE 20 OTHER THAN AS A MEMBER OF CLASS A-5 AND REDUCED IN ACCORDANCE 21 WITH THE OPTION ELECTED UNDER SECTION 5705 (RELATING TO MEMBER'S 22 OPTIONS) SHALL NOT EXCEED THE HIGHEST COMPENSATION RECEIVED FOR 23 ANY CREDITED SERVICE OTHER THAN SERVICE CREDITED AS CLASS A-5 24 DURING ANY PERIOD OF TWELVE CONSECUTIVE MONTHS OF CREDITED 25 SERVICE. NO LIMIT ON THE TOTAL ANNUITY PAID TO A MEMBER WITH 26 CLASS D-3 SERVICE SHALL BE APPLIED IN THE CASE OF A MEMBER WHO 27 SERVED AS A CONSTITUTIONAL OFFICER OF THE GENERAL ASSEMBLY.

28 * * *

29 (E) COORDINATION OF BENEFITS. -- THE DETERMINATION AND PAYMENT
 30 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE

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<u>IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,</u>
 <u>HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT</u>
 IN THE PLAN.

4 § 5704. DISABILITY ANNUITIES.

(A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION 5 6 FOR A DISABILITY ANNUITY AND HAS BEEN FOUND TO BE ELIGIBLE IN 7 ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C)(1) (RELATING 8 TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM THE 9 10 EFFECTIVE DATE OF DISABILITY AS DETERMINED BY THE BOARD AND 11 CONTINUED UNTIL A SUBSEQUENT DETERMINATION BY THE BOARD THAT THE ANNUITANT IS NO LONGER ENTITLED TO A DISABILITY ANNUITY. [THE] 12 13 IF THE SUM OF THE PRODUCTS OF THE NUMBER OF YEARS AND FRACTIONAL 14 PART OF A YEAR OF CREDITED SERVICE IN EACH CLASS AND THE 15 APPROPRIATE CLASS OF SERVICE MULTIPLIER IS GREATER THAN 16.667, 16 THEN THE DISABILITY ANNUITY SHALL BE A SINGLE LIFE ANNUITY THAT 17 IS EQUAL TO [A] THE SUM OF THE STANDARD SINGLE LIFE [ANNUITY] 18 ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF SERVICE 19 MULTIPLIED BY THE APPROPRIATE CLASS OF SERVICE MULTIPLIER 20 [APPLICABLE TO THE CLASS OF SERVICE AT THE TIME OF DISABILITY IF 21 THE PRODUCT OF SUCH CLASS OF SERVICE MULTIPLIER AND THE TOTAL 22 NUMBER OF YEARS OF CREDITED SERVICE IS GREATER THAN 16.667, 23 OTHERWISE THE], OTHERWISE EACH STANDARD SINGLE LIFE ANNUITY 24 SHALL BE MULTIPLIED BY THE LESSER OF THE FOLLOWING RATIOS: 25 MY*/Y OR 16.667/Y 26 WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE, $Y^* = TOTAL$ YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE AS A 27 28 STATE EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE AS APPLICABLE 29 TO THAT CLASS OF SERVICE AT THE TIME OF DISABILITY, OR IF THE MEMBER HAS ATTAINED SUPERANNUATION AGE, AS APPLICABLE TO THAT 30

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CLASS OF SERVICE AT THE TIME OF DISABILITY, THEN THE NUMBER OF 1 2 YEARS OF CREDITED SERVICE AND M = THE CLASS OF SERVICE MULTIPLIER AS APPLICABLE TO THAT CLASS OF SERVICE AT THE 3 4 EFFECTIVE DATE OF DISABILITY. A MEMBER OF CLASS C SHALL RECEIVE, IN ADDITION, ANY ANNUITY TO WHICH HE MAY BE ELIGIBLE UNDER 5 6 SECTION 5702(A)(3) (RELATING TO MAXIMUM SINGLE LIFE ANNUITY). 7 THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A JOINT AND SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY ANNUITY TO 8 9 WHICH HE IS ENTITLED UNDER SECTION 5702.

10 * * *

(C) REDUCTION ON ACCOUNT OF EARNED INCOME.--SUBSEQUENT TO
JANUARY 1, 1972, PAYMENTS ON ACCOUNT OF DISABILITY SHALL BE
REDUCED BY THAT AMOUNT BY WHICH THE EARNED INCOME OF THE
ANNUITANT, AS REPORTED IN ACCORDANCE WITH SECTION 5908(B)
(RELATING TO RIGHTS AND DUTIES OF ANNUITANTS), FOR THE PRECEDING
CALENDAR YEAR TOGETHER WITH THE DISABILITY ANNUITY PAYMENTS
PROVIDED IN THIS SECTION OTHER THAN SUBSECTION (B), FOR THE
YEAR, EXCEEDS THE PRODUCT OF:

19 [(I)] (1) THE LAST YEAR'S SALARY OF THE ANNUITANT AS A
20 [STATE EMPLOYEE] <u>MEMBER OF THE SYSTEM</u>; AND

[(II)] (2) THE RATIO OF THE CURRENT MONTHLY PAYMENT TO
THE MONTHLY PAYMENT AT THE EFFECTIVE DATE OF DISABILITY;
PROVIDED, THAT THE ANNUITANT SHALL NOT RECEIVE LESS THAN HIS
MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE MAY BE ENTITLED UNDER
SECTION 5702 WHICHEVER IS GREATER.

26 * * *

(E) TERMINATION OF STATE SERVICE.--UPON TERMINATION OF
DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED
IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO:
(1) DOES NOT HAVE CLASS A-3 [OR], CLASS A-4 OR CLASS A-5

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(2) HAS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE 2 CREDIT AND FEWER THAN TEN ELIGIBILITY POINTS; 3 4 AND WHO DOES NOT RETURN TO STATE SERVICE MAY FILE AN APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE EXCESS, IF ANY, OF THE 5 6 SUM OF THE SHARED-RISK ACCUMULATED DEDUCTIONS PLUS THE REGULAR AND ADDITIONAL ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT AT 7 8 THE EFFECTIVE DATE OF DISABILITY OVER ONE-THIRD OF THE TOTAL 9 DISABILITY ANNUITY PAYMENTS RECEIVED. IF THE ANNUITANT ON THE 10 DATE OF TERMINATION OF SERVICE WAS ELIGIBLE FOR AN ANNUITY AS 11 PROVIDED IN SECTION 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR 12 ANNUITIES), HE MAY FILE AN APPLICATION WITH THE BOARD FOR AN 13 ELECTION OF AN OPTIONAL MODIFICATION OF HIS ANNUITY.

14 (F) SUPPLEMENT FOR SERVICE CONNECTED DISABILITY.--

15 (1) IF A MEMBER HAS BEEN FOUND TO BE ELIGIBLE FOR A DISABILITY ANNUITY AND IF THE DISABILITY HAS BEEN FOUND TO BE 16 A SERVICE CONNECTED DISABILITY AND IF THE MEMBER IS RECEIVING 17 18 WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN MEDICAL 19 BENEFITS, SUCH MEMBER SHALL RECEIVE A SUPPLEMENT EQUAL TO 20 [70% OF HIS FINAL AVERAGE SALARY] THE AMOUNT DETERMINED UNDER 21 PARAGRAPH (2) LESS THE SUM OF THE ANNUITY AS DETERMINED UNDER 22 SUBSECTION (A) AND ANY PAYMENTS PAID OR PAYABLE ON ACCOUNT OF 23 SUCH DISABILITY UNDER THE ACT OF JUNE 2, 1915 (P.L.736, 24 NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT, THE ACT OF 25 JUNE 21, 1939 (P.L.566, NO.284), KNOWN AS THE PENNSYLVANIA 26 OCCUPATIONAL DISEASE ACT, AND THE SOCIAL SECURITY ACT (49 27 STAT. 620, 42 U.S.C. § 301 ET SEQ.). SUCH SUPPLEMENT SHALL CONTINUE AS LONG AS HE IS DETERMINED TO BE DISABLED AND IS 28 29 RECEIVING WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN MEDICAL BENEFITS ON ACCOUNT OF HIS SERVICE CONNECTED 30

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DISABILITY IN ACCORDANCE WITH THE WORKERS' COMPENSATION ACT 1 2 OR THE PENNSYLVANIA OCCUPATIONAL DISEASE ACT. IF THE MEMBER 3 HAS RECEIVED A LUMP SUM WORKERS' COMPENSATION PAYMENT IN LIEU 4 OF FUTURE WEEKLY COMPENSATION PAYMENTS, THE LENGTH IN WEEKS AND CALCULATION OF THE SERVICE CONNECTED DISABILITY 5 6 SUPPLEMENT SHALL BE DETERMINED BY DIVIDING THE LUMP SUM 7 PAYMENT BY THE AVERAGE WEEKLY WAGE AS DETERMINED BY THE 8 WORKERS' COMPENSATION BOARD. 9 (2) FOR A MEMBER WHO DOES NOT HAVE CLASS A-5 SERVICE OR HAS ONLY CLASS A-5 SERVICE, THE AMOUNT TO BE USED TO 10 11 DETERMINE ELIGIBILITY FOR THE SUPPLEMENT UNDER PARAGRAPH (1) 12 SHALL BE 70% OF HIS FINAL AVERAGE SALARY. FOR A MEMBER WHO 13 HAS CLASS A-5 SERVICE AND OTHER CLASSES OF SERVICE, THE 14 AMOUNT TO BE USED TO DETERMINE ELIGIBILITY FOR THE SUPPLEMENT 15 UNDER PARAGRAPH (1) SHALL BE DETERMINED USING THE FOLLOWING 16 FORMULA: $A = 0.7 [(FAS^{A-5} \underline{MULTIPLIED BY Y^{A-5}/Y^{T}}) +$ 17 18 (FAS^W MULTIPLIED BY Y^{W}/Y^{T})]. 19 (3) THE FOLLOWING APPLY TO THE FORMULA IN PARAGRAPH (2): 20 (I) A EOUALS THE AMOUNT USED TO DETERMINE THE 21 SUPPLEMENT; 22 (II) Y^T EQUALS TOTAL YEARS OF CREDITED SERVICE; 23 (III) Y[™] EQUALS YEARS OF SERVICE CREDITED IN CLASSES 24 OF SERVICE OTHER THAN CLASS A-5; 25 (IV) FAS[™] EQUALS FINAL AVERAGE SALARY CALCULATED FOR 26 CLASSES OF SERVICE OTHER THAN CLASS A-5; 27 (V) Y^{A-5} EQUALS YEARS OF SERVICE CREDITED IN CLASS A-28 5; AND 29 (VI) FAS^{A-5} EQUALS FINAL AVERAGE SALARY CALCULATED 30 FOR SERVICE CREDITED IN CLASS A-5.

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1 * * *

(H) COORDINATION OF BENEFITS. -- THE DETERMINATION AND PAYMENT
OF A DISABILITY ANNUITY UNDER THIS SECTION IS IN ADDITION TO ANY
PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE, HAS RECEIVED OR IS
RECEIVING AS A RESULT OF BEING A PARTICIPANT IN THE PLAN.
SECTION 320. SECTION 5705 (A) OF TITLE 71, AMENDED DECEMBER

7 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

8 § 5705. MEMBER'S OPTIONS.

(A) GENERAL RULE. -- ANY SPECIAL VESTEE [WHO HAS ATTAINED 9 10 SUPERANNUATION AGE, ANY VESTEE WHO DOES NOT HAVE CLASS A-3 OR 11 CLASS A-4 SERVICE CREDIT HAVING FIVE OR MORE ELIGIBILITY POINTS 12 FOR SERVICE OTHER THAN CLASS T-E OR CLASS T-F SERVICE IN THE 13 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR VESTEE WHO HAS 14 CLASS A-3 OR CLASS A-4 SERVICE CREDIT HAVING TEN OR MORE 15 ELIGIBILITY POINTS, ANY MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING 16 17 FIVE OR MORE ELIGIBILITY POINTS OR ANY OTHER ELIGIBLE MEMBER 18 UPON TERMINATION OF STATE SERVICE WHO HAS NOT WITHDRAWN HIS 19 TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5701 20 (RELATING TO RETURN OF TOTAL ACCUMULATED DEDUCTIONS)] / VESTEE 21 OR ANY OTHER MEMBER UPON TERMINATION OF STATE SERVICE WHO IS 22 ELIGIBLE TO RECEIVE AN ANNUITY AS PROVIDED IN SECTION 5308(A) OR 23 (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) MAY APPLY FOR AND 24 ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE ANNUITY, AS 25 CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5702 26 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY 27 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE 28 MAXIMUM SINGLE LIFE ANNUITY AND IN ACCORDANCE WITH ONE OF THE 29 FOLLOWING OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE 30

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OR ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF
THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT HE
MAY HAVE ELECTED TO RECEIVE IS LESS THAN 50% OF THE PRESENT
VALUE OF HIS MAXIMUM SINGLE LIFE ANNUITY AND NO MEMBER MAY ELECT
A PAYMENT OPTION THAT WOULD PROVIDE BENEFITS THAT DO NOT SATISFY
THE MINIMUM DISTRIBUTION REQUIREMENTS OR WOULD VIOLATE THE
INCIDENTAL DEATH BENEFIT RULES OF IRC § 401(A) (9):

8

(1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH:

9 (I) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO ALL 10 CLASSES OF SERVICE OTHER THAN CLASS A-5 EQUAL TO THE PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY 11 ATTRIBUTABLE TO ALL CLASSES OF SERVICE OTHER THAN CLASS 12 13 A-5 ON THE EFFECTIVE DATE OF RETIREMENT WITH THE 14 PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE 15 16 PAYABLE TO HIS BENEFICIARY[.]; AND

17(II) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO18CLASS A-5 SERVICE EQUAL TO THE PRESENT VALUE OF THE19MAXIMUM SINGLE LIFE ANNUITY ATTRIBUTABLE TO CLASS A-520SERVICE ON THE EFFECTIVE DATE OF RETIREMENT WITH THE21PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS22THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE23PAYABLE TO HIS BENEFICIARY.

(2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE
DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
LIVING AT HIS DEATH.

(3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR
ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONEHALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR

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1 ANNUITANT, IF LIVING AT HIS DEATH.

2 (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE
3 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
4 MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
5 RESTRICTIONS:

6 (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
7 DURING THE LIFETIME OF THE MEMBER;

8 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE 9 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN 10 ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER; 11 AND

(III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A 12 13 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT 14 EXCEED AN AMOUNT EOUAL TO THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER THAT ARE 15 NOT THE RESULT OF CONTRIBUTIONS AND STATUTORY INTEREST 16 MADE OR CREDITED AS A RESULT OF CLASS A-3 OR CLASS A-4 17 18 SERVICE. THE BALANCE OF THE PRESENT VALUE OF THE MAXIMUM 19 SINGLE LIFE ANNUITY ADJUSTED IN ACCORDANCE WITH SECTION 20 5702 (B) SHALL BE PAID IN THE FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A SINGLE LIFE ANNUITY, OR A 21 22 JOINT AND SURVIVOR ANNUITY OR ANY COMBINATION THEREOF BUT 23 SUBJECT TO THE RESTRICTIONS OF SUBPARAGRAPHS (I) AND (II) 24 UNDER THIS OPTION.

25 * * *

26 SECTION 320.1. SECTION 5705.1 OF TITLE 71 IS AMENDED TO 27 READ:

28 § 5705.1. PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM
29 CLASS A-3 [AND], CLASS A-4 <u>AND CLASS A-5</u> SERVICE.
30 ANY SUPERANNUATION OR WITHDRAWAL ANNUITANT WHO:

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1 (1) HAS CLASS A-3 [OR], CLASS A-4 <u>OR CLASS A-5</u> SERVICE 2 CREDIT;

3 (2) HAS SERVICE CREDITED IN ONE OR MORE CLASSES OF
4 SERVICE; AND

(3) BECAUSE HE HAS FIVE OR MORE, BUT FEWER THAN TEN, 5 6 ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON HIS CLASS A-3 [OR], CLASS A-4 AND CLASS A-5 SERVICE 7 8 SHALL RECEIVE IN A LUMP SUM AT THE TIME OF HIS RETIREMENT, IN 9 ADDITION TO ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY 10 ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A-3 11 OR CLASS A-4 SERVICE CREDIT. PAYMENT OF THESE ACCUMULATED 12 DEDUCTIONS RESULTING FROM CLASS A-3 [OR], CLASS A-4 AND CLASS A-5 SERVICE CREDIT SHALL NOT BE ELIGIBLE FOR INSTALLMENT PAYMENTS 13 PURSUANT TO SECTION 5905.1 (RELATING TO INSTALLMENT PAYMENTS OF 14 15 ACCUMULATED DEDUCTIONS) BUT SHALL BE CONSIDERED A LUMP SUM PAYMENT FOR PURPOSES OF SECTION 5905.1(D). 16

17 SECTION 320.2 SECTION 5706(A), (A.1), (A.2), (B) AND (C)(1)
18 OF TITLE 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE
19 AMENDED TO READ:

20 § 5706. TERMINATION OF ANNUITIES.

21 (A) GENERAL RULE.--

22 (1) IF THE ANNUITANT RETURNS TO STATE SERVICE OR ENTERS OR HAS ENTERED SCHOOL SERVICE AND ELECTS MULTIPLE SERVICE 23 24 MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART SHALL 25 CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE SERVICE 26 OR ENTERING SCHOOL SERVICE WITHOUT REGARD TO WHETHER HE IS A 27 MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER, 28 29 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR PARTICIPANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM 30

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1 OR SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AND IN THE 2 CASE OF AN ANNUITY OTHER THAN A DISABILITY ANNUITY THE 3 PRESENT VALUE OF SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN 4 THE CASE OF A JOINT COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR FULL COVERAGE, SHALL BE FROZEN AS OF 5 6 THE DATE SUCH ANNUITY CEASES. AN ANNUITANT WHO IS CREDITED 7 WITH AN ADDITIONAL 10% OF CLASS A AND CLASS C SERVICE AS 8 PROVIDED IN SECTION 5302(C) (RELATING TO CREDITED STATE 9 SERVICE) AND WHO RETURNS TO STATE SERVICE SHALL FORFEIT SUCH 10 CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE 11 ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN 12 APPLIED TO HIS ACCOUNT. IN THE EVENT THAT THE COST-OF-LIVING INCREASE ENACTED DECEMBER 18, 1979 OCCURRED DURING THE PERIOD 13 OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE 14 SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS 15 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT 16 17 RETURNED TO SERVICE.

18 (2) THIS SUBSECTION SHALL NOT APPLY IN THE CASE OF ANY19 ANNUITANT WHO:

(I) MAY RENDER SERVICES TO THE COMMONWEALTH IN THE
 CAPACITY OF AN INDEPENDENT CONTRACTOR; OR

(II) IS OVER NORMAL RETIREMENT AGE OR WHO HAS BEEN
AN ANNUITANT FOR MORE THAN ONE YEAR AND WHO MAY RENDER
SERVICE TO THE COMMONWEALTH:

(A) AS A MEMBER OF AN INDEPENDENT BOARD OR
COMMISSION OR AS A MEMBER OF A DEPARTMENTAL
ADMINISTRATIVE OR ADVISORY BOARD OR COMMISSION WHEN
SUCH MEMBERS OF INDEPENDENT OR DEPARTMENTAL BOARDS OR
COMMISSIONS ARE COMPENSATED ON A PER DIEM BASIS FOR
NOT MORE THAN 150 DAYS PER CALENDAR YEAR; OR

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1 (B) AS A MEMBER OF AN INDEPENDENT BOARD OR 2 COMMISSION REQUIRING APPOINTMENT BY THE GOVERNOR, 3 WITH ADVICE AND CONSENT OF THE SENATE, WHERE THE 4 ANNUAL SALARY PAYABLE TO THE MEMBER DOES NOT EXCEED 5 \$35,000 AND WHERE THE MEMBER HAS BEEN AN ANNUITANT 6 FOR AT LEAST SIX MONTHS IMMEDIATELY PRECEDING THE 7 APPOINTMENT.

8 <u>SUCH SERVICE SHALL NOT BE ELIGIBLE FOR PARTICIPATION IN THE</u>
 9 <u>PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER</u>
 10 DEFINED CONTRIBUTIONS.

11 (A.1) RETURN TO STATE SERVICE DURING EMERGENCY.--WHEN, IN THE JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE 12 13 IN THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF SERVICE TO THE PUBLIC, AN ANNUITANT WHO IS OVER NORMAL 14 15 RETIREMENT AGE OR WHO HAS BEEN AN ANNUITANT FOR MORE THAN ONE YEAR MAY BE RETURNED TO STATE SERVICE FOR A PERIOD NOT TO EXCEED 16 17 95 DAYS IN ANY CALENDAR YEAR WITHOUT LOSS OF HIS ANNUITY. IN 18 COMPUTING THE NUMBER OF DAYS AN ANNUITANT HAS RETURNED TO STATE 19 SERVICE, ANY AMOUNT OF TIME LESS THAN ONE-HALF OF A DAY SHALL BE 20 COUNTED AS ONE-HALF OF A DAY. FOR AGENCIES, BOARDS AND COMMISSIONS UNDER THE GOVERNOR'S JURISDICTION, THE APPROVAL OF 21 22 THE GOVERNOR THAT AN EMERGENCY EXISTS SHALL BE REQUIRED BEFORE 23 AN ANNUITANT MAY BE RETURNED TO STATE SERVICE <u>HIS SERVICE SHALL</u> 24 NOT BE SUBJECT TO MEMBER CONTRIBUTIONS OR BE ELIGIBLE FOR 25 OUALIFICATION AS CREDITABLE STATE SERVICE OR FOR PARTICIPATION 26 IN THE PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR 27 EMPLOYER DEFINED CONTRIBUTIONS. 28 (A.2) RETURN OF BENEFITS. -- IN THE EVENT AN ANNUITANT WHOSE

29 ANNUITY <u>FROM THE SYSTEM</u> CEASES PURSUANT TO THIS SECTION RECEIVES 30 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO

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SECTION 5705 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE 1 2 OF HIS RETURN TO STATE SERVICE OR ENTERING SCHOOL SERVICE, THE 3 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM 4 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS 5 6 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR SCHOOL EMPLOYEE 7 8 WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' 9 RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST 10 THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON 11 BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION 12 PLANS AGREED TO BY THE MEMBER AND THE BOARD MAY INCLUDE A 13 DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE 14 TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN 15 ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS 16 17 SOLE DISCRETION DETERMINES. IN THE CASE OF A SCHOOL EMPLOYEE WHO 18 IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 19 SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO 20 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL 21 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

22 * * *

(B) SUBSEQUENT DISCONTINUANCE OF SERVICE.--UPON SUBSEQUENT
DISCONTINUANCE OF SERVICE, SUCH MEMBER OTHER THAN A FORMER
ANNUITANT WHO HAD THE EFFECT OF HIS FROZEN PRESENT VALUE
ELIMINATED IN ACCORDANCE WITH SUBSECTION (C) OR A FORMER
DISABILITY ANNUITANT SHALL BE ENTITLED TO AN ANNUITY WHICH IS
ACTUARIALLY EQUIVALENT TO THE SUM OF:

29 (1) THE PRESENT VALUE AS DETERMINED UNDER SUBSECTION (A)
30 [AND];

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1 (2) THE PRESENT VALUE OF A MAXIMUM SINGLE LIFE ANNUITY 2 BASED ON YEARS OF SERVICE CREDITED <u>IN CLASSES OF SERVICE</u> 3 <u>OTHER THAN CLASS A-5</u> SUBSEQUENT TO REENTRY IN THE SYSTEM AND 4 HIS FINAL AVERAGE SALARY COMPUTED BY REFERENCE TO HIS 5 COMPENSATION <u>FOR SERVICE CREDITED IN CLASSES OF SERVICE OTHER</u> 6 <u>THAN CLASS A-5 AND CLASS T-G</u> DURING HIS ENTIRE PERIOD OF 7 STATE AND SCHOOL SERVICE[.]; <u>AND</u>

8 (3) IF ELIGIBLE, THE PRESENT VALUE OF A MAXIMUM SINGLE 9 LIFE ANNUITY BASED ON YEARS OF SERVICE CREDITED IN CLASS A-5 10 SUBSEQUENT TO REENTRY IN THE SYSTEM AND HIS FINAL AVERAGE 11 SALARY COMPUTED BY REFERENCE TO HIS COMPENSATION FOR SERVICE 12 CREDITED IN CLASS A-5 AND CLASS T-G DURING HIS ENTIRE PERIOD 13 OF STATE AND SCHOOL SERVICE.

14 (C) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

(1) AN ANNUITANT WHO RETURNS TO STATE SERVICE <u>AS AN</u>
<u>ACTIVE MEMBER OF THE SYSTEM</u> AND EARNS THREE ELIGIBILITY
POINTS BY PERFORMING CREDITED STATE SERVICE <u>IN A CLASS OF</u>
<u>SERVICE OTHER THAN CLASS A-5</u> FOLLOWING THE MOST RECENT PERIOD
OF RECEIPT OF AN ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO
ENTERS SCHOOL SERVICE AND:

21

(I) IS A MULTIPLE SERVICE MEMBER; OR

22 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND 23 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE 24 SERVICE OR CREDITED SCHOOL SERVICE IN CLASSES OF SERVICE OTHER THAN CLASS A-5 OR CLASS T-G FOLLOWING THE MOST RECENT 25 26 PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND WHO HAD 27 THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE WITH 28 SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE 29 FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF RETIREMENT ELIMINATED, PROVIDED THAT ALL PAYMENTS UNDER 30

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1 OPTION 4 AND ANNUITY PAYMENTS PAYABLE DURING PREVIOUS PERIODS 2 OF RETIREMENT PLUS INTEREST AS SET FORTH IN PARAGRAPH (3) 3 SHALL BE RETURNED TO THE FUND IN THE FORM OF AN ACTUARIAL 4 ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE 5 BOARD MAY OTHERWISE DIRECT.

* * *

6

7 SECTION 321. SECTION 5707(B), (E) AND (F) OF TITLE 71 ARE
8 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
9 READ:

10 § 5707. DEATH BENEFITS.

11 * * *

(B) MEMBERS INELIGIBLE FOR ANNUITIES.--IN THE EVENT OF THE
DEATH OF A SPECIAL VESTEE, AN ACTIVE MEMBER, AN INACTIVE MEMBER
ON LEAVE WITHOUT PAY OR A CURRENT OR FORMER STATE EMPLOYEE
PERFORMING USERRA LEAVE WHO IS NOT ENTITLED TO A DEATH BENEFIT
AS PROVIDED IN SUBSECTION (A), HIS DESIGNATED BENEFICIARY SHALL
BE PAID THE FULL AMOUNT OF HIS TOTAL ACCUMULATED DEDUCTIONS <u>AND</u>
CLASS A-5 ACCUMULATED DEDUCTIONS.

19 (B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF

20 SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE.--IN THE

21 EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY

22 BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND

23 INELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES

24 OF SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED

25 ON THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN

26 ADDITION TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED

27 DEDUCTIONS ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT

28 ELIGIBLE FOR AN ANNUITY.

29 * * *

30 (E) ANNUITANTS ELECTING MAXIMUM SINGLE LIFE ANNUITY.--

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1 (1) IN THE EVENT OF THE DEATH OF AN ANNUITANT WHO HAS 2 ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE ANNUITY BEFORE HE 3 HAS RECEIVED IN ANNUITY PAYMENTS <u>BASED ON HIS SERVICE</u> 4 <u>CREDITED IN CLASSES OTHER THAN CLASS A-5</u> THE FULL AMOUNT OF 5 THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT ON 6 THE EFFECTIVE DATE OF RETIREMENT, THE BALANCE SHALL BE PAID 7 TO HIS DESIGNATED BENEFICIARY.

8 (2) IN THE EVENT OF THE DEATH OF AN ANNUITANT WHO HAS 9 ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE ANNUITY BEFORE HE 10 HAS RECEIVED IN ANNUITY PAYMENTS BASED ON HIS SERVICE 11 CREDITED IN CLASS A-5 THE FULL AMOUNT OF THE CLASS A-5 12 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT ON THE 13 EFFECTIVE DATE OF RETIREMENT, THE BALANCE SHALL BE PAID TO

14 <u>HIS DESIGNATED BENEFICIARY.</u>

15 (F) MEMBERS SUBJECT TO LIMITATIONS UNDER SECTION 5702(C).--SUBJECT TO THE LIMITATIONS CONTAINED IN SECTION 401(A)(9) OF THE 16 17 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 18 401(A)(9)), THE PRESENT VALUE OF ANY ANNUITY IN EXCESS OF THAT 19 PAYABLE UNDER SECTION 5702 (RELATING TO MAXIMUM SINGLE LIFE 20 ANNUITY) THAT IS NOT SUBJECT TO THE LIMITATIONS UNDER SECTION 21 415(B) OF THE INTERNAL REVENUE CODE OF 1986 SHALL BE PAID IN A 22 LUMP SUM TO THE BENEFICIARY DESIGNATED BY THE MEMBER AFTER THE 23 DEATH OF THE MEMBER. A BENEFICIARY RECEIVING A BENEFIT UNDER 24 THIS SUBSECTION SHALL NOT BE ABLE TO ELECT A PAYMENT METHOD 25 OTHERWISE ALLOWED UNDER SECTION 5709(B)(2) AND (3) (RELATING TO PAYMENT OF BENEFITS FROM THE SYSTEM). 26

27 * * *

28 SECTION 321.1. SECTION 5709(A) OF TITLE 71 IS AMENDED TO 29 READ:

30 § 5709. PAYMENT OF BENEFITS FROM THE SYSTEM.

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1 (A) ANNUITIES. -- ANY ANNUITY GRANTED UNDER THE PROVISIONS OF 2 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY 3 INSTALLMENTS. 4 (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION 5 6 5707 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF OPTION 1 OF SECTION 5705(A)(1) (RELATING TO MEMBER'S OPTIONS) IS 7 8 \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT 9 ACCORDING TO ONE OF THE FOLLOWING OPTIONS: 10 (1) A LUMP SUM PAYMENT; 11 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT 12 PAYABLE; OR 13 (3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE 14 ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS 15 THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY. 16 * * * SECTION 322. TITLE 71 IS AMENDED BY ADDING A CHAPTER TO 17 18 READ: 19 CHAPTER 58 20 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN 21 <u>SEC.</u> 22 5801. ESTABLISHMENT. 23 5802. PLAN DOCUMENT. 24 <u>5803. INDIVIDUAL INVESTMENT ACCOUNTS.</u> 25 5804. PARTICIPANT CONTRIBUTIONS. 26 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS. 27 5806. EMPLOYER DEFINED CONTRIBUTIONS. 28 5806.1. USE OF PLAN SAVINGS. 29 5807. ELIGIBILITY FOR BENEFITS.

30 <u>5808. DEATH BENEFITS.</u>

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- 1 <u>5809. VESTING.</u>
- 2 <u>5810. TERMINATION OF DISTRIBUTIONS.</u>
- 3 <u>5811. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER</u>
- 4 ORGANIZATIONS.
- 5 <u>5812.</u> POWERS AND DUTIES OF BOARD.
- 6 <u>5813. RESPONSIBILITY FOR INVESTMENT LOSS.</u>
- 7 <u>5814. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT ALLOCATION</u> 8 CHOICES.
- 9 <u>5815. EXPENSES.</u>
- 10 <u>5816. (RESERVED).</u>
- 11 <u>5817. TAX QUALIFICATION.</u>
- 12 5818. STATE EMPLOYEES' DEFINED CONTRIBUTION HOLDING VEHICLE
- 13 <u>TRUST.</u>
- 14 <u>§ 5801. ESTABLISHMENT.</u>
- 15 (A) STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE STATE 16 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD 17 SHALL ADMINISTER AND MANAGE THE PLAN WHICH SHALL BE A DEFINED 18 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE 19 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES 20 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE 21 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT 22 INCONSISTENT WITH THIS PART, IRC OR OTHER APPLICABLE LAW AND 23 SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION. 24 (B) STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE STATE 25 EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS PART OF 26 THE PLAN. THE TRUST SHALL BE COMPRISED OF THE INDIVIDUAL 27 INVESTMENT ACCOUNTS AND ALL ASSETS AND MONEYS IN THOSE ACCOUNTS. 28 THE MEMBERS OF THE BOARD SHALL BE THE TRUSTEES OF THE TRUST, 29 WHICH SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE
- 30 STATE EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR

1	BENEFICIARIES WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC §
2	401(A). THE BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF
3	THE TRUST NOT INCONSISTENT WITH THIS PART, IRC OR OTHER
4	APPLICABLE LAW AND SHALL PROVIDE FOR THE INVESTMENT AND
5	ADMINISTRATION OF THE TRUST.
6	(C) ASSETS HELD IN TRUST ALL ASSETS AND INCOME IN THE PLAN
7	THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE
8	PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE
9	WITH THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
10	PERMITTED BY THE APPLICABLE PROVISIONS OF IRC FOR THE EXCLUSIVE
11	BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES UNTIL SUCH
12	TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS OR THEIR
13	BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN DOCUMENT.
14	THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE BENEFIT
15	OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED FOR THE
16	PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE
16 17	PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.
17	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.
17 18 19	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.
17 18 19	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL
17 18 19 20	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS
17 18 19 20 21	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME
17 18 19 20 21 22	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN."
17 18 19 20 21 22 23	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY
17 18 19 20 21 22 23 24	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF
17 18 19 20 21 22 23 24 25	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF REGISTERING SECURITIES IN ORDER TO FACILITATE THE PURCHASE, SALE
17 18 19 20 21 22 23 24 25 26	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF REGISTERING SECURITIES IN ORDER TO FACILITATE THE PURCHASE, SALE OR OTHER DISPOSITION OF SECURITIES PURSUANT TO THE PROVISIONS OF
17 18 19 20 21 22 23 24 25 26 27	ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST. (D) NAME FOR TRANSACTING BUSINESSALL OF THE BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF REGISTERING SECURITIES IN ORDER TO FACILITATE THE PURCHASE, SALE OR OTHER DISPOSITION OF SECURITIES PURSUANT TO THE PROVISIONS OF THIS PART.

30 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS

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1	OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED
2	IN THE PENNSYLVANIA BULLETIN. THE CREATION OF THE DOCUMENT
3	CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE TRUST
4	DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND PROVISIONS OF
5	THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY REGULATION OR
6	FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE ACT OF JULY
7	31, 1968 (P.L.769, NO.240), REFERRED TO AS THE COMMONWEALTH
8	DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER LAW TO THE PLAN
9	SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE CONTEXT CLEARLY
10	INDICATES OTHERWISE.
11	<u>§ 5803. INDIVIDUAL INVESTMENT ACCOUNTS.</u>
12	THE BOARD SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
13	INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
14	CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON BEHALF
15	OF A PARTICIPANT SHALL BE CREDITED TO THE PARTICIPANT'S
16	INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH ALL INTEREST AND
17	INVESTMENT EARNINGS AND LOSSES. INVESTMENT AND ADMINISTRATIVE
18	FEES, COSTS AND EXPENSES SHALL BE CHARGED TO THE PARTICIPANTS'
19	INDIVIDUAL INVESTMENT ACCOUNTS. EMPLOYER DEFINED CONTRIBUTIONS
20	SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY FROM PARTICIPANT
21	CONTRIBUTIONS, BUT ALL INTEREST, INVESTMENT EARNINGS AND LOSSES,
22	AND INVESTMENT AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL
23	BE ALLOCATED PROPORTIONATELY.
24	<u>§ 5804. PARTICIPANT CONTRIBUTIONS.</u>
25	(A) MANDATORY CONTRIBUTIONS A PARTICIPANT SHALL MAKE
26	MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL
27	DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
28	FOR STATE SERVICE REQUIRED TO BE CREDITED IN THE PLAN. THE
29	EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE REQUIRED TO
30	BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM EACH

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PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD. 1 2 (B) VOLUNTARY CONTRIBUTIONS.--A PARTICIPANT MAY MAKE 3 VOLUNTARY CONTRIBUTIONS THROUGH DIRECT TRUSTEE-TO-TRUSTEE 4 TRANSFERS OR THROUGH TRANSFERS OF MONEY RECEIVED IN AN ELIGIBLE 5 ROLLOVER INTO THE TRUST TO THE EXTENT ALLOWED BY IRC § 402. THE 6 ROLLOVERS SHALL BE MADE IN A FORM AND MANNER AS DETERMINED BY 7 THE BOARD, SHALL BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL 8 INVESTMENT ACCOUNT AND SHALL BE SEPARATELY ACCOUNTED FOR BY THE 9 BOARD. 10 (C) PROHIBITED CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE 11 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN 12 13 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY 14 DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS 15 IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE 16 CONTRIBUTIONS SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD. 17 § 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS. 18 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--THE CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION 19 20 5804(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO 21 STATE SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED 22 UP BY THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS 23 THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER 24 THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A 25 PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY 26 PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF 27 THE PARTICIPANT. 28 (B) TREATMENT FOR OTHER PURPOSES.--FOR ALL PURPOSES OTHER 29 THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE 30

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1	SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE
2	MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP.
3	§ 5806. EMPLOYER DEFINED CONTRIBUTIONS.
4	(A) CONTRIBUTIONS FOR SERVICE THE COMMONWEALTH OR OTHER
5	EMPLOYER OF AN ACTIVE PARTICIPANT SHALL MAKE EMPLOYER DEFINED
6	CONTRIBUTIONS FOR SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE
7	CREDITED TO THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT
8	ACCOUNT. EMPLOYER DEFINED CONTRIBUTIONS SHALL BE RECORDED AND
9	ACCOUNTED FOR SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.
10	(B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED
11	FROM USERRA LEAVEWHEN A STATE EMPLOYEE REEMPLOYED FROM USERRA
12	LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
13	PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE COMMONWEALTH OR
14	OTHER EMPLOYER BY WHOM THE STATE EMPLOYEE IS EMPLOYED AT THE
15	TIME THE PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER
16	EMPLOYER DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS
17	SECTION HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS
18	CONTINUED TO BE EMPLOYED IN THE PARTICIPANT'S STATE OFFICE OR
19	POSITION INSTEAD OF PERFORMING USERRA LEAVE. THE EMPLOYER
20	DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE PARTICIPANT'S
21	INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE PROVIDED BY THIS
22	PART.
23	(C) LIMITATIONS ON CONTRIBUTIONS NO CONTRIBUTIONS MAY BE
24	ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
25	TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
26	IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
27	DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
28	CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
29	EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER
30	BY THE BOARD.

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1	<u>§ 5806.1. USE OF PLAN SAVINGS.</u>
2	(A) DETERMINATION THE SYSTEM SHALL DETERMINE THE
3	DIFFERENCE BETWEEN:
4	(1) THE CURRENT AGGREGATE EMPLOYER CONTRIBUTIONS AND THE
5	AGGREGATE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN
6	REQUIRED BY ACT 120 OF 2010.
7	(2) THE CURRENT PLAN EXPENDITURES AND THE PLAN
8	EXPENDITURES THAT WOULD HAVE BEEN REQUIRED BY ACT 120 OF
9	<u>2010.</u>
10	(B) UTILIZATION ANY SAVINGS REALIZED BASED ON THE
11	IMPLEMENTATION OF THE PLAN, AS DETERMINED UNDER SUBSECTION (A),
12	SHALL BE UTILIZED TO PAY DOWN THE ACCRUED UNFUNDED LIABILITY.
13	(C) INTENTIT IS THE INTENT OF THE GENERAL ASSEMBLY TO
14	MAKE AN ANNUAL APPROPRIATION FROM THE GENERAL FUND TO THE SYSTEM
15	IN THE AMOUNT DETERMINED UNDER SUBSECTION (A)(1).
16	(D) DEFINITIONAS USED IN THIS SECTION, THE TERM "ACT 120
17	OF 2010" SHALL MEAN THE ACT OF NOVEMBER 23, 2010 (P.L.1269,
18	NO.120), ENTITLED, "AN ACT AMENDING TITLES 24 (EDUCATION) AND 71
19	(STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES, IN
20	TITLE 24, FURTHER PROVIDING FOR DEFINITIONS, FOR MANDATORY AND
21	OPTIONAL MEMBERSHIP, FOR CONTRIBUTIONS BY THE COMMONWEALTH, FOR
22	PAYMENTS BY EMPLOYERS, FOR ACTUARIAL COST METHOD, FOR ADDITIONAL
23	SUPPLEMENTAL ANNUITIES, FOR FURTHER ADDITIONAL SUPPLEMENTAL
24	ANNUITIES, FOR SUPPLEMENTAL ANNUITIES COMMENCING 1994, FOR
25	SUPPLEMENTAL ANNUITIES COMMENCING 1998, FOR SUPPLEMENTAL
26	ANNUITIES COMMENCING 2002, FOR SUPPLEMENTAL ANNUITIES COMMENCING
27	2003, FOR ADMINISTRATIVE DUTIES OF BOARD, FOR PAYMENTS TO SCHOOL
28	ENTITIES BY COMMONWEALTH, FOR ELIGIBILITY POINTS FOR RETENTION
29	AND REINSTATEMENT OF SERVICE CREDITS AND FOR CREDITABLE

30 NONSCHOOL SERVICE; PROVIDING FOR ELECTION TO BECOME A CLASS T-F_

1	MEMBER; FURTHER PROVIDING FOR CLASSES OF SERVICE, FOR
2	ELIGIBILITY FOR ANNUITIES, FOR ELIGIBILITY FOR VESTING, FOR
3	REGULAR MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR
4	CREDITABLE SCHOOL SERVICE, FOR CONTRIBUTIONS FOR PURCHASE OF
5	CREDIT FOR CREDITABLE NONSCHOOL SERVICE, FOR MAXIMUM SINGLE LIFE
6	ANNUITY, FOR DISABILITY ANNUITIES, FOR MEMBER'S OPTIONS, FOR
7	DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS
8	AND FOR RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS;
9	PROVIDING FOR INDEPENDENT FISCAL OFFICE STUDY; IN TITLE 71,
10	ESTABLISHING AN INDEPENDENT FISCAL OFFICE AND MAKING A RELATED
11	REPEAL; FURTHER PROVIDING FOR DEFINITIONS, FOR CREDITED STATE
12	SERVICE, FOR RETENTION AND REINSTATEMENT OF SERVICE CREDITS, FOR
13	CREDITABLE NONSTATE SERVICE AND FOR CLASSES OF SERVICE;
14	PROVIDING FOR ELECTION TO BECOME A CLASS A-4 MEMBER; FURTHER
15	PROVIDING FOR ELIGIBILITY FOR ANNUITIES AND FOR ELIGIBILITY FOR
16	VESTING; PROVIDING FOR SHARED-RISK MEMBER CONTRIBUTIONS FOR
17	CLASS A-3 AND CLASS A-4 SERVICE; FURTHER PROVIDING FOR WAIVER OF
18	REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION
19	MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR PURCHASE OF
20	CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE
21	MEMBER, FOR CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
22	CREDITABLE NONSTATE SERVICE, FOR CONTRIBUTIONS BY THE
23	COMMONWEALTH AND OTHER EMPLOYERS, FOR ACTUARIAL COST METHOD, FOR
24	MAXIMUM SINGLE LIFE ANNUITY, FOR DISABILITY ANNUITIES AND FOR
25	MEMBER'S OPTIONS; PROVIDING FOR PAYMENT OF ACCUMULATED
26	DEDUCTIONS RESULTING FROM CLASS A-3 SERVICE; FURTHER PROVIDING
27	FOR ADDITIONAL SUPPLEMENTAL ANNUITIES, FOR FURTHER ADDITIONAL
28	SUPPLEMENTAL ANNUITIES, FOR SUPPLEMENTAL ANNUITIES COMMENCING
29	1994, FOR SUPPLEMENTAL ANNUITIES COMMENCING 1998, FOR
30	SUPPLEMENTAL ANNUITIES COMMENCING 2002, FOR SUPPLEMENTAL

1	ANNUITIES COMMENCING 2003, FOR SPECIAL SUPPLEMENTAL
2	POSTRETIREMENT ADJUSTMENT OF 2002, FOR ADMINISTRATIVE DUTIES OF
3	THE BOARD, FOR DUTIES OF BOARD TO ADVISE AND REPORT TO HEADS OF
4	DEPARTMENTS AND MEMBERS, FOR DUTIES OF BOARD REGARDING
5	APPLICATIONS AND ELECTIONS OF MEMBERS, FOR INSTALLMENT PAYMENTS
6	OF ACCUMULATED DEDUCTIONS, FOR RIGHTS AND DUTIES OF STATE
7	EMPLOYEES AND MEMBERS, FOR MEMBERS' SAVINGS ACCOUNT, FOR STATE
8	ACCUMULATION ACCOUNT, FOR STATE POLICE BENEFIT ACCOUNT, FOR
9	ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, FOR SUPPLEMENTAL ANNUITY
10	ACCOUNT AND FOR CONSTRUCTION OF PART; AND PROVIDING FOR
11	INDEPENDENT FISCAL OFFICE STUDY, FOR RETIREMENT ELIGIBILITY OF
12	PENNSYLVANIA STATE POLICE OFFICERS OR MEMBERS, FOR A PROHIBITION
13	ON THE ISSUANCE OF PENSION OBLIGATION BONDS, FOR HOLDING CERTAIN
14	PUBLIC OFFICIALS HARMLESS, FOR CONSTRUCTION OF CALCULATION OR
15	ACTUARIAL METHOD, FOR APPLICABILITY AND FOR CERTAIN OPERATIONAL
16	PROVISIONS."
16 17	<u>provisions."</u> <u>§ 5807. Eligibility for benefits.</u>
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17	§ 5807. ELIGIBILITY FOR BENEFITS.
17 18	<u>§ 5807. ELIGIBILITY FOR BENEFITS.</u> (A) TERMINATION OF SERVICEA PARTICIPANT WHO TERMINATES
17 18 19	<u>§ 5807. ELIGIBILITY FOR BENEFITS.</u> (A) TERMINATION OF SERVICEA PARTICIPANT WHO TERMINATES STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED
17 18 19 20	§ 5807. ELIGIBILITY FOR BENEFITS. (A) TERMINATION OF SERVICEA PARTICIPANT WHO TERMINATES STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE
17 18 19 20 21	§ 5807. ELIGIBILITY FOR BENEFITS. (A) TERMINATION OF SERVICE A PARTICIPANT WHO TERMINATES STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
17 18 19 20 21 22	§ 5807. ELIGIBILITY FOR BENEFITS. (A) TERMINATION OF SERVICEA PARTICIPANT WHO TERMINATES STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
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1	(B) REQUIRED DISTRIBUTIONS ALL PAYMENTS PURSUANT TO THIS
2	SECTION SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
3	DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
4	IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY
5	DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
6	THOSE REQUIREMENTS.
7	(C) (RESERVED).
8	(D) PROHIBITED DISTRIBUTIONSA PARTICIPANT WHO ALSO IS A
9	MEMBER OF THE SYSTEM MUST BE TERMINATED FROM ALL POSITIONS THAT
10	RESULT IN EITHER MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN
11	THE PLAN TO BE ELIGIBLE TO RECEIVE A DISTRIBUTION.
12	(E) LOANSLOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
13	OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO STATE
14	EMPLOYEES WHO HAVE NOT TERMINATED STATE SERVICE ARE NOT
15	PERMITTED, EXCEPT AS REQUIRED BY LAW.
16	(F) SMALL INDIVIDUAL INVESTMENT ACCOUNTSA PARTICIPANT WHO
17	TERMINATES STATE SERVICE AND WHOSE VESTED ACCUMULATED TOTAL
18	DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW
19	AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED
20	ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS
21	<u>provided in irc § 401(A)(31).</u>
22	<u>§ 5808. death benefits.</u>
23	(A) GENERAL RULEIN THE EVENT OF THE DEATH OF AN ACTIVE
24	PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
25	PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
26	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
27	SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN
28	DOCUMENT.
29	(B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONSIN THE
30	EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE

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1	BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
2	BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
3	LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
4	THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE
5	METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE
6	PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S
7	BENEFICIARY OR SUCCESSOR PAYEE, AS THE CASE MAY BE, AS PROVIDED
8	IN THE PLAN DOCUMENT.
9	(C) CONTRACTSTHE BOARD MAY CONTRACT WITH FINANCIAL
10	INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY
11	PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM
12	DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM
13	AND MANNER AS PROVIDED BY THE CONTRACT.
14	<u>§ 5809. VESTING.</u>
15	(A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONSSUBJECT TO THE
16	FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 5953 (RELATING
17	TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS
18	PROVIDED BY LAW, A PARTICIPANT SHALL BE VESTED WITH RESPECT TO
19	ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY
20	CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT TO THE
21	TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS OR LOSSES ON
22	THE PARTICIPANT CONTRIBUTIONS BUT NOT INCLUDING INVESTMENT FEES
23	AND ADMINISTRATIVE CHARGES.
24	(B) EMPLOYER DEFINED CONTRIBUTIONS
25	(1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS
26	OF SECTION 5953 OR OTHERWISE AS PROVIDED BY LAW, A
27	PARTICIPANT WITH THREE ELIGIBILITY POINTS AS PROVIDED UNDER
28	<u>SECTION 5307(C)(3) (RELATING TO ELIGIBILITY POINTS) SHALL BE</u>
29	VESTED WITH RESPECT TO ALL EMPLOYER DEFINED CONTRIBUTIONS
30	PAID TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN

1 THE TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS AND 2 LOSSES ON THE EMPLOYER DEFINED CONTRIBUTIONS BUT NOT 3 INCLUDING INVESTMENT FEES AND ADMINISTRATIVE CHARGES. 4 (2) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS AND THE INTEREST AND INVESTMENT GAINS AND LOSSES ON THE NONVESTED 5 6 EMPLOYER DEFINED CONTRIBUTIONS THAT ARE FORFEITED WHEN A 7 PARTICIPANT TERMINATES STATE SERVICE BEFORE ACCRUING THREE 8 ELIGIBILITY POINTS AS PROVIDED UNDER SECTION 5307(C)(3) ARE 9 CREDITED TO THE PARTICIPANT'S MOST RECENT EMPLOYER'S FUTURE 10 OBLIGATION ASSESSED UNDER SECTION 5509 (RELATING TO 11 APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH). 12 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN 13 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE 14 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER 15 THIS SECTION FOR THE STATE SERVICE THAT WOULD HAVE BEEN PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE. 16 17 § 5810. TERMINATION OF DISTRIBUTIONS. 18 (A) RETURN TO STATE SERVICE.--19 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE 20 PARTICIPANT WHO RETURNS TO STATE SERVICE SHALL CEASE 21 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE 22 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES 23 STATE SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS A 24 MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR 25 PARTICIPANT IN THE PLAN. 26 (2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION OF 27 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS OR OTHER 28 DISTRIBUTIONS THAT THE PARTICIPANT HAS RECEIVED OR USED TO 29 PURCHASE AN ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD. 30 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

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1	(1) IF A FORMER STATE EMPLOYEE IS REEMPLOYED FROM USERRA
2	LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE PLAN
3	DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE
4	BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN THE
5	PLAN DOCUMENT.
6	(2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
7	BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
8	ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN
9	THE CASE OF AN ACTIVE PARTICIPANT MAY BE AMORTIZED WITH
10	INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY
11	DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE
12	PARTICIPANT AND THE BOARD, BUT FOR NOT LONGER THAN A PERIOD
13	THAT STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUES FOR
14	UP TO THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S
15	IMMEDIATE PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD
16	SHALL NOT EXCEED FIVE YEARS.
17	§ 5811. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER
18	ORGANIZATIONS.
19	(A) WRITTEN AGREEMENTTO ESTABLISH AND ADMINISTER THE
20	PLAN, THE BOARD SHALL ENTER INTO A WRITTEN AGREEMENT WITH ONE OR
21	MORE FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS
22	TO ADMINISTER THE PLAN AND THE INVESTMENT OF FUNDS HELD PURSUANT
23	TO THE PLAN. THE ADMINISTRATOR SHALL BE SELECTED IN ACCORDANCE
24	WITH THE FOLLOWING:
25	(1) THE BOARD SHALL SOLICIT PROPOSALS FROM FINANCIAL
26	INSTITUTIONS AND PENSION MANAGEMENT ORGANIZATIONS.
27	(2) THE BOARD SHALL PUBLISH THE SOLICITATION IN THE
28	PENNSYLVANIA BULLETIN.
29	(3) PROPOSALS RECEIVED SHALL BE EVALUATED BASED ON
30	SPECIFIC CRITERIA ADOPTED BY THE BOARD. THE CRITERIA SHALL

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1	INCLUDE EXPERIENCE, CUSTOMER SERVICE HISTORY AND OTHER
2	CRITERIA.
3	(B) REBIDA CONTRACT TO ADMINISTER THE PLAN UNDER
4	SUBSECTION (A) SHALL BE REBID AT LEAST ONCE EVERY TEN YEARS.
5	<u>§ 5812. POWERS AND DUTIES OF BOARD.</u>
6	THE BOARD SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
7	ESTABLISH THE PLAN AND TRUST AND ADMINISTER THE PROVISIONS OF
8	THIS CHAPTER AND PART:
9	(1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
10	ASSETS OF OTHER PERSONS OR ENTITIES.
11	(2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
12	AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE
13	PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM
14	THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS
15	THE GENERAL ASSEMBLY OTHERWISE PROVIDES BY APPROPRIATIONS
16	FROM THE GENERAL FUND.
17	(3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND
18	LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY
19	MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.
20	(4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS
21	OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED
22	STATUS OF THE PLAN.
23	(5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO
24	PARTICIPATE IN THE PLAN BY THOSE STATE EMPLOYEES FOR WHOM
25	PARTICIPATION IS NOT MANDATORY.
26	(6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT
27	REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF
28	ASSURING THAT THE FUND MANAGER CONTINUES TO MEET ALL
29	STANDARDS AND CRITERIA ESTABLISHED.
30	(7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND

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1	DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM
2	QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE
3	EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.
4	(8) THE BOARD MAY ALLOW A FORMER PARTICIPANT TO MAINTAIN
5	THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT WITHIN THE
6	PLAN.
7	(9) THE BOARD SHALL ADMINISTER OR ENSURE THE
8	ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE
9	QUALIFICATIONS AND OTHER RULES OF THE IRC.
10	(10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR
11	THE LAWFUL PAYMENT OF BENEFITS.
12	(11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A
13	TERMINATION OF STATE SERVICE.
14	(12) THE BOARD MAY ESTABLISH PROCEDURES FOR
15	DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
16	THE IRC.
17	(13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
18	DOCUMENT OR PROMULGATE RULES AND REGULATIONS AS IT DEEMS
19	NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
20	INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:
21	(I) PROCEDURES FOR ELIGIBLE PARTICIPANTS TO CHANGE
22	THEIR INVESTMENT CHOICES ON A PERIODIC BASIS OR MAKE
23	OTHER ELECTIONS REGARDING THEIR PARTICIPATION IN THE
24	PLAN.
25	(II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
26	PARTICIPANT CONTRIBUTIONS FROM A PARTICIPANT'S
27	COMPENSATION.
28	(III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-
29	TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED AS
30	PART OF THE PLAN.

1	(IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS
2	THAN TEN OPTIONS IN ACCORDANCE WITH THREE OR MORE
3	PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS
4	REGARDING INVESTMENTS OF AMOUNTS DEFERRED UNDER THE PLAN.
5	THE STANDARDS AND CRITERIA MUST PROVIDE FOR VARIETY OF
6	INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE
7	WITH CRITERIA ESTABLISHED BY THE BOARD. ONE OF THE
8	AVAILABLE OPTIONS MUST SERVE AS THE DEFAULT OPTION FOR
9	PARTICIPANTS WHO DO NOT MAKE A TIMELY ELECTION AND, TO
10	THE EXTENT COMMERCIALLY AVAILABLE, ONE OPTION MUST HAVE
11	AN ANNUITY.
12	(V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE
13	PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME
14	ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL
15	FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS
16	DEFERRED TO COVER THE FEES, COSTS AND EXPENSES OF
17	ADMINISTERING AND MANAGING THE PLAN OR TRUST.
18	(VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE
19	MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION
20	FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES
21	CONSISTENT WITH THE PURPOSE OF THE PLAN.
22	(14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION
23	REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES
24	THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF
25	THE PLAN.
26	(15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN
27	LIEU OF STAFF, EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED
28	BY LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT
29	REQUIRED BY LAW TO BE PERFORMED BY THE BOARD CAN BE DELEGATED
30	TO A THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.
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1	(16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE
2	EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE
3	EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.
4	(17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE
5	PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS
6	AND CHOICES.
7	§ 5813. RESPONSIBILITY FOR INVESTMENT LOSS.
8	THE BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL
9	SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY INVESTMENT LOSS
10	INCURRED UNDER THE PLAN OR FOR THE FAILURE OF ANY INVESTMENT TO
11	EARN ANY SPECIFIC OR EXPECTED RETURN OR TO EARN AS MUCH AS ANY
12	OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT THE OTHER
13	OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.
14	<u>§ 5814. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT</u>
15	ALLOCATION CHOICES.
16	(A) INVESTMENT BY PARTICIPANTALL CONTRIBUTIONS, INTEREST
17	AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A
18	PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT
19	ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN
20	PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED CONTRIBUTIONS.
21	EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY WITH THE AMOUNT
22	OF CONTRIBUTIONS, INTEREST AND INVESTMENT EARNINGS.
23	(B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN
24	THE COMMONWEALTH INVESTMENT OF CONTRIBUTIONS BY ANY
25	CORPORATION, INSTITUTION, INSURANCE COMPANY OR CUSTODIAL BANK
26	THAT THE BOARD HAS APPROVED SHALL NOT BE UNREASONABLY DELAYED,
27	AND IN NO CASE MAY THE INVESTMENT OF CONTRIBUTIONS BE DELAYED
28	MORE THAN 30 DAYS FROM THE DATE OF PAYROLL DEDUCTION OR THE DATE
29	VOLUNTARY CONTRIBUTIONS ARE MADE TO THE DATE THAT FUNDS ARE
30	INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT

1	SHALL BE ALLOCATED TO THE COMMONWEALTH AND CREDITED TO THE
2	INDIVIDUAL INVESTMENT ACCOUNTS OF PARTICIPANTS WHO ARE THEN
3	PARTICIPATING IN THE PLAN UNLESS THE INTEREST IS USED TO DEFRAY
4	ADMINISTRATIVE COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED
5	TO BE BORNE BY PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE
6	PLAN.
7	<u>§ 5815. EXPENSES.</u>
8	ALL FEES, COSTS AND EXPENSES OF ADMINISTERING THE PLAN AND
9	THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE
10	BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE
11	BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY
12	THE BOARD, EXCEPT THAT FOR FISCAL YEARS ENDING BEFORE JULY 1,
13	2020, AND FOR ANY ADDITIONAL FISCAL YEARS AS THE GENERAL
14	ASSEMBLY MAY PROVIDE, THE FEES, COSTS AND EXPENSES OF
15	ESTABLISHING AND ADMINISTERING THE PLAN AND THE TRUST SHALL BE
16	PAID BY THE COMMONWEALTH THROUGH ANNUAL APPROPRIATIONS FROM THE
17	GENERAL FUND, MADE ON THE BASIS OF ESTIMATES FROM THE BOARD.
18	<u>§ 5816. (RESERVED).</u>
19	<u>§ 5817. TAX QUALIFICATION.</u>
20	(A) REQUIRED DISTRIBUTIONS ALL PAYMENTS PURSUANT TO THIS
21	CHAPTER SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
22	DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
23	<u>IRC § 401(A).</u>
24	(B) LIMITATIONSTHE FOLLOWING SHALL APPLY:
25	(1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND
26	NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION
27	OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED ANY
28	LIMITATION UNDER IRC § 415 WITH RESPECT TO GOVERNMENTAL
29	PLANS WHICH IS IN EFFECT ON THE DATE THE CONTRIBUTION OR
30	BENEFIT PAYMENT TAKES EFFECT.

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1	(II) AN INCREASE IN A LIMITATION UNDER IRC § 415
2	SHALL APPLY TO ALL PARTICIPANTS ON AND AFTER THE
3	EFFECTIVE DATE OF THIS SECTION.
4	(III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM
5	"GOVERNMENT PLANS" SHALL HAVE THE SAME MEANING AS THE
6	TERM HAS IN IRC § 414(D).
7	(2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN
8	AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF
9	THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR
10	ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR
11	PARTICIPANTS RECEIVING DISTRIBUTIONS SHALL NOT BE DEEMED
12	TO PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF ANY
13	LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF
14	THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY
15	PROVIDED BY LEGISLATION.
16	(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE
17	IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS
18	SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED
19	AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.
20	§ 5818. STATE EMPLOYEES' DEFINED CONTRIBUTION HOLDING VEHICLE
21	TRUST.
22	(A) ESTABLISHMENTTHE STATE EMPLOYEES' DEFINED
23	CONTRIBUTION HOLDING VEHICLE TRUST IS ESTABLISHED AS PART OF THE
24	PLAN. THE HOLDING VEHICLE TRUST SHALL BE COMPRISED OF THE
25	INDIVIDUAL INVESTMENT ACCOUNTS AND ALL ASSETS AND MONEYS IN
26	THOSE ACCOUNTS FROM JANUARY 1, 2018, UNTIL THE EARLIER OF THE
27	DATE THE BOARD CERTIFIES THAT THE STATE EMPLOYEES' DEFINED
28	CONTRIBUTION TRUST IS OPERATIONAL AND ABLE TO ACCEPT PARTICIPANT
29	AND EMPLOYER CONTRIBUTIONS OR DECEMBER 31, 2018, UNLESS THE
30	BOARD SO CERTIFIES ON OR BEFORE JANUARY 1, 2018. THE MEMBERS OF

THE BOARD SHALL BE THE TRUSTEES OF THE HOLDING VEHICLE TRUST, 1 2 WHICH SHALL BE HELD IN A SEPARATE ACCOUNT, ESTABLISHED BY THE 3 TREASURY DEPARTMENT AND SHALL NOT BE INCONSISTENT WITH THIS 4 PART, THE IRC OR OTHER APPLICABLE LAW. THE HOLDING VEHICLE TRUST 5 SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE 6 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES 7 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A) 8 SUBJECT TO THE REOUIREMENTS OF CHAPTER 59 (RELATING TO 9 ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS). 10 (B) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE 11 HOLDING VEHICLE TRUST THAT ARE WITHHELD OR CONTRIBUTED BY THE PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE 12 13 WITH THIS PART SHALL BE HELD IN TRUST AS PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE EXCLUSIVE BENEFIT OF 14 15 THE PARTICIPANTS AND THEIR BENEFICIARIES UNTIL SUCH TIME AS THE 16 FUNDS ARE TRANSFERRED TO THE STATE EMPLOYEES' DEFINED 17 CONTRIBUTION TRUST IN ACCORDANCE WITH THE TERMS OF THE PLAN 18 DOCUMENT. THE ASSETS OF THE HOLDING VEHICLE TRUST MAY BE USED 19 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE 20 ADMINISTRATION AND INVESTMENT OF THE HOLDING VEHICLE TRUST AND 21 TRANSFER OF ASSETS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION 22 TRUST. 23 (C) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.--ALL 24 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED 25 CONTRIBUTIONS THAT ARE REQUIRED UNDER SECTIONS 5804 (RELATING TO PARTICIPANT CONTRIBUTIONS), 5805 (RELATING TO MANDATORY PICKUP 26 27 PARTICIPANT CONTRIBUTIONS) AND 5806 (RELATING TO EMPLOYER 28 DEFINED CONTRIBUTIONS) TO BE MADE TO THE STATE EMPLOYEES' 29 DEFINED CONTRIBUTION TRUST UPON CERTIFICATION OF SUCH TRUST SHALL BE MADE TO THE HOLDING VEHICLE TRUST PRIOR TO THE DATE THE 30

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2 THE EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE. 3 REQUIRED TO BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM. 4 EACH PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD AND. 5 SUCH PARTICIPANT CONTRIBUTIONS SHALL BE PICKED UP BY THE. 6 COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE 7 EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC \$ 414(H). ON AND. 8 AFTER THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING. 9 A PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY. 10 PARTICIPANT, NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY. 11 THE PARTICIPANT, NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY. 12 CONTRIBUTIONS TO THE HOLDING VEHICLE TRUST. 13 (D) TREATMENT FOR OTHER PURPOSESFOR ALL PURPOSES OTHER. 14 THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS WERE. 15 SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE 16 SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS MAY BE 17 MADE DIRECTLY BY THE FARTICIPANT AND NOT PICKED UF. 18 (E) LIMITATIONS ON CONTRIBUTIONSNO CONTRIBUTIONS MAY BE 19 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED	1	BOARD CERTIFIES THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.
4 EACH PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD AND 5 SUCH PARTICIPANT CONTRIBUTIONS SHALL BE PICKED UP BY THE. 6 COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE 7 EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC \$ 414(H). ON AND. 8 AFTER THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING 9 A PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY, 10 FARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF 11 THE FARTICIPANT, NO FARTICIPANT IS PERMITTED TO MAKE VOLUNTARY, 12 CONTRIBUTIONS TO THE HOLDING VEHICLE TRUST. 13 (D) TREATMENT FOR OTHER PURPOSESFOR ALL PURPOSES OTHER 14 THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS 15 SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE 16 SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE 17 MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP. 18 (E) LIMITATIONS ON CONTRIBUTIONSNO CONTRIBUTIONS MAY BE 19 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED 20 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN 21 IRC \$ 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT AN	2	THE EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE
5 SUCH PARTICIPANT CONTRIBUTIONS SHALL BE PICKED UP BY THE. 6 COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE. 7 EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC \$ 414(H). ON AND. 8 AFTER THE EFFECTIVE DATE OF THIS SECTION. AN EMPLOYER EMPLOYING. 9 A PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY. 9 PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY. 10 PARTICIPANT. NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY. 11 THE PARTICIPANT. NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY. 12 CONTRIBUTIONS TO THE HOLDING VEHICLE TRUST. 13 (D) TREATMENT FOR OTHER PURPOSESFOR ALL PURPOSES OTHER. 14 THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS 15 SHALL BE TREATED AS CONTRIBUTIONS MADE BY A FARTICIPANT IN THE. 16 SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE 17 MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP. 18 (E) LIMITATIONS ON CONTRIBUTIONSNO CONTRIBUTIONS MAY BE. 19 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED. 20 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN 21 IRC \$ 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY.	3	REQUIRED TO BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM
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10PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF11THE PARTICIPANT. NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY12CONTRIBUTIONS TO THE HOLDING VEHICLE TRUST.13(D) TREATMENT FOR OTHER PURPOSESFOR ALL PURPOSES OTHER14THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS15SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE16SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE17MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP.18(E) LIMITATIONS ON CONTRIBUTIONSNO CONTRIBUTIONS MAY BE19ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED20TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN21IRC \$ 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY22DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED23CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT.24EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER25BY THE BOARD.26(F) DEATH BENEFITSIN THE EVENT OF THE DEATH OF AN ACTIVE27PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE	8	AFTER THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING
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 EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER BY THE BOARD. (F) DEATH BENEFITSIN THE EVENT OF THE DEATH OF AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE 	22	DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
 25 <u>BY THE BOARD.</u> 26 (F) <u>DEATH BENEFITSIN THE EVENT OF THE DEATH OF AN ACTIVE</u> 27 <u>PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE</u> 	23	CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
26 (F) DEATH BENEFITSIN THE EVENT OF THE DEATH OF AN ACTIVE 27 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE	24	EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER
27 <u>PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE</u>	25	BY THE BOARD.
	26	(F) DEATH BENEFITSIN THE EVENT OF THE DEATH OF AN ACTIVE
28 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE	27	PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
	28	PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
29 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM.	29	PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM.
30 (G) INTERESTUPON THE DISBURSEMENT OF A RETURN OF CLASS A-	30	(G) INTERESTUPON THE DISBURSEMENT OF A RETURN OF CLASS A-

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1	5 ACCUMULATED DEDUCTIONS TO A PARTICIPANT WHO HAS TERMINATED
2	STATE SERVICE OR OF A DEATH BENEFIT TO A PARTICIPANT'S
3	DESIGNATED BENEFICIARIES OR UPON THE TRANSFER OF ALL ASSETS IN
4	THE HOLDING VEHICLE TRUST TO THE STATE EMPLOYEES' DEFINED
5	CONTRIBUTION TRUST OR DECEMBER 31, 2017, WHICHEVER OCCURS FIRST,
6	THE COMMONWEALTH SHALL MAKE AN INTEREST PAYMENT TO THE HOLDING
7	VEHICLE TRUST. THE INTEREST PAYMENT SHALL BE EQUAL TO 4% ANNUAL
8	RATE OF RETURN ON THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
9	AND EMPLOYER DEFINED CONTRIBUTIONS MADE FOR THE PARTICIPANT,
10	INCREASED OR DECREASED FOR ANY INVESTMENT LOSSES OR EARNINGS
11	WHILE IN THE HOLDING VEHICLE TRUST, BUT IN NO CASE SHALL THE
12	INTEREST PAYMENT BE LESS THAN ZERO.
13	(H) RESPONSIBILITY FOR LOSS OF INVESTMENT OPPORTUNITYTHE
14	BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL
15	SUBDIVISION SHALL NOT BE RESPONSIBLE FOR THE FAILURE OF ANY
16	INVESTMENT IN THE HOLDING VEHICLE TRUST TO EARN ANY SPECIFIC OR
17	EXPECTED RETURN GREATER THAN THE 4% INTEREST RATE PAID UNDER
18	SUBSECTION (G) OR TO EARN AS MUCH AS ANY OTHER INVESTMENT
19	OPPORTUNITY, WHETHER OR NOT THE OTHER OPPORTUNITY WAS OFFERED TO
20	PARTICIPANTS IN THE HOLDING VEHICLE TRUST.
21	(I) TERMINATION OF HOLDING VEHICLE TRUSTAFTER THE
22	DISBURSEMENT OR TRANSFER OF ALL ASSETS IN THE HOLDING VEHICLE
23	TRUST AND THE CERTIFICATION BY THE BOARD THAT NO FURTHER
24	LIABILITIES FROM THE HOLDING VEHICLE TRUST EXIST, THE HOLDING
25	VEHICLE TRUST SHALL BE CLOSED, AND THIS SECTION, EXCEPT FOR
26	SUBSECTION (H), SHALL BECOME INOPERATIVE.
27	SECTION 323. SECTION 5901(A), (C), (D) AND (E) OF TITLE 71
28	ARE AMENDED TO READ:
29	§ 5901. THE STATE EMPLOYEES' RETIREMENT BOARD.
30	(A) STATUS AND MEMBERSHIPTHE BOARD SHALL BE AN

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INDEPENDENT ADMINISTRATIVE BOARD AND CONSIST OF 11 MEMBERS: THE 1 2 STATE TREASURER, EX OFFICIO, TWO SENATORS, TWO MEMBERS OF THE 3 HOUSE OF REPRESENTATIVES AND SIX MEMBERS APPOINTED BY THE 4 GOVERNOR, ONE OF WHOM SHALL BE AN ANNUITANT OF THE SYSTEM OR A PARTICIPANT IN THE PLAN WHO HAS TERMINATED STATE SERVICE AND IS 5 RECEIVING OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, FOR TERMS OF 6 7 FOUR YEARS, SUBJECT TO CONFIRMATION BY THE SENATE. AT LEAST FIVE BOARD MEMBERS SHALL BE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE 8 PARTICIPANTS IN THE PLAN, AND AT LEAST TWO SHALL HAVE TEN OR 9 10 MORE YEARS OF CREDITED STATE SERVICE OR SHALL HAVE BEEN ACTIVE 11 PARTICIPANTS IN THE PLAN FOR TEN CALENDAR YEARS. THE CHAIRMAN OF 12 THE BOARD SHALL BE DESIGNATED BY THE GOVERNOR FROM AMONG THE 13 MEMBERS OF THE BOARD. EACH MEMBER OF THE BOARD WHO IS A MEMBER 14 OF THE GENERAL ASSEMBLY MAY APPOINT A DULY AUTHORIZED DESIGNEE 15 TO ACT IN HIS STEAD. IN THE EVENT THAT A BOARD MEMBER, WHO IS 16 DESIGNATED AS AN ACTIVE PARTICIPANT OR AS A PARTICIPANT IN THE 17 PLAN WHO IS RECEIVING OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, 18 RECEIVES A TOTAL DISTRIBUTION OF HIS INTEREST IN THE PLAN, THAT 19 BOARD MEMBER MAY CONTINUE TO SERVE ON THE BOARD FOR THE

20 <u>REMAINDER OF HIS TERM.</u>

21 * * *

22 (C) OATH OF OFFICE. -- EACH MEMBER OF THE BOARD SHALL TAKE AN OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM, 23 24 DILIGENTLY AND HONESTLY, ADMINISTER THE AFFAIRS OF SAID BOARD, 25 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE 26 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW 27 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE 28 MEMBER TAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS 29 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE SECRETARY OF THE COMMONWEALTH. 30

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(D) COMPENSATION AND EXPENSES. -- THE MEMBERS OF THE BOARD WHO 1 2 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL 3 SERVE WITHOUT COMPENSATION BUT SHALL NOT SUFFER LOSS OF SALARY 4 OR WAGES THROUGH SERVING ON THE BOARD. THE MEMBERS OF THE BOARD WHO ARE NOT MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN 5 6 SHALL RECEIVE \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER, 7 WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO 8 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS 9 10 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES 11 ARE NOT EXECUTED.

12 (E) CORPORATE POWER AND LEGAL ADVISOR. -- FOR THE PURPOSES OF 13 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A 14 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE 15 THE LEGAL ADVISOR OF THE BOARD.] THE BOARD SHALL BE CONSIDERED TO BE AN INDEPENDENT AGENCY UNDER THE ACT OF OCTOBER 15, 1980 16 (P.L.950, NO.164), KNOWN AS THE COMMONWEALTH ATTORNEYS ACT. 17 18 LEGAL COUNSEL TO THE BOARD SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF GENERAL COUNSEL, THE ATTORNEY GENERAL AND 19 20 THE GENERAL ASSEMBLY.

21 SECTION 324. SECTIONS 5902(A)(2), (A.1), (B), (C), (E), (H), 22 (I), (J), (K), (M) AND (N) AND 5903 HEADING AND (B) OF TITLE 71 23 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS 24 TO READ:

25 § 5902. ADMINISTRATIVE DUTIES OF THE BOARD.

26 (A) EMPLOYEES.--

* * *

27

(2) NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW, THE
 COMPENSATION OF INVESTMENT PROFESSIONALS <u>AND LEGAL COUNSEL</u>
 SHALL BE ESTABLISHED BY THE BOARD. THE COMPENSATION OF ALL

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1 OTHER OFFICERS AND EMPLOYEES OF THE BOARD WHO ARE NOT COVERED 2 BY A COLLECTIVE BARGAINING AGREEMENT SHALL BE ESTABLISHED BY 3 THE BOARD CONSISTENT WITH THE STANDARDS OF COMPENSATION 4 ESTABLISHED BY THE EXECUTIVE BOARD OF THE COMMONWEALTH. (A.1) SECRETARY.--THE SECRETARY SHALL ACT AS CHIEF 5 6 ADMINISTRATIVE OFFICER FOR THE BOARD WITH RESPECT TO BOTH THE SYSTEM AND THE PLAN. IN ADDITION TO OTHER POWERS AND DUTIES 7 8 CONFERRED UPON AND DELEGATED TO THE SECRETARY BY THE BOARD, THE 9 SECRETARY SHALL:

10 (1) SERVE AS THE ADMINISTRATIVE AGENT OF THE BOARD.
11 (2) SERVE AS LIAISON BETWEEN THE BOARD AND APPLICABLE
12 LEGISLATIVE COMMITTEES, THE TREASURY DEPARTMENT, THE
13 DEPARTMENT OF THE AUDITOR GENERAL, AND BETWEEN THE BOARD AND
14 THE INVESTMENT COUNSEL AND THE MORTGAGE SUPERVISOR IN
15 ARRANGING FOR INVESTMENTS TO SECURE MAXIMUM RETURNS TO THE
16 FUND.

17 (3) REVIEW AND ANALYZE PROPOSED LEGISLATION AND
18 LEGISLATIVE DEVELOPMENTS AFFECTING THE SYSTEM <u>OR THE PLAN</u> AND
19 PRESENT FINDINGS TO THE BOARD, LEGISLATIVE COMMITTEES, AND
20 OTHER INTERESTED GROUPS OR INDIVIDUALS.

(4) DIRECT THE MAINTENANCE OF FILES AND RECORDS AND
 PREPARATION OF PERIODIC REPORTS REQUIRED FOR ACTUARIAL
 EVALUATION STUDIES.

(5) RECEIVE INQUIRIES AND REQUESTS FOR INFORMATION
CONCERNING THE SYSTEM <u>OR THE PLAN</u> FROM THE PRESS,
COMMONWEALTH OFFICIALS, STATE EMPLOYEES, THE GENERAL PUBLIC,
RESEARCH ORGANIZATIONS, AND OFFICIALS AND ORGANIZATIONS FROM
OTHER STATES, AND PROVIDE INFORMATION AS AUTHORIZED BY THE
BOARD.

30 (6) <u>(1)</u> SUPERVISE A STAFF OF ADMINISTRATIVE, TECHNICAL,

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AND CLERICAL EMPLOYEES ENGAGED IN RECORD-KEEPING AND
 CLERICAL PROCESSING ACTIVITIES FOR BOTH THE SYSTEM AND
 THE PLAN IN MAINTAINING FILES OF MEMBERS AND
 PARTICIPANTS, ACCOUNTING FOR CONTRIBUTIONS, PROCESSING
 PAYMENTS TO ANNUITANTS AND TERMINATED PARTICIPANTS,
 PREPARING REQUIRED REPORTS, AND RETIREMENT COUNSELING.

 7
 (II) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES

 8
 PROVIDED FOR UNDER THIS PARAGRAPH FOR BOTH THE SYSTEM AND

 9
 THE PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES

 10
 INCURRED UNDER THIS PARAGRAPH BETWEEN THE SYSTEM AND THE

 11
 PLAN AS APPROPRIATE.

12 (B) PROFESSIONAL PERSONNEL.--

13 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF
14 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS AND
15 COUNSELORS, AND SUCH OTHER PROFESSIONAL PERSONNEL AS IT DEEMS
16 ADVISABLE. THE BOARD MAY, WITH THE APPROVAL OF THE ATTORNEY
17 GENERAL, CONTRACT FOR LEGAL SERVICES.

 18
 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS

 19
 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE

 20
 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED

 21
 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS

22 <u>APPROPRIATE.</u>

23 (C) EXPENSES.--

24 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE
 25 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE

26 ADMINISTRATIVE EXPENSES OF [THIS PART] THE SYSTEM AND A

27 <u>SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE</u>

28 PLAN WHICH BUDGETS SHALL INCLUDE THOSE EXPENSES NECESSARY TO

29 <u>ESTABLISH THE PLAN AND TRUST</u>.

30 (2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE

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GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
 INVESTMENT EARNINGS OF THE FUND.

3 (3) FOR FISCAL YEARS ENDING ON OR BEFORE JUNE 30, 2019, 4 SUCH EXPENSES OF THE PLAN AND THE HOLDING VEHICLE TRUST AS APPROVED BY THE GENERAL ASSEMBLY IN AN APPROPRIATION BILL 5 6 SHALL BE PAID FROM THE GENERAL FUND. FOR FISCAL YEARS 7 BEGINNING ON OR AFTER JULY 1, 2019, SUCH EXPENSES OF THE PLAN AND THE HOLDING VEHICLE TRUST AS APPROVED BY THE GENERAL 8 9 ASSEMBLY SHALL BE PAID FROM INTEREST, PURSUANT TO SECTION 10 5814 (B) (RELATING TO INVESTMENTS BASED ON PARTICIPANTS' 11 INVESTMENT ALLOCATION CHOICES), ASSESSMENTS ON THE BALANCES 12 OF THE PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR AS 13 OTHERWISE PROVIDED IN THIS PART EXCEPT AS THE GENERAL 14 ASSEMBLY PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.

15 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A 16 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY 17 18 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST 19 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID 20 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL 21 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE 22 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS 23 MEMBERS.

24 * * *

25 (E) RECORDS.--

(1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
WHICH SHALL BE OPEN TO [INSPECTION] <u>ACCESS</u> BY THE PUBLIC,
EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER LAW.
(2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT

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PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT
CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]
<u>ACCESS</u> UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),
REFERRED TO AS THE RIGHT-TO-KNOW LAW] <u>FEBRUARY 14, 2008</u>
(P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW, IF, IN THE
REASONABLE JUDGMENT OF THE BOARD, THE [INSPECTION] <u>ACCESS</u>
WOULD:

8 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR 9 ALTERNATIVE INVESTMENT VEHICLE, INVOLVE THE RELEASE OF 10 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO 11 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT 12 VEHICLE WHICH THE FUND <u>OR TRUST</u> WAS ABLE TO OBTAIN ONLY 13 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

14 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE
15 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL
16 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

(III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE
VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED
OF BY THE FUND <u>OR TRUST</u> OR WOULD CAUSE A BREACH OF THE
STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS
PART.

(3) (I) THE SENSITIVE INVESTMENT OR FINANCIAL
INFORMATION EXCLUDED FROM [INSPECTION] <u>ACCESS</u> UNDER
PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED
FROM [INSPECTION] <u>ACCESS</u>, SHALL CONSTITUTE A PUBLIC
RECORD SUBJECT TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE
RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY
ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

(II) THE SENSITIVE INVESTMENT OR FINANCIAL
 INFORMATION EXCLUDED FROM [INSPECTION] <u>ACCESS</u> UNDER

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PARAGRAPH(2)(II), TO THE EXTENT NOT OTHERWISE EXCLUDED
 FROM [INSPECTION] <u>ACCESS</u>, SHALL CONSTITUTE A PUBLIC
 RECORD SUBJECT TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE
 RIGHT-TO-KNOW LAW ONCE:

5 (A) THE [INSPECTION] <u>ACCESS</u> NO LONGER CAUSES 6 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM 7 THE INFORMATION WAS RECEIVED; OR

8 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
9 IS LIQUIDATED;

10 WHICHEVER IS LATER.

(III) THE SENSITIVE INVESTMENT OR FINANCIAL
INFORMATION EXCLUDED FROM [INSPECTION] <u>ACCESS</u> UNDER
PARAGRAPH(2)(III), TO THE EXTENT NOT OTHERWISE EXCLUDED
FROM [INSPECTION] <u>ACCESS</u>, SHALL CONSTITUTE A PUBLIC
RECORD SUBJECT TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE
RIGHT-TO-KNOW LAW ONCE:

17 (A) THE [INSPECTION] <u>ACCESS</u> NO LONGER HAS A
18 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN
19 INVESTMENT OF THE FUND <u>OR TRUST</u> AND WOULD NOT CAUSE A
20 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET
21 FORTH IN THIS PART; OR

(B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
IS LIQUIDATED;

24 WHICHEVER IS LATER.

(4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
TO PUBLIC [INSPECTION] <u>ACCESS</u> UNDER THE RIGHT-TO-KNOW LAW.

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1	(5) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
2	USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS
3	RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
4	PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT
5	CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE
6	RIGHT-TO-KNOW LAW IF, IN THE REASONABLE JUDGMENT OF THE
7	BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:
8	(I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER
9	INFORMATION PERTAINING TO THE ROLLOVER CONTRIBUTIONS OR
10	TRUSTEE-TO-TRUSTEE TRANSFERS, OF ANY PARTICIPANT.
11	(II) THE INVESTMENT OPTIONS SELECTIONS OF ANY
12	PARTICIPANT.
13	(III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
14	INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
15	THE PARTICIPANT, INVESTMENT GAINS OR LOSSES OR RATES OF
16	<u>RETURN.</u>
17	(IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED
18	BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.
19	(V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.
20	(6) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO
21	DESIGNATE ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
22	USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS
23	RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
24	PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT AS A PUBLIC RECORD
25	SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT-TO-KNOW LAW.
26	(7) THE FOLLOWING SHALL APPLY:
27	(I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
28	THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
29	DATA WHICH WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER
30	THIS SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S

<u>FIDUCIARY DUTIES.</u>
 <u>(II) THIS PARAGRAPH SHALL APPLY TO A RECORD,</u>
 <u>MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING</u>
 ANY OF THE FOLLOWING:

5(A) WHETHER THE RECORD, MATERIAL OR DATA WAS6CREATED, GENERATED OR STORED BEFORE THE EFFECTIVE7DATE OF THIS PARAGRAPH.

8 (B) WHETHER THE RECORD, MATERIAL OR DATA WAS 9 PREVIOUSLY RELEASED OR MADE PUBLIC.

 10
 (C) WHETHER A REQUEST FOR THE RECORD, MATERIAL

 11
 OR DATA WAS MADE OR IS PENDING FINAL RESPONSE UNDER

 12
 THE RIGHT-TO-KNOW LAW.

13 * * *

14 (H) REGULATIONS AND PROCEDURES. -- THE BOARD SHALL, WITH THE ADVICE OF THE ATTORNEY GENERAL, LEGAL COUNSEL AND THE ACTUARY, 15 16 ADOPT AND PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN 17 18 WRITING ALL COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF 19 CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE 20 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES, 21 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS 22 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND 23 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS 24 ARE ADOPTED PURSUANT TO SUBSECTION (J) AS NECESSARY FOR THE 25 CALCULATION OF ANNUITIES AND OTHER BENEFITS, SHALL BE AS 26 EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY ACTUARIAL 27 ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, REGULATION OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS FOR 28 29 DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM MANNER. (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA 30

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AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL 1 2 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE 3 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH CALENDAR YEAR. 4 (J) ACTUARIAL INVESTIGATION AND VALUATION. -- THE BOARD SHALL HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS 5 6 ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH 7 CALENDAR YEAR. IN THE YEAR 1975 AND IN EVERY FIFTH YEAR 8 THEREAFTER THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN ACTUARIAL 9 INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON DATA 10 INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE 11 PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING FIVE YEARS 12 CONCERNING THE MEMBERS AND BENEFICIARIES OF THE SYSTEM. THE 13 BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE NECESSARY FOR 14 THE ACTUARIAL VALUATION OF THE FUND AND CALCULATION OF 15 CONTRIBUTIONS, ANNUITIES AND OTHER BENEFITS BASED ON THE REPORTS AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR 16 17 ADOPTION, THE SECRETARY OF THE BOARD SHALL CAUSE THOSE TABLES 18 WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS 19 TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN IN ACCORDANCE WITH 20 THE PROVISIONS OF 45 PA.C.S. § 725(A) (RELATING TO ADDITIONAL 21 CONTENTS OF PENNSYLVANIA BULLETIN) AND, UNLESS THE BOARD 22 SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH TABLES SHALL 23 BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD SHALL INCLUDE A 24 REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS AND DATA 25 DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT 26 27 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (M) FOR THE 28 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE 29 CONCLUDED.

30 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS <u>TO FUND</u>.--THE

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BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET 1 2 REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE OF 3 4 THE MEMBERS' PAYROLL, THE SHARED-RISK CONTRIBUTION RATE, THE EMPLOYERS' CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508 5 6 (RELATING TO ACTUARIAL COST METHOD) NECESSARY FOR THE FUNDING OF 7 PROSPECTIVE ANNUITIES FOR ACTIVE MEMBERS AND THE ANNUITIES OF 8 ANNUITANTS AND CERTIFY THE RATES AND AMOUNTS OF THE EMPLOYERS' 9 NORMAL CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508(B), 10 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO 11 SECTION 5508(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS 12 DETERMINED PURSUANT TO SECTION 5508(E), THE EXPERIENCE 13 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 5508(F), THE 14 COLLARED CONTRIBUTION RATE PURSUANT TO SECTION 5508(H) AND THE 15 FINAL CONTRIBUTION RATE PURSUANT TO SECTION 5508(I), WHICH SHALL BE PAID TO THE FUND AND CREDITED TO THE APPROPRIATE ACCOUNTS. 16 17 THE BOARD MAY ALLOCATE THE FINAL CONTRIBUTION RATE AND CERTIFY 18 VARIOUS EMPLOYER CONTRIBUTION RATES AND AMOUNTS BASED UPON THE 19 DIFFERENT BENEFIT ELIGIBILITY, CLASS OF SERVICE MULTIPLIER, SUPERANNUATION AGE, FINAL AVERAGE SALARY CALCULATION, 20 21 COMPENSATION LIMITS AND OTHER BENEFIT DIFFERENCES RESULTING FROM 22 STATE SERVICE CREDITED FOR INDIVIDUAL MEMBERS EVEN THOUGH SUCH 23 ALLOCATED EMPLOYER CONTRIBUTION RATE ON BEHALF OF ANY GIVEN 24 MEMBER MAY BE MORE OR LESS THAN 5% OF THE MEMBER'S COMPENSATION 25 FOR THE PERIOD FROM JULY 1, 2010, TO JUNE 30, 2011, OR MAY 26 DIFFER FROM THE PRIOR YEAR'S CONTRIBUTION FOR THAT MEMBER BY 27 MORE OR LESS THAN THE PERCENTAGES USED TO CALCULATE THE COLLARED 28 CONTRIBUTION RATE FOR THAT YEAR AND MAY BE BELOW ANY MINIMUM 29 CONTRIBUTION RATE ESTABLISHED FOR THE COLLARED CONTRIBUTION RATE 30 OR FINAL CONTRIBUTION RATE. THESE CERTIFICATIONS SHALL BE

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1 REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE

2 SECRETARY OF THE BUDGET.

3 * * *

4 (M) ANNUAL FINANCIAL STATEMENT.--THE BOARD SHALL PREPARE AND 5 HAVE PUBLISHED, ON OR BEFORE JULY 1 OF EACH YEAR, [A FINANCIAL 6 STATEMENT] FINANCIAL STATEMENTS AS OF THE CALENDAR YEAR ENDING 7 DECEMBER 31 OF THE PREVIOUS YEAR SHOWING THE CONDITION OF THE FUND, THE TRUST AND THE VARIOUS ACCOUNTS, INCLUDING, BUT NOT 8 9 LIMITED TO, THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED 10 COMMISSIONS, AND SETTING FORTH SUCH OTHER FACTS, 11 RECOMMENDATIONS, AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF 12 KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY 13 THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT] 14 STATEMENTS TO THE GOVERNOR AND SHALL FILE COPIES WITH THE HEAD 15 OF EACH DEPARTMENT FOR THE USE OF THE STATE EMPLOYEES AND THE 16 PUBLIC.

(N) INDEPENDENT [AUDIT] <u>AUDITS</u>.--THE BOARD SHALL PROVIDE FOR
[AN ANNUAL AUDIT] <u>ANNUAL AUDITS</u> OF THE SYSTEM <u>AND THE PLAN</u> BY
[AN] INDEPENDENT CERTIFIED PUBLIC [ACCOUNTANT] <u>ACCOUNTANTS</u>,
WHICH [AUDIT] <u>AUDITS</u> SHALL INCLUDE THE BOARD'S ACCRUAL AND
EXPENDITURE OF DIRECTED COMMISSIONS. <u>THE BOARD MAY USE THE SAME</u>
<u>INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE AUDITS OF BOTH</u>
THE SYSTEM AND THE PLAN.

24 * * *

(P) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE
BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED
BUDGET REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS
AND ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE
OF EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED
CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO

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EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE 1 2 CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO 3 MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL 4 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY 5 6 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL 7 INVESTMENT ACCOUNT. \$ 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF 8

9 DEPARTMENTS [AND], MEMBERS <u>AND PARTICIPANTS</u>. 10 * * *

11 (B) MEMBER STATUS STATEMENTS AND CERTIFICATIONS.--THE BOARD SHALL FURNISH ANNUALLY TO THE HEAD OF EACH DEPARTMENT ON OR 12 13 BEFORE APRIL 1, A STATEMENT FOR EACH MEMBER EMPLOYED IN SUCH 14 DEPARTMENT SHOWING THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT AS OF DECEMBER 15 31 OF THE PREVIOUS YEAR AND REQUESTING THE MEMBER TO MAKE ANY 16 17 NECESSARY CORRECTIONS OR REVISIONS REGARDING HIS DESIGNATED 18 BENEFICIARY. IN ADDITION, FOR EACH MEMBER EMPLOYED IN ANY 19 DEPARTMENT AND FOR WHOM THE DEPARTMENT HAS FURNISHED THE 20 NECESSARY INFORMATION, THE BOARD SHALL CERTIFY THE NUMBER OF 21 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE 22 ATTRIBUTABLE TO EACH CLASS OF SERVICE, THE NUMBER OF YEARS AND 23 FRACTIONAL PART OF A YEAR ATTRIBUTABLE TO SOCIAL SECURITY 24 INTEGRATION CREDITS IN EACH CLASS OF SERVICE AND, IN THE CASE OF 25 A MEMBER ELIGIBLE TO RECEIVE AN ANNUITY, THE BENEFIT TO WHICH HE IS ENTITLED UPON THE ATTAINMENT OF SUPERANNUATION AGE. 26

27 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL

28 FURNISH ANNUALLY TO EACH PARTICIPANT, ON OR BEFORE APRIL 1 AND

29 MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY LAW, A

30 STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS

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<u>CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, THE</u>
 <u>NATURE AND TYPE OF INVESTMENTS AND THE INVESTMENT ALLOCATION OF</u>
 <u>FUTURE CONTRIBUTIONS AS OF DECEMBER 31 OF THE PREVIOUS YEAR AND</u>
 <u>REQUESTING THE PARTICIPANT TO MAKE ANY NECESSARY CORRECTION OR</u>
 <u>REVISION REGARDING HIS DESIGNATED BENEFICIARY.</u>

6 * * *

SECTION 325. SECTION 5904(C) OF TITLE 71 IS AMENDED TO READ:
\$ 5904. DUTIES OF THE BOARD TO REPORT TO THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT BOARD.

10 * * *

11 (C) APPLICATIONS FOR BENEFITS FOR SCHOOL EMPLOYEES.--UPON 12 RECEIPT OF NOTIFICATION AND THE REQUIRED DATA FROM THE PUBLIC 13 SCHOOL EMPLOYEES' RETIREMENT BOARD THAT A FORMER STATE EMPLOYEE 14 WHO ELECTED MULTIPLE SERVICE HAS APPLIED FOR A PUBLIC SCHOOL 15 EMPLOYEES' RETIREMENT BENEFIT OR, IN THE EVENT OF HIS DEATH, HIS 16 LEGALLY CONSTITUTED REPRESENTATIVE HAS APPLIED FOR SUCH BENEFIT, 17 THE BOARD SHALL:

18 (1) CERTIFY TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT19 BOARD;

20 (I) THE SALARY HISTORY AS A MEMBER OF THE STATE
21 EMPLOYEES' RETIREMENT SYSTEM AND THE FINAL AVERAGE SALARY
22 AS CALCULATED ON THE BASIS OF THE COMPENSATION RECEIVED
23 AS A STATE AND SCHOOL EMPLOYEE; AND

(II) THE ANNUITY OR BENEFIT TO WHICH THE MEMBER OR
HIS BENEFICIARY IS ENTITLED AS MODIFIED ACCORDING TO THE
OPTION SELECTED; AND

27 (2) TRANSFER TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
 28 FUND THE TOTAL ACCUMULATED DEDUCTIONS <u>OR CLASS A-5</u>

<u>ACCUMULATED DEDUCTIONS</u> STANDING TO SUCH MEMBER'S CREDIT AND
 THE ACTUARIAL RESERVE REQUIRED ON ACCOUNT OF YEARS OF

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CREDITED SERVICE IN THE STATE SYSTEM, FINAL AVERAGE SALARY
 DETERMINED ON THE BASIS OF HIS COMPENSATION IN BOTH SYSTEMS
 AND THE AVERAGE NONCOVERED SALARY TO BE CHARGED TO THE STATE
 ACCUMULATION ACCOUNT, THE STATE POLICE BENEFIT ACCOUNT OR THE
 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, AS EACH CASE MAY
 REOUIRE.

7 * * *

8 SECTION 326. SECTION 5905(B), (C.1), (F) AND (G) OF TITLE 9 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED AND 10 THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ: 11 § 5905. DUTIES OF THE BOARD REGARDING APPLICATIONS AND 12 ELECTIONS OF MEMBERS <u>AND PARTICIPANTS</u>.

13 * * *

(B) SCHOOL EMPLOYEES ELECTING MULTIPLE SERVICE STATUS.--UPON
RECEIPT OF NOTIFICATION FROM THE PUBLIC SCHOOL EMPLOYEES'
RETIREMENT BOARD THAT A FORMER STATE EMPLOYEE HAS BECOME AN
ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AND HAS ELECTED TO BECOME A MEMBER WITH MULTIPLE SERVICE STATUS
THE BOARD SHALL:

20 (1) IN CASE OF A MEMBER RECEIVING AN ANNUITY FROM THE21 SYSTEM:

22 (I) DISCONTINUE PAYMENTS, TRANSFER THE PRESENT VALUE 23 OF THE MEMBER'S ANNUITY AT THE TIME OF ENTERING SCHOOL 24 SERVICE, PLUS THE AMOUNT WITHDRAWN IN A LUMP SUM PAYMENT, 25 ON OR AFTER THE DATE OF ENTERING SCHOOL SERVICE, PURSUANT 26 TO SECTION 5705 (RELATING TO MEMBER'S OPTIONS), WITH 27 STATUTORY INTEREST TO DATE OF TRANSFER, MINUS THE AMOUNT 28 TO BE RETURNED TO THE BOARD ON ACCOUNT OF RETURN TO 29 SERVICE, THAT THE BOARD HAS DETERMINED IS TO BE CREDITED IN THE MEMBERS' SAVINGS ACCOUNT, FROM THE ANNUITY RESERVE 30

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ACCOUNT TO THE MEMBERS' SAVINGS ACCOUNT AND RESUME
 CREDITING OF STATUTORY INTEREST ON THE AMOUNT RESTORED TO
 HIS CREDIT;

4 (II) TRANSFER THE BALANCE OF THE PRESENT VALUE OF
5 THE TOTAL ANNUITY, MINUS THE AMOUNT TO BE RETURNED TO THE
6 BOARD ON ACCOUNT OF RETURN TO SERVICE THAT THE BOARD HAS
7 DETERMINED IS TO BE CREDITED IN THE STATE ACCUMULATION
8 ACCOUNT, FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE
9 ACCUMULATION ACCOUNT; AND

10 (III) CERTIFY TO THE MEMBER THE AMOUNT OF LUMP SUM 11 AND ANNUITY PAYMENTS WITH STATUTORY INTEREST THE MEMBER 12 IS TO RETURN TO THE BOARD AND, OF THOSE AMOUNTS, WHICH 13 AMOUNT SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT 14 AND CREDITED WITH STATUTORY INTEREST AS SUCH PAYMENTS ARE 15 RETURNED AND WHICH AMOUNT SHALL BE CREDITED TO THE STATE 16 ACCUMULATION ACCOUNT; OR

17 (2) IN CASE OF A MEMBER WHO IS NOT RECEIVING AN ANNUITY
18 AND HAS NOT WITHDRAWN HIS TOTAL ACCUMULATED DEDUCTIONS <u>OR</u>
19 <u>CLASS A-5 ACCUMULATED DEDUCTIONS</u>, CONTINUE OR RESUME THE
20 CREDITING OF STATUTORY INTEREST ON HIS TOTAL ACCUMULATED
21 DEDUCTIONS <u>AND CLASS A-5 ACCUMULATED DEDUCTIONS</u> DURING THE
22 PERIOD HIS TOTAL ACCUMULATED DEDUCTIONS <u>AND CLASS A-5</u>
23 <u>ACCUMULATED DEDUCTIONS</u> REMAIN IN THE FUND; OR

(3) IN CASE OF A FORMER STATE EMPLOYEE WHO IS NOT
RECEIVING AN ANNUITY FROM THE SYSTEM AND HIS TOTAL
ACCUMULATED DEDUCTIONS <u>OR CLASS A-5 ACCUMULATED DEDUCTIONS</u>
WERE WITHDRAWN, CERTIFY TO THE FORMER STATE EMPLOYEE THE
ACCUMULATED DEDUCTIONS AS THEY WOULD HAVE BEEN AT THE TIME OF
HIS SEPARATION HAD HE BEEN A FULL COVERAGE MEMBER TOGETHER
WITH STATUTORY INTEREST FOR ALL PERIODS OF SUBSEQUENT STATE

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AND SCHOOL SERVICE TO THE DATE OF REPAYMENT AND THE AMOUNT OF
 <u>SUCH TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED</u>
 <u>DEDUCTION HE IS ELIGIBLE TO RESTORE</u>. SUCH AMOUNT SHALL BE
 RESTORED BY HIM AND SHALL BE CREDITED WITH STATUTORY INTEREST
 AS SUCH PAYMENTS ARE RESTORED.

6 * * *

7 (C.1) TERMINATION OF SERVICE BY MEMBERS. -- IN THE CASE OF ANY 8 MEMBER TERMINATING STATE SERVICE WHO IS ENTITLED TO AN ANNUITY 9 AND WHO IS NOT THEN A DISABILITY ANNUITANT, THE BOARD SHALL 10 ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE SYSTEM TO 11 WHICH HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND 12 SHALL HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF 13 TERMINATION OF STATE SERVICE, ONE OR MORE OF THE FOLLOWING THREE FORMS, A COPY OF WHICH SHALL BE GIVEN TO THE MEMBER AND THE 14 15 ORIGINAL OF WHICH SHALL BE FILED WITH THE BOARD:

16 (1) AN APPLICATION FOR THE RETURN OF TOTAL ACCUMULATED
17 DEDUCTIONS <u>AND IF ELIGIBLE, FOR THE RETURN OF CLASS A-5</u>
18 ACCUMULATED DEDUCTIONS;

19 (2) <u>IF ELIGIBLE,</u> AN ELECTION TO VEST HIS RETIREMENT
20 RIGHTS AND, IF HE IS A JOINT COVERAGE MEMBER AND SO DESIRES,
21 ELECT TO BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY
22 WITHIN 30 DAYS OF THE DATE OF TERMINATION OF SERVICE THE LUMP
23 SUM REQUIRED; OR

24 (3) <u>IF ELIGIBLE,</u> AN APPLICATION FOR AN IMMEDIATE ANNUITY
25 AND, IF HE DESIRES:

26 (I) AN ELECTION TO CONVERT HIS MEDICAL, MAJOR
27 MEDICAL AND HOSPITALIZATION INSURANCE COVERAGE TO THE
28 PLAN FOR STATE ANNUITANTS; AND

29 (II) IF HE IS A JOINT COVERAGE MEMBER, AN ELECTION
30 TO BECOME A FULL COVERAGE MEMBER AND AN AGREEMENT TO PAY

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1 WITHIN 30 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP 2 SUM REQUIRED. 3 (C.2) TERMINATION OF SERVICE BY PARTICIPANTS.--IN THE CASE 4 OF A PARTICIPANT TERMINATING STATE SERVICE, THE BOARD SHALL ADVISE THE PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED 5 6 TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S 7 INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE 8 WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER MATTERS 9 REOUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE PARTICIPANT 10 TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S 11 REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART 12 OF THE VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT 13 ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY 14 AUTHORIZE OR AS REOUIRED BY LAW. 15 * * * 16 (E.2) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING 17 REQUIRED BEGINNING DATE. -- THE BOARD SHALL NOTIFY IN WRITING EACH 18 INACTIVE PARTICIPANT WHO HAS TERMINATED STATE SERVICE AND HAS 19 NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE PARTICIPANT'S 20 REOUIRED BEGINNING DATE THAT THE INACTIVE PARTICIPANT HAS AN 21 OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE REQUIRED BEGINNING 22 DATE IN A FORM AND MANNER REQUIRED BY IRC § 401(A)(9) AND OTHER 23 APPLICABLE PROVISIONS OF THE IRC. 24 (F) INITIAL ANNUITY PAYMENT AND CERTIFICATION.--THE BOARD 25 SHALL MAKE THE FIRST MONTHLY PAYMENT TO A MEMBER WHO IS ELIGIBLE 26 FOR AN ANNUITY WITHIN 60 DAYS OF THE FILING OF HIS APPLICATION FOR AN ANNUITY OR, IN THE CASE OF A VESTEE OR SPECIAL VESTEE WHO 27 28 HAS DEFERRED THE FILING OF HIS APPLICATION TO A DATE LATER THAN

29 90 DAYS FOLLOWING ATTAINMENT OF SUPERANNUATION AGE, WITHIN 60 30 DAYS OF THE EFFECTIVE DATE OF RETIREMENT, AND RECEIPT OF THE

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REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT AND, IF THE MEMBER
 HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS
 M OR CLASS N SERVICE, ANY DATA REQUIRED FROM THE COUNTY
 RETIREMENT SYSTEM OR PENSION PLAN TO WHICH THE MEMBER WAS A
 CONTRIBUTOR BEFORE BEING A STATE EMPLOYEE. CONCURRENTLY, THE
 BOARD SHALL CERTIFY TO SUCH MEMBER:

7 (1) THE TOTAL ACCUMULATED DEDUCTIONS <u>AND CLASS A-5</u>
8 <u>ACCUMULATED DEDUCTIONS</u> STANDING TO HIS CREDIT SHOWING
9 SEPARATELY THE AMOUNT CONTRIBUTED BY THE MEMBER, THE PICKUP
10 CONTRIBUTION AND THE INTEREST CREDITED TO THE DATE OF
11 TERMINATION OF SERVICE;

12 (2) THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR13 CREDITED IN EACH CLASS OF SERVICE;

14 (3) THE FINAL AVERAGE SALARY ON WHICH HIS ANNUITY IS
15 BASED AS WELL AS ANY APPLICABLE REDUCTION FACTORS DUE TO AGE
16 AND/OR ELECTION OF AN OPTION; AND

THE TOTAL ANNUITY PAYABLE UNDER THE OPTION ELECTED 17 (4) 18 AND THE AMOUNT AND EFFECTIVE DATE OF ANY FUTURE REDUCTION 19 UNDER SECTION 5703 (RELATING TO REDUCTION OF ANNUITIES ON 20 ACCOUNT OF SOCIAL SECURITY OLD-AGE INSURANCE BENEFITS). 21 (F.1) INITIAL PAYMENT TO PARTICIPANTS.--THE BOARD SHALL MAKE 22 THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION. 23 24 (G) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION FROM THE 25 HEAD OF A DEPARTMENT OF THE DEATH OF AN ACTIVE MEMBER, A MEMBER 26 PERFORMING USERRA LEAVE [OR], A MEMBER ON LEAVE WITHOUT PAY, AN 27 ACTIVE PARTICIPANT, AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OR A FORMER PARTICIPANT PERFORMING USERRA LEAVE, THE BOARD SHALL 28 29 ADVISE THE DESIGNATED BENEFICIARY OF THE BENEFITS TO WHICH HE IS ENTITLED, AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY 30

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WITHIN 60 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER 1 2 NECESSARY DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT 3 THE DATE OF THE MEMBER'S DEATH OR NO NOTICE HAS BEEN FILED WITH 4 THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE MEMBER'S ESTATE, THE BOARD IS AUTHORIZED TO PAY THE BENEFITS TO THE 5 EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR NEXT OF KIN OF THE 6 7 DECEASED MEMBER, AND PAYMENT PURSUANT [HERETO] TO THIS SECTION 8 SHALL FULLY DISCHARGE THE FUND FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON. IF NO 9 10 BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF A 11 PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED WITH THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE PARTICIPANT'S ESTATE, 12 13 THE BOARD MAY PAY THE BENEFITS TO THE SURVIVING SPOUSE, 14 EXECUTOR, ADMINISTRATOR OR NEXT OF KIN OF THE DECEASED 15 PARTICIPANT, AND PAYMENT PURSUANT TO THIS SUBSECTION SHALL FULLY DISCHARGE THE FUND FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF 16 17 SUCH BENEFITS TO ANY OTHER PERSON. * * * 18 SECTION 327. SECTION 5905.1(A), (B) AND (D) OF TITLE 71 ARE 19 20 AMENDED TO READ: 21 § 5905.1. INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS. 22 (A) GENERAL RULE. -- NOTWITHSTANDING ANY OTHER PROVISION OF 23 THIS PART, WHENEVER A MEMBER ELECTS TO WITHDRAW HIS TOTAL 24 ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED DEDUCTIONS 25 PURSUANT TO SECTION 5311(A) (RELATING TO ELIGIBILITY FOR 26 REFUNDS) OR 5701 (RELATING TO RETURN OF [TOTAL] ACCUMULATED 27 DEDUCTIONS) OR ELECTS TO RECEIVE A PORTION OF HIS BENEFIT 28 PAYABLE AS A LUMP SUM PURSUANT TO SECTION 5705(A)(4)(III) 29 (RELATING TO MEMBER'S OPTIONS), THE MEMBER MAY ELECT TO RECEIVE 30 THE AMOUNT IN NOT MORE THAN FOUR INSTALLMENTS.

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(B) PAYMENT OF FIRST INSTALLMENT. -- THE PAYMENT OF THE FIRST
 INSTALLMENT SHALL BE MADE IN THE AMOUNT AND WITHIN SEVEN DAYS OF
 THE DATE SPECIFIED BY THE MEMBER, EXCEPT AS FOLLOWS:

4 (1) UPON RECEIPT OF A MEMBER'S APPLICATION TO WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED 5 6 DEDUCTIONS AS PROVIDED IN SECTION 5311(A) OR 5701 AND UPON 7 RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT 8 AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J, 9 CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA 10 REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO 11 WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED 12 TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER THE FILING OF 13 THE APPLICATION AND THE RECEIPT OF THE DATA OR THE DATE OF 14 15 TERMINATION OF SERVICE, WHICHEVER IS LATER.

(2) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION 16 5705(A)(4)(III) BY A MEMBER TERMINATING SERVICE WITHIN 60 17 18 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON RECEIPT OF 19 ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT AND, IF THE 20 MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA REQUIRED FROM THE 21 COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO WHICH THE MEMBER 22 WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED TO STATE 23 24 EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY THE FIRST 25 INSTALLMENT PRIOR TO 21 DAYS AFTER THE LATER OF THE FILING OF 26 THE APPLICATION AND THE RECEIPT OF THE DATA OR THE DATE OF 27 TERMINATION OF SERVICE, BUT, UNLESS OTHERWISE DIRECTED BY THE MEMBER, THE PAYMENT SHALL BE MADE NO LATER THAN 45 DAYS AFTER 28 29 THE FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR 30 THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS LATER.

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IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION 1 (3) 2 5705(A)(4)(III) BY A MEMBER WHO IS NOT TERMINATING SERVICE 3 WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON 4 RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J, 5 6 CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA 7 REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO 8 WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED 9 TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY 10 THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER THE FILING OF 11 THE APPLICATION AND THE RECEIPT OF THE DATA OR THE DATE OF 12 TERMINATION OF SERVICE, WHICHEVER IS LATER.

13 * * *

(D) STATUTORY INTEREST. -- ANY LUMP SUM, INCLUDING A LUMP SUM 14 15 PAYABLE PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM [CLASS A-3 AND CLASS A-4] 16 17 MORE THAN ONE CLASS OF SERVICE), OR INSTALLMENT PAYABLE SHALL 18 INCLUDE STATUTORY INTEREST CREDITED TO THE DATE OF PAYMENT, 19 EXCEPT IN THE CASE OF A MEMBER, OTHER THAN A VESTEE OR SPECIAL 20 VESTEE, WHO HAS NOT FILED HIS APPLICATION PRIOR TO 90 DAYS 21 FOLLOWING HIS TERMINATION OF SERVICE.

22 SECTION 328. SECTION 5906(A), (B), (D), (E), (G), (H), (I), 23 (J) AND (L) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED 24 BY ADDING A SUBSECTION TO READ:

25 § 5906. DUTIES OF HEADS OF DEPARTMENTS.

(A) STATUS OF MEMBERS <u>AND PARTICIPANTS</u>.--THE HEAD OF
DEPARTMENT SHALL, AT THE END OF EACH PAY PERIOD, NOTIFY THE
BOARD IN A MANNER PRESCRIBED BY THE BOARD OF SALARY CHANGES
EFFECTIVE DURING THAT PERIOD FOR ANY MEMBERS <u>AND PARTICIPANTS</u> OF
THE DEPARTMENT, THE DATE OF ALL REMOVALS FROM THE PAYROLL, AND

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THE TYPE OF LEAVE OF ANY MEMBERS <u>AND PARTICIPANTS</u> OF THE
 DEPARTMENT WHO HAVE BEEN REMOVED FROM THE PAYROLL FOR ANY TIME
 DURING THAT PERIOD, AND:

4 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, HE SHALL
5 FURNISH THE BOARD WITH THE DATE OF BEGINNING LEAVE AND THE
6 DATE OF RETURN TO SERVICE, AND THE REASON FOR LEAVE; OR

7 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER
8 DEPARTMENT, HE SHALL FURNISH SUCH DEPARTMENT AND THE BOARD
9 WITH A COMPLETE STATE SERVICE RECORD, INCLUDING PAST STATE
10 SERVICE IN OTHER DEPARTMENTS OR AGENCIES, OR CREDITABLE
11 NONSTATE SERVICE; OR

12 (3) IF THE REMOVAL IS DUE TO TERMINATION OF STATE
13 SERVICE, HE SHALL FURNISH THE BOARD WITH A COMPLETE STATE
14 SERVICE RECORD, INCLUDING SERVICE IN OTHER DEPARTMENTS OR
15 AGENCIES, OR CREDITABLE NONSTATE SERVICE AND;

16 (I) IN THE CASE OF DEATH OF THE MEMBER <u>OR</u>
17 <u>PARTICIPANT</u>, THE HEAD OF THE DEPARTMENT SHALL SO NOTIFY
18 THE BOARD;

19 (II) IN THE CASE OF A SERVICE CONNECTED DISABILITY 20 OF A MEMBER, THE HEAD OF DEPARTMENT SHALL, TO THE BEST OF 21 HIS ABILITY, INVESTIGATE THE CIRCUMSTANCES SURROUNDING THE DISABLEMENT OF THE MEMBER AND SUBMIT IN WRITING TO 22 23 THE BOARD INFORMATION WHICH SHALL INCLUDE BUT NOT 24 NECESSARILY BE LIMITED TO THE FOLLOWING: DATE, PLACE AND 25 TIME OF DISABLEMENT TO THE EXTENT ASCERTAINABLE; NATURE 26 OF DUTIES BEING PERFORMED AT SUCH TIME; AND WHETHER OR 27 NOT THE DUTIES BEING PERFORMED WERE AUTHORIZED AND 28 INCLUDED AMONG THE MEMBER'S REGULAR DUTIES. IN ADDITION, 29 THE HEAD OF DEPARTMENT SHALL FURNISH IN WRITING TO THE BOARD ALL SUCH OTHER INFORMATION AS MAY BE RELATED TO THE 30

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MEMBER'S DISABLEMENT;

1

2 (III) IN THE CASE OF A MEMBER TERMINATING FROM THE PENNSYLVANIA STATE UNIVERSITY WHO IS A MEMBER OF THE 3 4 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY POINTS AND WHO HAS TERMINATED STATE SERVICE ON JUNE 30, 5 6 1997, BECAUSE OF THE TRANSFER OF HIS JOB POSITION OR 7 DUTIES TO A CONTROLLED ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM OR BECAUSE OF THE ELIMINATION OF 8 9 HIS JOB POSITION OR DUTIES DUE TO THE TRANSFER OF OTHER 10 JOB POSITIONS OR DUTIES TO A CONTROLLED ORGANIZATION OF 11 THE PENN STATE GEISINGER HEALTH SYSTEM, THE HEAD OF THE 12 DEPARTMENT SHALL SO CERTIFY TO THE BOARD.

(B) RECORDS AND INFORMATION.--AT ANY TIME AT THE REQUEST OF
THE BOARD AND AT TERMINATION OF SERVICE OF A MEMBER <u>OR A</u>
<u>PARTICIPANT</u>, THE HEAD OF DEPARTMENT SHALL FURNISH SERVICE AND
COMPENSATION RECORDS AND SUCH OTHER INFORMATION AS THE BOARD MAY
REQUIRE AND SHALL MAINTAIN AND PRESERVE SUCH RECORDS AS THE
BOARD MAY DIRECT FOR THE EXPEDITIOUS DISCHARGE OF ITS DUTIES.
* * *

20 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE 21 HEAD OF DEPARTMENT SHALL:

22 (1) CAUSE THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
 23 ON BEHALF OF A PARTICIPANT TO BE MADE.

24 (2) CAUSE THE EMPLOYER DEFINED CONTRIBUTIONS ON BEHALF
25 OF A PARTICIPANT TO BE MADE.

26 (3) NOTIFY THE BOARD AT TIMES AND IN A MANNER PRESCRIBED
27 BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT TO WHOM
28 THE LIMITATION UNDER IRC § 401 (A) (17) EITHER APPLIES OR IS
29 EXPECTED TO APPLY AND CAUSE THE PARTICIPANT'S CONTRIBUTIONS
30 TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER

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1 IRC § 401(A)(17) ON THE PAYROLL DATE IF AND WHEN SUCH LIMIT

2 <u>SHALL BE REACHED.</u>

3 (4) CERTIFY TO THE STATE TREASURER THE AMOUNTS PICKED UP
 4 AND DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING
 5 MADE AND SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND
 6 CONTRIBUTED TOGETHER WITH A DUPLICATE OF THE VOUCHER TO THE

7 <u>SECRETARY OF THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE</u>

8 <u>AS ESTABLISHED BY THE BOARD.</u>

9 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR 10 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW STATE 11 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY, 12 THE HEAD OF DEPARTMENT SHALL CAUSE AN APPLICATION FOR MEMBERSHIP 13 OR PARTICIPATION AND A NOMINATION OF BENEFICIARY TO BE MADE BY 14 SUCH EMPLOYEE AND FILED WITH THE BOARD AND SHALL MAKE PICKUP CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FROM 15 THE EFFECTIVE DATE OF STATE EMPLOYMENT. 16

17 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR 18 PARTICIPATION. -- THE HEAD OF DEPARTMENT SHALL, UPON THE 19 EMPLOYMENT OR ENTERING INTO OFFICE OF ANY STATE EMPLOYEE WHOSE 20 MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE PLAN IS NOT 21 MANDATORY, INFORM SUCH EMPLOYEE OF HIS OPPORTUNITY TO BECOME A 22 MEMBER OF THE SYSTEM OR PARTICIPANT IN THE PLAN. IF SUCH 23 EMPLOYEE SO ELECTS, THE HEAD OF DEPARTMENT SHALL CAUSE AN 24 APPLICATION FOR MEMBERSHIP OR PARTICIPATION AND A NOMINATION OF 25 BENEFICIARY TO BE MADE BY HIM AND FILED WITH THE BOARD AND SHALL 26 CAUSE PROPER CONTRIBUTIONS TO BE MADE FROM THE EFFECTIVE DATE OF 27 MEMBERSHIP OR PARTICIPATION.

28 * * *

29 (G) FORMER SCHOOL EMPLOYEE CONTRIBUTORS. -- THE HEAD OF
30 DEPARTMENT SHALL, UPON THE EMPLOYMENT OF A FORMER CONTRIBUTOR TO

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THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO IS NOT AN 1 2 ANNUITANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, 3 ADVISE SUCH EMPLOYEE [OF HIS] IF HE HAS A RIGHT TO ELECT WITHIN 4 365 DAYS OF ENTRY INTO THE SYSTEM OR, FOR A MEMBER OF CLASS A-5, IF HE HAS A RIGHT TO ELECT WITHIN 45 DAYS OF ENTRY INTO THE 5 6 SYSTEM, TO BECOME A MULTIPLE SERVICE MEMBER, AND IN THE CASE OF 7 ANY SUCH EMPLOYEE WHO SO ELECTS AND HAS WITHDRAWN HIS ACCUMULATED DEDUCTIONS, REQUIRE HIM TO REINSTATE HIS CREDIT IN 8 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM. THE HEAD OF THE 9 10 DEPARTMENT SHALL ADVISE THE BOARD OF SUCH ELECTION.

11 (H) FORMER SCHOOL EMPLOYEE ANNUITANTS. -- THE HEAD OF DEPARTMENT SHALL, UPON THE EMPLOYMENT OF AN ANNUITANT OF THE 12 13 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO APPLIES FOR 14 MEMBERSHIP IN THE SYSTEM, ADVISE SUCH EMPLOYEE [THAT] IF HE MAY 15 ELECT MULTIPLE SERVICE MEMBERSHIP WITHIN 365 DAYS OF ENTRY INTO 16 THE SYSTEM OR, FOR A MEMBER OF CLASS A-5, IF HE HAS A RIGHT TO ELECT MULTIPLE SERVICE WITHIN 45 DAYS OF ENTRY INTO THE SYSTEM, 17 18 AND IF HE SO ELECTS HIS PUBLIC SCHOOL EMPLOYEE'S ANNUITY WILL BE 19 DISCONTINUED EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE 20 SERVICE AND, UPON TERMINATION OF STATE SERVICE AND APPLICATION 21 FOR AN ANNUITY, THE ANNUITY WILL BE ADJUSTED IN ACCORDANCE WITH 22 SECTION 5706 (RELATING TO TERMINATION OF ANNUITIES). THE HEAD OF 23 DEPARTMENT SHALL ADVISE THE BOARD OF SUCH ELECTION.

(I) ANNUAL STATEMENT TO MEMBERS.--ANNUALLY, UPON RECEIPT
FROM THE BOARD, THE HEAD OF DEPARTMENT SHALL FURNISH TO EACH
MEMBER THE STATEMENT SPECIFIED IN SECTION 5903(B) (RELATING TO
DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF DEPARTMENTS
[AND], MEMBERS AND PARTICIPANTS).

(J) TERMINATION OF SERVICE.--THE HEAD OF DEPARTMENT SHALL,30 IN THE CASE OF ANY MEMBER TERMINATING STATE SERVICE WHO IS

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INELIGIBLE FOR AN ANNUITY BEFORE ATTAINMENT OF SUPERANNUATION 1 2 AGE, ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS TO WHICH HE 3 MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND SHALL HAVE 4 THE MEMBER PREPARE, ON OR BEFORE THE DATE OF TERMINATION OF 5 STATE SERVICE, AN APPLICATION FOR THE RETURN OF TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS OR, 6 ON OR BEFORE SEPTEMBER 30, 1997, AN APPLICATION TO BE VESTED AS 7 A SPECIAL VESTEE, IF ELIGIBLE. 8

9 * * *

10 (L) STATE EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED 11 LEAVE OF ABSENCE.--THE HEAD OF DEPARTMENT SHALL REPORT TO THE 12 BOARD ANY STATE EMPLOYEE WHO CEASES TO BE AN ACTIVE MEMBER OR 13 ACTIVE PARTICIPANT TO PERFORM USERRA SERVICE, OR WHO IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES 14 15 OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE 16 OF ABSENCE UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING 17 MILITARY LEAVES OF ABSENCE), THE DATE ON WHICH THE USERRA 18 SERVICE, LEAVE OF ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN, 19 THE DATE ON WHICH THE STATE EMPLOYEE IS REEMPLOYED FROM USERRA 20 LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR MILITARY LEAVE OF ABSENCE, IF THE EVENT OCCURS, AND ANY OTHER INFORMATION THE 21 22 BOARD MAY REQUIRE OR DIRECT.

23 * * *

24 SECTION 328.1. SECTION 5907(A), (C), (D), (E) AND (F) OF 25 TITLE 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE 26 AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO 27 READ:

28 § 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND
 29 PARTICIPANTS.

30 (A) INFORMATION ON NEW EMPLOYEES. -- UPON HIS ASSUMPTION OF

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DUTIES EACH NEW STATE EMPLOYEE SHALL FURNISH THE HEAD OF 1 2 DEPARTMENT WITH A COMPLETE RECORD OF HIS PREVIOUS STATE SERVICE, 3 HIS SCHOOL SERVICE OR CREDITABLE NONSTATE SERVICE, AND PROOF OF 4 HIS DATE OF BIRTH AND CURRENT STATUS IN THE SYSTEM AND THE PLAN AND IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE 5 6 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. WILLFUL FAILURE TO 7 PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE UPON ENTRANCE INTO THE SYSTEM SHALL RESULT IN 8 THE FORFEITURE OF THE RIGHT OF THE MEMBER TO SUBSEQUENTLY ASSERT 9 10 ANY RIGHT TO BENEFITS BASED ON ANY OF THE REQUIRED INFORMATION 11 WHICH HE FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS 12 THAT A MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE 13 INFORMATION, THE TOTAL AMOUNT RECEIVED PREDICATED ON SUCH FALSE 14 INFORMATION TOGETHER WITH STATUTORY INTEREST DOUBLED AND 15 COMPOUNDED SHALL BE DEDUCTED FROM THE PRESENT VALUE OF ANY REMAINING BENEFITS TO WHICH THE MEMBER IS LEGALLY ENTITLED. 16 17 * * *

(B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JANUARY 1,
2018, IN THE CASE OF AN EMPLOYEE WHO IS NOT CURRENTLY A
PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY, OR
IN THE CASE OF AN EMPLOYEE WHOSE PARTICIPATION IS NOT MANDATORY
BUT IS PERMITTED AND WHO DESIRES TO BECOME A PARTICIPANT IN THE
PLAN, THE NEW EMPLOYEE SHALL EXECUTE AN APPLICATION FOR

24 PARTICIPATION AND A NOMINATION OF A BENEFICIARY.

(C) MULTIPLE SERVICE MEMBERSHIP.--ANY [ACTIVE MEMBER] <u>STATE</u>
<u>EMPLOYEE WHO IS AN ACTIVE MEMBER IN A CLASS OF SERVICE OTHER</u>
<u>THAN CLASS A-5</u> WHO WAS FORMERLY AN ACTIVE MEMBER IN THE PUBLIC
SCHOOL EMPLOYEES' RETIREMENT SYSTEM <u>IN A CLASS OF SERVICE OTHER</u>
<u>THAN CLASS T-G</u> MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER.
SUCH ELECTION SHALL OCCUR NO LATER THAN 365 DAYS AFTER BECOMING

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AN ACTIVE MEMBER IN A CLASS OF SERVICE OTHER THAN CLASS A-5 IN 1 2 THIS SYSTEM. ANY STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF CLASS 3 A-5 WHO WAS FORMERLY AN ACTIVE MEMBER IN PUBLIC SCHOOL 4 EMPLOYEES' RETIREMENT SYSTEM IN CLASS T-G MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER. SUCH ELECTION SHALL OCCUR NO LATER THAN 5 6 45 DAYS AFTER BECOMING AN ACTIVE MEMBER OF CLASS A-5. A STATE 7 EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A MULTIPLE SERVICE MEMBER WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD 8 WITHOUT HAVING ELECTED MULTIPLE SERVICE MEMBERSHIP MAY MAKE THE 9 10 ELECTION WITHIN 365 DAYS, OR 45 DAYS IF A MEMBER OF CLASS A-5, 11 AFTER BEING REEMPLOYED FROM USERRA LEAVE.

12 (D) CREDIT FOR PREVIOUS SERVICE OR CHANGE IN MEMBERSHIP 13 STATUS. -- ANY ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO DESIRES TO RECEIVE CREDIT FOR THE PORTION OF HIS TOTAL PREVIOUS 14 15 STATE SERVICE OR CREDITABLE NONSTATE SERVICE TO WHICH HE IS ENTITLED, OR A JOINT COVERAGE MEMBER WHO DESIRES TO BECOME A 16 FULL COVERAGE MEMBER, SHALL SO NOTIFY THE BOARD AND UPON WRITTEN 17 18 AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE MANNER OF 19 PAYMENT OF THE AMOUNT DUE, THE MEMBER SHALL RECEIVE CREDIT FOR 20 SUCH SERVICE AS OF THE DATE OF SUCH AGREEMENT SUBJECT TO THE 21 PROVISIONS IN THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 22 415.

23 * * *

24 (D.2) CONTRIBUTIONS FOR USERRA LEAVE. -- ANY ACTIVE

25 PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OR
26 FORMER PARTICIPANT WHO WAS REEMPLOYED FROM USERRA LEAVE WHO
27 DESIRES TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FOR
28 HIS USERRA LEAVE SHALL SO NOTIFY THE BOARD WITHIN THE TIME

29 PERIOD REQUIRED UNDER 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT

30 AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES)

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AND IRC § 414 (U) OF HIS DESIRE TO MAKE SUCH CONTRIBUTIONS. UPON 1 2 MAKING THE PERMITTED MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS 3 WITHIN THE ALLOWED TIME PERIOD, THE HEAD OF DEPARTMENT SHALL 4 MAKE THE CORRESPONDING EMPLOYER DEFINED CONTRIBUTIONS AT THE 5 SAME TIME. 6 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY 7 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE 8 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE 9 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND 10 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY 11 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND 12 OTHER APPLICABLE LAW.

13 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY 14 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED 15 WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) (RELATING TO DUTIES OF HEADS OF DEPARTMENTS) TO RECEIVE THE DEATH BENEFIT 16 17 PAYABLE UNDER SECTION 5707 (RELATING TO DEATH BENEFITS) OR THE 18 BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1 OF SECTION 19 5705(A)(1) (RELATING TO MEMBER'S OPTIONS). SUCH NOMINATION MAY 20 BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN DESIGNATION 21 FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A CONTINGENT 22 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT 23 PROVIDED UNDER SECTION 5707 OR THE BENEFIT PAYABLE UNDER THE 24 PROVISIONS OF OPTION 1 OF SECTION 5705(A)(1).

(E.1) BENEFICIARY FOR DEATH BENEFITS FROM THE PLAN.--EVERY
PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION
FILED WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) TO
RECEIVE THE DEATH BENEFIT PAYABLE UNDER SECTION 5808 (RELATING
TO DEATH BENEFITS). A PARTICIPANT MAY ALSO NOMINATE A CONTINGENT
BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT

PROVIDED UNDER SECTION 5808. SUCH NOMINATION MAY BE CHANGED AT
 ANY TIME BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH
 THE BOARD.

4 (E.2) BENEFICIARIES FOR EMPLOYEES WHO ARE MEMBERS AND PARTICIPANTS.--A STATE EMPLOYEE WHO IS BOTH A MEMBER OF THE 5 6 SYSTEM AND A PARTICIPANT IN THE PLAN MAY DESIGNATE OR NOMINATE 7 DIFFERENT PERSONS TO BE BENEFICIARIES, SURVIVOR ANNUITANTS AND SUCCESSOR PAYEES FOR HIS BENEFITS FROM THE SYSTEM AND THE PLAN. 8 9 TERMINATION OF SERVICE BY MEMBERS. -- EACH MEMBER WHO (F) 10 TERMINATES STATE SERVICE AND WHO IS NOT THEN A DISABILITY 11 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF 12 SERVICE ONE OR MORE OF THE APPROPRIATE [APPLICATION] 13 APPLICATIONS, DULY ATTESTED BY THE MEMBER OR HIS LEGALLY 14 CONSTITUTED REPRESENTATIVE, ELECTING TO:

WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS AND IF 15 (1)ELIGIBLE WITHDRAW HIS CLASS A-5 ACCUMULATED DEDUCTIONS; OR 16 17 (2)IF ELIGIBLE, VEST HIS RETIREMENT RIGHTS; AND IF HE 18 IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A 19 FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE 20 DATE OF TERMINATION OF SERVICE THE LUMP SUM REOUIRED; OR 21 (3) IF ELIGIBLE, RECEIVE AN IMMEDIATE ANNUITY AND MAY, 22 (I) IF ELIGIBLE, ELECT TO CONVERT HIS MEDICAL, MAJOR

23 MEDICAL, AND HOSPITALIZATION COVERAGE TO THE PLAN FOR
24 STATE ANNUITANTS; AND

(II) IF HE IS A JOINT COVERAGE MEMBER, ELECT TO
BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30
DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP SUM
REQUIRED.

29 * * *

30 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT

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<u>TERMINATES STATE SERVICE AND DOES NOT COMMENCE RECEIVING A</u>
 <u>DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY, AND HE MAY</u>
 <u>ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING</u>
 <u>DATE, WITHDRAW THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS</u>
 <u>STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION</u>
 <u>REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.</u>
 * * *

8 SECTION 329. SECTIONS 5931(B), 5932, 5933, 5934, 5935, 5936,
9 5937, 5938, 593 AND 5951 OF TITLE 71 ARE AMENDED TO READ:
10 § 5931. MANAGEMENT OF FUND AND ACCOUNTS.

11 * * *

12 (B) CREDITING OF INTEREST.--THE BOARD, ANNUALLY, SHALL ALLOW 13 THE REQUIRED INTEREST ON THE MEAN AMOUNT FOR THE PRECEDING YEAR 14 TO THE CREDIT OF EACH OF THE ACCOUNTS <u>OTHER THAN THE INDIVIDUAL</u> 15 <u>INVESTMENT ACCOUNTS</u>. THE AMOUNT SO ALLOWED SHALL BE CREDITED 16 THERETO BY THE BOARD AND TRANSFERRED FROM THE INTEREST RESERVE 17 ACCOUNT.

18 * * *

19 § 5932. STATE EMPLOYEES' RETIREMENT FUND.

20 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL BALANCES IN 21 THE SEVERAL SEPARATE ACCOUNTS SET APART TO BE USED UNDER THE 22 DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS OF THE SYSTEM; 23 AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE FUND ALL MONEYS 24 RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING FROM THE 25 CONTRIBUTIONS RELATING TO OR ON BEHALF OF MEMBERS OF THE SYSTEM 26 REQUIRED UNDER THE PROVISIONS OF CHAPTER 55 (RELATING TO 27 CONTRIBUTIONS), AND ANY INCOME EARNED BY THE INVESTMENTS OR 28 MONEYS OF SAID FUND. THERE SHALL BE ESTABLISHED AND MAINTAINED 29 BY THE BOARD THE SEVERAL LEDGER ACCOUNTS SPECIFIED IN SECTIONS 30 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO

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STATE ACCUMULATION ACCOUNT), 5935 (RELATING TO ANNUITY RESERVE
 ACCOUNT), 5936 (RELATING TO STATE POLICE BENEFIT ACCOUNT), 5937
 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT ACCOUNT), 5938
 (RELATING TO SUPPLEMENTAL ANNUITY ACCOUNT) AND 5939 (RELATING TO
 INTEREST RESERVE ACCOUNT).

6 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE

7 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL

8 NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT

9 <u>CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED</u>

10 <u>CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE</u>

11 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED

12 TO THE FUND BUT SHALL BE PAID TO THE TRUST AND CREDITED TO THE

13 INDIVIDUAL INVESTMENT ACCOUNTS.

14 § 5933. MEMBERS' SAVINGS ACCOUNT.

(A) CREDITS TO ACCOUNT.--THE MEMBERS' SAVINGS ACCOUNT SHALL 15 BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF 16 17 THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER 18 EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE 19 MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501 20 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE), 21 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS 22 A-3 [AND], CLASS A-4 AND CLASS A-5 SERVICE), 5502 (RELATING TO 23 SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503 24 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS), 5504 25 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR 26 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER), 27 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5505 28 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR 29 CREDITABLE NONSTATE SERVICE) AND TRANSFERRED FROM THE MEMBERS' SAVINGS ACCOUNT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 30

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SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5303.2
 (RELATING TO ELECTION TO CONVERT SCHOOL SERVICE TO STATE
 SERVICE).

4 (B) INTEREST AND TRANSFERS FROM ACCOUNT. -- THE MEMBERS' SAVINGS ACCOUNT IN TOTAL AND THE INDIVIDUAL MEMBER ACCOUNTS 5 6 SHALL BE CREDITED WITH STATUTORY INTEREST. THE TOTAL ACCUMULATED 7 DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS CREDITED TO A MEMBER WHOSE APPLICATION FOR AN ANNUITY HAS BEEN APPROVED SHALL 8 BE TRANSFERRED FROM THE MEMBERS' SAVINGS ACCOUNT TO THE ANNUITY 9 10 RESERVE ACCOUNT PROVIDED FOR IN SECTION 5935 (RELATING TO 11 ANNUITY RESERVE ACCOUNT), EXCEPT IN THE CASE OF A MEMBER WHO IS 12 AN OFFICER OF THE PENNSYLVANIA STATE POLICE OR AN ENFORCEMENT 13 OFFICER THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5 14 ACCUMULATED DEDUCTIONS TO HIS CREDIT SHALL BE TRANSFERRED FROM 15 THE MEMBERS' SAVINGS ACCOUNT TO THE STATE POLICE BENEFIT ACCOUNT PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE BENEFIT 16 17 ACCOUNT) OR TO THE ENFORCEMENT OFFICERS BENEFIT ACCOUNT PROVIDED 18 FOR IN SECTION 5937 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT 19 ACCOUNT), AS THE CASE MAY BE.

(C) CHARGES TO ACCOUNT.--UPON THE ELECTION OF A MEMBER TO
WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS <u>OR CLASS A-5</u>
<u>ACCUMULATED DEDUCTIONS</u> OR UPON THE TRANSFER OF ACCUMULATED
DEDUCTIONS PURSUANT TO SECTION 5701.1 (RELATING TO TRANSFER OF
ACCUMULATED DEDUCTIONS), THE PAYMENT OF SUCH AMOUNT SHALL BE
CHARGED TO THE MEMBERS' SAVINGS ACCOUNT.

26 § 5934. STATE ACCUMULATION ACCOUNT.

THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH OR OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM AND MADE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5507(A) OR (D)

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(RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND 1 2 OTHER EMPLOYERS) EXCEPT THAT THE AMOUNTS RECEIVED UNDER THE PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), AND THE 3 4 AMOUNTS RECEIVED UNDER THE PROVISIONS OF THE LIQUOR CODE, ACT OF APRIL 12, 1951 (P.L.90, NO.21), SHALL BE CREDITED TO THE STATE 5 6 POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT AS THE CASE MAY BE. ALL AMOUNTS TRANSFERRED TO THE FUND 7 BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS IN ACCORDANCE WITH 8 THE PROVISIONS OF SECTION 5507(C) ALSO SHALL BE CREDITED TO THE 9 10 STATE ACCUMULATION ACCOUNT. ALL AMOUNTS TRANSFERRED TO THE FUND 11 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE WITH SECTION 5303.2(E) (RELATING TO ELECTION TO CONVERT SCHOOL 12 13 SERVICE TO STATE SERVICE), EXCEPT AMOUNTS CREDITED TO THE 14 MEMBERS' SAVINGS ACCOUNT, AND ALL AMOUNTS PAID BY THE DEPARTMENT OF CORRECTIONS IN ACCORDANCE WITH SECTION 5303.2(F) ALSO SHALL 15 16 BE CREDITED TO THE STATE ACCUMULATION ACCOUNT. THE STATE 17 ACCUMULATION ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. 18 THE RESERVES NECESSARY FOR THE PAYMENT OF ANNUITIES AND DEATH BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM AS APPROVED BY 19 20 THE BOARD AND AS PROVIDED IN CHAPTER 57 (RELATING TO BENEFITS) 21 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE 22 ANNUITY RESERVE ACCOUNT PROVIDED FOR IN SECTION 5935 (RELATING 23 TO ANNUITY RESERVE ACCOUNT), EXCEPT THAT THE RESERVES NECESSARY 24 ON ACCOUNT OF A MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA 25 STATE POLICE OR AN ENFORCEMENT OFFICER SHALL BE TRANSFERRED FROM 26 THE STATE ACCUMULATION ACCOUNT TO THE STATE POLICE BENEFIT 27 ACCOUNT PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE 28 BENEFIT ACCOUNT) OR TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT 29 AS PROVIDED FOR IN SECTION 5937 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT ACCOUNT) AS THE CASE MAY BE. THE RESERVES 30

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NECESSARY FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES IN EXCESS OF 1 2 THOSE RESERVES CREDITED TO THE SUPPLEMENTAL ANNUITY ACCOUNT ON 3 JUNE 30, 2010, SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION 4 ACCOUNT TO THE SUPPLEMENTAL ANNUITY ACCOUNT. IN THE EVENT THAT SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED 5 AFTER DECEMBER 31, 2009, THE NECESSARY RESERVES SHALL BE 6 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE 7 SUPPLEMENTAL ANNUITY ACCOUNT. 8

9 § 5935. ANNUITY RESERVE ACCOUNT.

10 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE 11 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED 12 THE RESERVES HELD FOR PAYMENT OF ANNUITIES AND DEATH BENEFITS ON 13 ACCOUNT OF ALL ANNUITANTS EXCEPT IN THE CASE OF MEMBERS WHO ARE 14 OFFICERS OF THE PENNSYLVANIA STATE POLICE OR ENFORCEMENT 15 OFFICERS. THE ANNUITY RESERVE ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER THE TRANSFERS PROVIDED IN SECTIONS 16 17 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO 18 STATE ACCUMULATION ACCOUNT) AND 5938 (RELATING TO SUPPLEMENTAL 19 ANNUITY ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS 20 RESULTING FROM MEMBERSHIP IN THE SYSTEM EXCEPT THOSE PAYABLE TO 21 ANY MEMBER WHO RETIRES AS AN OFFICER OF THE PENNSYLVANIA STATE 22 POLICE OR AN ENFORCEMENT OFFICER SHALL BE CHARGED TO THE ANNUITY 23 RESERVE ACCOUNT AND PAID FROM THE FUND.

(B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT OTHER THAN
A MEMBER WHO WAS RETIRED AS AN OFFICER OF THE PENNSYLVANIA STATE
POLICE OR AN ENFORCEMENT OFFICER BE SUBSEQUENTLY RESTORED TO
ACTIVE SERVICE <u>AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN</u>
<u>THE PLAN</u>, THE PRESENT VALUE OF HIS MEMBER'S ANNUITY AT THE TIME
OF REENTRY INTO STATE SERVICE SHALL BE TRANSFERRED FROM THE
ANNUITY RESERVE ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN

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THE MEMBERS' SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE
 FOR HIS ANNUITY LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'
 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE
 ACCOUNT TO THE STATE ACCUMULATION ACCOUNT.

5 § 5936. STATE POLICE BENEFIT ACCOUNT.

6 (A) CREDITS AND CHARGES TO ACCOUNT.--THE STATE POLICE 7 BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE 8 CREDITED ALL CONTRIBUTIONS RECEIVED UNDER THE PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), AND ANY ADDITIONAL 9 10 COMMONWEALTH OR OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN 11 SECTION 5507 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE 12 COMMONWEALTH AND OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE 13 STATE POLICE BENEFIT ACCOUNT. THE STATE POLICE BENEFIT ACCOUNT 14 SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN ADDITION, UPON 15 THE FILING OF AN APPLICATION FOR AN ANNUITY BY A MEMBER WHO IS 16 AN OFFICER OF THE PENNSYLVANIA STATE POLICE, THE TOTAL 17 ACCUMULATED DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS 18 STANDING TO THE CREDIT OF THE MEMBER IN THE MEMBERS' SAVINGS 19 ACCOUNT AND THE NECESSARY RESERVES FROM THE STATE ACCUMULATION 20 ACCOUNT SHALL BE TRANSFERRED TO THE STATE POLICE BENEFIT 21 ACCOUNT. THEREAFTER, THE TOTAL ANNUITY OF SUCH ANNUITANT SHALL 22 BE CHARGED TO THE STATE POLICE BENEFIT ACCOUNT AND PAID FROM THE 23 FUND.

(B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE
SUBSEQUENTLY RESTORED TO ACTIVE SERVICE <u>AS A MEMBER OF THE</u>
<u>SYSTEM OR AS A PARTICIPANT IN THE PLAN</u>, THE PRESENT VALUE OF THE
MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL
BE TRANSFERRED FROM THE STATE POLICE BENEFIT ACCOUNT AND PLACED
TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN
ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY CALCULATED AS IF

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HE HAD BEEN A MEMBER OF CLASS A IF HE HAS CLASS A OR CLASS C 1 2 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF THE 3 ANNUITANT HAS CLASS A-3 STATE SERVICE CREDITED; OR AS IF HE HAD 4 BEEN A MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4 SERVICE CREDITED, LESS THE AMOUNT TRANSFERRED TO THE MEMBERS' 5 6 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE STATE POLICE 7 BENEFIT ACCOUNT TO THE STATE ACCUMULATION ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS AN OFFICER OF THE 8 9 PENNSYLVANIA STATE POLICE THE ACTUARIAL RESERVE REMAINING IN THE 10 STATE POLICE BENEFIT ACCOUNT SHALL BE TRANSFERRED TO THE 11 APPROPRIATE RESERVE ACCOUNT.

12 § 5937. ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.

13 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ENFORCEMENT 14 OFFICERS' BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH 15 SHALL BE CREDITED MONEYS TRANSFERRED FROM THE ENFORCEMENT OFFICERS' RETIREMENT ACCOUNT IN THE STATE STORES FUND ACCORDING 16 17 TO THE PROVISIONS OF THE ACT OF APRIL 12, 1951 (P.L.90, NO.21), 18 KNOWN AS THE LIQUOR CODE, AND ANY ADDITIONAL COMMONWEALTH OR 19 OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN SECTION 5507 20 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND 21 OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE ENFORCEMENT 22 OFFICERS' BENEFIT ACCOUNT. THE ENFORCEMENT OFFICERS' BENEFIT 23 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN 24 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A 25 MEMBER WHO IS AN ENFORCEMENT OFFICER OF THE PENNSYLVANIA LIQUOR 26 CONTROL BOARD, THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5 27 ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER IN 28 THE MEMBERS' SAVINGS ACCOUNT AND THE NECESSARY RESERVES FROM THE 29 STATE ACCUMULATION ACCOUNT SHALL BE TRANSFERRED TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT. THEREAFTER, THE TOTAL 30

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ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED TO THE ENFORCEMENT
 OFFICERS' BENEFIT ACCOUNT AND PAID FROM THE FUND.

3 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE 4 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE 5 6 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL 7 BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT 8 AND PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY 9 CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE 10 11 ANNUITANT DOES NOT HAVE ANY CLASS AA, CLASS A-3 OR CLASS A-4 12 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS AA IF THE 13 ANNUITANT DOES HAVE CLASS AA SERVICE CREDITED; AS IF HE HAD BEEN 14 A MEMBER OF CLASS A-3 IF THE ANNUITANT HAS CLASS A-3 STATE 15 SERVICE CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4 SERVICE CREDITED, LESS THE AMOUNT 16 17 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED 18 FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT TO THE STATE 19 ACCUMULATION ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS 20 AN ENFORCEMENT OFFICER THE ACTUARIAL RESERVE REMAINING IN THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT SHALL BE TRANSFERRED TO 21 22 THE APPROPRIATE RESERVE ACCOUNT.

23 § 5938. SUPPLEMENTAL ANNUITY ACCOUNT.

THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS FROM THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE WITH SECTION 5507(B) (RELATING TO CONTRIBUTIONS <u>TO THE SYSTEM</u> BY THE COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL

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SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL 1 2 SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO SPECIAL 3 4 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO 5 SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 (RELATING TO 6 7 SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 (RELATING TO 8 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 2002) MADE BEFORE JULY 1, 2010, THE AMOUNT TRANSFERRED FROM THE STATE 9 10 ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES 11 NECESSARY AS OF JUNE 30, 2010, TO PAY SUCH SUPPLEMENTAL 12 ANNUITIES AND ADJUSTMENTS, AND THE AMOUNTS TRANSFERRED FROM THE 13 STATE ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES 14 NECESSARY AS A RESULT OF SUPPLEMENTAL ANNUITIES ENACTED AFTER 15 DECEMBER 31, 2009. THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE 16 17 PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM 18 THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE 19 20 ACCOUNT).

21 § 5939. INTEREST RESERVE ACCOUNT.

22 THE INTEREST RESERVE ACCOUNT SHALL BE THE LEDGER ACCOUNT TO 23 WHICH SHALL BE CREDITED ALL INCOME EARNED BY THE FUND AND TO 24 WHICH SHALL BE CHARGED ALL ADMINISTRATIVE AND INVESTMENT 25 EXPENSES INCURRED BY THE FUND. AT THE END OF EACH YEAR THE 26 REQUIRED INTEREST SHALL BE TRANSFERRED FROM THE INTEREST RESERVE 27 ACCOUNT TO THE CREDIT OF EACH OF THE ACCOUNTS OF THE FUND IN 28 ACCORDANCE WITH THE PROVISIONS OF THIS SUBCHAPTER. IN ADDITION, 29 AT THE END OF EACH ACCOUNTING PERIOD, THE INTEREST RESERVE 30 ACCOUNT SHALL BE CREDITED OR CHARGED WITH ALL RECOGNIZED CHANGES

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IN THE MARKET VALUATION OF THE INVESTMENTS OF THE FUND. THE 1 2 ADMINISTRATIVE AND INVESTMENT EXPENSES OF THE BOARD RELATING TO THE ADMINISTRATION OF THE SYSTEM AND INVESTMENTS OF THE FUND 3 4 SHALL BE PAID FROM THE FUND OUT OF EARNINGS. ANY SURPLUS OR DEFICIT IN THE INTEREST RESERVE ACCOUNT AT THE END OF EACH YEAR 5 6 SHALL BE TRANSFERRED TO THE STATE ACCUMULATION ACCOUNT. 7 § 5951. STATE GUARANTEE REGARDING THE SYSTEM. 8 THE REQUIRED INTEREST CHARGES PAYABLE, THE MAINTENANCE OF 9 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER

10 BENEFITS GRANTED BY THE BOARD <u>FROM THE SYSTEM</u> UNDER THE

11 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND

12 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE 13 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM 14 DEPOSITS AND INVESTMENTS <u>OF THE SYSTEM</u> AUTHORIZED BY THIS PART 15 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE 16 COMMONWEALTH <u>AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE</u>

17 <u>PLAN OR TRUST</u>.

18 SECTION 329.1. SECTION 5953 OF TITLE 71, AMENDED DECEMBER 19 29, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

20 § 5953. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

21 (A) GENERAL RULE.--

22 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4), 23 THE RIGHT OF A PERSON TO ANY BENEFIT OR RIGHT ACCRUED OR 24 ACCRUING UNDER THE PROVISIONS OF THIS PART AND THE MONEYS IN 25 THE FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR 26 MUNICIPAL TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT, 27 SPOUSE'S ELECTION, THE PROVISIONS OF ARTICLE XIII.1 OF THE 28 ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL 29 CODE, OR ANY OTHER PROCESS WHATSOEVER AND NO PARTICIPANT OR BENEFICIARY, SUCCESSOR PAYEE, OR ALTERNATE PAYEE OF A 30

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1 PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL, ASSIGN, 2 ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE, 3 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR 4 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER 5 6 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE 7 PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A PARTICIPANT EXCEPT FOR A SET-OFF BY THE COMMONWEALTH IN THE 8 9 CASE PROVIDED IN THIS PARAGRAPH, AND SHALL BE UNASSIGNABLE 10 EXCEPT TO THE COMMONWEALTH IN THE CASE OF A MEMBER OR 11 PARTICIPANT WHO IS TERMINATING STATE SERVICE AND HAS BEEN 12 DETERMINED TO BE OBLIGATED TO THE COMMONWEALTH FOR THE 13 REPAYMENT OF MONEY OWED ON ACCOUNT OF HIS EMPLOYMENT.

(I) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO 14 (2)15 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT, 16 AND BY OR PURSUANT TO SECTION 16(B) OF ARTICLE V OF THE 17 18 CONSTITUTION OF PENNSYLVANIA. FORFEITURES UNDER THIS 19 SUBSECTION OR UNDER ANY OTHER PROVISION OF LAW MAY NOT BE 20 APPLIED TO INCREASE THE BENEFITS THAT ANY MEMBER WOULD 21 OTHERWISE RECEIVE UNDER THIS PART.

22 (II) NOTWITHSTANDING THIS PARAGRAPH AND THE 23 PROVISIONS OF SECTION 16(B) OF ARTICLE V OF THE 24 CONSTITUTION OF PENNSYLVANIA, THE ACT OF JULY 8, 1978 25 (P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION 26 FORFEITURE ACT, OR 42 PA.C.S. § 3352 (RELATING TO PENSION 27 RIGHTS), THE ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY CONTRIBUTIONS 28 29 STANDING TO THE CREDIT OF A PARTICIPANT SHALL NOT BE 30 FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES AND

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1 RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT 2 HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE 3 AS THE RESULT OF AN EOUITABLE DISTRIBUTION OF MARITAL 4 PROPERTY AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER ENTERED BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT 5 6 OR OTHER TRIBUNAL RESULTING IN A FORFEITURE OF A 7 PARTICIPANT'S INTEREST IN THE TRUST SHALL NOT BE SUBJECT TO THE PROVISIONS OF SECTION 16(B) OF ARTICLE V OF THE 8 9 CONSTITUTION OF PENNSYLVANIA, THE PUBLIC EMPLOYEE PENSION 10 FORFEITURE ACT, OR 42 PA.C.S. § 3352. ANY ACCUMULATED 11 EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A RESULT OF 12 THIS PARAGRAPH OR OTHER LAW SHALL BE RETAINED BY THE 13 BOARD AND NOTWITHSTANDING SECTIONS 5812(2) (RELATING TO POWERS AND DUTIES OF BOARD), 5815 (RELATING TO EXPENSES) 14 AND 5902(C) (RELATING TO ADMINISTRATIVE DUTIES OF THE 15 BOARD) <u>USED FOR THE PAYMENT OF EXPENSES OF THE PLAN.</u> 16

17 (3) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
18 ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN AN
19 APPROVED DOMESTIC RELATIONS ORDER.

20 (4) EFFECTIVE WITH DISTRIBUTIONS MADE ON OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF 21 22 THIS PART TO THE CONTRARY, A DISTRIBUTEE MAY ELECT, AT THE 23 TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE ANY 24 PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO 25 AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR 26 PURPOSES OF THIS PARAGRAPH, A "DISTRIBUTEE" INCLUDES A MEMBER 27 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO 28 29 IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE 30

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1 PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE 2 ELSE AUTHORIZED UNDER THE IRC AND THE PLAN TERMS APPROVED BY 3 THE BOARD TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID 4 DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE 5 ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC 6 7 \$ 402(F)(2)(A), AND "ELIGIBLE RETIREMENT PLAN" HAS THE 8 MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A 9 OUALIFIED TRUST SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT 10 PLAN ONLY IF IT ACCEPTS THE DISTRIBUTEE'S ELIGIBLE ROLLOVER 11 DISTRIBUTION; HOWEVER, IN THE CASE OF AN ELIGIBLE ROLLOVER 12 DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL 13 RETIREMENT ANNUITY" AS THOSE TERMS ARE DEFINED IN IRC § 14 408(A) AND (B). 15

16 (B) AUTHORIZED PAYMENTS FROM FUND.--THE BOARD SHALL BE 17 AUTHORIZED TO PAY FROM THE FUND [IN]:

18 (1) IN THE CASE OF A MEMBER OR PARTICIPANT WHO IS 19 TERMINATING SERVICE, THE AMOUNT DETERMINED AFTER 20 CERTIFICATION BY THE HEAD OF THE DEPARTMENT THAT THE MEMBER OR PARTICIPANT IS SO OBLIGATED, AND AFTER REVIEW AND APPROVAL 21 22 BY THE DEPARTMENT OR AGENCY'S LEGAL REPRESENTATIVE OR UPON 23 RECEIPT OF AN ASSIGNMENT FROM THE MEMBER OR PARTICIPANT IN 24 THE AMOUNT SO CERTIFIED[.], EXCEPT THAT NO PAYMENT SHALL BE 25 MADE FROM THE INDIVIDUAL INVESTMENT ACCOUNT OF A PARTICIPANT 26 UNTIL THE PARTICIPANT OTHERWISE APPLIES FOR AND RECEIVES A 27 DISTRIBUTION AND SHALL NOT EXCEED THE AMOUNT OF THE 28 DISTRIBUTION. 29 (2) IN THE CASE OF A PARTICIPANT WHOSE FORMER SPOUSE IS

30 AN ALTERNATE PAYEE OF AN EQUITABLE DISTRIBUTION OF MARITAL

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1 ASSETS UNDER AN APPROVED DOMESTIC RELATIONS ORDER, A LUMP SUM

2 OF THE ALTERNATE PAYEE'S INTEREST IN THE PARTICIPANT'S

3 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS. THIS PARAGRAPH SHALL

4 <u>APPLY WITHOUT REGARD TO WHETHER THE PARTICIPANT HAS NOT</u>

5 TERMINATED, IS TERMINATING OR HAS TERMINATED STATE SERVICE.

6 SECTION 329.2. SECTIONS 5953.1, 5953.2, 5953.3 AND 5953.4(A)

7 OF TITLE 71 ARE AMENDED TO READ:

8 § 5953.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

9 (A) CERTIFICATION <u>REGARDING MEMBERS</u>.--A DOMESTIC RELATIONS 10 ORDER <u>PERTAINING TO A MEMBER OF THE SYSTEM</u> SHALL BE CERTIFIED AS 11 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE 12 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER 13 MEETS ALL OF THE FOLLOWING:

14 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
 15 BENEFIT OR ANY OPTION <u>APPLICABLE TO MEMBERS</u> ALREADY PROVIDED
 16 UNDER THIS PART.

17 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE
18 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE
19 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS
20 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE
21 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON
22 OTHER THAN ACTUARIAL VALUE.

(3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
PAYEE OR THE MANNER IN WHICH SUCH AMOUNT OR PERCENTAGE IS TO
BE DETERMINED.

(4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY
SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON
RETIREMENT.

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(5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND
 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE
 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

6 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,
7 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

8 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION 9 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S 10 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER 11 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER 12 MAINTAINED BY THE SYSTEM.

13 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC
14 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED
15 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
16 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THE ORDER MEETS
17 ALL OF THE FOLLOWING:

18 (1) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE
 19 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT

20 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL

21 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

22 (2) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE

23 ANY FUNDS WHICH WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE

24 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC

25 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS

26 <u>DESIGNATED REPRESENTATIVE.</u>

27 (3) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
 28 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE

29 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE

30 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE

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1 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF 2 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE 3 PAYEE. 4 (4) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S 5 6 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF 7 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION 8 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE. 9 (5) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE 10 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE 11 ALTERNATE PAYEE AND THE DATE UPON WHICH THE VALUATION IS 12 BASED. 13 (6) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS, 14 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN 15 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE 16 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE 17 18 PLAN. 19 (7) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS, 20 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT. 21 (8) INCLUDES PROVISIONS FOR THE DEFERRED DISTRIBUTION OF 22 THE EQUITABLE DISTRIBUTION SHARE OF BENEFITS PAYABLE FROM ANY 23 DEFINED BENEFIT PENSION PROGRAM ADMINISTERED BY THE SYSTEM IN 24 WHICH THE PARTICIPANT MAY HAVE AN INTEREST AS A MEMBER OF THE 25 SYSTEM OR STATES THAT THE ALTERNATE PAYEE MAY NOT RECEIVE ANY 26 PORTION OR ANY BENEFITS PAYABLE TO THE PARTICIPANT AS A 27 RESULT OF HIS MEMBERSHIP IN THE SYSTEM. 28 (9) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE ALTERNATE 29 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT 30 ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT, ELIGIBLE

1 ROLLOVER OR TRUSTEE-TO-TRUSTEE TRANSFER TO ANOTHER ELIGIBLE

2 PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE PAYEE.

(10) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY

4 <u>RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE</u>

5 DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE

6 BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE

7 BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE

8 <u>AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT</u>
9 <u>AS OF THE DATE THE ORDER IS APPROVED.</u>

(B) DETERMINATION BY SECRETARY. --WITHIN A REASONABLE PERIOD 10 11 AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE 12 13 WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS ORDER AND 14 NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE PAYEE OF 15 THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE 16 17 PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE BOARD, OR 18 HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO AN 19 ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 SUBCH. A 20 (RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO THE COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO 21 22 JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT 23 APPEALS FROM GOVERNMENT AGENCIES).

(C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED
IN [SUBSECTION (A)] <u>SUBSECTIONS (A) AND (A.1)</u> SHALL NOT APPLY TO
ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS
THE TERM IS DEFINED AT 23 PA.C.S. § 4302 (RELATING TO
DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS
PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT

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THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS 1 2 AS ESTABLISHED BY THE LAWS OF THE UNITED STATES AND THIS 3 COMMONWEALTH[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER 4 WHICH WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS 5 6 FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST A PARTICIPANT WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE 7 8 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING 9 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD REQUIRE 10 A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS IN 11 THE FORM OF AN ANNUITY OR TO REQUIRE THE PURCHASE OF AN ANNUITY. 12 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS 13 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO 14 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS 15 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE 16 17 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN 18 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE 19 OBLIGATIONS OF THE SYSTEM OR THE PLAN WITH RESPECT TO SUCH 20 APPROVAL OR DISAPPROVAL SHALL BE DISCHARGED.

21 § 5953.2. IRREVOCABLE BENEFICIARY.

22 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC 23 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A 24 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN 25 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES 26 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A 27 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT 28 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT 29 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC 30

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RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
 REPRESENTATIVE, AFTER THE MEMBER <u>OR PARTICIPANT</u> MAKES SUCH
 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED
 BY THE COURT CANNOT BE CHANGED BY THE MEMBER <u>OR PARTICIPANT</u>
 WITHOUT APPROVAL BY THE COURT.

6 § 5953.3. IRREVOCABLE SURVIVOR ANNUITANT.

7 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC 8 RELATIONS ORDER PERTAINING TO A MEMBER MAY PROVIDE FOR AN 9 IRREVOCABLE SURVIVOR ANNUITANT. A DOMESTIC RELATIONS ORDER 10 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT 11 SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN 12 ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE 13 REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF 14 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW. 15 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS 16 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE 17 18 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY 19 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO 20 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AS AN IRREVOCABLE SURVIVOR ANNUITANT. 21

\$ 5953.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.
(A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE
ALTERNATE PAYEE PREDECEASES THE MEMBER <u>OR THE PARTICIPANT</u> AND
THERE ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE
COURT MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO
SUBSTITUTE A PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE
ANY BENEFITS PAYABLE TO THE DECEASED ALTERNATE PAYEE.

29 * * *

30 SECTION 330. TITLE 71 IS AMENDED BY ADDING A SECTION TO

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1 READ:

2 § 5953.6. IRREVOCABLE SUCCESSOR PAYEE. 3 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISION OF THIS 4 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY 5 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE IF THE PARTICIPANT IS 6 RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION PROVIDED BY THE 7 BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE. 8 (B) DETERMINATION. -- A DOMESTIC RELATIONS ORDER REOUIRING THE 9 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO 10 BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS 11 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE 12 13 REMOVAL OR CHANGE OF THE SUCCESSOR PAYEE WITHOUT APPROVAL OF A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW. 14 15 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER 16 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC 17 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS DESIGNATED REPRESENTATIVE. IF A DOMESTIC RELATIONS ORDER IS CERTIFIED UNDER 18 THIS SUBSECTION, THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE 19 20 COURT SHALL NOT BE CHANGED BY THE PARTICIPANT WITHOUT APPROVAL 21 BY THE COURT. (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS 22 A SUCCESSOR PAYEE SHALL NOT BE DESIGNATED AS AN IRREVOCABLE 23 24 SUCCESSOR PAYEE. A COURT SHALL NOT NAME AN IRREVOCABLE SUCCESSOR 25 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM 26 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL 27 PORTION OF THE PENSION BENEFIT. SECTION 331. SECTIONS 5954, 5955 AND 5957 OF TITLE 71 ARE 28 29 AMENDED TO READ: § 5954. FRAUD AND ADJUSTMENT OF ERRORS. 30

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1 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE 2 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED 3 ANY RECORD OR RECORDS OF THIS SYSTEM <u>OR PLAN</u> IN ANY ATTEMPT TO 4 DEFRAUD THE SYSTEM <u>OR PLAN</u> AS A RESULT OF SUCH ACT SHALL BE 5 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

6 (B) ADJUSTMENT OF ERRORS. -- SHOULD ANY CHANGE OR MISTAKE IN 7 RECORDS RESULT IN ANY MEMBER, <u>PARTICIPANT</u>, BENEFICIARY [OR], SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM 8 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE 9 10 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL 11 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR 12 13 AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO 14 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE 15 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL 16 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED 17 SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS 18 FROM THE PLAN, THE BOARD SHALL TAKE ACTION AS PROVIDED FOR IN THE PLAN DOCUMENT. 19

20 § 5955. CONSTRUCTION OF PART.

21 (A) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF 22 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF STATE 23 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY 24 AMENDMENT THERETO OR THE PLAN DOCUMENT ESTABLISHED BY THE BOARD, 25 AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY ARBITRATION AWARD 26 BETWEEN THE COMMONWEALTH AND [ITS] OTHER EMPLOYERS AND THE 27 COMMONWEALTH'S AND OTHER EMPLOYERS' EMPLOYEES OR THEIR 28 COLLECTIVE BARGAINING REPRESENTATIVES SHALL BE CONSTRUED TO 29 CHANGE ANY OF THE PROVISIONS HEREIN, TO REQUIRE THE BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH IN THIS 30

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PART OR NOT ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, TO 1 2 REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF THE TERMS 3 AND PROVISIONS OF THE PLAN DOCUMENT, OR OTHERWISE REQUIRE ACTION 4 BY ANY OTHER GOVERNMENT BODY PERTAINING TO PENSION OR RETIREMENT BENEFITS OR RIGHTS OF STATE EMPLOYEES. NOTWITHSTANDING THE 5 6 FOREGOING, ANY PENSION OR RETIREMENT BENEFITS OR RIGHTS 7 PREVIOUSLY SO ESTABLISHED BY OR AS A RESULT OF AN ARBITRATION 8 AWARD SHALL REMAIN IN EFFECT AFTER THE EXPIRATION OF THE CURRENT 9 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE STATE EMPLOYEES SO 10 AFFECTED AND THE COMMONWEALTH UNTIL THE EXPIRATION OF EACH OF 11 THE COLLECTIVE BARGAINING AGREEMENTS IN EFFECT ON JANUARY 1, 2011, AT WHICH TIME THE CLASSES OF MEMBERSHIP AND RESULTING 12 13 MEMBER CONTRIBUTION RATES AND CONTRIBUTIONS FOR CREDITABLE 14 NONSTATE SERVICE, ELIGIBILITY FOR VESTING, WITHDRAWAL AND 15 SUPERANNUATION ANNUITIES, OPTIONAL MODIFICATION OF ANNUITIES AND OTHER TERMS AND CONDITIONS RELATED TO CLASS OF MEMBERSHIP SHALL 16 17 BE AS DETERMINED BY THIS PART FOR EMPLOYEES COVERED BY THOSE AND 18 SUCCESSOR COLLECTIVE BARGAINING AGREEMENTS. FOR PURPOSES OF 19 ADMINISTERING THIS PART, FOR THOSE STATE EMPLOYEES WHO ARE 20 MEMBERS OF EACH SUCH COLLECTIVE BARGAINING UNIT, THE DATE 21 JANUARY 1, 2011, CONTAINED IN THIS PART, EXCEPT IN THIS SECTION, 22 SHALL BE REPLACED WITH THE DATE OF THE DAY IMMEDIATELY FOLLOWING 23 THE EXPIRATION OF EACH SUCH COLLECTIVE BARGAINING AGREEMENT. THE 24 PROVISIONS OF THIS PART INSOFAR AS THEY ARE THE SAME AS THOSE OF 25 EXISTING LAW ARE INTENDED AS A CONTINUATION OF SUCH LAWS AND NOT AS NEW ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT 26 27 ANY ACT DONE, LIABILITY INCURRED, RIGHT ACCRUED OR VESTED, OR 28 ANY SUIT OR PROSECUTION PENDING OR TO BE INSTITUTED TO ENFORCE 29 ANY RIGHT OR PENALTY OR TO PUNISH ANY OFFENSE UNDER THE 30 AUTHORITY OF ANY REPEALED LAWS.

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1	(B) (RESERVED).
2	(C) (RESERVED).
3	(D) (RESERVED).
4	(E) ADVERSE INFERENCE NOTHING IN THIS PART SHALL BE
5	CONSTRUED TO MEAN THAT THE LIMITATIONS ON BENEFITS OR OTHER
6	REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE PROVISIONS
7	OF THE IRC WHICH ARE APPLICABLE TO PARTICIPANTS IN THE PLAN DO
8	NOT APPLY TO THE PARTICIPANTS OR TO MEMBERS OF THE SYSTEM AND
9	THE BENEFITS PAYABLE UNDER THIS PART.
10	(F) APPLICABILITYA TERMINATED STATE EMPLOYEE WHO HAS
11	CLASS A-5 SERVICE CREDIT AND WHO RETURNS TO STATE SERVICE ON OR
12	AFTER JANUARY 1, 2018, SHALL BE SUBJECT TO THE PROVISIONS OF
13	THIS PART REGARDING PARTICIPATION IN THE PLAN OR MEMBERSHIP IN
14	THE SYSTEM THAT ARE IN EFFECT ON THE EFFECTIVE DATE OF
15	REEMPLOYMENT, INCLUDING, BUT NOT LIMITED TO, BENEFIT FORMULAS
16	AND ACCRUAL RATES, ELIGIBILITY FOR ANNUITIES AND DISTRIBUTIONS,
17	CONTRIBUTION RATES, DEFINITIONS, PURCHASE OF CREDITABLE SCHOOL,
18	NONSCHOOL, STATE AND NONSTATE SERVICE PROVISIONS AND ACTUARIAL
19	AND FUNDING ASSUMPTIONS.
20	(G) FURLOUGHSFOR PURPOSES OF SECTIONS 5302 (RELATING TO
21	CREDITED STATE SERVICE), 5306 (RELATING TO CLASSES OF SERVICE)
22	AND THIS SECTION, A STATE EMPLOYEE WHO IS FURLOUGHED UNDER
23	SECTION 802 OF THE ACT OF AUGUST 5, 1941 (P.L. 752, NO. 286),
24	KNOWN AS THE CIVIL SERVICE ACT, AND REEMPLOYED PURSUANT TO THE
25	CIVIL SERVICE ACT IN ANY CLASS OF SERVICE OR CIVIL SERVICE
26	STATUS WHICH WAS PREVIOUSLY HELD, SHALL NOT BE TREATED AS HAVING
27	BEEN TERMINATED FROM STATE SERVICE AND BEGINNING A NEW PERIOD OF
28	STATE SERVICE.
29	§ 5957. INDEPENDENT FISCAL OFFICE STUDY.
30	THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE

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IMPLEMENTATION OF SHARED-RISK CONTRIBUTIONS UNDER SECTION 5501.1
(RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3
[AND], CLASS A-4 <u>AND CLASS A-5</u> SERVICE) AND ITS IMPACT ON THE
SYSTEM. THE STUDY SHALL BE COMPLETED BY DECEMBER 31, 2015, AND
SHALL BE TRANSMITTED TO THE APPROPRIATIONS COMMITTEE AND THE
FINANCE COMMITTEE OF THE SENATE, THE APPROPRIATIONS COMMITTEE
AND THE FINANCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND TO
THE GOVERNOR.

9

ARTICLE IV

SECTION 401. THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE: "SCHOOL RETIREMENT BOARD." THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD.

15 "SCHOOL SYSTEM." THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT 16 SYSTEM.

17 "STATE RETIREMENT BOARD." THE STATE EMPLOYEES' RETIREMENT 18 BOARD.

19 "STATE SYSTEM." THE STATE EMPLOYEES' RETIREMENT SYSTEM.

20 SECTION 402. THE FOLLOWING APPLY TO RESERVATION OF

21 LEGISLATIVE AUTHORITY:

22 (1) IN REGARD TO THE SCHOOL SYSTEM:

(I) THE FOLLOWING PROVISIONS SHALL NOT CREATE AN
EXPRESS OR IMPLIED CONTRACTUAL RIGHT IN A MEMBER OF THE
SCHOOL SYSTEM, A PARTICIPANT IN THE SCHOOL EMPLOYEES'
DEFINED CONTRIBUTION PLAN OR ANOTHER PERSON CLAIMING AN
INTEREST IN THE ACCOUNT OF A MEMBER OR PARTICIPANT:

(A) A PROVISION OF THIS ACT WHICH AMENDS 24
PA.C.S. PT. IV OR 51 PA.C.S. CH. 77, IN RELATION TO
REQUIREMENTS FOR ANY OF THE FOLLOWING:

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(I) QUALIFICATION OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN UNDER SECTIONS 401(A) AND 415(B) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §§ 401(A) AND 415(B)).

(II) COMPLIANCE WITH THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149).

9 (III) A DOMESTIC RELATIONS ORDER REGARDING 10 AN ALTERNATE PAYEE OF A PARTICIPANT IN THE SCHOOL 11 EMPLOYEES' DEFINED CONTRIBUTION PLAN.

(B) (RESERVED).

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13 (II) THE PROVISIONS OF 24 PA.C.S. PT. IV SHALL
14 REMAIN SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND
15 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS
16 ACT OF 1994 AND REGULATIONS PROMULGATED UNDER THOSE
17 STATUTES.

18 (III) THE GENERAL ASSEMBLY RESERVES TO ITSELF THE 19 FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND OR 20 SUPPLEMENT THE PROVISIONS OF 24 PA.C.S. PT. IV SOLELY IN 21 ORDER TO MAINTAIN THE QUALIFICATION OF THE SYSTEM AS A 22 QUALIFIED PENSION PLAN UNDER SECTION 401(A) OF THE 23 INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 401(A)) AND 24 OTHER APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE 25 OF 1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND 26 REEMPLOYMENT RIGHTS ACT OF 1994.

27 (2) IN REGARD TO THE STATE SYSTEM:

(I) THE FOLLOWING PROVISIONS SHALL NOT CREATE AN
EXPRESS OR IMPLIED CONTRACTUAL RIGHT IN A MEMBER OF THE
STATE SYSTEM, A PARTICIPANT IN THE STATE EMPLOYEES'

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DEFINED CONTRIBUTION PLAN OR ANOTHER PERSON CLAIMING AN
 INTEREST IN THE ACCOUNT OF A MEMBER OR PARTICIPANT:

3 (A) A PROVISION OF THIS ACT WHICH AMENDS 51
4 PA.C.S. § 7306 OR 71 PA.C.S. PT. XXV, IN RELATION TO
5 REOUIREMENTS FOR ANY OF THE FOLLOWING:

6 (I) QUALIFICATION OF THE STATE EMPLOYEES'
7 DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION
8 PLAN UNDER SECTIONS 401(A) AND 415(B) OF THE
9 INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §§
10 401(A) AND 415(B)).

11(II) COMPLIANCE WITH THE UNIFORMED SERVICES12EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994.

13 (III) A DOMESTIC RELATIONS ORDER REGARDING
14 AN ALTERNATE PAYEE OF A PARTICIPANT IN THE STATE
15 EMPLOYEES' DEFINED CONTRIBUTION PLAN.

16 (B) (RESERVED).

17 (II) THE PROVISIONS OF 71 PA.C.S. PT. XXV SHALL
18 REMAIN SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND
19 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS
20 ACT OF 1994 AND REGULATIONS PROMULGATED UNDER THOSE
21 STATUTES.

22 (III) THE GENERAL ASSEMBLY RESERVES TO ITSELF THE 23 FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND OR 24 SUPPLEMENT THE PROVISIONS OF 71 PA.C.S. PT. XXV SOLELY 25 IN ORDER TO MAINTAIN THE OUALIFICATION OF THE STATE SYSTEM AS A OUALIFIED PENSION PLAN UNDER SECTION 401(A) 26 27 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 401) AND OTHER APPLICABLE PROVISIONS OF THE INTERNAL REVENUE 28 29 CODE OF 1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994. 30

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1 SECTION 403. NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN
2 THAT:

3 (1) A CALCULATION OR ACTUARIAL METHOD USED BY THE SCHOOL
4 RETIREMENT BOARD, ITS ACTUARIES OR THE SCHOOL SYSTEM WAS NOT
5 IN ACCORDANCE WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR
6 OTHER APPLICABLE LAW PRIOR TO THE EFFECTIVE DATE OF THIS
7 PARAGRAPH; OR

8 (2) A CALCULATION OR ACTUARIAL METHOD USED BY THE STATE 9 RETIREMENT BOARD, ITS ACTUARIES OR THE STATE SYSTEM WAS NOT 10 IN ACCORDANCE WITH THE PROVISIONS OF 71 PA.C.S. PT. XXV OR 11 OTHER APPLICABLE LAW PRIOR TO THE EFFECTIVE DATE OF THIS 12 PARAGRAPH.

13 SECTION 404. THE FOLLOWING APPLY TO ACCRUED LIABILITY:

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(1) IN REGARD TO THE SCHOOL SYSTEM:

(I) (RESERVED).

16 (II) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED
17 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO
18 LIMITS IMPOSED UNDER THIS ACT ON EMPLOYER CONTRIBUTIONS
19 TO THE SCHOOL SYSTEM.

20 (III) FOR PURPOSES OF 24 PA.C.S. §§ 8326, 8327 AND
21 8328, CHANGES UNDER THIS PARAGRAPH SHALL NOT BE
22 CONSIDERED TO BE COSTS ADDED BY LEGISLATION.

23 (2) IN REGARD TO THE STATE SYSTEM:

(I) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A
CHANGE IN ACCRUED LIABILITY OF THE STATE SYSTEM CREATED
UNDER THIS ACT AS A RESULT OF CHANGES IN BENEFITS SHALL
BE FUNDED IN EQUAL DOLLAR INSTALLMENTS OVER A PERIOD OF
20 YEARS BEGINNING JULY 1, 2018.

29 (II) (RESERVED).

30 (III) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED

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LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO
 LIMITS IMPOSED UNDER THIS ACT ON EMPLOYER CONTRIBUTIONS
 TO THE STATE SYSTEM.

4 (IV) FOR PURPOSES OF 71 PA.C.S. §§ 5501.2, 5507 AND
5 5508, CHANGES UNDER THIS PARAGRAPH SHALL NOT BE
6 CONSIDERED TO BE COSTS ADDED BY LEGISLATION.

7 SECTION 405. THE FOLLOWING SHALL APPLY TO CONSTRUCTION8 RELATED TO FEDERAL LAW:

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(1) IN REGARD TO THE SCHOOL SYSTEM:

10 (I) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN 11 SUCH A MANNER THAT THE SCHOOL SYSTEM AND THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN SATISFY THE 12 13 REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED PENSION 14 PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER 15 APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 16 1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND 17 18 REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 19 STAT. 3149). REGULATIONS PROMULGATED BY THE SCHOOL 20 RETIREMENT BOARD AND TERMS AND CONDITIONS OF THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED BY THE SCHOOL 21 22 RETIREMENT BOARD MAY INCLUDE PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS SUBPARAGRAPH. 23

(II) NOTHING IN THIS ACT SHALL BE CONSTRUED TO
REQUIRE A MEMBER OF CLASS T-G TO MAKE CONTRIBUTIONS TO
THE SCHOOL SYSTEM IN EXCESS OF THE LIMITS ESTABLISHED BY
SECTION 415(N) (3) (A) (III) OF THE INTERNAL REVENUE CODE OF
1986 (26 U.S.C. § 415(N) (3) (A) (III)). A CONTRIBUTION MADE
BY A MEMBER OF CLASS T-G WHICH IS DETERMINED TO BE IN
EXCESS OF THE LIMITS SHALL BE REFUNDED TO THE MEMBER IN A

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1LUMP SUM SUBJECT TO WITHHOLDING FOR ALL APPLICABLE TAXES2AND PENALTIES AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER3THE DETERMINATION IS MADE. A REFUND UNDER THIS4SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE5MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A6WITHDRAWAL OF THE MEMBER'S ACCUMULATED DEDUCTIONS.

7 (2) AS TO THE STATE SYSTEM:

8 (I) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN 9 A MANNER THAT THE STATE SYSTEM AND THE STATE EMPLOYEES' 10 DEFINED CONTRIBUTION PLAN SHALL SATISFY THE REQUIREMENTS 11 NECESSARY TO QUALIFY AS A QUALIFIED PENSION PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE CODE OF 1986 (26 12 13 U.S.C. § 401(A)), OTHER APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE UNIFORMED SERVICES 14 EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994. THE 15 REGULATIONS PROMULGATED BY THE STATE RETIREMENT BOARD AND 16 THE TERMS AND CONDITIONS OF THE PLAN DOCUMENT AND TRUST 17 18 DECLARATION ADOPTED BY THE STATE RETIREMENT BOARD MAY 19 INCLUDE PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF 20 THIS SUBPARAGRAPH.

(II) NOTHING IN THIS ACT SHALL BE CONSTRUED OR 21 22 DEEMED TO IMPLY THAT ANY MEMBER OF CLASS A-5 SHALL BE 23 REQUIRED TO MAKE CONTRIBUTIONS TO THE STATE SYSTEM IN 24 EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N)(3)(A) 25 (III) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 415(N)(3)(A)(III)). A CONTRIBUTION MADE BY A MEMBER OF 26 27 CLASS A-5 WHICH IS DETERMINED TO BE IN EXCESS OF THE 28 LIMITS SHALL BE REFUNDED TO THE MEMBER IN A LUMP SUM 29 SUBJECT TO WITHHOLDING FOR ALL APPLICABLE TAXES AND PENALTIES AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER THE 30

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1 DETERMINATION IS MADE. A REFUND UNDER THIS SUBPARAGRAPH 2 SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE MEMBER AND 3 SHALL NOT BE TREATED AS OR DEEMED TO BE A WITHDRAWAL OF 4 THE MEMBER'S ACCUMULATED DEDUCTIONS.

(III) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN 5 6 THAT AN INTERPRETATION OR APPLICATION OF 71 PA.C.S. PT. XXV OR BENEFITS AVAILABLE TO MEMBERS OF THE STATE SYSTEM 7 8 WAS NOT IN ACCORDANCE WITH 71 PA.C.S. PT. XXV OR OTHER 9 APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE CODE OF 10 1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND 11 REEMPLOYMENT RIGHTS ACT OF 1994, BEFORE THE EFFECTIVE 12 DATE OF THIS SUBPARAGRAPH.

13 SECTION 406. THE FOLLOWING SHALL APPLY TO IMMUNITY FROM 14 PERSONAL LIABILITY:

15 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR 16 17 OTHER REQUIREMENT, NO MEMBER OF THE SCHOOL RETIREMENT BOARD 18 NOR AN ACTUARY, EMPLOYEE OR OFFICIAL OF THE SCHOOL SYSTEM 19 SHALL BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR 20 STANDARD, AS AN INDIVIDUAL, IN AN OFFICIAL CAPACITY OR AS A 21 GOVERNMENTAL OR CORPORATE ENTITY, FOR AN ACTION OR 22 CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS 23 24 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AS 25 APPROPRIATELY CALCULATED UNDER 24 PA.C.S. PT. IV.

26 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
27 FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR
28 OTHER REQUIREMENT, NO MEMBER OF THE STATE RETIREMENT BOARD
29 NOR AN ACTUARY EMPLOYEE OR OFFICIAL OF THE STATE SYSTEM SHALL
30 BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR

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STANDARD, AS AN INDIVIDUAL, IN AN OFFICIAL CAPACITY OR AS A
 GOVERNMENTAL OR CORPORATE ENTITY, FOR AN ACTION OR
 CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL
 CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS
 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AS
 APPROPRIATELY CALCULATED UNDER 71 PA.C.S. PT. XXV.

7 SECTION 407. NOTWITHSTANDING THE AMENDMENT OF 71 PA.C.S. § 8 5901(E), THE GOVERNOR'S OFFICE OF GENERAL COUNSEL SHALL CONTINUE 9 TO PROVIDE LEGAL COUNSEL AND LEGAL SERVICES TO THE BOARD UNTIL 10 SUCH TIME AS THE BOARD APPOINTS A CHIEF COUNSEL AND SUCH OTHER 11 COUNSEL AS IT DEEMS NECESSARY TO PROVIDE IT WITH LEGAL SERVICES. 12 SECTION 408. NOTWITHSTANDING THE AMENDMENT OF 24 PA.C.S. § 8501(E), THE GOVERNOR'S OFFICE OF GENERAL COUNSEL SHALL CONTINUE 13 TO PROVIDE LEGAL COUNSEL AND LEGAL SERVICES TO THE BOARD UNTIL 14 15 SUCH TIME AS THE BOARD APPOINTS A CHIEF COUNSEL AND SUCH OTHER COUNSEL AS IT DEEMS NECESSARY TO PROVIDE IT WITH LEGAL SERVICES. 16 SECTION 409. NOTHING IN THIS ACT SHALL BE DEEMED TO PERMIT 17 18 THE RESTORATION OF SERVICE CREDIT OR A RETIREMENT BENEFIT WHICH: 19 (1) WAS OR IS SUBJECT TO SECTION 16 OF ARTICLE V OF THE

20 CONSTITUTION OF PENNSYLVANIA OR 42 PA.C.S. § 3352; OR

(2) THE SUBJECT OF AN ORDER OF FORFEITURE UNDER THE ACT
OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE PUBLIC
EMPLOYEE PENSION FORFEITURE ACT.

24 SECTION 410. IF A PROVISION OF THIS ACT OR ITS APPLICATION 25 TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY 26 SHALL NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS ACT 27 THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR 28 APPLICATION.

29 SECTION 411. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.

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