

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1071 Session of
2015INTRODUCED BY BROWNE, CORMAN, SCARNATI, GORDNER AND
EICHEMBERGER, NOVEMBER 17, 2015AS 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:~~

~~FOR EMPLOYMENT PREFERENCES AND PENSIONS, IN THE AREA
OF MILITARY LEAVE OF ABSENCE.~~

~~IN TITLE 71:~~

~~FOR BOARDS AND OFFICES, IN THE AREA OF INDEPENDENT
FISCAL OFFICE; AND~~

~~FOR RETIREMENT FOR STATE EMPLOYEES AND OFFICERS, IN
THE AREAS OF PRELIMINARY PROVISIONS, OF MEMBERSHIP,
CREDITED SERVICE, CLASSES OF SERVICE AND ELIGIBILITY FOR
BENEFITS, OF CONTRIBUTIONS, OF BENEFITS, OF STATE
EMPLOYEES' DEFINED CONTRIBUTION PLAN AND OF
ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS.
PROVIDING, AS TO THE REVISIONS:~~

~~FOR CONSTRUCTION AND ADMINISTRATION, FOR
APPLICABILITY, FOR LIABILITY, FOR MEMBER STATEMENTS AND
FOR SUSPENSION OF PROVISIONS OF THE PUBLIC EMPLOYEE
RETIREMENT STUDY COMMISSION ACT.~~

AMENDING TITLES 24 (EDUCATION), 51 (MILITARY AFFAIRS) AND 71
(STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES,
EXTENSIVELY REVISING PENSION PROVISIONS: FOR THE PUBLIC
SCHOOL EMPLOYEES' RETIREMENT SYSTEM, IN THE AREAS OF
PRELIMINARY PROVISIONS, OF MEMBERSHIP, CONTRIBUTIONS AND
BENEFITS, OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN, OF
ADMINISTRATION AND MISCELLANEOUS PROVISIONS AND OF HEALTH
INSURANCE FOR RETIRED SCHOOL EMPLOYEES; FOR MILITARY
PENSIONS, IN THE AREA OF MILITARY LEAVE OF ABSENCE; FOR THE
STATE EMPLOYEES' RETIREMENT SYSTEM, IN THE AREAS OF
PRELIMINARY PROVISIONS, OF MEMBERSHIP, CREDITED SERVICE,
CLASSES OF SERVICE AND ELIGIBILITY FOR BENEFITS, OF
CONTRIBUTIONS, OF BENEFITS, OF STATE EMPLOYEES' DEFINED
CONTRIBUTION PLAN, OF ADMINISTRATION, FUNDS, ACCOUNTS,
GENERAL PROVISIONS; PROVIDING, AS TO THE REVISIONS, FOR
RESERVATION OF LEGISLATIVE AUTHORITY, FOR CONSTRUCTION, FOR
ACCRUED LIABILITY, FOR CONSTRUCTION RELATED TO FEDERAL LAW,
FOR IMMUNITY FROM PERSONAL LIABILITY, FOR RESTORATION OF
SERVICE CREDIT OR A RETIREMENT BENEFIT, FOR RECERTIFICATION
OF CONTRIBUTION RATES, FOR TRANSFER OF ASSETS AND FOR
SEVERABILITY; AND MAKING EDITORIAL CHANGES.

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

ARTICLE I

~~Section 101. The General Assembly finds and declares as
follows:~~

~~(1) It is the intent of the General Assembly to ensure
the financial health of the Commonwealth and its school
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 an~~
4 ~~unfunded liability of \$60,121,184,000. The level of payment~~
5 ~~by the Commonwealth and school districts required to annually~~
6 ~~address these amounts is staggering, particularly when other~~
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~~
10 ~~well being of current and future public employees.~~

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.~~

23 ~~(5) Therefore, the reforms contained in this legislation~~
24 ~~are intended to use resources judiciously and enable the~~
25 ~~Commonwealth to provide retirement security for Commonwealth~~
26 ~~and school employees while reducing the burden on taxpayers.~~

27 ~~(6) The reforms of the retirement benefits of~~
28 ~~Commonwealth and school district employees contained in this~~
29 ~~act are prospective and will not impact benefits earned from~~
30 ~~services rendered prior to the effective date of this act.~~

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 ~~[and], eligible roll ins made under section 8507(1) (relating to~~
29 ~~rights and duties of school employees, members and~~
30 ~~participants), the contributions paid into the fund by the~~

~~member on account of current school service, previous school service, or creditable nonschool service, excess interest awarded under section 8523(d) (relating to members' savings account and cash balance account) on member contributions, and the statutory interest credited on all such contributions.~~

~~"Accumulated employer defined contributions." The total of the employer defined contributions paid into the trust on account of a participant's school service together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.~~

~~"Accumulated mandatory participant contributions." The total of the mandatory pickup participant contributions paid into the trust on account of a participant's school service together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.~~

~~"Accumulated total defined contributions." The total of the accumulated mandatory participant contributions, accumulated employer defined contributions and accumulated voluntary contributions, reduced by any distributions, standing to the credit of a participant in an individual investment account in the trust.~~

~~"Accumulated voluntary contributions." The total of voluntary contributions paid into the trust by a participant and any amounts rolled over by a participant or transferred by a direct trustee to trustee transfer into the trust together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.~~

~~"Activated military service." Military service by a member of a reserve component of the armed forces, pursuant to an order on or after July 1, 1990, and prior to July 1, 2013, to enter~~

~~into active military service, other than an order to enter into active duty to meet periodic training requirements, who was an active member of the system immediately preceding the order into active military service and to whom the military leave provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of absence) do not apply.~~

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

~~"Active participant." A school employee for whom mandatory pickup participant contributions are being made to the trust or 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 any provision of this part limiting compensation.~~

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

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

~~(1) a member of the American Academy of Actuaries;~~

~~(2) an individual who has demonstrated to the~~

~~satisfaction of the Insurance Commissioner of Pennsylvania that he has the educational background necessary for the practice of actuarial science and has had at least seven~~

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 or participant 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] As applied to all classes~~
25 ~~of membership except Class T-I, a leave of absence for activated~~
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. As~~
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~~

~~leave, service as an exchange teacher, service with a collective bargaining organization or professional study.~~

~~"Basic contribution rate." For Class T A, T B and T C service, the rate of 6 1/4%. For Class T D service, the rate of 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 service, the rate of 6 1/2%. For Class T E service, the rate of 7 1/2%. For Class T F service, the rate of 10.30%. For Class T I service, the rate of 3%.~~

~~"Beneficiary." [The] In the case of the system, the 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. In the case of the plan, the person or persons last designated in writing to the board by a participant to receive the participant's vested accumulated total defined contributions upon the death of the participant.~~

~~"Board." The Public School Employees' Retirement Board or the Public School Employees' Retirement Board.~~

~~"Cash balance account." The ledger account into which members contribute cash balance member contributions, together with employer contributions, interest and excess interest, as provided in this part.~~

~~"Cash balance member contributions." For members in a class other than Class T I, the amount voluntarily contributed by such member and eligible amounts rolled in to the cash balance account, as provided in this part.~~

~~"Class of service multiplier."~~

Class of service	Multiplier
T A	.714
T B	.625

1	T-C	1.000
2	T-D	1.000
3	T-E	1.000
4	T-F	1.000

5 ~~"Combined service employee." A current or former school~~
6 ~~employee who is both a member of the system and a participant in~~
7 ~~the plan.~~

8 ~~"Commissioner." The Commissioner of the Internal Revenue~~
9 ~~Service.~~

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~~
14 ~~other remuneration or other emolument received by a school~~
15 ~~employee during his school service which is not based on the~~
16 ~~standard salary schedule under which he is rendering service,~~
17 ~~payments for unused sick leave or vacation leave, bonuses or~~
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, for~~
25 ~~participants, excluding payments for military leave and any~~
26 ~~other payments made by an employer while on USERRA leave, leave~~
27 ~~of absence granted under 51 Pa.C.S. § 4102 (relating to leaves~~
28 ~~of absence for certain government employees), military leave of~~
29 ~~absence granted under 51 Pa.C.S. § 7302 (relating to granting~~
30 ~~military leaves of absence), leave granted under section 1178 of~~

~~the act of March 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 leave payments, stipends, differential wage payments as defined in IRC § 414(u) (12) and any other payments, provided, however, that the limitation under section 401(a) (17) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a) (17)) taken into account for the purpose of member contributions, including regular or joint coverage member contributions, regardless of class of service, shall apply to each member who first became a member of the Public School Employees' Retirement System on or after July 1, 1996, and who by reason of such fact is a noneligible member subject to the application of the provisions of section 8325.1 (relating to annual compensation limit under IRC § 401(a) (17)) [.] and shall apply to each participant. Notwithstanding the above, for Class T-E and Class T-F service performed on or after July 1, 2016, compensation for each fiscal year, for purposes of determining final average salary and applying the basic contribution rate, shall not exceed the Social Security taxable wage base in effect at the beginning of the fiscal year. The limit shall be applied separately to each employer of a member.~~

~~"Concurrent service." Simultaneously credited school and State service.~~

~~"Creditable nonschool service." Service other than service as a school employee for which an active member may obtain credit in the system.~~

~~"Credited service." School or creditable nonschool service for which the required contributions have been made to the fund, or for which the contributions otherwise required for such service were not made solely by reason of any provision of this~~

~~part limiting compensation or relating to the limitations under section 401(a) (17) or 415(b) of the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a) (17) or 415(b)), or for which salary deductions to the system or lump sum payments have been agreed upon in writing.~~

~~"Date of termination of service." The latest of the following dates:~~

~~(1) the last [date] day of service for which pickup contributions are made for an active member or[,] for which the contributions otherwise required for such service were not made solely by reason of any provision of this part limiting compensation or 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;~~

~~(2) in the case of an inactive member or an inactive participant, the effective date of his resignation or the date his employment is formally discontinued by his employer or two years following the last day of service for which contributions were made, whichever is earliest[.]; or~~

~~(3) in the case of a combined service employee, the latest of the dates in paragraph (1) or (2).~~

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

~~"Distribution." Payment of all or any portion of a person's interest in either the Public School Employees' Retirement Fund or the School Employees' Defined Contribution Trust, or both, which is payable under this part.~~

~~"Domestic relations order." Any judgment, decree or order,~~

~~including approval of a property settlement agreement, entered on or after the effective date of this definition by a court of competent jurisdiction pursuant to a domestic relations law which relates to the marital property rights of the spouse or former spouse of a member or participant, including the right to receive all or a portion of the moneys payable to that member or participant under this part in furtherance of the equitable distribution of marital assets. The term includes orders of support as that term is defined by 23 Pa.C.S. § 4302 (relating to definitions) and orders for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages).~~

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

~~(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 later.~~

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

1 ~~"Eligible annuitants." All current and prospective~~
2 ~~annuitants with 24 1/2 or more eligibility points and all~~
3 ~~current and prospective disability annuitants. Beginning January~~
4 ~~1, 1995, "eligible annuitants" shall include members other than~~
5 ~~Class T-I members with 15 or more eligibility points who~~
6 ~~terminated or who terminate school service on or after attaining~~
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~~
11 ~~State Employees' Retirement System for credited service or by a~~
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 (relating~~
15 ~~to eligibility points). Class T-I members shall be deemed to~~
16 ~~accrue one eligibility point for each fiscal year in which~~
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~~
25 ~~School for Veterans' Children, Thaddeus Stevens College of~~
26 ~~Technology, and the Western Pennsylvania School for the Deaf.~~

27 ~~"Employer defined contributions." Contributions equal to~~
28 ~~2.59% of an active participant's compensation that are made by~~
29 ~~an employer for current service to the trust to be credited in~~
30 ~~the active participant's individual investment account.~~

~~"Excess interest." The investment earnings of the fund attributable to Class T-I members and members who have elected to contribute to the cash balance account, calculated in accordance with section 8523(d) (relating to members' savings account and cash balance account).~~

~~"Final average salary." The highest average compensation received as an active member during any three nonoverlapping periods of 12 consecutive months with the compensation for part-time service being annualized on the basis of the fractional portion of the school year for which credit is received; except, if the employee was not a member for three such periods, the total compensation received as an active member annualized in the case of part-time service divided by the number of such periods of membership; in the case of a member with multiple service credit, the final average salary shall be determined by reference to compensation received by him as a school employee or a State employee or both; and, in the case of a noneligible member, subject to the application of the provisions of section 8325.1 (relating to annual compensation limit under IRC § 401(a)-(17)). Final average salary shall be determined by including in compensation, payments deemed to have been made to a member reemployed from USERRA leave to the extent member contributions have been made as provided in section 8302(d)(2) (relating to credited school service) and payments made to a member on leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) as provided in section 8302(d)(6). Notwithstanding the above, for Class T-E and Class T-F service performed on or after July 1, 2016, compensation to be used for final average salary calculation shall not exceed the Social Security taxable wage base in effect at the beginning~~

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 has~~
4 ~~agreed to pay to the fund the actuarial equivalent of regular~~
5 ~~member contributions due on account of service prior to January~~
6 ~~1, 1983.~~

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 or~~
11 ~~authority created by them, and the Commonwealth.~~

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

~~401(a)(17) or 415), who has vested accumulated total defined contributions standing to his credit in the trust and who has not filed an application for a distribution.~~

~~"Individual investment account." The account in the trust to which are credited the amounts of the contributions made by a participant and the participant's employer in accordance with the provisions of this part, together with all investment earnings after deduction for fees, costs and expenses, investment losses and charges for distributions.~~

~~"Intervening military service." Active military service of a member who was a school employee and an active member of the system 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 and an active member of the system within 90 days of the expiration of such service.~~

~~"IRC." The Internal Revenue Code of 1986, as designated and referred to in section 2 of the Tax Reform Act of 1986 (Public Law 99-514, 100 Stat. 2085, 2095). A reference in this part to "IRC §" shall be deemed to refer to the identically numbered section and subsection or other subdivision of such section in 26 United States Code (relating to Internal Revenue Code).~~

~~"Irrevocable beneficiary." The person or persons permanently designated by a member or participant in writing to the 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 or participant.~~

~~"Irrevocable successor payee." The person permanently~~

~~designated in writing by a participant to the board pursuant to
an approved domestic relations order to receive one or more
distributions from the plan upon the death of such participant.~~

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

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

~~"Joint coverage member contributions." Regular member
contributions reduced for a joint coverage member.~~

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

~~"Mandatory pickup participant contributions." Contributions~~

~~equal to 3% of compensation that are made by the employer for active participants for current service that are picked up by the employer and credited in the trust.~~

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

~~"Member." Active member, inactive member, annuitant, or vestee.~~

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

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

~~"Multiple service." Credited service of a member other than a Class T-I member or Class TDB member in the State Employees' Retirement System who has elected to combine his credited service in both the Public School Employees' Retirement System and the State Employees' Retirement System.~~

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

~~"Participant." An active participant, inactive participant or participant receiving distributions.~~

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

1 Board.

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~~

~~Government, State-owned colleges and universities, the Pennsylvania State University, community colleges, area vocational technical schools, intermediate units, the State Board of Education, Scotland School for Veterans' Children, Thaddeus Stevens State School of Technology, and the Pennsylvania State Oral School for the Deaf.~~

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

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

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

~~"Required beginning date." The latest date by which 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 the basis of an annual salary.~~

~~"Salary deductions." The amounts certified by the board,~~

~~deducted from the compensation of an active member or active participant or the State service compensation of a multiple service member who is an active member of the State Employees' Retirement System or active participant of the School Employees' Defined Contribution Plan and paid into the fund or trust.~~

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

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

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

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

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

~~"Shared risk contribution rate." The [additional] contribution rate that is [added] applied to the basic contribution rate for Class T-D, T-E and T-F members, as provided for in section 8321(b) and (c) (relating to regular member contributions for current service).~~

~~"Standard single life annuity." For Class T-A, T-B and T-C~~

~~credited service of a member, an annuity equal to 2% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member in that class. For Class T-D credited service of a member, an annuity equal to 2.5% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service in that class. For Class T-E credited service of a member, an annuity equal to 2% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member. For Class T-F credited service of a member, an annuity equal to 2.5% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member. For Class T-I members, and for monies in the cash balance account of members of other classes, an annuity that is actuarially equivalent to the balance of the member's savings account or the cash balance account, as applicable, calculated using 120% of the mid term Treasury note rate in effect on the effective date of retirement of the member.~~

~~"State Employees' Defined Contribution Plan." The defined contribution plan for State employees established by 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers).~~

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

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

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

~~"Successor payee." The person or persons last designated in writing by a participant to the board to receive one or more distributions upon the death of such participant.~~

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

~~"Superannuation or normal retirement age."~~

~~Class of service~~

~~Age~~

~~T-A~~

~~62 or any age upon accrual of~~

~~-~~

~~35 eligibility points~~

~~T-B~~

~~62~~

~~T-C and T-D~~

~~62 or age 60 provided the~~

~~-~~

~~member has at least 30~~

~~-~~

~~eligibility points or any~~

~~-~~

~~age upon accrual of 35~~

~~-~~

~~eligibility points~~

~~T-E and T-F~~

~~65 with accrual of at least~~

~~-~~

~~three eligibility points~~

~~-~~

~~or a combination of age~~

~~-~~

~~and eligibility points~~

~~-~~

~~totaling 92, provided the~~

~~-~~

~~member has accrued at~~

~~-~~

~~least 35 eligibility~~

~~-~~

~~points~~

~~"Survivor annuitant." The person or persons last designated by a member or participant under a joint and survivor annuity option to receive an annuity upon the death of such member. A combined service employee may designate different persons to be~~

~~survivor annuitants for the benefits from the system and
beneficiaries or successor payees for the benefits from the
plan.~~

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

~~"Total member contribution rate." The sum of the basic
contribution rate and the shared risk contribution rate.~~

~~"Trust." The School Employees' Defined Contribution Trust
established under Chapter 84 (relating to School Employees'
Defined Contribution Plan).~~

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

~~"USERRA leave." Any period of time for service in the
uniformed services as defined in 38 U.S.C. Ch. 43 (relating to
employment and reemployment rights of members of the uniformed
services) by a school employee or former school employee or
participant who terminated school service to perform the service
in the uniformed services, if the current or former school
employee or participant is entitled to reemployment rights under
38 U.S.C. Ch. 43 with respect to the uniformed service.~~

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

~~"Vestee." A member with five or more eligibility points in a
class of service other than Class T E, Class T F or Class T I
who has terminated school service, has left his accumulated
deductions in the fund and is deferring filing of an application~~

~~for receipt of an annuity. For Class T-E and Class T-F members,
a member with ten or more eligibility points who has terminated
school service, has left his accumulated deductions in the fund
and is deferring filing of an application for receipt of an
annuity. For Class T-I members, a member who has terminated
school service, has left his accumulated deductions in the fund
and is deferring filing of an application for receipt of
annuity.~~

~~"Voluntary contributions." Contributions made by a
participant to the trust and credited to his individual
investment account in excess of his mandatory pickup participant
contributions, and contributions made by a member to the system
and credited to his cash balance account in excess of his
mandatory pickup contributions, either by salary deductions paid
through the employer or by an eligible rollover or direct
trustee to trustee transfers.~~

~~Section 202. Section 8103 of Title 24 is amended by adding
subsections to read:~~

~~§ 8103. Construction of part.~~

~~* * *~~

~~(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
in a position in which such employee is a member of the
system.~~

~~(2) The term "inactive participant" does not include a
combined service employee who is an "inactive member," unless
the combined service employee is concurrently employed in a~~

~~position in which such employee is a participant in the plan.~~

~~(d) Provisions severable. The provisions of this part are severable and if any of its provisions shall be held to be unconstitutional, the decision of the court shall not affect or impair any of the remaining provisions. It is hereby declared to be the legislative intent that this part would have been adopted had such unconstitutional provisions not been included.~~

~~(e) References to certain Federal statutes. References in this part to the IRC or the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), including administrative regulations promulgated under the IRC or the Uniformed Services Employment and Reemployment Rights Act of 1994, are intended to include laws and regulations in effect on the effective date of this section and amended, supplemented or supplanted on and after the effective date of this section.~~

~~(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 Uniformed Services Employment and Reemployment Rights Act of 1994 before the effective date of this section.~~

~~(3) This part may not be construed to mean that the release or publicizing of a record, material or data that would not constitute a public record under section 8502(e)(2) (relating to administrative duties of board) is a violation of the fiduciary duties of the board.~~

~~(g) Applicability. This part shall apply to a record, material or data under section 8502(e)(2) notwithstanding whether:~~

~~(1) the record, material or data was created, generated or stored before the effective date of this section;~~

~~(2) the record, material or data was previously released or made public; or~~

~~(3) a request for the record, material or data was made or is pending final response under the former act of June 21, 1957 (P.L.390, No.212), referred to as the Right to Know Law, or the act of February 14, 2008 (P.L.6, No. 3), known as the Right to Know Law.~~

~~(h) Pension rights. Notwithstanding any other provision of law, no collective bargaining agreement nor any arbitration award between the school employer and its employees or their collective bargaining representatives shall be construed to change any of the provisions in this part, to require the board to administer pension or retirement benefits not set forth under this part or to require action by any other government body pertaining to pension or retirement benefits or rights of school employees.~~

~~Section 203. Title 24 is amended by adding sections to read: § 8103.1. Reference to Public School Employees' Retirement System.~~

~~As of the effective date of this section, unless the context~~

~~clearly indicates otherwise, a reference to 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.~~

~~§ 8103.2. Notice to members and participants.~~

~~Notice by publication, including, without being limited to, newsletters, newspapers, forms, first class mail, letters, manuals, and electronic notice, including, but not limited to, e-mail or internet websites distributed or made available to members and participants in a manner reasonably calculated to give actual notice of the provisions of this part that require notice to members and participants shall be deemed sufficient notice for all purposes.~~

~~Section 204. Sections 8301, 8302, 8303, 8303.1 and 8304(a) of Title 24 are amended to read:~~

~~§ 8301. Mandatory and optional membership.~~

~~(a) Mandatory membership. Membership in the system shall be mandatory as of the effective date of employment for all school employees except the following:~~

~~(1) Any officer or employee of the [Department of Education] department, State owned educational institutions, community colleges, area vocational technical schools, technical institutes, or [the] The 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.~~

~~(2) Any school employee, other than a school employee 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 school~~
12 ~~employee eligible for Class T I membership, who has an~~
13 ~~individual retirement account pursuant to the Federal act of~~
14 ~~September 2, 1974 (Public Law 93 406, 88 Stat. 829), known as~~
15 ~~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 ~~in the system.~~

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,~~

~~2016, to the extent that the compensation of the participant exceeds the Social Security taxable wage base in effect at the beginning of the fiscal year, as provided in section 8404(b) (relating to participant contributions).~~

~~(f) Optional contributions to the cash balance account.~~

~~Class T C members may contribute to the cash balance account up to 3% of compensation, as provided in this part. Class T D, Class T E and Class T F members may contribute to the cash balance account up to 3% of compensation, but limited to the Social Security taxable wage base in effect at the beginning of the fiscal year, as provided in this part. Contributions may be changed as provided in this part or as set forth in board policy.~~

~~(g) Certain agreements. The agreement of an employer to 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.~~

~~§ 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 year for which the required regular member contributions have been made to the fund, or for which such contributions otherwise required for such service were not made to the fund solely by reason of any provision of this part relating to the limitations under IRC § 401(a) (17) or 415(b) or another provision of this part limiting compensation. A per diem or hourly school employee~~

~~shall receive one year of credited service for each nonoverlapping period of 12 consecutive months in which he is employed and for which contributions are made to the fund, or would have been made to the fund but for such limitations under the IRC, or another provision of this part limiting compensation for at least 180 full day sessions or 1,100 hours of employment. If such member was employed and contributions were made to the fund for less than 180 full day sessions or 1,100 hours, he shall be credited with a fractional portion of a year determined by the ratio of the number of full day sessions or hours of service actually rendered and for which contributions are made to the fund to 180 full day sessions or 1,100 hours, as the case may be. A part time salaried employee shall be credited with the fractional portion of the year which corresponds to the service actually rendered and for which contributions are or would have been made to the fund in relation to the service required as a comparable full time salaried employee. In no case shall a member receive more than one year of credited service for any 12 consecutive months or a member who has elected multiple service receive an aggregate in the two systems of more than one year of credited service for any 12 consecutive months.~~

~~(b) Approved leaves of absence. An active member shall receive credit or vesting credit, as applicable, and an active participant shall receive vesting credit, for an approved leave of absence provided that:~~

~~(1) the member returns for a period at least equal to the length of the leave or one year as a member of the system or the participant returns to school service as an active participant in the plan, whichever is less, to the school district which granted his leave, unless such condition is~~

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 ~~in the system shall be cancelled if a member withdraws his~~
10 ~~accumulated deductions.~~

11 ~~(d) Credit for military service. A school employee who has~~
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~~

1 ~~receive credit as provided by this paragraph.~~

2 ~~(i) A school employee who is reemployed from USERRA~~
3 ~~leave as an active member of the system shall be treated~~
4 ~~as not having incurred a break in school service by~~
5 ~~reason of the USERRA leave and shall be granted~~
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 member~~
11 ~~contributions in the amounts and in the time periods~~
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 USERRA~~
17 ~~leave, then the school employee shall be granted school~~
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 member~~
21 ~~who performed creditable school service during the USERRA~~
22 ~~leave in the job position that he would have held had he~~
23 ~~not been on USERRA leave and received the compensation on~~
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 as an active member~~
30 ~~terminates school service or dies in school service~~

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.~~
4 ~~Ch. 43 for reemployment rights, but did not do so, shall be~~
5 ~~able to receive creditable nonschool service as~~
6 ~~nonintervening military service for the period of USERRA~~
7 ~~leave if the employee later returns to school service and is~~
8 ~~otherwise eligible to purchase the service as nonintervening~~
9 ~~military service.~~

10 ~~(4) [A school employee] An active or inactive member~~
11 ~~who, on or after the effective date of this subsection, is~~
12 ~~granted a leave of absence under section 1178 of the Public~~
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~~
16 ~~is not USERRA leave shall be able to receive creditable~~
17 ~~nonschool service as nonintervening military service should~~
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.~~

28 ~~(6) A school employee who is on a leave of absence from~~
29 ~~his duties as a school employee and for which 51 Pa.C.S. §~~
30 ~~4102 provides that he is not to suffer a loss of pay, time or~~

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) Military service by a participant. A participant who~~
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 ~~Ch. 43 (relating to employment and reemployment rights of~~
20 ~~members of the uniformed services) and IRC § 414(u) as if the~~
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 ~~USERRA leave in the job position that he would have held had~~
29 ~~he not been on USERRA leave and received the compensation on~~
30 ~~which the mandatory pickup participant contributions to~~

~~receive school service credit for the USERRA leave were determined, including the right to make voluntary contributions on such compensation as permitted by law.~~

~~(2) A participant who is reemployed from USERRA leave and does not make the mandatory pickup participant contributions or makes only part of the mandatory pickup participant contributions within the allowed payment period shall not be eligible to make mandatory pickup participant contributions and voluntary contributions at a later date for the period of USERRA leave for which the mandatory pickup participant contributions were not timely made.~~

~~(3) A participant who performs USERRA leave from which 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 (relating to leaves of absence for certain government employees) or a military leave under 51 Pa.C.S. Ch. 73 (relating to military leave of absence) that is not USERRA leave shall not be eligible to make mandatory pickup participant contributions or voluntary contributions during or for the leave of absence or military leave, and shall not have employer defined contributions made during such leave, without regard to whether or not the participant received salary, wages,~~

~~stipends, differential wage payments or other payments from his employer during the leave, notwithstanding any provision to the contrary in 51 Pa.C.S. § 4102 or Ch. 73.~~

~~(5) If a participant dies while performing USERRA leave, then the beneficiaries or successor payees, as the case may be, of the deceased participant are entitled to any additional benefits, other than benefit accruals relating to the period of qualified military service, provided under this part had the participant resumed and then terminated employment on account of death.~~

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

~~(a) Accrued credited service. Eligibility points shall be computed in accordance with section 8306 (relating to eligibility points) with respect to all credited service accrued as of the effective date of this part.~~

~~(b) Future school service. Every active member of the system other than a Class T-I member shall accrue an eligibility point for each year of school service rendered subsequent to the effective date of this part. Class T-I members shall be deemed to accrue one eligibility point for each fiscal year in which contributions have been made to the fund.~~

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

~~(c) Purchase of previous creditable service. Every active member of the system other than a Class T-I member or a multiple service member who is an active member of the State Employees'~~

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

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

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

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

~~(d) Purchase of previous noncreditable service. Class T C
and Class T D members who are active members on the effective
date of this subsection shall have three years from the
effective date of this subsection to file a written application
with the board to purchase any previous noncreditable school
service. Class T C and Class T D members who are not active
members on the effective date of this subsection but who become
active members after the effective date of this subsection and
Class T E and class T F members shall have 365 days from entry
into the system to file a written application with the board to
purchase any previous noncreditable school service. Class T I
members shall not be eligible to purchase previous noncreditable
school service.~~

~~(e) Limitations. Notwithstanding any other provision of
this part, a Class T I member shall be permitted to receive
vesting credit or eligibility points, as applicable, for:~~

~~(1) USERRA leave; and~~

~~(2) an approved leave of absence, provided such approved leaves of absence leaves are contributory leaves.~~

~~§ 8303.1. Waiver of adjustments.~~

~~(a) Allowance. Upon appeal by an affected member, participant, beneficiary or survivor annuitant, the board may waive an adjustment or any portion of an adjustment made under section 8534(b) (relating to fraud and adjustment of errors) if in the opinion of the board or the board's designated representative:~~

~~(1) the adjustment or portion of the adjustment will cause undue hardship to the member, participant, beneficiary or survivor annuitant;~~

~~(2) the adjustment was not the result of erroneous information supplied by the member, participant, beneficiary or survivor annuitant;~~

~~(3) the member or participant had no knowledge or notice of the error before adjustment was made, and the member, participant, beneficiary or survivor annuitant took action with respect to their benefits based on erroneous information provided by the system or plan; and~~

~~(4) the member, participant, beneficiary or survivor annuitant had no reasonable grounds to believe the erroneous information was incorrect before the adjustment was made.~~

~~(b) Time period.—~~

~~(1) In order to obtain consideration of a waiver under this section, the affected member, participant, beneficiary or survivor annuitant must appeal to the board in writing within 30 days after receipt of notice that benefits have been adjusted or, if no notice was given, within 30 days after the adjustment was known or should have been known to~~

1 ~~the affected member, participant, beneficiary or survivor~~
2 ~~annuitant.~~

3 ~~(2) For any adjustments made prior to the effective date~~
4 ~~of this subsection for which the member, participant,~~
5 ~~beneficiary or survivor annuitant appealed to the board and~~
6 ~~was denied, an appeal under this section must be filed within~~
7 ~~90 days of the effective date of this subsection.~~

8 ~~Section 2. Section 8304(a) of Title 24 is amended to read:~~

9 ~~§ 8304. Creditable nonschool service.~~

10 ~~(a) Eligibility. An active member, other than a Class T-I~~
11 ~~member, or a multiple service member who is an active member of~~
12 ~~the State Employees' Retirement System shall be eligible to~~
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~~
16 ~~member becomes a Class T-D member pursuant to section 8305.1~~
17 ~~(relating to election to become a Class T-D member) or Class T-F~~
18 ~~member pursuant to section 8305.2 (relating to election to~~
19 ~~become a Class T-F member) or 8305 (relating to classes of~~
20 ~~service), as set forth in subsection (b) provided that he is not~~
21 ~~entitled to receive, eligible to receive now or in the future,~~
22 ~~or is receiving retirement benefits for such service under a~~
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 ~~***~~

~~Section 205. Section 8305(b) of Title 24 is amended and the section is amended by adding a subsection to read:~~

~~§ 8305. Classes of service.~~

~~* * *~~

~~(b) Other class membership. A school employee who is a member of a class of service other than Class T C on the effective date of this part may elect to become a member of Class T C or Class T D or may retain his membership in such other class until the service is discontinued or he elects to become a full coverage member or elects to purchase credit for previous school or creditable nonschool service. Any service [thereafter] as a member of the system shall be credited as Class T C [or T D], Class T D or Class T I service as applicable.~~

~~* * *~~

~~(f) Class T I membership. Notwithstanding any other provision, a person who first becomes a school employee and an active member and active participant, or a person who first becomes a multiple service member or participant who is a State employee and a member of the State Employees' Retirement System, on or after July 1, 2016, shall be classified as a Class T I member upon payment of regular member contributions and participant contributions, as applicable.~~

~~Section 206. Section 8305.1(c) of Title 24 is amended to read:~~

~~§ 8305.1. Election to become a Class T D member.~~

~~* * *~~

~~(c) Effect of election. An election to become a Class T D member shall remain in effect until the termination of employment except as otherwise provided in this part. Those~~

~~members who, on the effective date of this section, contribute at the rate of 5 1/4% shall be deemed to have accepted the basic contribution rate of 6 1/2% for all Class T-D service performed on or after January 1, 2002. Those members who, on the effective date of this section, contribute 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 on or after January 1, 2002. Upon termination and a subsequent reemployment that occurs before July 1, 2016, the class of service of the school employee shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after July 1, 2016, the school employee's eligibility for membership in the system or participation in the plan shall be as provided in this part.~~

~~* * *~~

~~Section 207. (Reserved).~~

~~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 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. Class T-I members shall be deemed to accrue one eligibility point for each fiscal year in which contributions have been made to the fund.~~

~~(a.1) USERRA leave. A member or participant who is~~

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

9 ~~(b) Transitional rule. For the purposes of the transition:~~

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

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~~

~~(a).~~

~~Section 209. Section 8307 of Title 24 is amended and the section is amended by adding subsections to read:~~

~~§ 8307. Eligibility for annuities.~~

~~(a) Superannuation annuity. An active or an inactive member, other than a Class T I member, who attains superannuation age shall be entitled to receive a superannuation annuity upon termination of service and filing of a proper application. A combined service employee who is an active or inactive participant and attains superannuation age in the system shall be entitled to receive a superannuation annuity upon termination of service and filing of a proper application.~~

~~(b) Withdrawal annuity. A vestee in Class T C or Class T D with five or more eligibility points or an active or inactive Class T C or Class T D member who terminates school service having five or more eligibility points shall, upon filing a proper application, be entitled to receive an early annuity. A vestee in Class T E or Class T F with ten or more eligibility points or an active or inactive Class T E or Class T F member who terminates school service having ten or more eligibility points shall, upon filing a proper application, be entitled to receive an early annuity.~~

~~(c) Disability annuity. An active or inactive member, other than a Class T I member, who has credit for at least five years of service shall, upon filing of a proper application, be entitled to a disability annuity if he becomes mentally or physically incapable of continuing to perform the duties for which he is employed and qualifies for an annuity in accordance with the provisions of section 8505(c) (1) (relating to duties of board regarding applications and elections of members).~~

~~(d) Class T-I members. A Class T-I member who terminates school service shall, upon filing of a proper application, be entitled to receive an annuity.~~

~~(e) Multiple classes of service. A member with more than one class of service who vests his retirement benefits in any class of service may not receive distributions from other classes of service until his effective date of retirement, regardless of whether his benefits resulting from such other classes of service are vested or he is eligible to receive an annuity. A member with service credited in more than one class of service may not separately vest those benefits and receive annuities from different classes of service with different effective dates.~~

~~Section 210. Sections 8308, 8310, 8321, 8322.1(a), 8323(a) and (d), 8324(b), (c) and (d), 8325, 8325.1 and 8326(a) and (c) of Title 24 are amended to read:~~

~~§ 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 attainment of superannuation age. A Class T-I member who terminates school service shall be entitled to vest his retirement benefits until the member's required beginning date,~~

~~provided the balance of his members' savings account and cash balance account exceeds the requirements of a de minimis account under section 8349(d) (relating to payment of benefits).~~

~~(b) Multiple classes of service. A member with more than one class of service who vests his retirement benefits in any class of service may not receive distributions from other classes of service until his effective date of retirement, regardless of whether his benefits resulting from such other classes of service are vested or he is eligible to receive an annuity. A member with service credited in more than one class of service may not separately vest those benefits and receive annuities from different classes of service with different effective dates.~~

~~§ 8310. Eligibility for refunds.~~

~~Upon termination of service any active member, regardless of eligibility for benefits, may elect to receive his accumulated deductions in lieu of any benefit from the system to which he is entitled.~~

~~§ 8321. Regular member contributions and cash balance member contributions for current service.~~

~~(a) General. Regular member contributions and cash balance 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 limiting such contributions, or relating to the limitations under IRC § 401(a)(17) or 415(b).~~

~~(b) Class T E and Class T F shared risk contributions.~~

~~(1) Commencing with the annual actuarial valuation performed under section 8502(j) (relating to administrative~~

~~duties of board), for the period ending June 30, 2014, and every three years thereafter, the board shall compare the actual investment rate of return, net of fees, to the annual interest rate adopted by the board for the calculation of the normal contribution rate, based on the market value of assets, for the prior ten year period. If the actual investment rate of return, net of fees, is less than the annual interest rate adopted by the board by an amount of 1% or more, the shared risk contribution rate of Class T D, T E and T F members will increase by .5%. If the actual investment rate of return, net of fees, is equal to or exceeds the annual interest rate adopted by the board, the shared risk contributions rate of Class T D, T E and T F members will decrease by .5%[.], provided the total member contribution rate on the date of the actuarial valuation is above the member's total contribution rate in effect on the effective date of this paragraph. If the actual investment 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 shared risk contribution rate of Class T D, T E and T F members will decrease by .5%. If the actual investment rate of return, net of fees, is equal to or below the annual interest rate adopted by the board, the shared risk contribution rate of Class T D, T E and T F members will increase by .5%, provided the total member contribution rate on the date of the actuarial valuation is below the member's total contribution rate in effect on the effective date of this paragraph. Class T D, T E and T F members will contribute at the total member contribution rate in effect when they are hired. [The]~~

~~(2) Notwithstanding paragraph (1), the total member contribution rate for Class T D and T E members who are currently paying 7.5% on the effective date of this paragraph shall not be less than [7.5%] 5.5%, nor more than 9.5%. The total member contribution rate for Class T F members shall not be less than [10.3%] 8.3%, nor more than 12.3%. The total member contribution rate for Class T D members who are currently paying 6.5% on the effective date of this paragraph shall not be less than 4.5%, nor more than 8.5%.~~

~~(3) Notwithstanding this subsection, if the system's actuarial funded status is 100% or more as of the date used for the comparison required under this subsection, as determined in the current annual actuarial valuation, and the total contribution rate of the member is above the basic contribution rate, the shared risk contribution rate shall be zero.~~

~~(4) In the event that the annual interest rate adopted by the board for the calculation of the normal contribution rate is changed during the period used to determine the shared risk contribution rate, the board, with the advice of the actuary, shall determine the applicable rate during the entire period, expressed as an annual rate.~~

~~{(1)} (5) Until the system has a ten year period of investment rate of return experience following the effective date of this subsection, the look back period shall begin not earlier than the effective date of this subsection.~~

~~{(2)} (6) For any fiscal year in which the employer contribution rate is lower than the final contribution rate under section 8328(h) (relating to actuarial cost method), the total member contribution rate for Class T D, T E and T F~~

~~members shall be prospectively reset to the basic contribution rate.~~

~~[(3)] (7) There shall be no increase in the member contribution rate if there has not been an equivalent increase to the employer contribution rate over the previous three year period.~~

~~§ 8322.1. Pickup contributions.~~

~~(a) Treatment for purposes of IRC § 414(h). All contributions required to be made to the fund under sections 8321 (relating to regular member contributions for current service) and 8322 (relating to joint coverage member contributions), with respect to current school service rendered by an active member on or after January 1, 1983, shall be picked up by the employer and shall be treated as the employer's contribution for purposes of IRC § 414(h).~~

~~* * *~~

~~§ 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 in the system for reinstatement of all previously credited school service, school service not previously credited, sabbatical leave as if he had been in full time daily attendance, or full coverage membership shall be sufficient to provide an amount equal to the accumulated deductions which would have been standing to the credit of the member for such service had regular member contributions been made with full coverage at the rate of contribution necessary to be credited as Class T C service, Class T D service if the member is a Class T D member, Class T E 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 been credited with statutory interest during the period the contributions would have been made and during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay up to the date of purchase.~~

~~* * *~~

~~(d) Certification and payment of contributions.—~~

~~(1) In all cases other than for the purchase of credit for sabbatical leave and activated military service leave beginning before the effective date of paragraph (2), the amount payable shall be certified by the board in accordance with methods approved by the actuary and may be paid in a 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 State Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to 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 State employee who is an active member of the State Employees' Retirement System, the agreed-upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

~~(2) In the case of activated military service leave~~

~~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.~~

~~§ 8324. Contributions for purchase of credit for creditable nonschool service and noncreditable school service.~~

~~* * *~~

~~(b) Nonintervening military service. 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 plus the normal contribution rate as provided in section 8328 (relating to actuarial cost method) at the time of entry of the member into school service subsequent to such military service to one third of his total compensation received during the first three years of such subsequent credited school service and multiplying the product by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with statutory interest during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay to date of purchase. Upon certification of the amount due, payment may 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 member of the State Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and~~

~~statutory interest until the termination of school service or State service or becoming a participant and a combined service employee as the board in its sole discretion decides to 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 State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' 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 credited school service and shall be credited as Class T C service. In the event that a Class T E member makes a purchase of credit for 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 purchase of credit for such military service, then such service shall be credited as Class T F service.~~

~~(c) Intervening military service. Contributions on account of credit for intervening military service shall be determined by the member's basic contribution rate and compensation at the time of entry of the member into active military service, together with statutory interest during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay to date of purchase. Upon application for such credit the amount due shall be certified in the case of each member by the board, in accordance with methods approved by the actuary, and contributions may be made by one of the following methods:~~

~~(1) Regular monthly payments during active military~~

1 ~~service.~~

2 ~~(2) A lump sum payment within 90 days of certification~~
3 ~~of the amount due.~~

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

18 ~~(d) Other creditable nonschool service and noncreditable~~
19 ~~school service.~~

20 ~~(1) Contributions on account of Class T C credit for~~
21 ~~creditable nonschool service other than military service~~
22 ~~shall be determined by applying the member's basic~~
23 ~~contribution rate plus the normal contribution rate as~~
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 first~~
27 ~~year of subsequent credited school service and multiplying~~
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~~

~~school service as an active member or inactive member or State service as an active member or inactive member on leave without pay to the date of purchase, except that in the case of purchase of credit for creditable nonschool service as set forth in section 8304(b)(5) (relating to creditable nonschool service) the member shall pay only the employee's share unless otherwise provided by law. Upon certification of the amount due, payment may 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 member of the State Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or becoming a participant and a combined service employee as the board in its sole discretion decides to 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 State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

~~(2) Contributions on account of Class T-E or Class T-F credit for creditable nonschool service other than military service shall be the present value of the full actuarial cost of the increase in the projected superannuation annuity caused by the additional service credited on account of the~~

1 ~~purchase. Upon certification of the amount due, payment may~~
2 ~~be made in a lump sum within 90 days or, in the case of an~~
3 ~~active member or an eligible State employee who is an active~~
4 ~~member of the State Employees' Retirement System, it may be~~
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~~
11 ~~combined service employee as the board in its sole discretion~~
12 ~~decides to allow. The board may limit salary deduction~~
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 be~~
17 ~~remitted to the State Employees' Retirement Board, which~~
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~~
21 ~~service shall be the present value of the full actuarial cost~~
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~~

~~the members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or becoming a participant and combined service employee as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to the terms as the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

~~***~~

~~§ 8325. Incomplete payments.~~

~~(a) Right to pay balance due. In the event that a member terminates school service or becomes a participant or a multiple service member who is an active member of the State Employees' Retirement System terminates State service before any agreed upon payments, including USERRA leave, or return of benefits on account of returning to school service or entering State service and electing multiple service have been completed, the member or multiple service member who is an active member of the State Employees' Retirement System shall have the right to pay within 30 days of termination of school service or State service or becoming a participant the balance due, including interest, in a lump sum, and the annuity shall be calculated including full credit for the previous school service, creditable nonschool service, or full coverage membership.~~

~~(b) Effect of failure to pay balance due. In the event a member does not pay the balance due within 30 days of termination of school service or becoming a participant or in~~

~~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 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~~
~~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,~~

~~the numerator of which is the number of months in the
determination period and the denominator of which is 12.~~

~~* * *~~

~~§ 8326. Contributions by the Commonwealth.~~

~~(a) Contributions on behalf of active members and
participants. The Commonwealth shall make contributions into
the fund on behalf of all active members and participants,
including members and participants 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 reserves on account of prospective
annuities as provided in this part in accordance with section
8328 (relating to actuarial cost method). In case a school
employee has elected membership in a retirement program approved
by the employer, the Commonwealth shall contribute to such
program on account of his membership an amount no greater than
the amount it would have contributed had the employee been a
member of the Public School Employees' Retirement System.~~

~~* * *~~

~~(c) Contributions after June 30, 1995.—~~

~~(1) The Commonwealth shall make contributions into the
fund on behalf of all active members and participants,
including members on activated military service leave, for
service performed after June 30, 1995, in the following
manner:~~

~~(i) For members and participants who are employees
of employers that are school entities, no Commonwealth
contributions shall be made.~~

~~(ii) For members and participants who are employees
of employers that are not school entities, the amount~~

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 and participants 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:~~

17 ~~§ 8327. Payments by employers.~~

18 ~~(a) General rule. [Each]~~

19 ~~(1) For payments before June 30, 2016, each employer,~~
20 ~~including the Commonwealth as employer of employees of the~~
21 ~~Department of Education, State owned colleges and~~
22 ~~universities, Thaddeus Stevens College of Technology, Western~~
23 ~~Pennsylvania School for the Deaf, Scotland School for~~
24 ~~Veterans' Children[,] and [the] The Pennsylvania State~~
25 ~~University, shall make payments to the fund each quarter in~~
26 ~~an amount equal to one half the sum of the percentages, as~~
27 ~~determined under section 8328 (relating to actuarial cost~~
28 ~~method), applied to the total compensation during the pay~~
29 ~~periods in the preceding quarter of all its employees who~~
30 ~~were members of the system during such period, including~~

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 ~~USERRA leave does not return to service for the necessary~~
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~~

~~the employer.~~

~~(b) Deduction from appropriations.~~

~~(1) To facilitate the payment of amounts due from any employer to the fund and the trust through the State Treasurer and to permit the exchange of credits between the State Treasurer and any employer, the Secretary of Education and the State Treasurer shall cause to be deducted and paid into the fund and the trust from the amount of any moneys due to any employer on account of any appropriation for schools or other purposes amounts equal to the employer and pickup contributions which an employer is required to pay to the fund and the trust, as certified by the board, and as remains unpaid on the date such appropriations would otherwise be paid to the employer. Such amount shall be credited to the appropriate accounts in the fund and the trust.~~

~~(2) To facilitate the payments of amounts due from any 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 Code of 1949, to the fund and the trust through the State Treasurer and to permit the exchange of credits between the State Treasurer and any employer, the Secretary of Education and the State Treasurer shall cause to be deducted and paid into the fund and the trust from any funds appropriated to the Department of Education for basic education of the chartering school district of a charter school and public school employees' retirement contributions amounts equal to the employer and pickup contributions which a charter school is required to pay to the fund and the trust, as certified by the board, and as remains unpaid on the date such appropriations would otherwise be paid to the chartering~~

~~school district or charter school. Such amounts shall be credited to the appropriate accounts in the fund and the trust. Any reduction in payments to a chartering school district made pursuant to this section shall be deducted from the amount due to the charter school district pursuant to the Public School Code of 1949.~~

~~(c) Payments by employers after June 30, 1995, and before July 1, 2016. After June 30, 1995, and before July 1, 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 Pennsylvania State University, shall make payments to the fund and the trust each quarter in an amount computed in the following manner:~~

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

~~(2) For an employer that is not a school entity, the~~

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~~

~~total compensation of all active participants in the plan. In the event a member on activated military service leave or USERRA leave does not return to service for the necessary time or receives an undesirable, bad conduct or dishonorable discharge or does not elect to receive credit for activated military service under section 8302(b.1)(3) or 8302(d), the contribution made by the employer on behalf of such member shall be returned with valuation interest upon application by the employer.~~

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

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

~~(e) Deemed agreed to. The agreement of an employer listed in the definition of school employee under section 8102 (relating to definitions) or any other law to 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 enroll its employees in the plan.~~

~~(f) Contributions. The employer employing a participant shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.~~

~~(g) Contributions resulting from members reemployed from USERRA leave. When a school employee reemployed from USERRA leave makes the member contributions required to be granted school service credit for the USERRA leave after June 30, 2016, either by actual payment or by actuarial debt under section 8325 (relating to incomplete payments), the employer that employed the school employee when the member contributions are made or the last employer before termination in the case of payment under section 8325 shall make the employer contributions that would have been made under this section if the employee making the member contributions after he is reemployed from USERRA leave continued to be employed in his school office or position instead of performing USERRA leave.~~

~~Section 212. Section 8328(a), (b), (c) (4) and (g) are amended and subsections (c) and (g) are amended by adding paragraphs to read:~~

~~§ 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~~

1 ~~the normal contribution rate as defined in subsection (b), the~~
2 ~~accrued liability contribution rate as defined in subsection (c)~~
3 ~~and the supplemental annuity contribution rate as defined in~~
4 ~~subsection (d). Beginning July 1, 2004, the actuarially required~~
5 ~~contribution rate shall be modified by the experience adjustment~~
6 ~~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~~
10 ~~each actuarial valuation. Until all accrued liability~~
11 ~~contributions have been completed, the normal contribution~~
12 ~~rate shall be determined, on the basis of an annual interest~~
13 ~~rate and such mortality and other tables as shall be adopted~~
14 ~~by the board in accordance with generally accepted actuarial~~
15 ~~principles, as a level percentage of the compensation of the~~
16 ~~average new active member, which percentage, if contributed~~
17 ~~on the basis of his prospective compensation through the~~
18 ~~entire period of active school service, would be sufficient~~
19 ~~to fund the liability for any prospective benefit payable to~~
20 ~~him, in excess of that portion funded by his prospective~~
21 ~~member contributions, excluding the shared risk~~
22 ~~contributions.~~

23 ~~(2) For fiscal years beginning on or after July 1, 2016,~~
24 ~~the normal contribution rate shall be determined after each~~
25 ~~actuarial valuation. Until all accrued liability~~
26 ~~contributions have been completed, the normal contribution~~
27 ~~rate shall be determined, on the basis of an annual interest~~
28 ~~rate and such mortality and other tables as shall be adopted~~
29 ~~by the board in accordance with generally accepted actuarial~~
30 ~~principles, as a level percentage of the compensation of all~~

~~active members, which percentage, if contributed on the basis of the member's prospective compensation through the 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 contributions.~~

~~(c) Accrued liability contribution rate.~~

~~* * *~~

~~(4) For the fiscal year beginning July 1, 2011, the accrued liability contribution rate shall be computed as the rate of total compensation of all active members which shall be certified by the actuary as sufficient to fund as a level percentage of compensation over a period of 24 years from July 1, 2011, the present value of the liabilities for all prospective benefits calculated as of June 30, 2010, including the supplemental benefits as provided in sections 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and 8348.7, in excess of the actuarially calculated assets in the fund (calculated recognizing all realized and unrealized investment gains and losses each year in level annual installments over a ten year period). In the event that the accrued liability is increased by legislation enacted subsequent to June 30, 2010, as a result of an increase in benefits determined on a total plan basis, such additional liability shall be funded as a level percentage of compensation over a period of ten years from the July 1 second succeeding the date such legislation is enacted.~~

~~(5) For the actuarial valuation for the fiscal years ending on or after June 30, 2017, the actuarially calculated assets in the fund determined in accordance with paragraph~~

~~(4) shall be no less than 70% and no more than 130% of market value.~~

~~* * *~~

~~(g) Temporary application of collared contribution rate.~~

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

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

~~(3) For purposes of applying the collared contribution rate, compensation for determining the normal contribution rate and the accrued liability contribution rate shall be defined as the total compensation of all active members and active participants.~~

~~* * *~~

~~Section 213. Section 8330 of Title 24 is amended to read:~~

~~§ 8330. Appropriations by the Commonwealth.~~

~~(a) Annual submission of budget. The board shall prepare and through the Governor submit annually to the General Assembly an itemized budget consisting of the amounts necessary to be appropriated by the Commonwealth out of the General Fund required to meet the separate obligations to the fund and the trust accruing during the fiscal period beginning July 1 of the following year.~~

~~(b) Appropriation and payment. The General Assembly shall make an appropriation sufficient to provide for the separate obligations of the Commonwealth to the fund and the trust. Such amount shall be paid by the State Treasurer through the Department of Revenue into the fund or the trust, as the case may be, within 30 days of receipt of the requisition presented each quarter by the board.~~

~~Section 214. Title 24 is amended by adding a section to read:~~

~~§ 8331. Employer funding mandate protection.~~

~~(a) Limited expansion of contractual right to funding. Beginning on the July 1 after the actuarial valuation in which the actuary certifies that final contribution rate is the actuarially required contribution, each active member shall have a contractual right to the timely payment of the annual actuarially required contributions pursuant to section 8328 (relating to actuarial cost method) and section 8502 (k) (relating to administrative duties of the board) by such member's employer. The following apply:~~

~~(1) The failure of a member's employer to make the annually required contribution to the fund will be deemed to be an impairment of the contractual right of such member.~~

~~(2) Any claim of contract impairment shall be brought against the employer of the member for whom contributions were not paid and neither the board nor the system or their employees or agents shall be a defendant in any such action or liable for any payments or damages arising from such impairment.~~

~~(b) Jurisdiction of Supreme Court. Notwithstanding 2 Pa.C.S. (relating to administrative law and procedure), 42 Pa.C.S. (relating to judiciary and judicial procedure) or any other provision of law, the Pennsylvania Supreme Court shall have exclusive jurisdiction to do as follows:~~

~~(1) hear any claim of contract impairment for failure to 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) to find facts or to 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 matters affecting government units) or lack of jurisdiction by the Supreme Court shall not be raised as a defense against a claim brought against an employer under this section.~~

~~(d) Attorney's fees. A member who prevails in a claim brought under this part may be awarded reasonable attorney's fees.~~

~~(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.~~

~~(f) Employer contributions. Nothing in this section shall
be construed to supersede or conflict with the rights and
obligations set forth in section 8330 (relating to
appropriations by the Commonwealth).~~

~~(g) Board action. The board is authorized but not required
to bring an action under this section on behalf of itself or any
member; and if the board prevails, it may be awarded reasonable
attorney's fees.~~

~~Section 215. Sections 8341 and 8342 of Title 24 are amended
to read:~~

~~§ 8341. Return of accumulated deductions.~~

~~Any member upon termination of service may, in lieu of all
benefits payable from the system under this chapter to which he
may be entitled, elect to receive his accumulated deductions.~~

~~§ 8342. Maximum single life annuity.~~

~~(a) General rule. Upon termination of service, any full-
coverage member who is eligible to receive an annuity pursuant
to the provisions of section 8307(a) or (b) (relating to
eligibility for annuities) and has made an application in
accordance with the provisions of section 8507(f) (relating to
rights and duties of school employees [and members], members and
participants) shall be entitled to receive a maximum single life
annuity attributable to his credited service and equal to the
sum of the following single life annuities beginning at the
effective date of retirement and, in case the member on the~~

~~effective date of retirement is under superannuation age, multiplied by a reduction factor calculated to provide benefits actuarially equivalent to an annuity starting at superannuation age: Provided however, That on or after July 1, 1976, in the case of any member who has attained age 55 and has 25 or more eligibility points such sum of single life annuities shall be reduced by a percentage determined by multiplying the number of months, including a fraction of a month as a full month, by which the effective date of retirement precedes superannuation 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 effective date of retirement, greater than the member's final average salary:~~

~~(1) A [standard single life annuity multiplied by the] single life annuity that is the sum of annuities determined separately for each class of service [multiplier], and calculated on the basis of the number of years of credited school service other than concurrent service.~~

~~(2) A standard single life annuity multiplied by the class of service multiplier and calculated on the basis of the number of years of concurrent service other than service credited as a member of Class T I and multiplied by the ratio of total compensation received in the school system other than service credited as a member of Class T I or State service as a member of Class TBD during the period of concurrent service to the total 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-~~

1 ~~for each full year of credited service.~~

2 ~~(4) A standard single life annuity based on monies~~
3 ~~credited to a Class T-I member, as provided in this part.~~

4 ~~(5) If applicable, a standard single life annuity based~~
5 ~~on monies credited in the member's cash balance account, as~~
6 ~~provided in this part.~~

7 ~~(b) Present value of annuity. The present value of the~~
8 ~~maximum single life annuity as calculated in accordance with~~
9 ~~subsection (a) shall be determined, for all classes other than~~
10 ~~Class T-I, by multiplying the maximum single life annuity by the~~
11 ~~cost of a dollar annuity on the effective date of retirement.~~
12 ~~Such present value for all classes shall be decreased only as~~
13 ~~specifically provided in this part.~~

14 ~~(c) Limitation regarding annual benefit under IRC §~~
15 ~~415(b). Notwithstanding any provision of this part to the~~
16 ~~contrary, no benefit shall be payable to the extent that such~~
17 ~~benefit exceeds any limitation under IRC § 415(b) in effect with~~
18 ~~respect to governmental plans, as such term is defined in IRC §~~
19 ~~414(d), on the date the benefit payment becomes effective.~~

20 ~~(d) Coordination of benefits. The determination and payment~~
21 ~~of the maximum single life annuity under this section shall be~~
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~~
26 ~~and the section is amended by adding a subsection to read:~~
27 ~~§ 8344. Disability annuities.~~

28 ~~(a) Amount of annuity. A member other than a member of~~
29 ~~Class T-I who has made application for a disability annuity as~~
30 ~~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) (relating to eligibility for annuities) and
8505(c)(1) (relating to duties of board regarding applications
and elections of members) shall receive a disability annuity
payable from the effective date of disability and continued
until a subsequent determination by the board that the annuitant
is no longer entitled to a disability annuity. The disability
annuity shall be a single life annuity that is equal to a sum of
the standard single life [annuity] annuities determined
separately for each class of service if the total number of
years of credited service is greater than 16.667, otherwise
[the] each standard single life annuity shall be multiplied by
the lesser of the following ratios:~~

$$\frac{Y^*}{Y} \text{ or } 16.667/Y$$

~~where Y = total number of years of credited service and Y* =
total years of credited service if the member were to continue
as a school employee until attaining superannuation age, or if
the member has attained superannuation age then the number of
years of credited service. In no event shall the disability
annuity plus any cost of living increases be less than \$100 for
each full year of credited service. The member shall be entitled
to the election of a joint and survivor annuity on that portion
of the disability annuity to which he is entitled under section
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~~

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 rule. Any 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~~

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 ~~"actuarially equivalent," as applied to any lump sum~~
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,~~

~~computed on the basis of the interest rate and such
mortality and other tables as adopted by the board
pursuant to section 8328(b) (relating to actuarial cost
method) in effect on the effective date of retirement of
the member. Any partial lump sum withdrawal shall be
applied first to contributions and interest credited to
the member's savings account before July 1, 2016.~~

~~* * *~~

~~§ 8346. Termination of annuities.~~

~~(a) General rule. If an annuitant returns to school service
or enters or has entered State service and elects multiple
service membership, any annuity payable to him under this part
shall cease effective upon the date of his return to school
service or entering State service without regard to whether he
is a mandatory, optional or prohibited member of the system or
participant in the plan or, if a multiple service member,
whether he is a mandatory, optional or prohibited member or
participant of the State Employee's Retirement System or State
Employee's Defined Contribution Plan and in the case of an
annuity other than a disability annuity the present value of
such annuity, adjusted for full coverage in the case of a joint
coverage member who makes the appropriate back contributions for
full coverage, shall be frozen as of the date such annuity
ceases. An annuitant who is credited with an additional 10% of
membership service as provided in section 8302(b.2) (relating to
credited school service) and who returns to school service,
except as provided in subsection (b), shall forfeit such
credited service and shall have his frozen present value
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.~~

~~(a.1) Return of benefits. In the event an annuitant whose annuity from the system ceases pursuant to this section receives any annuity payment, including a lump sum payment pursuant to section 8345 (relating to member's options) on or after the date of his return to school service or entering State service, the annuitant shall return to the board the amount so received from the system plus statutory interest. The amount payable shall be certified in each case by the board in accordance with methods 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 who is an active member of the State Employees' Retirement System may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the member and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of a State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

~~* * *~~

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

~~judgment of the employer, an emergency creates an increase in the work load such that there is serious impairment of service to the public or in the event of a shortage of appropriate subject certified teachers or other personnel, an annuitant or participant receiving distributions may be returned to school service for a period not to extend beyond the school year during which the emergency or shortage occurs, without loss of his annuity or distributions. The annuitant shall not be entitled to earn any credited service, and no contributions may be made by the annuitant, the employer or the Commonwealth on account of such employment. Such service shall not be subject to member contributions or be eligible for qualification as creditable school service or for participation in the plan, mandatory pickup participant contributions or employer defined contributions.~~

~~(b.1) Return to school service in an extracurricular position.~~

~~(1) An annuitant or participant receiving distributions may be employed under separate contract by a public school or charter school in an extracurricular position performed primarily outside regular instructional hours and not part of mandated curriculum without loss of annuity. [Neither the] The annuitant [nor], the participant receiving distributions and the employer shall not make contributions to the member's savings account, the individual investment account or State accumulation account respectively for such service. Further, such contract shall contain a waiver whereby the annuitant waives any potential retirement benefits that could arise from the contract and releases the employer and the board from any liability for such benefits. Such service shall not~~

~~be subject to member or participant contributions or be eligible for qualification as creditable school service or for participation in the plan, mandatory pickup participant contributions or employer defined contributions.~~

~~* * *~~

~~(c) Subsequent discontinuance of service. Upon subsequent discontinuance of service, such [member] terminating school employee other than a former annuitant who had the effect of his frozen present value eliminated in accordance with subsection (d) or a former disability annuitant shall be entitled to an annuity which is actuarially equivalent to [the sum of] the present value as determined under subsection (a) [and] to which shall be added, if the service after reemployment was as a member of the system, the present value of a maximum single life annuity based on years of service credited subsequent to reentry in the system and his final average salary computed by reference to his compensation as a member of the system or as a member of the State Employees' Retirement System during his entire period of school and State service.~~

~~(d) Elimination of the effect of frozen present value.~~

~~(1) An annuitant who returns to school service as an active member of the system and earns three eligibility points by performing credited school service or reemployment from USERRA leave following the most recent period of receipt of an annuity under this part, or an annuitant who enters State service other than a participant in the State Employees' Defined Contribution Plan and:~~

~~(i) is a multiple service member; or~~

~~(ii) who elects multiple service membership, and~~

~~earns three eligibility points by performing credited State~~

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 ~~* * *~~

14 ~~§ 8347. Death benefits.~~

15 ~~(a) Members eligible for annuities. Any 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 from the~~
27 ~~system as provided in subsection (a), his designated beneficiary~~
28 ~~shall be paid the full amount of his accumulated deductions.~~

29 ~~(c) Disability annuitants. In the event of the death of a~~
30 ~~disability annuitant who has elected to receive a maximum~~

~~disability annuity from the system before he has received in annuity payments an amount equal to the present value, on the effective date of disability, of the benefits to which he would have been entitled under subsection (a) had he died while in school service, the balance of such amount shall be paid to his designated beneficiary, except that in the event of the death of a disability annuitant who was not entitled to receive benefits under subsection (a), his beneficiary shall be paid the accumulated deductions standing to his credit on the effective date of disability less the total payments received on account of his member's annuity.~~

~~(d) Other annuitants. In the event of the death of an annuitant who has elected to receive the maximum single life annuity from the system before he has received in total annuity payments an amount equal to the full amount of the accumulated deductions standing to his credit on the effective date of retirement, the difference between the total payments made to the date of death and the accumulated deductions shall be paid to his designated beneficiary.~~

~~§ 8349. Payment of benefits from the system.~~

~~(a) Annuities. Any annuity granted under the provisions of this part and paid from the fund shall be paid in equal monthly installments.~~

~~(b) Death benefits. If the amount of a death benefit payable from the fund to a beneficiary of a member 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:~~

~~(1) A lump sum payment.~~

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

~~(3) A lump sum payment and an annuity such that the annuity is actuarially equivalent to the amount payable less the lump sum payment specified by the beneficiary.~~

~~(c) Death or absence of beneficiary. If the beneficiary designated by a member should predecease him or die within 30 days of his death, or if a valid nomination of a beneficiary is not in effect at his death, any money payable to a beneficiary shall be paid to the estate of the member.~~

~~(d) De minimis accounts. A member with only Class T-I service credit as a member of the system who terminates school service and whose balance in the members' savings account is \$5,000 or less as of the date of termination of service (or such other higher amount as may be permitted under IRC §411(a)(11) or 417(e)) shall receive such balance in one lump sum payment as provided in IRC §401(a)(31). This balance shall not be eligible for installment payments under section 8505.1 (relating to installment payments of accumulated deductions), but shall be considered a lump sum payment for purposes of section 8505.1(d).~~

~~Section 218. Title 24 is amended by adding a chapter to read:~~

CHAPTER 84

SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN

Sec.

8401. Establishment.

8402. Plan document.

8403. Individual investment accounts.

8404. Participant contributions.

8405. Mandatory pickup participant contributions.

1 ~~8406. Employer defined contributions.~~
2 ~~8407. Eligibility for benefits.~~
3 ~~8408. Death benefits.~~
4 ~~8409. Vesting.~~
5 ~~8410. Termination of distributions.~~
6 ~~8411. Agreements with financial institutions and other~~
7 ~~organizations.~~
8 ~~8411.1. Relation of administrators of School Employees' Defined~~
9 ~~Contribution Plan to providers of 403(b) plans.~~
10 ~~8412. Powers and duties of board.~~
11 ~~8413. Responsibility for investment loss.~~
12 ~~8414. Investments based on participants' investment allocation~~
13 ~~choices.~~
14 ~~8415. Expenses.~~
15 ~~8416. Election by members to be participants.~~
16 ~~8417. Tax qualification.~~
17 ~~§ 8401. Establishment.~~
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 ~~contribution plan exclusively for the benefit of those school~~
22 ~~employees who participate in the plan and their beneficiaries~~
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 ~~inconsistent with this part, the IRC and other applicable law~~
26 ~~and shall provide for the plan's administration.~~
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 ~~be comprised of the individual investment accounts and all~~

~~assets and moneys in those accounts. The members of the board shall be the trustees of the trust, which shall be administered exclusively for the benefit of those school employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the trust not inconsistent with this part, the IRC and other applicable law and shall provide for the investment and administration of the trust.~~

~~(c) Assets held in trust. All assets and income in the plan that have been or shall be withheld or contributed by the participants, the Commonwealth and employers in accordance with this part shall be held in trust in any funding vehicle permitted by the applicable provisions of the IRC for the exclusive benefit of the plan's participants and their beneficiaries until such time as the funds are distributed to the participants or their beneficiaries in accordance with the terms of the plan document. The assets of the plan held in trust for the exclusive benefit of the participants and their beneficiaries may be used for the payment of the fees, costs and expenses related to the administration and investment of the plan and the trust.~~

~~(d) Name for transacting business. By the name of "The School Employees' Defined Contribution Plan," all 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, except that, any other law to the contrary notwithstanding, 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~~

1 ~~provisions of this part.~~

2 ~~§ 8402. Plan document.~~

3 ~~The board shall set forth the terms and provisions of the~~
4 ~~plan and trust in a document containing the terms and conditions~~
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 ~~31, 1968 (P.L.769, No.240), referred to as the Commonwealth~~
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 ~~indicates otherwise.~~

15 ~~§ 8403. Individual investment accounts.~~

16 ~~The board:~~

17 ~~(1) shall establish in the trust an individual~~
18 ~~investment account for each participant in the plan. All~~
19 ~~contributions by a participant or an employer for or on~~
20 ~~behalf of a participant shall be credited to the~~
21 ~~participant's individual investment account, together with~~
22 ~~all interest and investment earnings and losses. Investment~~
23 ~~and administrative fees, costs and expenses shall be charged~~
24 ~~to the participants' individual investment accounts. Employer~~
25 ~~defined contributions shall be recorded and accounted for~~
26 ~~separately from participant contributions, but all interest,~~
27 ~~investment earnings and losses, and investment and~~
28 ~~administrative fees, costs and expenses shall be allocated~~
29 ~~proportionately;~~

30 ~~(2) shall separately track participant contributions,~~

~~including investment gains and losses, and employer contributions, including investment gains and losses, but all interest, investment gains and losses and administrative fees, costs and expenses shall be allocated proportionately; and~~

~~(3) may contract with financial institutions, insurance companies or other types of third party providers and other vendors to allow participants to deposit participant contributions into the individual investment accounts in a form and manner as provided by the contract.~~

~~§ 8404. Participant contributions.~~

~~(a) Mandatory contributions. A participant shall make mandatory pickup participant contributions through payroll deductions to the participant's individual investment account equal to 3% of compensation for current school service. The employer shall cause such contributions for current service to be made and deducted from each payroll or on such schedule as established by the board.~~

~~(b) Voluntary contributions.~~

~~(i) A participant may make voluntary contributions up to an additional amount equal to 3% of compensation for current school service.~~

~~(ii) Class T E and Class T F members may make voluntary contributions to the plan in an amount of not less than 3% nor more than 6% of compensation that exceeds the limit of compensation for such members, as set forth in section 8102 (relating to definitions).~~

~~(iii) The employer shall cause the contributions made under this section to be made and deducted from each payroll or on such schedule as established by the board.~~

~~(iv) Voluntary contributions made under this section shall not be picked up.~~

~~(c) Prohibition on contributions. No contributions shall be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any participant contributions in excess of the limitations and investment earnings on those contributions shall be refunded to the participant by the board.~~

~~§ 8405. Mandatory pickup participant contributions.~~

~~(a) Treatment for purposes of IRC § 414(h). The contributions to the trust required to be made under section 8404(a) (relating to participant contributions) with respect to current school service rendered by an active participant shall be picked up by the employer and shall be treated as the employer's contribution for purposes of IRC § 414(h). An employer employing a participant in the plan shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.~~

~~(b) Treatment for other purposes. For all other purposes under this part and otherwise, such 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 current service. The employer of a participant shall make employer defined contributions for current service of an active participant that shall be credited to the active participant's individual investment account.~~

~~Employer defined contributions shall be recorded and accounted for separately from participant contributions.~~

~~(b) Contributions resulting from participants reemployed from USERRA leave. When a school employee reemployed from USERRA leave makes the mandatory pickup participant contributions permitted to be made for the USERRA leave, the employer by whom the school employee is employed at the time the participant contributions are made shall make whatever employer defined contributions would have been made under this section had the employee making the participant contributions after being reemployed from USERRA leave continued to be employed in the employee's school position instead of performing USERRA leave. Such employer defined contributions shall be placed in the participant's individual investment account as otherwise provided by this part.~~

~~(c) Limitations on contributions. No contributions shall be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any employer defined contributions in excess of the limitations and investment earnings thereon shall be refunded to the employer by the board.~~

~~§ 8407. Eligibility for benefits.~~

~~(a) Termination of service. A participant who terminates school 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. Payment shall be made in a lump sum unless the board has established other forms of distribution in the plan document,~~

~~subject to the provisions of subsection (f). A participant who withdraws the vested accumulated total defined contributions shall no longer be a participant in the plan, notwithstanding that the participant may continue to be a member of the system, or contract to receive an annuity or other form of payment from a provider retained by the board for such purposes.~~

~~(b) Required distributions. All payments pursuant to this section shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a)(9). The board shall take any action and make any distribution it may determine is necessary to comply with those requirements.~~

~~(c) Combined service employee. A participant who is a combined service 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.~~

~~(d) Loans. Loans or other distributions, including hardship 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).~~

~~(2) The board may also provide in the plan document that, notwithstanding subsection (f), a participant whose vested accumulated employer defined contributions are below~~

~~the thresholds established by the board may receive the distributions of vested accumulated employer defined contributions without the obligation to purchase an annuity. The threshold may be established as a dollar amount, an annuity amount, in some other form individually or in combination as the board determines.~~

~~(f) Requirement to purchase annuity. Except as prohibited by the IRC or as otherwise provided in this part, a participant who is eligible and elects to receive a distribution of vested accumulated employer defined contributions shall be required to purchase an annuity with the distribution under such conditions as provided in the plan document. The conditions may include that the board is authorized to make the distribution directly to the annuity provider.~~

~~§ 8408. Death benefits.~~

~~(a) General rule. In the event of the death of an active participant or inactive participant, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document.~~

~~(b) Death of participant receiving distributions. In the event of the death of a participant receiving distributions, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document or, if the board has established alternative methods of distribution in the plan document under which the participant was receiving distributions, to the participant's beneficiary or successor payee as provided in the plan document.~~

~~(c) Contracts. The board may contract with financial institutions, insurance companies or other types of third party providers to allow participants who receive a lump sum distribution to receive payments and death benefits in a form and manner as provided by the contract.~~

~~§ 8409. Vesting.~~

~~(a) Participant and voluntary contributions. Subject to the forfeiture and attachment provisions of section 8533 (relating to taxation, attachment and assignment of funds) or otherwise as provided by law, a participant shall be immediately vested with respect to all mandatory pickup participant contributions and voluntary contributions paid by or on behalf of the participant to the trust plus interest and investment earnings on the participant contributions but minus investment fees and administrative charges.~~

~~(b) Employer defined contributions.~~

~~(1) Subject to the forfeiture and attachment provisions of section 8533 or otherwise as provided by law, a participant shall be vested with respect to employer defined contributions paid to the participant's individual investment account plus interest and investment earnings by or on behalf of the participant to the trust according to the following schedule:~~

~~(i) At and after the first year of school service as a participant in the plan, 25%.~~

~~(ii) At and after the second year of school service as a participant in the plan, 50%.~~

~~(iii) At and after the third year of school service as a participant in the plan, 75%.~~

~~(iv) At and after the fourth year of school service~~

~~as a participant in the plan, 100%.~~

~~(2) For purposes of this section, a participant shall accrue one year of school service for each fiscal year in which the participant makes contributions to the plan.~~

~~(3) The board shall establish in the plan document other terms and conditions for the implementation and administration of this section.~~

~~(4) Accumulated employer defined contributions that are not vested as of the participant's date of termination of service shall be credited against the next contribution due from the participant's employer for the remaining or future participants of the employer.~~

~~(c) USERRA leave and vesting credit. A participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive vesting credit under this section for the school service that would have been performed had the member not performed USERRA leave.~~

~~§ 8410. Termination of distributions.~~

~~(a) Return to school service.~~

~~(1) A participant receiving distributions or an inactive participant who returns to school service shall cease receiving distributions and shall not be eligible to receive distributions until the participant subsequently terminates school service, without regard to whether the participant is a mandatory, optional or prohibited member of the system or participant in the plan.~~

~~(2) This subsection shall not apply to a distribution of accumulated employer defined contributions or other distributions that the participant has received and used to purchase an annuity from a provider contracted by the board.~~

~~(b) Return of benefits paid during USERRA leave.~~

~~(1) If a former school employee is reemployed from USERRA leave and received any payments or annuity from the plan during the USERRA leave, the employee shall return to the board the amount so received plus interest as provided in the plan document.~~

~~(2) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or, in the case of an active participant, may be amortized with interest as provided in the plan document through salary deductions to the trust in amounts agreed upon by the active participant and the board, but not longer than a period that starts with the date of reemployment and continuing for up to three times the length of the active participant's immediate past period of USERRA leave. The repayment period shall not exceed five years.~~

~~§ 8411. Agreements with financial institutions and other organizations.~~

~~(a) Written agreement. To establish and administer the plan, the board may enter into a written agreement with one or more financial institutions or pension management organizations to administer the plan and the investment of funds held pursuant to the plan. The administrator shall be selected in accordance with the following:~~

~~(1) The board shall solicit proposals from financial institutions and pension management organizations.~~

~~(2) The board shall publish the solicitation in the Pennsylvania Bulletin.~~

~~(3) Proposals received shall be evaluated based on~~

~~specific criteria adopted by the board. The criteria shall include experience, customer service history and other relevant criteria.~~

~~(b) Rebid. A contract to administer the plan under subsection (a) shall be rebid at least once every ten years.~~

~~§ 8411.1. Relation of administrators of School Employees' Defined Contribution Plan to providers of 403(b) plans.~~

~~(a) General rule. A financial institution or pension management organization entering into a written agreement pursuant to section 8411 (relating to agreements with financial institutions and other organizations) may offer or provide services to any plan established or maintained by a school district under IRC § 403(b) or 457 if the written agreement for the administration of the School Employees' Defined Contribution Plan is not combined with any other written agreement for the administration of a school district's 403(b) plan or 457 plan. Each school district that provides a 403(b) plan shall make available, in the manner provided by subsection (c), to participants, multiple financial institutions or pension management organizations that have not entered into a written agreement pursuant to section 8411 and which provide services to the school district's 403(b) plan or 457 plan.~~

~~(b) Plan transparency and administration. A financial institution or pension management organization providing services for any plan established or maintained by a school district under IRC § 403(b) or 457 shall:~~

~~(1) enter into an agreement with the school district or the school district's independent compliance administrator that shall require the financial institution or pension~~

~~management organization to provide in an electronic format
all data necessary for the administration of the 403(b) plan
or 457 plan as determined by the school district or the
school district's compliance administrator; and~~

~~(2) provide all data required by the school district or
a school district's compliance administrator to facilitate
disclosure of all fees, charges, expenses, commissions,
compensation and payments to third parties related to
investments offered under the 403(b) plan or 457 plan.~~

~~(c) Provider selection. A school district that establishes
or maintains a plan under IRC § 403(b) or 457 shall select a
minimum of four financial institutions or pension management
organizations, in addition to the financial institution or
pension management organization that entered into an agreement
pursuant to section 8411, to provide services to the 403(b) plan
or 457 plan. If fewer than four such additional financial
institutions or pension management organizations are determined
to be available or able to meet the requirements established in
this section, then the school district shall select the number
of available providers able to meet the school district's
requirements. A financial institution or pension management
organization shall be designated a 403(b) plan or 457 plan
provider if the financial institution or pension management
organization enters into an agreement in accordance with
subsection (b).~~

~~§ 8412. Powers and duties of board.~~

~~The board shall have the following powers and duties to
establish the plan and trust and to administer the provisions of
this part:~~

~~(1) The board may commingle or pool assets with the~~

~~assets of other persons or entities.~~

~~(2) The board shall pay all administrative fees, costs and expenses of managing, investing and administering the plan, the trust and the individual investment accounts from the balance of such individual investment accounts, except as the General Assembly otherwise provides through appropriations from the General Fund.~~

~~(3) The board may establish investment guidelines and limits on the types of investments that participants may make, consistent with the board's fiduciary obligations.~~

~~(4) The board may change the terms of the plan as may be necessary to maintain the tax qualified status of the plan.~~

~~(5) The board may establish a process for election to participate in the plan by those school employees for whom participation is not mandatory.~~

~~(6) The board may perform an annual or more frequent review of any qualified fund manager for the purpose of assuring it continues to meet all standards and criteria established.~~

~~(7) The board may allow for eligible rollovers and direct trustee to trustee transfers into the trust from qualified plans of other employers, regardless of whether the employers are private employers or public employers.~~

~~(8) The board may allow a former participant to maintain the participant's individual investment account within the plan.~~

~~(9) The board shall administer or ensure the administration of the plan in compliance with the qualification and other rules of IRC.~~

~~(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 ~~IRC.~~

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 ~~an annuity.~~

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 ~~§ 8413. Responsibility for investment loss.~~

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~~

~~any investment to earn any specific or expected return or to
earn as much as any other investment opportunity, whether or not
such other opportunity was offered to participants in the plan.
§ 8414. Investments based on participant 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
allocation choices shall be credited proportionately between
contributions from the participant and employer defined
contributions. Each participant shall be credited individually
with the amount of contributions, interest and investment
earnings.~~

~~(b) Investment of contributions made by entities other than
Commonwealth. Investment of contributions by any corporation,
institution, insurance company or custodial bank or other entity
that the board has approved shall not be unreasonably delayed
and in no case shall the investment of contributions be delayed
more than 30 days from the date of payroll deduction or
voluntary contributions are made to the date that funds are
invested. Any interest earned on the funds pending investment
shall be allocated to the employers and credited to the
individual investment accounts of participants who are then
participating in the plan, unless the interest is used to defray
administrative costs and fees that would otherwise be required
to be borne by participants who are then participating in the
plan.~~

~~§ 8415. Expenses.~~

~~All expenses, fees and costs of administering the plan and
the trust and investing the assets of the trust shall be borne~~

~~by the participants and paid from assessments against the
balances of the individual investment accounts as established by
the board, except that for fiscal years ending before July 1,
2016, the expenses, fees and costs of establishing and
administering the plan and trust shall be paid by the
Commonwealth through annual appropriations from the General
Fund, made on the basis of estimates from the board.~~

~~§ 8416. Election by Class T-E and Class T-F members to be
participants.~~

~~(a) General rule. Any Class T-E or Class T-F member who is
an active member or inactive member on or after July 1, 2016,
who is employed in a position that would otherwise be eligible
for participation in the plan may elect to become a participant
in the plan to the extent that such member's compensation
exceeds the Social Security taxable wage base in effect at the
beginning of the fiscal year.~~

~~(b) Time for making election. An eligible Class T-E or
Class T-F member may elect to become a participant and a
combined service employee at any time before termination of
school service by filing a written election with the board, as
provided in the plan document.~~

~~(c) Effect of election. The following apply:~~

~~(1) An election to become a participant shall continue
until the termination of service. Contributions from
compensation that exceeds the Social Security taxable wage
base in effect at the beginning of the fiscal year shall be
deducted as soon as administratively feasible after receipt
of a properly filed election and shall be deducted thereafter
in accordance with section 8412 (relating to powers and
duties of board) and 8506 (relating to duties of employers).~~

~~(2) A combined service employee shall not be eligible to receive an annuity from the system or a withdrawal of accumulated deductions until the employee has terminated school service.~~

~~(3) A participant shall not be entitled to purchase any previous school service or creditable nonschool service.~~

~~(4) The eligibility of a combined service employee for an annuity from the system and, if eligible, the amount of the annuity shall be as determined under this part.~~

~~§ 8417. Tax qualification.~~

~~(a) Required distributions. All payments under this chapter shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a).~~

~~(b) Limitations. The following shall apply:~~

~~(1) (i) Except as provided under subparagraph (ii) and notwithstanding a provision of this part, a contribution or benefit related to the plan may not exceed a limitation under IRC § 415 with respect to governmental plans that is in effect on the date the contribution or benefit payment takes effect.~~

~~(ii) An increase in a limitation under IRC § 415 shall apply to the participants on or after the effective date of this section.~~

~~(iii) For the purposes of this paragraph, the term "government plans" shall have the same meaning as in IRC § 414(d).~~

~~(2) (i) Except as provided under subparagraph (ii), an amendment of this part on or after the effective date of this section that increases contributions or benefits~~

~~for active participants, inactive participants or participants receiving distributions may not be deemed to provide for a contribution or benefit in excess of a limitation, adjusted on or after the effective date of this section, under IRC § 415 unless specifically provided by legislation.~~

~~(ii) Notwithstanding subparagraph (i), an increase in benefits on or after the effective date of this section for a participant in the plan shall be authorized and apply to the fullest extent allowed by law.~~

~~Section 219. Sections 8501(a), (c), (d) and (e) of Title 24 are amended and the section is amended by adding a subsection to read:~~

~~§ 8501. Public School Employees' Retirement Board.~~

~~(a) Status and membership. The board shall be an independent administrative board and shall consist of [15] 16 members: the Secretary of Education, ex officio; the State Treasurer, ex officio; the Secretary of Banking and Securities, ex officio; two Senators; two members of the House of Representatives; the executive secretary of the Pennsylvania School Boards Association, ex officio; two to be appointed by the Governor, at least one of whom shall not be a school employee or an officer or employee of the State; three to be elected by the active professional members of the system and active professional participants of the plan from among their number; one to be elected by annuitants or participants of the plan who have terminated school service and are receiving or are eligible to receive distributions from among their number; one to be elected by the active nonprofessional members of the system or active nonprofessional participants of the plan from~~

~~among their number; and one to be elected by members of
Pennsylvania public school boards from among their number. The
appointments made by the Governor shall be confirmed by the
Senate and each election shall be conducted in a manner approved
by the board. The terms of the appointed and nonlegislative
elected members shall be three years. The members from the
Senate shall be appointed by the President pro tempore of the
Senate and shall consist of one member from the majority and one
member from the minority. The members from the House of
Representatives shall be appointed by the Speaker of the House
of Representatives and shall consist of one member from the
majority and one member from the minority. The legislative
members shall serve on the board for the duration of their
legislative terms and shall continue to serve until 30 days
after the convening of the next regular session of the General
Assembly after the expiration of their respective legislative
terms or until a successor is appointed for the new term,
whichever occurs first. The chairman of the board shall be
elected by the board members. No member of the board who
represents active members or annuitants or is a current member
of the General Assembly can serve as chairman. Each ex officio
member of the board and each legislative member of the board may
appoint a duly authorized designee to act in his stead. In the
event that a board member, who is designated as an active
participant or as the participant in the plan who is receiving
or is eligible to receive distributions, receives a total
distribution of the board member's interest in the plan, that
board member may continue to serve on the board for the
remainder of his term.~~

~~* * *~~

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,~~
4 ~~the system and the plan and that he will not knowingly violate~~
5 ~~or willfully permit to be violated any of the provisions of law~~
6 ~~applicable to this part. Such oath shall be subscribed by the~~
7 ~~member making it and certified by the officer before whom it is~~
8 ~~taken and shall be immediately filed in the office of the~~
9 ~~Secretary of the Commonwealth.~~

10 ~~(d) Compensation and expenses. The members of the board who~~
11 ~~are members of the system or participants in the plan shall~~
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~~
16 ~~employer of any member of the board who is an active~~
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.~~

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.] Legal counsel to the board~~
5 ~~shall serve independently from the Governor's Office of Chief~~
6 ~~Counsel, the General Assembly and the Attorney General.~~

7 ~~(f) Board training. Each 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 ~~portfolio management on an annual basis.~~

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~~

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 ~~plan as appropriate.~~

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 ~~plan as appropriate.~~

17 ~~(c) Expenses.~~

18 ~~(1) The board shall, through the Governor, submit to the~~
19 ~~General Assembly annually a budget covering the~~
20 ~~administrative expenses of [this part.] the system and a~~
21 ~~separate budget covering the administrative expenses of the~~
22 ~~plan. The separate budget shall include those expenses~~
23 ~~necessary to establish the plan and trust.~~

24 ~~(2) Such expenses of the system as approved by the~~
25 ~~General Assembly in an appropriation bill shall be paid from~~
26 ~~investment earnings of the fund.~~

27 ~~(3) For fiscal years ending on or before June 30, 2017,~~
28 ~~such expenses of the plan as approved by the General Assembly~~
29 ~~through an appropriation shall be paid from the General Fund.~~
30 ~~For fiscal years beginning on or after July 1, 2017, such~~

~~expenses of the plan as approved by the General Assembly shall be paid from interest, under section 8414(b) (relating to investments based on participant investment allocation choices) or assessments on the balances of the participants' individual investment accounts.~~

~~(4) Concurrently with its administrative budget, the board shall also submit to the General Assembly annually a list of proposed expenditures which the board intends to pay through the use of directed commissions, together with a list 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 participants, respectively.~~

~~* * *~~

~~(e) Records.—~~

~~(1) The board shall keep a record of all its proceedings which shall be [open to inspection by] accessible to 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 professionals or agents relating to an investment shall not constitute a public record subject to public [inspection] 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 Right to Know Law, if, in the reasonable judgment of the 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 or trust was able to obtain only upon agreeing to maintain its confidentiality;~~

~~(ii) cause substantial competitive harm to the person from whom sensitive investment or financial 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 or trust, 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] access under paragraph (2) (i), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access 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] access under paragraph (2) (ii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right to Know Law once:~~

~~(A) the [inspection] access no longer causes substantial competitive harm to the person from whom the information was received; or~~

~~(B) the entity in which the investment was made~~

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] access no longer has a~~
10 ~~substantial detrimental impact on the value of an~~
11 ~~investment of the fund or trust 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] access 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] access 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.~~

~~(iii) The dollar amount of the commitment made by the system or plan to the alternative investment vehicle.~~

~~(iv) The dollar amount of cash contributions made by the system or plan to the alternative investment vehicle since inception.~~

~~(v) The dollar amount of cash distributions received by the system or plan from the alternative investment vehicle since inception.~~

~~(vi) The net internal rate of return of the alternative investment vehicle since inception, provided that the system or plan shall not be required to disclose the net internal rate of return under circumstances in which, because of the limited number of portfolio assets remaining in the alternative investment vehicle, the disclosure could reveal the values of specifically identifiable remaining portfolio assets to the detriment of the alternative investment.~~

~~(vii) The aggregate value of the remaining portfolio assets attributable to the system's or plan's investment in the alternative investment vehicle, provided that the system or plan shall not be required to disclose the value under circumstances in which, because of the limited number of portfolio assets remaining in the alternative investment vehicle, the disclosure could reveal the values of specifically identifiable remaining portfolio assets to the detriment of the alternative investment.~~

~~(viii) The dollar amount of total management fees and costs paid to the alternative investment vehicle by the system or plan on an annual fiscal year end basis.~~

~~(6) Any record, material or data received, prepared, used or retained by the board or its employees or agents relating to a participant shall not constitute a public record subject to public access under the Right to Know Law, if, in the reasonable judgment of the board, the access would disclose any of the following:~~

~~(i) The existence, date, amount and any other information pertaining to the voluntary contributions, including rollover contributions and trustee to trustee transfers, of any participant.~~

~~(ii) The investment option selections of any participant.~~

~~(iii) The balance of a participant's individual investment account, including the amount distributed to the participant, and any investment gains or losses, or rates of return.~~

~~(iv) The identity of a participant's designated beneficiary, successor payee or alternate payee.~~

~~(v) The benefit payment option of a participant.~~

~~(7) The following shall apply:~~

~~(i) Nothing in this part shall be construed to mean that the release or publicizing of a record, material, or data that would not constitute a public record under this subsection shall be a violation of the board's fiduciary duties.~~

~~(ii) This subsection shall apply to a record, material or data under this subsection notwithstanding whether:~~

~~(A) the record, material or data was created, generated or stored before the effective date of this~~

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~~

~~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.~~

~~(j) Actuarial investigation and valuation. The board shall~~

~~have the actuary make an annual valuation of the various~~

~~accounts of the fund within six months of the close of each~~

~~fiscal year. In the fiscal year 1975 and in every fifth year~~

~~thereafter, the board shall have the actuary conduct an~~

~~actuarial investigation and evaluation of the system based on~~

~~data including the mortality, service, and compensation~~

~~experience provided by the board annually during the preceding~~

~~five years concerning the members and beneficiaries of the~~

~~system. The board shall by resolution adopt such tables as are~~

~~necessary for the actuarial valuation of the fund and~~

~~calculation of contributions, annuities, and other benefits~~

~~based on the reports and recommendations of the actuary. Within~~

~~30 days of their adoption, the secretary of the board shall~~

~~cause those tables which relate to the calculation of annuities~~

~~and other benefits to be published in the Pennsylvania Bulletin~~

~~in accordance with the provisions of 45 Pa.C.S. § 725(a)~~

~~(relating to additional contents of Pennsylvania Bulletin) and,~~

~~unless the board specifies therein a later effective date, such~~

~~tables shall become effective on such publication. The board~~

~~shall include a report on the significant facts, recommendations~~

~~and data developed in each five year actuarial investigation and~~

~~evaluation of the system in the annual financial statement~~

~~published pursuant to the requirements of subsection (n) for the~~

~~fiscal year in which such investigation and evaluation were~~

1 ~~concluded.~~

2 ~~(k) Certification of employer contributions to the fund.~~

3 ~~The board shall, each year in addition to the itemized budget~~
4 ~~required under section 8330 (relating to appropriations by the~~
5 ~~Commonwealth), certify to the employers and the Commonwealth the~~
6 ~~employer contribution rate expressed as a percentage of members'~~
7 ~~payroll necessary for the funding of prospective annuities for~~
8 ~~active members and the annuities of annuitants, and certify the~~
9 ~~rates and amounts of the normal contributions as determined~~
10 ~~pursuant to section 8328(b) (relating to actuarial cost method),~~
11 ~~accrued liability contributions as determined pursuant to~~
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~~
16 ~~section 8328(f), the costs added by legislation as determined~~
17 ~~pursuant to section 8328(i), the actuarial required contribution~~
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~~
21 ~~8328(h) and the shared risk contribution rate as determined~~
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 ~~* * *~~

28 ~~(m) Member contributions and interest. The board shall~~
29 ~~cause each member's contributions, including payroll deductions,~~
30 ~~pickup contributions, shared risk contributions and all other~~

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

~~(m.1) Amounts credited to the members' savings account and cash balance account. Subject to the forfeiture and attachment provisions of section 8533 (relating to taxation, attachment, and assignment of funds), members shall be fully vested with respect to all employee contributions. Such monies in the accounts shall be credited with interest at the long term treasury rate, or its equivalent, in effect on the July 1 of the fiscal year in which the member earns compensation, not to exceed 4%. Such monies shall also be credited with excess interest, if such excess interest is awarded.~~

~~(n) Annual financial statement. The board shall prepare and have published, on or before January 1 of each year, [a~~

~~financial statement] financial statements as of the fiscal year ending June 30 of the previous year showing the condition of the fund, the trust and the various accounts, including, but not limited to, the board's accrual and expenditure of directed commissions, and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning annuities and other benefits provided by this part. The board shall submit said financial [statement] statements to the Governor and shall make copies available to the employers for the use of the school employees and the public.~~

~~(c) Independent [audit] audits. The board shall provide for [an annual audit] annual audits of the system and the plan by an independent certified public accounting firm, which [audit] audits shall include the board's accrual and expenditure of directed commissions. The board may use the same independent certified public accounting firm for the audits of both the system and the plan.~~

~~* * *~~

~~(g) Participant and employer contributions to trust. The board shall, each year in addition to any fees and itemized budget required under subsection (c), certify, as a percentage of each participant's compensation, the employer defined contributions, which shall be paid to the trust and credited to each participant's individual investment account. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget. The board shall cause all mandatory pickup participant contributions made on behalf of a participant and all voluntary contributions made by a participant to be credited to the participant's individual investment account.~~

~~(r) Excess interest.~~

~~(1) The board may allow excess interest to be credited to the members' savings account for active Class T-I members, and to the cash balance account for members in other classes of service, as provided under section 8523(d) (relating to members' savings account and cash balance account).~~

~~(2) The crediting of excess interest shall be made with the advice of the actuary employing actuarial assumptions that reflect the nature of the liability.~~

~~Section 221. Section 8502.2(a) of Title 24 is amended to read:~~

~~§ 8502.2. Health insurance.~~

~~(a) Authority. The board may sponsor a participant funded group health insurance program for annuitants, participants receiving distributions, spouses of annuitants and participants receiving distributions, survivor annuitants and their dependents. The board may promulgate regulations regarding the prudent and efficient operation of the program, including, but not limited to:~~

~~(1) Establishment of an annual budget and disbursements in accordance with the budget.~~

~~(2) Determination of the benefits structure.~~

~~(3) Determination of enrollment procedures.~~

~~(4) Establishment of premium rates sufficient to fully fund the program, including administrative expenses.~~

~~(5) Contracting for goods, equipment, services, consultants and other professional personnel as needed to operate the program.~~

~~* * *~~

~~Section 222. Section 8503 heading, (a) and (b) of Title 24~~

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 advice~~
6 ~~of the Attorney General and the actuary, prepare, within 90 days~~
7 ~~of the effective date of this part, a manual incorporating rules~~
8 ~~and regulations consistent with the provisions of this part for~~
9 ~~the employers who shall make information contained therein~~
10 ~~available to the general membership. The board shall thereafter~~
11 ~~advise the employers within 90 days of any changes in such rules~~
12 ~~and regulations due to changes in the law or due to changes in~~
13 ~~administrative policies. As soon as practicable after the~~
14 ~~commissioner's publication with respect thereto, the board shall~~
15 ~~also advise the employers as to any cost of living adjustment~~
16 ~~for the succeeding calendar year in the amount of the limitation~~
17 ~~under IRC § 401(a)(17) and the dollar amounts of the limitations~~
18 ~~under IRC § ~~[415(b)]~~ 415.~~

19 ~~(b) Member status statements. The board shall furnish~~
20 ~~annually on or before December 31, a statement to each member~~
21 ~~showing the accumulated deductions standing to the credit of the~~
22 ~~member and the number of years and fractional part of a year of~~
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 ~~furnished annually to each participant on or before December 31,~~

~~and more frequently as the board may agree or as required by law, a statement showing the accumulated total defined contributions credited to the participant's individual investment account, the nature and type of investments and the investment allocation of future contributions as of June 30 of the current year and requesting the participant to make any necessary correction or revision regarding his designated beneficiary.~~

~~(b.2) Cash balance status statements. The board shall have furnished annually on or before December 31, a statement to each member showing the accumulated total amount in the cash balance account standing to the credit of the member. Each member's statement shall include a request that the member make any necessary corrections or revisions regarding his designated beneficiary.~~

~~* * *~~

~~Section 223. Section 8504(c) of Title 24 is amended to read:
§ 8504. Duties of board to report to State Employees'~~

~~Retirement Board.~~

~~* * *~~

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

~~(1) Certify to the State Employees' Retirement Board:~~

~~(i) The salary history as a member of the Public~~

~~School Employees' Retirement System and the final average~~

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

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

~~(2) Transfer to the State Employees' Retirement Fund the accumulated deductions standing to such member's credit and the actuarial reserve required on account of the member's years of credited service in the school system and his final average salary determined on the basis of his compensation as a member in both systems.~~

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

~~§ 8505. Duties of board regarding applications and elections of members and participants.~~

~~(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 the system:~~

~~(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~~
4 ~~to section 8345 (relating to member's options), with~~
5 ~~statutory interest to date of transfer, minus the amount~~
6 ~~to be returned to the board on account of return to~~
7 ~~service that the board has determined is to be credited~~
8 ~~in the members' savings account, from the annuity reserve~~
9 ~~account to the members' savings account and resume~~
10 ~~crediting of statutory interest on the amount restored to~~
11 ~~his credit.~~

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.~~

18 ~~(iii) Certify to the member the amount of lump sum~~
19 ~~and annuity payments with statutory interest the member~~
20 ~~is to return to the board and, of those amounts, which~~
21 ~~amount shall be credited to the members' savings account~~
22 ~~and credited with statutory interest as such payments are~~
23 ~~returned and which amount shall be credited to the State~~
24 ~~accumulation 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~~

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 service. The 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~~

~~all or part of the vested balance in the participant's individual investment account in a lump sum or in such other form as the board may authorize or as required by law.~~

~~(f) Notification to vestees approaching superannuation age. The board shall notify each vestee in writing 90 days prior to his attainment of superannuation age that he shall apply for his annuity within 90 days of attainment of superannuation age; that, if he does so apply, his effective date of retirement will be the date of attainment of superannuation age; that, if he does not so apply but defers his application to a later date, his effective date of retirement will be the date of filing the application or the date specified on the application, whichever is later; and that, if he does not file an application within seven years after attaining superannuation age, he shall be deemed to have elected to receive his accumulated deductions upon attainment of superannuation age.~~

~~(f.1) Notification to inactive participants approaching required beginning date. The board shall notify in writing each inactive participant who has terminated school service and for whom distribution has not commenced by 90 days before the participant's required beginning date, that the participant has an obligation to commence distributions by the required beginning date in a form and manner required by IRC §401(a)(9) and other applicable provisions of the IRC.~~

~~(g) Initial annuity payment and certification. The board shall make the first monthly payment to a member who is eligible for an annuity within 60 days of the filing of his application for an annuity or, in the case of a vestee who has deferred the filing of his application to a date later than 90 days following~~

~~attainment of superannuation age, within 60 days of his
effective date of retirement, and receipt of the required data
from the employer of the member. Concurrently the board shall
certify to such member:~~

~~(1) The accumulated deductions standing to his credit
showing separately the amount contributed by the member, the
pickup contribution, the shared risk contributions and the
interest credited to the date of termination of service.~~

~~(2) The number of years and fractional part of a year
credited in each class of service, as applicable.~~

~~(3) The final average salary on which his annuity is
based, if applicable, as well as any applicable reduction
factors due to age or election of an option or both.~~

~~(4) The total annuity payable under the option elected
and the amount and effective date of any future reduction on
account of social security old age insurance benefits.~~

~~(g.1) Initial payment to a participant. The board shall
make the initial payment to a participant who has applied for a
distribution within 60 days of the filing of the application and
receipt of the required data from the employer of the
participant and other necessary data.~~

~~(h) Death benefits. Upon receipt of notification of the
death of a member, an active participant, an inactive
participant or former member or participant on USERRA leave, the
board shall notify the designated beneficiary or survivor
annuitant of the benefits to which he is entitled and shall make
the first payment to the beneficiary under the plan elected by
the beneficiary within 60 days of receipt of certification of
death and other necessary data. If no beneficiary designation is
in effect at the date of the member's or participant's death or~~

~~no notice has been filed with the board to pay the amount of such benefits to the member's or participant's estate, the board is authorized to pay such benefits to the executor, administrator, surviving spouse or next of kin of the deceased member or participant, and payment pursuant hereto shall fully discharge the fund or plan from any further liability to make payment of such benefits to any other person. If the surviving spouse or next of kin of the deceased member or participant cannot be found for the purpose of paying such benefits for a period of seven years from the date of death of the member or participant, then such benefits shall be escheated to the Commonwealth for the benefit of the fund[.] or plan. If no beneficiary designation is in effect at the date of a participant's death or no notice has been filed with the board to pay the amount of the benefits to the participant's estate, the board may pay the benefits to the surviving spouse, executor, administrator or next of kin of the deceased participant, and payment pursuant hereto shall fully discharge the fund from any further liability to make payment of such benefits to any other person.~~

~~(i) Medical insurance coverage. Upon receipt of notification from an insurance carrier offering a health insurance program approved by the board that an annuitant of the system or participant in the plan who has attained age 65 has elected medical, major medical, and hospitalization insurance coverage or notification that annuitants of the system or participants in the plan with less than 24 1/2 eligibility points (other than disability annuitants of the system), spouses of annuitants and participants in the plan and survivor annuitants eligible to elect to enroll in the approved health~~

~~insurance program have elected participation in such health insurance program, the board may deduct from the annuity payments, from payments to a participant receiving distributions, or from a successor payee the appropriate annual charges in equal monthly installments. Such deductions shall be transmitted to the insurance carrier.~~

~~* * *~~

~~§ 8506. Duties of employers.~~

~~(a) Status of members and participants. The employer shall, each month, notify the board in a manner prescribed by the board of the salary changes effective during the past month, the date of all removals from the payroll, and the type of leave of any member or participant who has been removed from the payroll for any time during that month, and:~~

~~(1) if the removal is due to leave without pay, the employer shall furnish the board with the date of beginning leave, the date of return to service, and the reason for 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 or participant the employer shall so notify the board.~~

~~* * *~~

~~(c.1) Participant and employer defined contributions. The employer shall cause the mandatory pickup participant~~

~~contributions on behalf of a participant to be made and shall
cause to be deducted any voluntary contributions authorized by a
participant. The employer shall also cause the employer defined
contributions on behalf of a participant to be made. The
employer shall notify the board at times and in a manner
prescribed by the board of the compensation of any participant
to whom the limitation under IRC § 401(a)(17) either applies or
is expected to apply and shall cause the participant's
contributions to be deducted from payroll to cease at the
limitation under IRC § 401(a)(17) on the payroll date if and
when such limit shall be reached. The employer shall certify to
the board the amounts picked up and deducted and the employer
defined contributions being made and shall send the total amount
picked up, deducted and contributed together with a duplicate of
such voucher to the secretary of the board every pay period or
on such schedule as established by the board.~~

~~(d) New employees subject to mandatory membership or
participation. Upon the assumption of duties of each new school
employee whose membership in the system or plan is mandatory,
the employer shall no later than 30 days thereafter cause an
application for membership or participation, which application
shall include the employee's home address, birthdate certified
by the employer, previous school or State service and any other
information requested by the board, and a nomination of
beneficiary to be made by such employee and filed with the board
and shall make pickup contributions or mandatory pickup
participant contributions from the effective date of school
employment.~~

~~(d.1) Cash balance account contributions. The employer
shall cause the voluntary contributions to the cash balance~~

~~account on behalf of a Class T-C, Class T-D, Class T-E or Class T-F member to be made and deducted as authorized by the member. The employer shall certify to the board the amounts deducted and the employer contributions being made and shall send the total amount deducted and contributed together with a duplicate of such voucher to the secretary of the board every pay period or on such schedule as established by the board.~~

~~(e) New employees subject to optional membership or participation. The employer shall inform any eligible school employee whose membership in the system or participation in the plan is not mandatory of his opportunity to become a member of the system or participant in the plan provided that he elects to purchase credit for all such continuous creditable service. If such employee so elects, the employer shall no later than 30 days thereafter cause an application for membership which application shall include the employee's home address, birthdate certified by the employer, previous school or State service and any other information requested by the board, and a nomination of beneficiary to be made by him and filed with the board and shall cause proper contributions to be made from the date of election of membership or participation.~~

~~* * *~~

~~(g) Former State employee contributors.~~

~~(1) The employer shall, upon the employment of a former member of the State Employees' Retirement System who is not an annuitant of the State Employees' Retirement System, advise such employee of his right to elect multiple service membership within 365 days of entry into the system and, in the case any such employee who so elects has withdrawn his accumulated deductions, require him to restore his~~

1 accumulated deductions as they would have been at the time of
2 his separation had he been a full coverage member, together
3 with statutory interest for all periods of subsequent State
4 and school service to date of repayment. The employer shall
5 advise the board of such election.

6 ~~(2) Paragraph (1) shall not apply to a school employee~~
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 days~~
15 ~~of entry into the system and that if he so elects his annuity~~
16 ~~from the State Employees' Retirement System will be~~
17 ~~discontinued effective upon the date of his return to school~~
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 which~~
30 ~~he may be entitled under the provisions of this part and shall~~

1 ~~have the member prepare, on or before the date of termination of~~
2 ~~school service, one or more 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, if~~
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.~~

17 ~~* * *~~

18 ~~(k) School employees performing USERRA or military related~~
19 ~~leave of absence. The employer shall report to the board all of~~
20 ~~the following:~~

21 ~~(1) Any school employee who:~~

22 ~~(i) ceases to be an active member or active~~
23 ~~participant to perform USERRA service; or~~

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

29 ~~(2) The date on which the USERRA service, leave of~~
30 ~~absence or military leave of absence began.~~

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

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

~~(1) Differential wage payments and military leave of absence payments. Notwithstanding the exclusion of differential wage payments as defined in IRC § 414(u) (12) from compensation under this part, the employer of any school employee on USERRA leave shall report differential wage payments made to the employee to the board, and the employer of any school employee on leave of absence pursuant to 51 Pa.C.S. § 4102 shall report any payment made to the employee, in the form and manner established by the board.~~

~~§ 8507. Rights and duties of school employees [and] members and participants.~~

~~(a) Information on new employees. Upon his assumption of duties, each new school employee shall furnish his employer with a complete record of his previous school or State service, or creditable nonschool service, proof of his date of birth, his home address, his current status in the system and the plan and in the State Employees' Retirement System and the State Employees' Defined Contribution Plan and such other information as the board may require. Willful failure to provide the information required by this subsection to the extent available or the provision of erroneous information upon entrance into the system shall result in the forfeiture of the right of the member to subsequently assert any right to benefits based on erroneous information or on any of the required information which he failed to provide. In any case in which the board finds that a member is receiving an annuity based on false information, the~~

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 participation. On 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 leave. Any active participant~~
16 ~~or inactive participant or former participant who was reemployed~~
17 ~~from USERRA leave and who desires to make mandatory pickup~~
18 ~~participant contributions and voluntary contributions for his~~
19 ~~USERRA leave shall so notify the board within the time period~~
20 ~~required under 38 U.S.C. Ch. 43 (relating to employment and~~
21 ~~reemployment rights of members of the uniformed services) and~~
22 ~~IRC § 414(u) of his desire to make such contributions. Upon~~
23 ~~making the permitted mandatory pickup participant contributions~~
24 ~~within the allowed time period, the employer shall make the~~
25 ~~corresponding employer defined 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 ~~credited to his individual investment account shall notify the~~
29 ~~board and, upon compliance with the requirements, procedures and~~
30 ~~limitations established by the board in the plan document, may~~

~~do so subject to the limitations under IRC §§ 401(a) and 415 and as otherwise provided in this part.~~

~~(d.4) Voluntary contributions to cash balance account by member. Any member who desires to make voluntary contributions to be credited to his cash balance account shall notify the board and, upon compliance with the requirements, procedures and limitations established by the board, may do so subject to the limitations under IRC §§ 401(a) and 415 and as otherwise provided in this part.~~

~~(e) Beneficiary for death benefits from system. Every member shall nominate a beneficiary by written designation filed with the board to receive the death benefit or the benefit payable under the provisions of Option 1. Such nomination may be changed at any time by the member by written designation filed with the board. A member may also nominate a contingent beneficiary or beneficiaries to receive the death benefit or the benefit payable under the provisions of Option 1.~~

~~(e.1) Beneficiary for death benefits from plan. Every participant shall nominate a beneficiary by written designation filed with the board as provided in section 8506 (relating to duties of employers) to receive the death benefit payable under section 8408 (relating to death benefits). A participant may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 8408 (relating to death benefits). Such nomination may be changed at any time by the participant by written designation filed with the board.~~

~~(e.2) Beneficiary for combined service employee. A combined service employee may designate or nominate different persons to be beneficiaries, survivor annuitants and successor payees for his benefits from the system and the plan.~~

1 ~~(f) Termination of service by members. Each member who~~
2 ~~terminates school service from the system 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 participant. If 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 ~~member. If 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~~

~~accumulated contributions standing to his credit or apply for another form of distribution required by law or authorized by the board.~~

~~* * *~~

~~(i) Failure to apply for annuity. If a member is eligible to receive an annuity from the system and does not file a proper application within 90 days of termination of service, he shall be deemed to have elected to vest, and his annuity will become effective as of the date an application is filed with the board or the date designated on the application whichever is later.~~

~~* * *~~

~~(l) Eligible roll in. An active Class T-I member may transfer money received in an eligible rollover distribution to the members' savings account to purchase USERRA leave, to the extent allowed by IRC §402. Such rollover shall be made in a form and manner as determined by the board, shall be credited to the Class T-I member's accumulated deductions, and shall be separately accounted for by the board.~~

~~Section 225. Sections 8521(b), 8522, 8523, 8524, 8525 and 8531 of Title 24 are amended to read:~~

~~§ 8521. Management of fund and accounts.~~

~~* * *~~

~~(b) Crediting of interest. The board annually shall allow statutory interest, excluding the individual investment accounts, to the credit of the members' savings account on the mean amount of the accumulated deductions of all members for whom interest is payable for the preceding year and valuation interest on the mean amount of the annuity reserve account for the preceding year to the credit of that account. The board annually shall allow valuation interest calculated on the mean~~

~~amount for the preceding year of the balance in the State accumulation account excluding any earnings of the fund credited 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 preceding year of the total assets of the fund less earnings credited to the fund during that year plus the administrative expenses of the board, the difference required to be appropriated from the General Fund shall be credited to the State accumulation account.~~

~~* * *~~

~~§ 8522. Public School Employees' Retirement Fund.~~

~~(a) General rule. The fund shall consist of all moneys in the several separate funds in the State Treasury set apart to be used under the direction of the board for the benefit of members of the system; and the Treasury Department shall credit to the fund all moneys received from the Department of Revenue arising from the contributions relating to or on behalf of the members of the system required under the provisions of Chapter 83 (relating to membership, contributions and benefits) and all earnings from investments or moneys of said fund. There shall be established and maintained by the board the several ledger accounts specified in sections 8523 (relating to members' savings account), 8524 (relating to State accumulation account), 8525 (relating to annuity reserve account) and 8526 (relating to health insurance account).~~

~~(b) Individual investment accounts and trust. The individual investment accounts that are part of the trust are not part of the fund. Mandatory pickup participant contributions, voluntary contributions and employer defined contributions made under this part and any income earned by the~~

~~investment of such contributions shall not be paid or credited to the fund but instead shall be paid to the trust and credited to the individual investment accounts.~~

~~§ 8523. Members' savings account and cash balance account.~~

~~(a) Credits to members' savings account. The members' savings account shall be the ledger account to which shall be credited the amounts of the pickup contributions made by the employer and contributions or lump sum payments made by active members in accordance with the provisions of Chapter 83 (relating to membership, contributions and benefits).~~

~~(a.1) Credits to cash balance account. The cash balance account shall be the ledger account to which shall be credited the amounts of cash balance member contributions made by active members, amounts credited by the employer, and contributions or lump sum payments made by active members, together with interest and excess interest, as applicable, in accordance with the provisions of Chapter 83 (relating to membership, contributions and benefits).~~

~~(b) Interest and transfers from account. The individual member accounts to which interest is payable shall be credited with statutory interest. The accumulated deductions credited to the account of a member who dies in service or whose application for an annuity has been approved shall be transferred from the members' savings account or from the cash balance account, as applicable, to the annuity reserve account provided for in section 8525 (relating to annuity reserve account).~~

~~(c) Charges to account. Upon the election of a member to withdraw his accumulated deductions, the payment of such amount shall be charged to the members' savings account.~~

~~(d) Excess Interest.~~

~~(1) As part of the annual actuarial valuation performed under subsection 8502(j) (relating to administrative duties of board) for fiscal year 2017, and for each subsequent fiscal year, the board shall determine the amount potentially available from that year for distribution as excess interest. That amount shall be one half of the investment gains and losses, net of investment and administrative fees and costs, above or below the actuarially assumed investment return of the total assets in the fund multiplied by the ratio of the total amount credited in the members' savings account of Class T-I members and the cash balance savings account of members who have elected to contribute to the cash balance account, to the sum of the total amount credited in the members' savings account plus the accrued actuarial liability of all benefits derived from all the service of all members in all classes of service other than Class T-I. This product shall be available in equal annual installments over five years.~~

~~(2) After the actuarial valuation made for fiscal year 2019 and after the actuarial valuations for each subsequent fiscal year, the board shall determine if excess interest is to be awarded to those members who have Class T-I service credit, or those members who have contributions in the cash balance savings account, on the date of the applicable actuarial valuation.~~

~~(3) For each determination period, excess interest shall be granted if the sum of the amounts determined under paragraph (1) for all the years of the determination period is positive. If so, then the percentage rate of excess interest shall be determined by dividing this sum by the~~

~~total amount credited in the members savings account
attributable to Class T-I service credit and those members
who have contributions in the cash balance savings account,
on the last day of the determination period. Each Class T-I
member who has monies in the members' savings account, and
each member who has monies in the cash balance savings
account, on the last day of the determination period and who
has monies in such accounts on the next following June 30,
shall have excess interest at this rate credited to his total
members' savings account balance cash balance savings
account, as applicable.~~

~~(4) The determination period for the period ending with
the actuarial valuation for fiscal year 2019 shall be fiscal
years 2016, 2017 and 2018. The determination period for the
period ending with the actuarial valuation for fiscal year
2020 shall be fiscal years 2016, 2017, 2018, and 2019. The
determination period for the periods ending with fiscal year
2021 and subsequent years shall be the ending fiscal year and
the four immediately previous fiscal years.~~

~~§ 8524. State accumulation account.~~

~~The State accumulation account shall be the ledger account to
which shall be credited all contributions of the Commonwealth
and other employers as well as the earnings of the fund, except
the premium assistance contributions and earnings thereon in the
health insurance account. Valuation interest shall be allowed on
the total amount of such account less any earnings of the fund
credited during the year. The reserves necessary for the payment
of annuities and death benefits resulting from membership in the
system as approved by the board and as provided in Chapter 83-
(relating to membership, contributions and benefits) shall be~~

~~transferred from the State accumulation account to the annuity reserve account. At the end of each year the required interest shall be transferred from the State accumulation account to the credit of the members' savings account and the annuity reserve account. The administrative expenses of the board shall be charged to the State accumulation account. Employer defined contributions, mandatory pickup contributions and a participant's voluntary contributions, together with any income or interest earned thereon, may be temporarily placed into the State accumulation account pending allocation or distribution to the participant's individual investment account.~~

~~§ 8525. Annuity reserve account.~~

~~(a) Credits and charges to account. The annuity reserve account shall be the ledger account to which shall be credited the reserves held for the payment of annuities and death benefits resulting from membership in the system on account of all annuitants and the contributions from the Commonwealth and other employers as determined in accordance with section 8328 (relating to actuarial cost method) for the payment of the supplemental annuities provided in sections 8348 (relating to supplemental annuities), 8348.1 (relating to additional supplemental annuities), 8348.2 (relating to further additional supplemental annuities), 8348.3 (relating to supplemental annuities commencing 1994), 8348.4 (relating to special supplemental postretirement adjustment), 8348.5 (relating to supplemental annuities commencing 1998), 8348.6 (relating to supplemental annuities commencing 2002) and 8348.7 (relating to supplemental annuities commencing 2003). The annuity reserve account shall be credited with valuation interest. After the transfers provided in sections 8523 (relating to members'~~

~~savings account) and 8524 (relating to State accumulation account), all annuity and death benefit payments shall be charged to the annuity reserve account and paid from the fund.~~

~~(b) Transfers from account. Should an annuitant be subsequently restored to active service, either as a member of the system or participant in the plan, the present value of his member's annuity at the time of reentry into school service shall be transferred from the annuity reserve account and placed to his individual credit in 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.~~

~~§ 8531. State guarantee regarding the system.~~

~~Statutory interest charges payable, the maintenance of reserves in the fund, and the payment of all annuities and other benefits granted by the board from the system under the provisions of this part relating to the establishment and administration of the system are hereby made obligations of the Commonwealth. All income, interest, and dividends derived from deposits and investments authorized by this part shall be used for the payment of the said obligations of the Commonwealth and shall not be used for any obligations of the plan or trust.~~

~~Section 226. Section 8533(a), (b) and (d) of Title 24 are amended to read:~~

~~§ 8533. Taxation, attachment and assignment of funds.~~

~~(a) General rule. Except as provided in subsections (b), (c) and (d), the right of a person to a member's annuity, a State annuity, or retirement allowance, to the return of contributions, any benefit or right accrued or accruing to any~~

~~person under the provisions of this part, and the moneys in the fund and the trust are hereby exempt from any State or municipal tax, and exempt from levy and sale, garnishment, attachment, 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 process whatsoever, and shall be unassignable.~~

~~(a.1) Individual investment accounts and distributions. No participant or beneficiary, successor payee, spouse or alternate payee of a participant shall have the ability to commute, sell, assign, alienate, anticipate, mortgage, pledge, hypothecate, commutate or otherwise transfer or convey any benefit or interest in an individual investment account or rights to receive or direct distributions under this part or under agreements entered into under this part except as otherwise provided in this part and in the case of either a member or a participant.~~

~~(b) Forfeiture.~~

~~(1) Rights under this part shall be subject to forfeiture as provided by the act of July 8, 1978 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act. Forfeitures under this subsection or under any other provision of law may not be applied to increase the benefits that any member would otherwise receive under this part.~~

~~(2) In accordance with section 16(b) of Article V of the Constitution of Pennsylvania and notwithstanding paragraph (1), the act of July 8, 1978 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act, or 42 Pa.C.S. § 3352 (relating to pension rights), the accumulated mandatory participant contributions and accumulated voluntary contributions standing to the credit of a participant shall~~

~~not be forfeited but shall be available for payment of fines and restitution as provided by law. In accordance with section 16(b) of Article V of the Constitution of Pennsylvania, amounts in the trust that have been ordered to be distributed to an alternate payee as the result of an equitable distribution of marital property as part of an approved domestic relations order entered before the date of the order or action in a court or other tribunal resulting in a forfeiture of a participant's interest in the trust shall not be subject to the Public Employee Pension Forfeiture Act, section 16(b) of the Article V of the Constitution of Pennsylvania or 42 Pa.C.S. § 3352. Any accumulated employer defined contributions forfeited as a result of this subsection or other law shall be retained by the board and used for the payment of expenses of the plan.~~

~~* * *~~

~~(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 anyone else authorized under IRC and the plan terms approved by the board to have an eligible rollover distribution paid~~

~~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 applicable to members 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~~

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~~
4 ~~the member upon retirement or states that the member may~~
5 ~~select any retirement option offered by this part upon~~
6 ~~retirement.~~

7 ~~(5) Specifies the name and last known mailing address,~~
8 ~~if any, of the member and the name and last known mailing~~
9 ~~address of each alternate payee covered by the order and~~
10 ~~states that it is the responsibility of each alternate payee~~
11 ~~to keep a current mailing address on file with the system.~~

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~~
16 ~~compliance with the terms of the domestic relations order~~
17 ~~through access to information concerning the member~~
18 ~~maintained by the system.~~

19 ~~(a.1) Certification regarding participants. A domestic~~
20 ~~relations order pertaining to a participant shall be certified~~
21 ~~as an approved domestic relations order by the secretary of the~~
22 ~~board, or his designated representative, only if that order~~
23 ~~meets all of the following:~~

24 ~~(1) Does not require the plan to provide any type or~~
25 ~~form of benefit or any option applicable to members of the~~
26 ~~system or participants in the plan.~~

27 ~~(2) Does not require the segregation of the alternate~~
28 ~~payee's share of the participant's individual investment~~
29 ~~account into a subaccount or newly established individual~~
30 ~~account titled in the name of the alternate payee.~~

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~~

~~allowing each alternate payee to monitor the participant's compliance with the terms of the domestic relations order through access to information concerning the participant maintained by the plan. Any authorization granted under this section shall be construed only as an authorization for the alternate payee to receive information concerning the participant which relates to the administration, calculation and payment of the alternate payee's share of the participant's account and not as an authorization to exercise the rights afforded to participants or obtain information that is not related to the administration, calculation and payment of the alternate payee's share of the participant's individual investment account, notwithstanding any other provision of this part or the plan that would require a distribution of accumulated employer defined contributions in the form of an annuity or to require the purchase of an 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 contributions in the form of an annuity or to require the purchase of an annuity.~~

~~(11) In the case of a participant who is currently receiving distributions from the trust as of the date the domestic relations order is approved by the secretary of the board or his designated representative, the domestic relations order may not order the board to pay the alternate payee more than the balance available in the participant's individual investment account as of the date the order is approved or require that distributions continue to the alternate payee after the death of the participant and final settlement of the participant's individual investment account.~~

~~(b) Determination by secretary. Within a reasonable period of time after receipt of a domestic relations order, the secretary of the board, or his designated representative, shall determine whether this order is an approved domestic relations order and notify the member or participant and each alternate payee of this determination. Notwithstanding any other provision of law, the exclusive remedy of any member, participant or alternate payee aggrieved by a decision of the secretary of the board, or his designated representative, shall be the right to an adjudication by the board under 2 Pa.C.S. Ch. 5 (relating to practice and procedure) with appeal therefrom to the 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 from government agencies).~~

~~(c) Other orders. The requirements for approval identified in [subsection (a)] subsections (a) and (a.1) shall not apply to any domestic relations order which is an order for support as that term is defined in 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
they do not attach moneys in excess of the limits on attachments
as established by the laws of this Commonwealth and the United
States[.], require distributions of benefits in a manner that
would violate the laws of the United States, any other state or
this Commonwealth or require the distribution of funds for
support or enforcement of arrearages against any participant who
is not receiving distributions from the plan at the time such
order is entered. These orders may be approved notwithstanding
any other provision of this part or the plan that would
otherwise require a distribution of accumulated employer defined
contributions in the form of an annuity or to require the
purchase of an annuity.~~

~~(d) Obligation discharged. Only the requirements of this
part and any regulations promulgated hereunder shall be used to
govern the approval or disapproval of a domestic relations
order. Therefore, if the secretary of the board, or his
designated representative, acts in accordance with the
provisions of this part and any promulgated regulations in
approving or disapproving a domestic relations order, then the
obligations of the system or plan with respect to such approval
or disapproval shall be discharged.~~

~~§ 8533.2. Irrevocable beneficiary.~~

~~Notwithstanding any other provision of this part, a domestic
relations order may provide for an irrevocable beneficiary. A
domestic relations order requiring the nomination of an
irrevocable beneficiary shall be deemed to be one that requires
a member or participant to nominate an alternate payee as a
beneficiary and that prohibits the removal or change of that~~

~~beneficiary without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, after the member or participant makes such nomination, in which case the irrevocable beneficiary so ordered by the court cannot be changed by the member or participant without approval by the court.~~

~~§ 8533.3. Irrevocable survivor annuitant.~~

~~Notwithstanding any other provisions of this part, a domestic relations order pertaining to a member may provide for an irrevocable survivor annuitant. A domestic relations order requiring the designation of an irrevocable survivor annuitant shall be deemed to be one that requires a member to designate an alternate payee as a survivor annuitant and that prohibits the removal or change of that survivor annuitant without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, in which case the irrevocable survivor annuitant so ordered by the court cannot be changed by the member without approval by the court. A person ineligible to be designated as a survivor annuitant may not be designated an irrevocable survivor annuitant.~~

~~§ 8533.4. Amendment of approved domestic relations orders.~~

~~(a) Deceased alternate payee. In the event that the alternate payee predeceases the member or participant 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~~

1 ~~payable to the deceased alternate payee.~~

2 ~~* * *~~

3 ~~Section 228. Title 24 is amended by adding a section to~~
4 ~~read:~~

5 ~~§ 8533.5. Irrevocable successor payee.~~

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~~
10 ~~provided by the board that allows for a successor payee.~~

11 ~~(b) Determination. A domestic relations order requiring the~~
12 ~~designation of an irrevocable successor payee shall be deemed to~~
13 ~~be one that requires a participant who is receiving payments~~
14 ~~from an annuity or other distribution option to designate an~~
15 ~~alternate payee as a successor payee and that prohibits the~~
16 ~~removal or change of that successor payee without approval of a~~
17 ~~court of competent jurisdiction, except by operation of law.~~

18 ~~(c) Certification. A domestic relations order under~~
19 ~~subsection (b) may be certified as an approved domestic~~
20 ~~relations order by the secretary of the board, or his designated~~
21 ~~representative, in which case the irrevocable successor payee so~~
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 payee may not be designated as an irrevocable~~
26 ~~successor payee. A court may not name an irrevocable successor~~
27 ~~payee if the alternate payee is eligible to receive a lump sum~~
28 ~~distribution of the alternate payee's portion of the marital~~
29 ~~portion of the pension benefit.~~

30 ~~Section 229. Sections 8534 and 8535 of Title 24 are amended~~

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 or plan in any attempt to~~
6 ~~defraud the system or plan 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 in~~
9 ~~records result in any member, participant, beneficiary, [or]~~
10 ~~survivor annuitant or successor payee receiving from the system~~
11 ~~or plan more or less than he would have been entitled to receive~~
12 ~~had the records been correct, then regardless of the intentional~~
13 ~~or unintentional nature of the error and upon the discovery of~~
14 ~~such error, the board shall correct the error and if the error~~
15 ~~affects contributions to or payments from the system, then so~~
16 ~~far as practicable shall adjust the payments which may be made~~
17 ~~for and to such person in such a manner that the actuarial~~
18 ~~equivalent of the benefit to which he was correctly entitled~~
19 ~~shall be paid. If the error affects contributions to or payments~~
20 ~~from the plan, the board shall take such action as shall be~~
21 ~~provided for in the plan document.~~

22 ~~§ 8535. Payments to school entities by Commonwealth.~~

23 ~~For each school year beginning with the 1995-1996 school year~~
24 ~~and ending with the 2015-2016 school year, each school entity~~
25 ~~shall be paid by the Commonwealth for contributions based upon~~
26 ~~school service of active members of the system after June 30,~~
27 ~~1995, as follows:~~

28 ~~(1) The Commonwealth shall pay each school entity for~~
29 ~~contributions made to the Public School Employees' Retirement~~
30 ~~Fund based upon school service of all active members,~~

1 ~~including members on activated military service leave, whose~~
2 ~~effective dates of employment with their school entities are~~
3 ~~after June 30, 1994, and who also had not previously been~~
4 ~~employed by any school entity within this Commonwealth an~~
5 ~~amount equal to the amount certified by the Public School~~
6 ~~Employees' Retirement Board as necessary to provide, together~~
7 ~~with the members' contributions, reserves on account of~~
8 ~~prospective annuities, supplemental annuities and the premium~~
9 ~~assistance program as provided in this part in accordance~~
10 ~~with section 8328 (relating to actuarial cost method),~~
11 ~~multiplied by the market value/income aid ratio of the school~~
12 ~~entity. For no school year shall any school entity receive~~
13 ~~less than the amount that would result if the market~~
14 ~~value/income aid ratio as defined in section 2501(14.1) of~~
15 ~~the Public School Code of 1949 was 0.50.~~

16 ~~(2) The Commonwealth shall pay each school entity for~~
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~~
21 ~~certified by the Public School Employees' Retirement Board as~~
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.~~

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

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 ~~§ 8535.1. Payments to school entities by Commonwealth~~
8 ~~commencing with the 2016-2017 school year.~~

9 ~~(a) General rule. For each school year, beginning with the~~
10 ~~2016-2017 school year, each school entity shall be paid by the~~
11 ~~Commonwealth for contributions based upon school service of~~
12 ~~active members of the system and active participants of the plan~~
13 ~~after June 30, 2016, as follows:~~

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 ~~Commonwealth, an amount equal to the amount certified by the~~
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~~

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 ~~employer's liability is delayed because of delinquent salary~~
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 ~~§ 8537. Public Pension Management and Asset Investment Review~~
30 ~~Commission.~~

~~(a) Establishment.— A Public Pension Management and Asset Investment Review Commission shall be established, which shall be composed of three appointees of each of the following:~~

~~(1) Speaker of the House;~~

~~(2) President Pro tempore of the Senate; and~~

~~(3) Governor.~~

~~The appointees shall be investment professionals and retirement advisors and shall be appointed within 90 days of the effective date of this section.~~

~~(b) Duties.— The duties of the Public Pension Management and Asset Investment Review Commission are as follows:~~

~~(1) Study the performance of current investment strategies and procedures of the Public School Employees' Retirement System, comparing realized rates of return to established benchmarks and considering associated fees paid for active and passive management.~~

~~(2) Study the costs and benefits of both active and passive investment strategies in relation to future investment activities of the Public School Employees' Retirement System.~~

~~(3) Study alternative future investment strategies with available assets of the Public School Employees' Retirement System that will maximize future rates of return net of fees.~~

~~(4) Publish extensive and detailed findings on line, including findings about:~~

~~(i) assets;~~

~~(ii) returns;~~

~~(iii) financial managers;~~

~~(iv) consultants;~~

~~(v) requests for Proposals; and~~

~~(vi) investment performance measured against
benchmarks.~~

~~(5) Report its findings and recommendations to the
Governor and the General Assembly within 6 months of its
first organizational meeting.~~

~~(c) Quorum. A majority of appointed members shall
constitute a quorum for the purpose of conducting business. The
members shall select one of their number to be chairperson and
another to be the vice chairperson.~~

~~(d) Transparency and ethics. The Public Pension Management
and Asset Investment Review Commission shall be subject to the
following laws:~~

~~(1) The act of February 14, 2008 (P.L.6, No.3), known as
the Right to Know Law.~~

~~(2) The act of July 3, 1986 (P.L.388, No.84), known as
the Sunshine Act.~~

~~(3) The act of October 4, 1978 (P.L.883, No.170), known
as the Public Official and Employee Ethics Act.~~

~~(4) The act of July 19, 1957 (P.L.1017, No.451), known
as the State Adverse Interest Act.~~

~~(e) Information gathering. The Public Pension Management
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) Transparency and ethics. The Public Pension Management
and Asset Investment Review Commission may conduct hearings and
otherwise gather pertinent information and analysis that it
considers appropriate.~~

~~(g) 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.~~

~~(h) Reimbursement. The members of the Public Pension
Management and Asset Investment Review Commission shall be
reimbursed for reasonable expenses.~~

~~(i) Expiration. The Public Pension Management and Asset
Investment Review Commission shall expire 60 days after delivery
of its report in accordance with subsection (b) (5). Any unspent
appropriation shall lapse back to the General Fund.~~

~~Section 231. The definition of "eligible person" in section
8702(a) of Title 24 is amended to read:~~

~~§ 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:~~

~~"Eligible person." An individual who is:~~

~~(1) an annuitant or survivor annuitant or the spouse or
dependent of an annuitant or survivor annuitant[.]; or~~

~~(2) a participant receiving distributions or a successor
payee, or the spouse or dependent of a participant receiving
distributions or successor payee.~~

~~* * *~~

~~ARTICLE III~~

~~Section 301. Section 7306(a) introductory paragraph of Title
51 is amended and the section is amended by adding a subsection
to read:~~

~~§ 7306. Retirement rights.~~

~~(a) Options available to employees. Any employee who is a member of a retirement system other than an active member or inactive member on leave without pay of the State Employees' Retirement System, an active or inactive participant of the School Employees' Defined Contribution Plan, an active participant or inactive participant on leave without pay of the State Employees' Defined Contribution Plan or an active or inactive member of the Public School Employees' Retirement System at the time he is granted a military leave of absence shall be entitled to exercise any one of the following options in regard thereto:~~

~~* * *~~

~~(f) Participant of a defined contribution plan.~~

~~(1) An employee who is an active or inactive participant of the School Employees' Defined Contribution Plan at the time the employee is granted a military leave of absence shall be entitled to make contributions to the Public School Employees' Defined Contribution Trust for the leave as provided in 24 Pa.C.S. Pt. IV (relating to retirement for school employees).~~

~~(2) An employee who is an active participant or inactive participant on leave without pay of the State Employees' Defined Contribution Plan at the time he is granted a military leave of absence shall be entitled to make contributions to the State Employees' Defined Contribution Trust for the leave as provided in 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers).~~

ARTICLE IV

~~Section 401. Sections 4104(a) (7), 5102 and 5103 of Title 71 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~~

~~and expenses credited or charged thereon.~~

~~"Accumulated total defined contributions." The total of the accumulated mandatory participant contributions, accumulated employer defined contributions and accumulated voluntary contributions, reduced by any distributions, standing to the credit of a participant in an individual investment account in the trust.~~

~~"Accumulated voluntary contributions." The total of voluntary contributions paid into the trust by a participant and any amounts rolled over by a participant or transferred by a direct trustee to trustee transfer into the trust together with any investment earnings and losses and adjustment for fees, costs and expenses credited or charged thereon.~~

~~"Active member." A State employee, or a member on leave without pay, for whom pickup contributions or cash balance member contributions are being made to the fund or for whom such contributions otherwise required for current State service are not being made solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the 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. § 401(a)(17) or [415(b)] 415) or limitations on contributions to the system applicable to a Class A-3 member or Class A-4 member who has exceeded the Class A-3 and Class A-4 compensation limit.~~

~~"Active participant." A State employee for whom mandatory participant contributions are being made to the trust or for whom such contributions otherwise required for current State 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).~~

~~"Actuarial increase factor." A factor calculated at the member's birthday by dividing the cost of a dollar annuity based on the age of the member on the member's immediately previous birthday by the cost of a one year deferred dollar annuity calculated at that same age. Unless the member terminates State or school service on the member's birthday, the actuarial increase factor for the year of termination shall be adjusted by:~~

~~(1) subtracting one from the calculated factor; then~~

~~(2) dividing the difference by twelve; then~~

~~(3) multiplying the resulting quotient by the number of whole months between the member's immediately previous birthday and the date of termination of service; then~~

~~(4) adding one to the resulting product.~~

~~"Actuarially equivalent." [Equal] Except when determining benefits and present values related to Class CB service, cash balance member accumulated deductions or total cash balance accumulated deductions, equal present values, computed on the basis of statutory interest and the mortality tables adopted by the board. When determining benefits and present values related to Class CB service, cash balance member accumulated deductions or total cash balance accumulated deductions, equal present values, computed on the basis of the applicable Federal rate on the effective date of the determination and the mortality tables adopted by the board.~~

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

~~(1) a member of the American Academy of Actuaries; or~~

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.~~

17 ~~"Alternative investment." An investment in a private equity~~
18 ~~fund, private debt fund, venture fund, real estate fund, hedge~~
19 ~~fund or absolute return fund.~~

20 ~~"Alternative investment vehicle." A limited partnership,~~
21 ~~limited liability company or any other legal vehicle for~~
22 ~~authorized investments under section 5931(i) (relating to~~
23 ~~management of fund and accounts) through which the system makes~~
24 ~~an alternative investment.~~

25 ~~"Alternate payee." Any spouse, former spouse, child or~~
26 ~~dependent of a member or participant who is recognized by a~~
27 ~~domestic relations order as having a right to receive all or a~~
28 ~~portion of the moneys payable to that member or participant~~
29 ~~under this part.~~

30 ~~"Annuitant." Any member on or after the effective date of~~

~~retirement until his annuity is terminated.~~

~~"Applicable Federal rate." Interest at a rate equal to the applicable Federal rate prescribed by the Internal Revenue Service and published by revenue ruling under IRC § 7520 and that is in effect on the operative date of the calculation for which such rate is being used, compounded annually.~~

~~"Approved domestic relations order." Any domestic relations order which has been determined to be approved in accordance with section 5953.1 (relating to approval of domestic relations orders).~~

~~"Average noncovered salary." The average of the amounts of compensation received each calendar year since January 1, 1956 exclusive of the amount which was or could have been covered by the Federal Social Security Act, 42 U.S.C. § 301 et seq., during that portion of the member's service since January 1, 1956 for which he has received social security integration credit.~~

~~"Basic contribution rate." Five percent (5%), except that in no case shall any member's rate, excluding the rate for social security integration credit, be greater than his contribution rate on the effective date of this part so long as he does not elect additional coverage or membership in another class of service.~~

~~"Beneficiary." [The] In the case of the system, the 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. In the case of the plan, the person or persons last designated in writing to the board by the participant to receive the participant's vested accumulated total defined contributions or a lump sum benefit upon the death of the participant.~~

~~"Board." The State Employees' Retirement Board or the State Employees' Retirement Board.~~

~~"Cash balance member accumulated deductions." The total of the cash balance member contributions paid into the fund on account of a member's service as a member of Class CB together with treasury bond interest and excess interest thereon until the date of termination of service. In the case of a vestee, treasury bond interest and excess interest shall be credited until the effective date of retirement.~~

~~"Cash balance member contributions." The product of the basic contribution rate, the class of service multiplier and the compensation of the member for service credited as Class CB.~~

~~"Class A 3 and Class A 4 compensation limit." For a Class A 3 or Class A 4 member for each calendar year starting on or after January 1, 2016, the amount of compensation as an active member which would not have been subject to Social Security integration member contributions under section 5502 had the member been eligible to elect to earn Social Security integration credits under section 5305 and did so, without regard to the calendar year starting after March 1, 1974.~~

~~"Class of service multiplier."~~

Class of Service		Multiplier
A		±
AA	for all purposes—	
—	except—	
—	calculating—	
—	regular member—	
—	contributions on—	
—	compensation—	
—	paid prior to—	

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	±
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	±
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

1	A-4	for purposes of	
2	-	calculating	
3	-	regular member	
4	-	contributions	1.86
5	B		.625
6	C		±
7	CB	for all purposes	
8		except	
9		calculating cash	
10		balance member	
11		contributions	±
12	CB		0.6 unless a
13		for purposes of	lower
14		calculating cash	multiplier is
15		balance member	elected under
16		contributions	section 5306.5
17	D		1.25
18	D-1	prior to January	
19	-	1, 1973	1.875
20	D-1	on and	
21	-	subsequent to	
22	-	January 1, 1973	1.731
23	D-2	prior to January	
24	-	1, 1973	2.5
25	D-2	on and	
26	-	subsequent to	
27	-	January 1, 1973	1.731
28	D-3	prior to January	
29	-	1, 1973	3.75
30	D-3	on and	

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	H		0.500	
30	I		0.625	

1	J	0.714
2	K	0.834
3	L	1.000
4	M	1.100
5	N	1.250
6	T-C (Public School	±
7	Employees'	
8	Retirement Code)	
9	T-E (Public School	±
10	Employees'	
11	Retirement Code)	
12	T-F (Public School	±
13	Employees'	
14	Retirement Code)	

15 ~~"Combined service employee." A current or former State~~
 16 ~~employee who is both a member of the system and a participant in~~
 17 ~~the plan.~~

18 ~~"Commissioner." The Commissioner of the Internal Revenue~~
 19 ~~Service.~~

20 ~~"Compensation." Pickup contributions 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 payments for unused vacation~~
 24 ~~or sick leave; and excluding payments for military leave and any~~
 25 ~~other payments made by an employer while on USERRA leave, leave~~
 26 ~~of absence granted under 51 Pa.C.S. § 4102 (relating to leaves~~
 27 ~~of absence for certain government employees), military leave of~~
 28 ~~absence granted under 51 Pa.C.S. § 7302 (relating to granting~~
 29 ~~military leaves of absence) or other types of military leave,~~
 30 ~~including other types of leave payments, stipends, differential~~

~~wage payments as defined in IRC § 414(u) (12) and any other
payments: Provided, however, That compensation received prior to
January 1, 1973, shall be subject to the limitations for
retirement purposes in effect December 31, 1972, if any:
Provided further, That the limitation under section 401(a) (17)
of the Internal Revenue Code of 1986 (Public Law 99-514, 26
U.S.C. § 401(a) (17)) taken into account for the purpose of
member contributions, including any additional member
contributions in addition to regular or joint coverage member
contributions and Social Security integration contributions,
regardless of class of service, shall apply to each member who
first became a member of the State Employees' Retirement System
on or after January 1, 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.~~

~~"Concurrent service." Service credited in more than one
class of service during the same period of time.~~

~~"Correction officer." Any full time employee assigned to the
Department of Corrections or the Department of Public Welfare
whose principal duty is the care, custody and control of inmates
or direct therapeutic treatment, care, custody and control of
inmates of a penal or correctional institution, community
treatment center, forensic unit in a State hospital or secure
unit of a youth development center operated by the Department of
Corrections or by the Department of Public Welfare.~~

~~"County service." Service credited in a retirement system or
pension plan established or maintained by a county to provide
retirement benefits for its employees to the account of county
employees who are transferred to State employment and become~~

~~State employees pursuant to 42 Pa.C.S. § 1905 (relating to county level court administrators) regardless of whether the service was performed for the county or another employer or allowed to be purchased in the county retirement system or pension plan.~~

~~"Creditable nonstate service." Service for which an active member may obtain credit in the system, other than:~~

~~(1) service as a State employee;~~

~~(2) service converted to State service pursuant to section 5303.1 (relating to election to convert county service to State service); or~~

~~(3) school service converted to State service pursuant to section 5303.2 (relating to election to convert school service to State service) [for which an active member may obtain credit].~~

~~"Credited service." State or creditable nonstate service for which the required contributions have been made to the fund or for which the contributions otherwise required for such service were not made solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the limitations under section 401(a)(17) or [415(b)] 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or [415(b)],] 415, or limitations on contributions to the system applicable to a Class A-3 member or Class A-4 member or for which salary deductions or lump sum payments to the system have been agreed upon in writing.~~

~~"Date of termination of service." The latest of the following dates:~~

~~(1) the last day of service for which pickup~~

1 ~~contributions are made for an active member or for which the~~
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 ~~26 U.S.C. § 401(a)(17) or 415) or limitations on~~
9 ~~contributions to the system applicable to a Class A-3 member~~
10 ~~or Class A-4 member.~~

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 or an inactive participant on leave without pay, the date~~
15 ~~of his resignation or the date his employment is formally~~
16 ~~discontinued by his employer[.]; or~~

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 ~~officer.~~

28 ~~(4) A Delaware River Port Authority policeman.~~

29 ~~(5) A park ranger.~~

30 ~~(6) A Capitol Police officer.~~

~~(7) A campus police officer employed by a State-owned educational institution, community college or The Pennsylvania State University.~~

~~(8) A police officer employed by Fort Indiantown Gap or other designated Commonwealth military installation or facility.~~

~~(9) A correction officer.~~

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

~~"Distribution." Payment of all or any portion of a person's interest in either the State Employees' Retirement Fund or the State Employees' Defined Contribution Trust or both which is payable under this part.~~

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

~~"Effective date of retirement." The first day following the date of termination of service of a member if he has properly~~

~~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 participant's individual investment account.~~

~~28 "Enforcement officer."~~

~~29 (1) Any enforcement officer or investigator of the~~
~~30 Pennsylvania Liquor Control Board who is a peace officer~~

1 ~~vested with police power and authority throughout the~~
2 ~~Commonwealth and any administrative or supervisory employee~~
3 ~~of the Pennsylvania Liquor Control Board vested with police~~
4 ~~power who is charged with the administration or enforcement~~
5 ~~of the liquor laws of the Commonwealth.~~

6 ~~(2) Special agents, narcotics agents, asset forfeiture~~
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~~
11 ~~power to enforce the law and make arrests under the authority~~
12 ~~of the act of October 15, 1980 (P.L.950, No.164), known as~~
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] As follows:~~

24 ~~(1) For members with an effective date of retirement~~
25 ~~before January 1, 2016, and for purposes of calculating~~
26 ~~standard single life annuities resulting from credited~~
27 ~~service other than post January 2016 service regardless of~~
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~~

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 ~~Class A 4 compensation limit) if the member has Class A 3~~
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,~~

~~for any overtime service as a member of the system, with the compensation of part time service or for any partial year of credit annualized on the basis of the fractional portion of the year for which credit is received, and subject to any limitation as applied under section 5506.2 if the member has Class A 3 service credit or class A 4 service credit, except if the employee was not an active member during three calendar years, the average of the number of calendar years during which the employee was an active member.~~

~~(3) For all members and for the calculation of all standard single life annuities without regard to class of membership and credited service, in the case of a member with multiple service, the final average salary shall be determined on the basis of the compensation received by him as a [State employee] member of the system or as a school employee, other than as a participant in the School Employees' Defined Contribution Plan, or both; in the case of a member with Class A 3 or Class A 4 service and service in one or more other classes of service, the final average salary shall be determined on the basis of the compensation received by him in all classes of State service credited in the system other than as a member of Class CB; and, in the case of a member who first became a member on or after January 1, 1996, the final average salary shall be determined as hereinabove provided but subject to the application of the provisions of section 5506.1(a) (relating to annual compensation limit under IRC § 401(a)(17)). Final average salary shall be determined by including in compensation payments deemed to have been made to a member reemployed from~~

~~USERRA leave to the extent member contributions have been made as provided in section 5302(f)(2) (relating to credited State service) and payments made to a member on leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) as provided in section 5302(f)(6).—~~

~~"Full coverage member." Any member for whom member pickup contributions are being picked up or who has paid or has agreed to pay to the fund the actuarial equivalent of regular member contributions due on account of service prior to January 1, 1982.—~~

~~"Fund." The State Employees' Retirement Fund.—~~

~~"Head of department." The chief administrative officer of the department, the chairman or executive director of the agency, authority, or independent board or commission, the Court Administrator of Pennsylvania, and the Chief Clerk of the Senate, or the Chief Clerk of the House of Representatives.—~~

~~"Inactive member." A member for whom no pickup contributions or cash balance member contributions are being made to the fund, except in the case of an active member for whom such contributions otherwise required for current State service are not being made solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the limitations under section 401(a)(17) or 415(b) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)) or limitations on contributions to the system applicable to a Class A 3 member or Class A 4 member, but who has accumulated deductions or cash balance 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 ~~limitations under section 401(a)(17) or 415 of the Internal~~
14 ~~Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17)~~
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 and an 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.~~

~~"IRC." The Internal Revenue Code of 1986, as designated and referred to in section 2 of the Tax Reform Act of 1986 (Public Law 99-514, 100 Stat. 2085, 2095). A reference in this part to "IRC §" shall be deemed to refer to the identically numbered section and subsection or other subdivision of such section in 26 United States Code (relating to Internal Revenue Code).~~

~~"Irrevocable beneficiary." The person or persons permanently designated by a member or participant 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 or participant.~~

~~"Irrevocable successor payee." The person permanently designated by a participant receiving distributions in writing to the board pursuant to an approved domestic relations order to receive one or more distributions from the plan upon the death of such participant.~~

~~"Irrevocable survivor annuitant." The person permanently designated by a member in writing to the State Employees' Retirement Board pursuant to an approved domestic relations order to receive an annuity upon the death of such member.~~

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

~~"Joint coverage member contributions." Regular member contributions reduced for a joint coverage member.~~

~~"Mandatory participant contributions." Contributions equal to 3% of compensation that are made by active participants for current service.~~

~~"Member." Active member, inactive member, annuitant, vestee or special vestee.~~

~~"Member of the judiciary." Any justice of the Supreme Court, any judge of the Superior Court, the Commonwealth Court, any court of common pleas, the Municipal Court and the Traffic Court of Philadelphia, or any community court.~~

~~"Member's annuity." The single life annuity which is actuarially equivalent, at the effective date of retirement, to the sum of the regular accumulated deductions, shared risk accumulated deductions, the additional accumulated deductions, cash balance member accumulated deductions and the social security integration accumulated deductions standing to the member's credit in the members' savings account.~~

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

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

~~"Noneligible member." For the purposes of section 5506.1 (relating to annual compensation limit under IRC § 401(a)(17)), a member who first became a member on or after January 1, 1996.~~

~~"Nonstudent service." Employment in an educational institution that is not contingent on the employee's enrollment~~

~~as a student or maintenance of student status at such institution and for which only monetary compensation is received, excluding tuition waivers or reimbursement, academic credit, housing, meals and other in kind compensation.~~

~~"Participant." An active participant, inactive participant or participant receiving distributions.~~

~~"Participant receiving distributions." A participant in the plan who has commenced receiving distributions from his individual investment account but who has not received a total distribution of his vested interest in the individual investment account.~~

~~"Pickup contributions." Regular or joint coverage member contributions, shared risk member contributions, social security integration contributions and additional member contributions which are made by the Commonwealth or other employer for active members for current service on and after January 1, 1982.~~

~~"Plan." The State Employees' Defined Contribution Plan as established by the provisions of this part and the board.~~

~~"Plan document." The documents created by the board under section 5402 (relating to plan document) that contain the terms and provisions of the plan and trust as established by the board regarding the establishment, administration and investment of the plan and trust.~~

~~"Post January 2016 service." All previously uncredited state service and creditable nonstate service that is first credited on or after January 1, 2016, and all State service performed on or after January 1, 2016, except that any State service credited by a member who is reemployed from USERRA leave who has made the member contributions under section 5302(f) (relating to credited State service) to receive State service credit shall not be~~

~~post January 2016 service if credited for a period of USERRA leave performed before January 1, 2016.~~

~~"Previous State service." Service rendered as a State employee prior to his most recent entrance in the system[.], provided that the State employee was not a participant in the plan, was not eligible to be an optional participant in the plan under section 5301(b.1) (relating to mandatory and optional membership in the system and participation in the plan) or was not prohibited from being a participant under section 5301(c.1) during such service.~~

~~"Psychiatric security aide." Any employee whose principal duty is the care, custody and control of the criminally insane inmates of a maximum security institution for the criminally insane or detention facility operated by the Department of Public Welfare.~~

~~"Public School Employees' Retirement System." The retirement system established by the act of July 18, 1917 (P.L.1043, No.343), and codified by the act of June 1, 1959 (P.L.350, No.77).~~

~~"Reemployed from USERRA leave." Resumption of active membership or active participation as a State employee after a period of USERRA leave, provided, however, that the resumption of active membership or active participation was within the time period and under conditions and circumstances such that the State employee was entitled to reemployment rights under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services).~~

~~"Regular accumulated deductions." The total of the regular or joint coverage member contributions paid into the fund on account of current service or previous State or creditable~~

~~nonstate service, together with the statutory interest credited thereon until the date of termination of service. In the case of a vestee or a special vestee, statutory interest shall be credited until the effective date of retirement. A member's account shall not be credited with statutory interest for more than two years during a leave without pay.~~

~~"Regular member contributions." The product of the basic contribution rate, the class of service multiplier if greater than one and the compensation of the member[.] for service in a class other than Class CB, subject to any adjustment under section 5501.1(c) (relating to shared risk member contributions and shared gain adjustments to regular member contributions for Class A-3 and Class A-4 service) or 5501.3 (relating to contribution savings program for members of Class AA and Class D-4).~~

~~"Required beginning date." The latest date by which distributions of a member's interest in the system or a participant's interest in his individual investment account must commence under section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).~~

~~"Retirement counselor." The State Employees' Retirement [System] Board employee whose duty it shall be to advise each employee of his rights and duties as a member of the system or as a participant of the plan.~~

~~"Salary deductions." The amounts certified by the board, deducted from the compensation of an active member or active participant, or the school service compensation of a multiple service member who is an active member of the Public School Employees' Retirement System, and paid into the fund.~~

~~"School Employees' Defined Contribution Plan." The defined~~

~~contribution plan for school employees established under 24
Pa.C.S. Pt. IV (relating to retirement for school employees).~~

~~"School service." Service rendered as a public school
employee and credited as service in the Public School Employees'
Retirement System.~~

~~"Service connected disability." A disability resulting from
an injury arising in the course of State employment, and which
is compensable under the applicable provisions of the act of
June 2, 1915 (P.L.736, No.338), known as "The Pennsylvania
Workmen's Compensation Act," or the act of June 21, 1939
(P.L.566, No.284), known as "The Pennsylvania Occupational
Disease Act."~~

~~"Shared risk accumulated deductions." The total of the
shared risk member contributions paid into the fund on account
of current service or previous State service or creditable
nonstate service, together with the statutory interest credited
on the contributions until the date of termination of service.
In the case of a vestee, statutory interest shall be credited
until the effective date of retirement. A member's account shall
not be credited with statutory interest for more than two years
during a leave without pay.~~

~~"Shared risk member contributions." The product of the
applicable shared risk contribution rate and the compensation of
a member for service credited as Class A 3 or Class A 4 up to
the Class A 3 and Class A 4 compensation limit.~~

~~"Social security integration accumulated deductions." The
total of the member contributions paid into the fund on account
of social security integration credit, together with the
statutory interest credited thereon until the date of
termination of service or until the date of withdrawal thereof,~~

~~whichever is earlier. In the case of a vestee statutory interest shall be credited until the effective date of retirement. A member's account shall not be credited with statutory interest for more than two years during a leave without pay.~~

~~"Special vestee." An employee of The Pennsylvania State University who is a member of the State Employees' Retirement System with five or more but less than ten eligibility points and who has a date of termination of service from The Pennsylvania State University of June 30, 1997, because of the transfer of his job position or duties to a controlled organization of the Penn State Geisinger Health System or because of the elimination of his job position or duties due to the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System, provided 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 pursuant to section 5907(f) (relating to rights and duties of State employees [and] members and participants) on or before September 30, 1997; and~~

~~(4) the member elects to leave the member's total accumulated deductions in the fund and to defer receipt of an annuity until attainment of superannuation age or the member's required beginning date.~~

~~"Standard single life annuity." An annuity equal to 2% of~~

~~the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member in each class of service other than service credited as a member of Class CB.~~

~~"State employee." Any person holding a State office or position under the Commonwealth, employed by the State Government of the Commonwealth, in any capacity whatsoever, except an independent contractor or any person compensated on a fee basis or any person paid directly by an entity other than a State Employees' Retirement System employer, and shall include members of the General Assembly, and any officer or employee of the following:~~

~~(1) (i) The Department of Education.~~

~~(ii) State owned educational institutions.~~

~~(iii) Community colleges.~~

~~(iv) The Pennsylvania State University, except an employee in the College of Agriculture who is paid wholly from Federal funds or an employee who is participating in the Federal Civil Service Retirement System. The university shall be totally responsible for all employer contributions under section 5507 (relating to contributions by the Commonwealth and other employers).~~

~~(2) The Pennsylvania Turnpike Commission, the Delaware River Port Authority, the Port Authority Transit Corporation, the Philadelphia Regional Port Authority, the Delaware River Joint Toll Bridge Commission, the State Public School Building Authority, The General State Authority, the State Highway and Bridge Authority, the Delaware Valley Regional Planning Commission, the Interstate Commission of the Delaware River Basin, and the Susquehanna River Basin~~

1 ~~Commission any time subsequent to its creation, provided the~~
2 ~~commission or authority agrees to contribute and does~~
3 ~~contribute to the fund or trust, from time to time, the~~
4 ~~moneys required to build up the reserves necessary for the~~
5 ~~payment of the annuities or other benefits of such officers~~
6 ~~and employees without any liability on the part of the~~
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 employee~~
10 ~~shall have been a member of the system for at least ten years~~
11 ~~prior to January 1, 1963.~~

12 ~~(3) Any separate independent public corporation created~~
13 ~~by statute, not including any municipal or quasi municipal~~
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, shall~~
27 ~~have been subject to the terms of a collective bargaining~~
28 ~~agreement or binding interest arbitration award established~~
29 ~~pursuant to the act of June 24, 1968 (P.L.237, No.111) ,~~
30 ~~referred to as the Policemen and Firemen Collective Bargaining~~

1 ~~Act.—~~

2 ~~"State service." Service converted from county service~~
3 ~~pursuant to section 5303.1 (relating to election to convert~~
4 ~~county service to State service), converted from school service~~
5 ~~pursuant to section 5303.2 (relating to election to convert~~
6 ~~school service to State service) or rendered as a State~~
7 ~~employee.—~~

8 ~~"Statutory interest." Interest at 4% per annum, compounded~~
9 ~~annually.—~~

10 ~~"Successor payee." The person or persons last designated in~~
11 ~~writing to the board by a participant receiving distributions to~~
12 ~~receive one or more distributions upon the death of the~~
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 member~~
17 ~~of the General Assembly, an enforcement officer, a correction~~
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,~~
21 ~~Class I, Class J, Class K, Class L, Class M or Class N service,~~
22 ~~age 55 upon accrual of 20 eligibility points. For Class A 3 and~~
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~~
27 ~~capitol police officer, except for a member of the General~~
28 ~~Assembly, an enforcement officer, a correction officer, a~~
29 ~~psychiatric security aide, a Delaware River Port Authority~~
30 ~~policeman or an officer of the Pennsylvania State Police, age~~

1 ~~55. A vestee with Class A 3 or Class A 4 service credit attains~~
2 ~~superannuation age on the birthday the vestee attains the age~~
3 ~~resulting in a superannuation score of 92, provided that the~~
4 ~~vestee has at least 35 eligibility points, or attains another~~
5 ~~applicable superannuation age, whichever occurs first.~~

6 ~~"Superannuation annuitant." An annuitant whose annuity first~~
7 ~~became payable on or after the attainment of superannuation age~~
8 ~~and who is not a disability annuitant.~~

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 total~~
11 ~~eligibility points on the member's effective date of retirement,~~
12 ~~expressed in whole years and whole eligibility points and~~
13 ~~disregarding fractions of a year and fractions of total~~
14 ~~eligibility points.~~

15 ~~"Survivor annuitant." The person or persons last designated~~
16 ~~by a member under a joint and survivor annuity option to receive~~
17 ~~an annuity upon the death of such member.~~

18 ~~"Sworn police officer." A State police officer who is~~
19 ~~employed and serving as an officer of the Pennsylvania State~~
20 ~~Police.~~

21 ~~"System." The State Employees' Retirement System of~~
22 ~~Pennsylvania as established by the act of June 27, 1923~~
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~~
30 ~~cash balance savings account paid into the fund for the~~

~~purchase, transfer or conversion of credit for service or other coverage together with all statutory interest credited thereon until the date of termination of service. In the case of a vestee or a special vestee, statutory interest shall be credited until the effective date of retirement. A member's account shall not be credited with statutory interest for more than two years during a leave without pay.~~

~~"Total cash balance accumulated deductions." The sum of the cash balance member accumulated deductions and amounts credited by the board as provided by section 5902(p) (relating to administrative duties of the board) together with all treasury bond interest and excess interest thereon credited to a member's cash balance savings account until the date of termination of service. In the case of a vestee, treasury bond interest and excess interest shall be credited until the effective date of retirement.~~

~~"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 than 4%, compounded annually.~~

~~"Trust." The State Employees' Defined Contribution Trust established under Chapter 54 (relating to State Employees'~~

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 ~~"Voluntary contributions." Contributions made by a~~
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 ~~Commonwealth or other employer, or by an eligible rollover or~~
29 ~~direct trustee to trustee transfer.~~

30 ~~§ 5103. Notice to members and participants.~~

~~Notice by publication, including, without being limited to, newsletters, newspapers, forms, first class mail, letters, manuals and, to the extent authorized by a policy adopted by the board, electronically, including, without being limited to, e-mail or [World Wide Web sites] Internet websites, distributed or made available to members and participants in a manner reasonably calculated to give actual notice of [those sections of the State Employees' Retirement Code] the provisions of this part that require notice to members or participants shall be deemed sufficient notice for all purposes.~~

~~Section 402. Title 71 is amended by adding a section to read:~~

~~§ 5104. Reference to State Employees' Retirement System.~~

~~(a) Construction. As of the effective date of this section, unless the context clearly indicates otherwise, any reference to the State Employees' Retirement System in a statutory provision other than this part and 24 Pa.C.S. Pt. IV (relating to retirement for school employees) shall include a reference to the State Employees' Defined Contribution Plan and any reference to the State Employees' Retirement Fund shall include a reference to the State Employees' Defined Contribution Trust.~~

~~(b) Agreement. The agreement of an employer listed in the definition of "State employee" or any other law to 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.~~

~~Section 403. Section 5301(a), (b), (c) and (d) of Title 71 are amended and the section is amended by adding subsections to read:~~

~~§ 5301. Mandatory and optional membership in the system and participation in the plan.~~

~~(a) Mandatory membership. Membership in the system for all classes of service other than Class CB shall be mandatory as of the effective date of employment for all State employees except the following and shall be determined without regard to current or former membership in Class CB:~~

~~(1) Governor.~~

~~(2) Lieutenant Governor.~~

~~(3) Members of the General Assembly.~~

~~(4) Heads or deputy heads of administrative departments.~~

~~(5) Members of any independent administrative board or commission.~~

~~(6) Members of any departmental board or commission.~~

~~(7) Members of any advisory board or commission.~~

~~(8) Secretary to the Governor.~~

~~(9) Budget Secretary.~~

~~(10) Legislative employees.~~

~~(11) School employees who have elected membership in the Public School Employees' Retirement System.~~

~~(12) School employees who have elected membership in an independent retirement program approved by the employer, provided that in no case, except as hereinafter provided, shall the employer contribute on account of such elected membership at a rate greater than the employer normal contribution rate as determined in section 5508(b) (relating to actuarial cost method). For the fiscal year 1986-1987 an employer may contribute on account of such elected membership at a rate which is the greater of 7% or the employer normal contribution rate as determined in section 5508(b) and for~~

1 ~~the fiscal year 1992-1993 and all fiscal years after that at~~
2 ~~a rate of 9.29%.~~

3 ~~(13) Persons who have elected to retain membership in~~
4 ~~the retirement system of the political subdivision by which~~
5 ~~they were employed prior to becoming eligible for membership~~
6 ~~in the State Employees' Retirement System.~~

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.~~

10 ~~(15) Employees of the Philadelphia Regional Port~~
11 ~~Authority who have elected to retain membership in the~~
12 ~~pension plan or retirement system in which they were enrolled~~
13 ~~as employees of the predecessor Philadelphia Port Corporation~~
14 ~~prior to the creation of the Philadelphia Regional Port~~
15 ~~Authority.~~

16 ~~(16) Employees of the Juvenile Court Judges' Commission~~
17 ~~who, before the effective date of this paragraph, were~~
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~~
27 ~~after January 1, 2016.~~

28 ~~(18) Elected officers.~~

29 ~~(a.1) Mandatory participation in the plan.~~

30 ~~(1) State employees listed in subsection (a) (17) who are~~

~~not listed in subsection (a) (1) through (13) shall be mandatory participants as of the most recent effective date of State service except for service performed as a DC plan exempt employee.~~

~~(2) (Reserved).~~

~~(3) An elected officer who is a member of the system or a participant in the plan, shall be a mandatory participant for his or her service as an elected officer as of the start of the first term of office beginning after December 31, 2015, notwithstanding that either immediately or at any time prior to the start of that term he or she was an active member of the system or an inactive member on leave without pay.~~

~~(4) A State employee who is a mandatory participant in the plan shall be a participant for all State service until the termination of State service.~~

~~(b) Optional membership in the system.~~

~~(1) The State employees listed in subsection (a) (1) through [(11)] (10) shall have the right to elect membership in the system before January 1, 2016; once such election is exercised, membership shall be effective from the effective date of employment and shall continue until the termination of State service[.] or the State employee is required to be a participant in the plan as an elected officer.~~

~~(2) The State employees listed under subsection (a) (11) shall have the right to elect membership in the system instead of membership in the Public School Employees' Retirement System. Once the election to be in the system is exercised, membership shall continue until the termination of State service.~~

~~(3) This subsection shall be applied without regard to current or former membership in Class CB or eligibility for future active membership in Class CB and shall not authorize an election of membership in only Class CB.~~

~~(b.1) Optional participation in the plan.~~

~~(1) Individuals who become elected officers who are not mandatory participants in the plan, State employees listed in subsection (b) (1) who are not DC plan exempt employees and who do not elect membership in the system before January 1, 2016, and State employees listed in subsection (a) (17) who also are listed in subsection (a) (1) through (10) and who are not DC plan exempt employees or who also are employees of the Pennsylvania State University, the State system of Higher Education, State owned educational institutions or community colleges and who are not members of the system in a class of service other than Class CB or participants in the plan and who are not DC plan exempt employees shall have the right to elect participation in the plan; once such election is exercised, participation shall be effective as of the date of election for all State service except for service performed as a DC plan exempt employee and shall continue until the termination of State service.~~

~~(2) Active members of Class A 3 or Class A 4 whose compensation in a calendar year exceeds Class A 3 and Class A 4 compensation limits may be active participants in the plan as provided in section 5416 (relating to participation in the plan by members of Class A 3 or Class A 4).~~

~~(c) Prohibited membership in the system. The State employees listed in subsection (a) (12), (13), (14) [and] (15), (17) and (18) shall not have the right to elect membership in~~

~~the system. Elected officers who are members of the system prior to January 1, 2016, shall have any active membership in the system other than membership in Class CB terminated and shall not be eligible for active membership in a class of service other than Class CB after December 31, 2016, for service as an elected officer. Upon cessation of service as an elected officer, an individual who remains or becomes a State employee shall be a mandatory, optional or prohibited member of the system and participant in the plan as provided in this part.~~

~~(c.1) Prohibited participation in the plan. The State employees listed in subsection (a) (17) who also are listed in subsection (a) (13) and (15) shall not be eligible to participate in the plan. An active member of the system in a class of service other than Class CB, and other than an active member of Class A 3 or Class A 4 who has exceeded the Class A 3 and Class A 4 compensation limit, shall not be eligible to be an active participant in the plan. A DC plan exempt employee shall not be eligible to participate in the plan for service performed as a DC plan exempt employee.~~

~~(c.2) Class CB membership.~~

~~(1) An active participant in the plan shall also be an active member of Class CB, effective with the effective date of active participation.~~

~~(2) An active member of the system in a class of service other than Class CB may elect to be an active member of Class CB as provided in section 5306.5 (relating to election to become a member of Class CB).~~

~~(3) A State employee cannot be an active member of Class CB without also concurrently being an active member of a Class of service other than Class CB or an active participant~~

~~in the plan.~~

~~(d) Return to service.~~

~~(1) An annuitant who first became a member of the system in a class of service before January 1, 2016, returns to service as a State employee other than as an elected officer, or an annuitant who returns to State service as a DC plan exempt employee after December 31, 2015, shall resume active membership in the system as of the effective date of employment, except as otherwise provided in section 5706(a) (relating to termination of annuities), regardless of the optional membership category of the position.~~

~~(2) An annuitant who never had service other than Class CB credited in the system, an inactive participant or a participant receiving distributions who returns to service as a State employee on or after January 1, 2016, other than as a DC plan exempt employee shall be an active participant in the plan as of the effective date of employment, except as otherwise provided in section 5706(a), regardless of the optional participation category of the position.~~

~~* * *~~

~~Section 404. Section 5302(a), (b), (c) and (f) of Title 71 are amended to read:~~

~~§ 5302. Credited State service.~~

~~(a) Computation of credited service. In computing credited State service of a member for the determination of benefits, a full time salaried State employee, including any member of the General Assembly, shall receive credit for service in each period for which contributions as required are made to the fund, or for which contributions otherwise required for such service were not made to the fund solely by reason of section 5502.1~~

~~(relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the limitations under IRC § 401(a)(17) or 415(b), or limitations on contributions applicable to a Class A 3 member or Class A 4 member but in no case shall he receive more than one year's credit for any 12 consecutive months or 26 consecutive biweekly pay periods. A per diem or hourly State employee shall receive one year of credited service for each nonoverlapping period of 12 consecutive months or 26 consecutive biweekly pay periods in which he is employed 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 or limitations under the IRC or limitations on contributions applicable to a Class A 3 member or Class A 4 member for at least 220 days or 1,650 hours of employment. If the member was employed and 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 year determined by the ratio of the number of days or hours of service actually rendered to 220 days or 1,650 hours, as the case may be. A part time salaried employee shall be credited with the fractional portion of the year which corresponds to the number of hours or days of service actually rendered and for which contributions are or would have been made to the fund except for the waiver under section 5502.1 or limitations under the IRC or limitations on contributions applicable to a Class A 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 elected multiple service receive an aggregate in the two systems of more than one year of credited service for any 12 consecutive months.~~

~~(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 government under the Intergovernmental Personnel Act of 1970 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) shall be eligible for credit for such service: Provided, That contributions are made in accordance with sections 5501 (relating to regular member contributions and cash balance member contributions for current service), 5501.1 (relating to shared risk member contributions [for Class A 3 and Class A 4 service] and shared gain adjustments to regular member contributions for Class A 3 and Class A 4 service), 5505.1 (relating to additional member contributions) and 5507 (relating to contributions to the system by the Commonwealth and other employers), the member returns from leave without pay to active State service as a member of the system for a period of at least one year, and he is not entitled to retirement benefits for such service under a retirement system administered by any other governmental agency.~~

~~(2) An active member or active participant on paid leave granted by an employer for purposes of serving as an elected full-time officer for a Statewide employee organization which is a collective bargaining representative under the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, or the act of July 23, 1970 (P.L.563, No.195), known as the Public Employe Relations Act, and up to 14 full-time business agents appointed by an employee organization that represents correction officers~~

~~employed at State correctional institutions: Provided, That
for elected full time officers such leave shall not be for
more than three consecutive terms of the same office and for
up to 14 full time business agents appointed by an employee
organization that represents correction officers employed at
State correctional institutions no more than three
consecutive terms of the same office; that the employer shall
fully compensate the member or active participant, including,
but not limited to, salary, wages, pension and retirement
contributions and benefits, other benefits and seniority, as
if he were in full time active service; and that the
Statewide employee organization shall fully reimburse the
employer for all expenses and costs of such paid leave,
including, but not limited to, contributions and payment in
accordance with sections 5404 (relating to participant
contributions), 5501, 5501.1, 5505.1 and 5507, if the
employee organization either directly pays, or reimburses the
Commonwealth or other employer for, contributions made in
accordance with [section] sections 5404, 5406 and 5507.~~

~~* * *~~

~~(e) Cancellation of credited service.—~~

~~(1) All credited service in the system shall be
cancelled if a member withdraws his total accumulated
deductions and cash balance member accumulated deductions,
except that:~~

~~(i) a member with Class A 3 or Class A 4 service
credit and one or more other classes of service credit
shall not have his service credit as a member of any
classes of service other than as a member of Class A 3 or
Class A 4 cancelled when the member receives a lump sum~~

~~payment of accumulated deductions resulting from Class A-
3 or Class A-4 service pursuant to section [5705.1]-
5705.1(a) (relating to payment of accumulated deductions
resulting from [Class A-3 and Class A-4] more than one
class of service)[.];~~

~~(ii) a member with Class CB service credit and one
or more other classes of service credit shall not have
his service credit as a member of Class CB canceled when
the member receives a lump sum payment of total
accumulated deductions resulting from the other classes
of service pursuant to section 5705.1(b) (relating to
payment of accumulated deductions resulting from more
than one class of service).~~

~~(2) A partial or total distribution of accumulated total
defined contributions to a participant who is a combined
service member shall not cancel service credited in the
system.~~

~~(f) Credit for military service. A State employee who has
performed USERRA leave may receive credit in the system or
participate in the plan as follows:~~

~~(1) For purposes of determining whether a member is
eligible to receive credited service in the system for a
period of active military service, other than active duty
service to meet periodic training requirements, rendered
after August 5, 1991, and that began before the effective
date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73
(relating to military leave of absence) shall apply to all
individuals who were active members of the system when the
period of military service began, even if not defined as an
employee pursuant to 51 Pa.C.S. § 7301 (relating to~~

1 definitions).

2 ~~(1.1) State employees may not receive service credit in~~
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~~

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~~
4 ~~the State employee's benefits, rights and obligations~~
5 ~~determined under this part as if the State employee was~~
6 ~~an active member who performed creditable State service~~
7 ~~during the USERRA leave in the job position that the~~
8 ~~State employee would have held had the State employee not~~
9 ~~been on USERRA leave and received the compensation on~~
10 ~~which the member contributions to receive State service~~
11 ~~credit for the USERRA leave were determined.~~

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~~
16 ~~the system terminates State service or dies in State~~
17 ~~service before the expiration of the allowed payment~~
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 amount~~
21 ~~of the required member contributions will be treated as~~
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.~~

1 ~~(iii) A State employee who is reemployed from USERRA~~
2 ~~leave as an active member of the system 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 ~~determined under this part as if he were an active~~
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~~

~~State service credit for the USERRA leave were determined.~~

~~(ii) A participant who is reemployed from USERRA leave who does not make the mandatory participant contributions or makes only part of the mandatory participant contributions within the allowed payment period shall not be eligible to make mandatory participant contributions at a later date for the period of USERRA leave for which the mandatory participant contributions were not timely made.~~

~~(3) A State employee who is a member of the system and performs USERRA leave from which the employee could have been reemployed from USERRA leave had the State employee returned to State service in the time frames required by 38 U.S.C. Ch. 43 for reemployment rights, but did not do so, shall be able to receive creditable nonstate service as nonintervening military service for the period of USERRA leave should the employee later return to State service as an active member of the system and is otherwise eligible to purchase the service as nonintervening military service.~~

~~(3.1) A State employee who is a participant in the plan and performs USERRA leave from which the employee could have been reemployed from USERRA leave had the employee returned to State 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 participant contributions or voluntary contributions for the period of USERRA leave should the employee later return to State service and be a participant in the plan.~~

~~(4) [A State employee] An active member or inactive~~

~~member on leave without pay who on or after the effective date of this subsection 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 under 51 Pa.C.S. Ch. 73, that is not USERRA leave shall be able to receive creditable nonstate service as nonintervening military service should the employee return to State service as an active member of the system and is otherwise eligible to purchase the service as nonintervening military service.~~

~~(4.1) An active participant or inactive participant on leave without pay who on or after the effective date of this paragraph is granted a leave of absence under 51 Pa.C.S. § 4102 or a military leave under 51 Pa.C.S. Ch. 73 that is not USERRA leave shall not be able to make mandatory participant contributions or voluntary contributions during or for the leave of absence or military leave and shall not have employer defined contributions made during such leave, without regard to whether or not the State employee received salary, wages, stipends, differential wage payments or other payments from his employer during the leave, notwithstanding any provision to the contrary under 51 Pa.C.S. § 4102 or 51 Pa.C.S. Ch. 73.~~

~~(5) If a member dies while performing USERRA leave, then the beneficiaries or survivor annuitants, as the case may be, of the deceased member are entitled to any additional benefits, including eligibility points, other than benefit accruals relating to the period of qualified military service, provided under this part had the member resumed and then terminated employment on account of death.~~

~~(5.1) If a participant dies while performing USERRA~~

~~leave, the beneficiaries or successor payees of the deceased participant are entitled to any additional benefits, other than benefit accruals relating to the period of qualified military service, provided under this part had the participant resumed and then terminated employment on account of death.~~

~~(6) A State employee who is on a leave of absence from his duties as a State employee for which 51 Pa.C.S. § 4102 provides that he is not to suffer a loss of pay, time or efficiency rating shall not be an active member, receive service credit or make member contributions for the leave of absence, except as provided for in this part. Notwithstanding this paragraph, any pay the member receives pursuant to 51 Pa.C.S. § 4102 shall be included in the determination of final average salary and other calculations in the system utilizing compensation as if the payments were compensation under this part.~~

~~Section 405. Section 5303(b), (d) and (e) of Title 71 is amended and the section is amended by adding a subsection to read:~~

~~§ 5303. Retention and reinstatement of service credits.~~

~~* * *~~

~~(b) Eligibility points for prospective credited service.~~

~~(1) [Every] Subject to the limitations in subsection (i), an active member of the system or a multiple service member who is a school employee and a member of the Public School Employees' Retirement System on or after the effective date of this part shall receive eligibility points in accordance with section 5307 for current State service, previous State service, or creditable nonstate service upon~~

~~compliance with sections 5501 (relating to regular member contributions and cash balance member contributions for current service), 5501.1 (relating to shared risk contributions [for Class A 3 and Class A 4] and shared gain adjustments to regular member contributions for Class A 3 and Class A 4 service), 5504 (relating to member contributions for the purchase of credit for previous State service or to become a full coverage member), 5505 (relating to contributions for the purchase of credit for creditable nonstate service), 5505.1 (relating to additional member contributions) or 5506 (relating to incomplete payments). Subject to the limitations in subsection (i) and sections 5306.1 (relating to election to become a Class AA member) and 5306.2 (relating to elections by members of the General Assembly), the class or classes of service in which the member may be credited for previous State service prior to the effective date of this part shall be the class or classes in which he was or could have at any time elected to be credited for such service, except that a State employee who 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 General Assembly and:~~

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

~~(ii) is credited with Class A 4 service for such membership, shall be credited only with Class A 4 service for previous State service performed before January 1, 2011, that was not previously credited in the system.~~

1 ~~The class of service in which a member shall be credited for~~
2 ~~service subsequent to the effective date of this part shall~~
3 ~~be determined in accordance with subsection (i) and section~~
4 ~~5306 (relating to classes of service).~~

5 ~~(1.1) Every active member of the system who elects to~~
6 ~~convert county service to State service pursuant to section~~
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 upon~~
10 ~~compliance with section 5303.1(b). The class or classes of~~
11 ~~service in which the member may be credited for converted~~
12 ~~county service shall be determined in accordance with section~~
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~~
16 ~~(relating to election to convert school service to State~~
17 ~~service) shall receive eligibility points in accordance with~~
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 accordance~~
21 ~~with section 5306(d).~~

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.~~

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

~~total accumulated deductions and cash balance member accumulated deductions) shall receive or retain eligibility points in accordance with paragraph (1) but upon subsequent termination of State service shall only be eligible to be an annuitant vestee or inactive member without regard to previous status as a special vestee and without regard to the provisions of this part providing for special vestees.~~

~~(3) A special vestee or person otherwise eligible to be a special vestee who becomes an active member of the Public School Employees' Retirement System and elects multiple service shall receive or retain eligibility points as otherwise provided for in this part and 24 Pa.C.S. Pt. IV (relating to retirement for school employees) but upon subsequent termination of school service shall only be eligible to be an annuitant, vestee or inactive member as otherwise eligible as a multiple service member without regard to previous status as a special vestee and without regard to the provisions of this part providing for special vestees.~~

~~* * *~~

~~(d) Transfer of certain pension service credit.~~

~~(1) Any person who was an employee of any county in this Commonwealth on the personal staff of an appellate court judge prior to September 9, 1985, and who had that employment transferred to the Commonwealth pursuant to 42 Pa.C.S. § 3703 (relating to local chamber facilities) shall be a member of the system for all service rendered as an employee of the Commonwealth on the personal staff of an appellate court judge subsequent to the date of the transfer unless specifically prohibited pursuant to section 5301(c) (relating~~

~~to mandatory and optional membership in the system and participation in the plan). The employee shall be entitled to have any prior service credit in that county or other municipal pension plan or retirement system transferred to the system and deemed to be State service for all purposes under this part. However, for those employees who were in continuous county employment which commenced prior to July 22, 1983, section 5505.1 shall not apply. The transfer of prior service credit to the system shall occur upon the transfer, by the member, county or other municipal pension plan or retirement system, to the system of the amount of accumulated member contributions, pick up contributions and credited interest standing in the employee's county or municipal pension plan or retirement system account as of the date that these funds are transferred to the system. In the event that these funds have been refunded to the member, the transfer of service credit shall occur when the member transfers an amount equal to either the refund which the member received from the county or municipal pension plan or retirement system or the amount due under section 5504, if less. In the case of a transfer by the member, the transfer shall occur by December 31, 1987, in order for the member to receive credit for the prior service. In the case of a transfer by the county or other municipal pension plan or retirement system, the transfer shall also occur by December 31, 1987. If the amount transferred to the system by the member of a county or municipal pension plan or retirement system is greater than the amount that would have accumulated in the member's account if the employee had been a member of the system, all excess funds shall be returned to the~~

~~employee within 90 days of the date on which such funds are credited to the member's account in the system. Within 60 days of receipt of written notice that an employee has elected to transfer credits under the provisions of this subsection, the county or other municipal pension plans or retirement systems shall be required to transfer to the system an amount, excluding contributions due under section 5504(a), equal to the liability of the prior service in accordance with county or other municipal pension plan or retirement system benefit provisions, multiplied by the ratio of system actuarial value of assets for active members to the system actuarial accrued liability for active members. The Public Employee Retirement Study Commission shall determine the appropriate amount of employer contributions to be transferred to the system by the county or other municipal pension plans or retirement systems.~~

~~(2) If the member died prior to the effective date of this subsection, the personal representative for the estate of the member may make any transfer or request that the county or other municipal pension or retirement system make any transfer necessary to receive credit for the prior service authorized in paragraph (1). In order to receive credit for the prior service, the transfer must be made by December 31, 1987. If the member dies on or after the effective date of this subsection and before January 1, 1988, without making the transfer or requesting the transfer necessary to receive credit for the prior service authorized in paragraph (1), the personal representative for the estate of the member may make any transfer or request that the county or other municipal pension or retirement system make~~

1 ~~any transfer necessary to receive credit for the prior~~
2 ~~service. In order to receive credit for the prior service,~~
3 ~~the transfer must be made by March 31, 1988. If the member~~
4 ~~dies after December 31, 1987, without making the transfer or~~
5 ~~requesting the transfer necessary to receive credit for the~~
6 ~~prior service authorized in paragraph (1), neither the member~~
7 ~~or his estate shall receive credit for the prior service.~~

8 ~~(e) Transfer and purchase of certain pension service credit;~~
9 ~~Philadelphia Regional Port Authority.~~

10 ~~(1) Any employee of the Philadelphia Regional Port~~
11 ~~Authority who becomes a State employee, as defined in section~~
12 ~~5102 (relating to definitions), and an active member of the~~
13 ~~system in a class of service other than Class CB shall be~~
14 ~~eligible to obtain retirement credit for prior uncredited~~
15 ~~service with the Philadelphia Port Corporation, a~~
16 ~~Pennsylvania not for profit corporation ("predecessor~~
17 ~~corporation"), provided that the Commonwealth does not incur~~
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~~

~~member contributions, pick up contributions and credited interest standing in the employee's pension plan or retirement system account as of the date that these funds are transferred to the system. In the event that these funds have been refunded to the member, the transfer of service credit shall occur when the member transfers an amount equal to either the refund which the member received from the member's pension plan or retirement system or the amount due under section 5504, if less. In the case of a transfer by the member, the transfer shall occur by June 30, 1992, in order for the member to receive credit for the prior service. In the case of a transfer by the "predecessor corporation" pension plan or retirement system, the transfer shall also occur by June 30, 1992. Notwithstanding the provisions of section 5504, the Philadelphia Regional Port Authority shall pay as pick up contributions the difference between the amount credited to the member's account and the amount otherwise due under section 5504. Such additional contributions paid by the Philadelphia Regional Port Authority shall not be considered compensation for the purposes of this part. If the amount transferred to the system by the member is greater than the amount that would have accumulated in the member's account if the employee had been a member of the system, all excess funds shall be returned to the employee within 90 days of the date on which such funds are credited to the member's account in the system. Within 60 days of receipt of written notice that an employee has elected to transfer credits under the provisions of this subsection, the pension plan or retirement system in which the employee was enrolled prior to the creation of the~~

1 ~~Philadelphia Regional Port Authority shall be required to~~
2 ~~transfer to the system an amount, excluding contributions due~~
3 ~~under section 5504(a), equal to the liability of the prior~~
4 ~~service multiplied by the ratio of system actuarial value of~~
5 ~~assets for active members to the system actuarial accrued~~
6 ~~liability for active members so long as the amount to be~~
7 ~~transferred is equal to or less than the total employer~~
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~~
11 ~~employee, the total employer contributions made on behalf of~~
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~~
16 ~~amount required to be transferred is less than the total~~
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.~~

21 ~~(3) If the member dies on or after the effective date of~~
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~~
28 ~~for the prior service. In order to receive credit for the~~
29 ~~prior service, the transfer must be made by September 30,~~
30 ~~1992. If the member dies after June 30, 1992, without making~~

1 ~~the transfer or without requesting the transfer necessary to~~
2 ~~receive credit for the prior service authorized in paragraph~~
3 ~~(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~~
6 ~~Regional Port Authority between July 10, 1989, and passage of~~
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~~
9 ~~of service other than Class CB, shall be eligible to obtain~~
10 ~~retirement credit for service from the date of employment~~
11 ~~with the Philadelphia Regional Port Authority, provided that~~
12 ~~the contributions are made in accordance with sections 5501,~~
13 ~~5504, 5505.1 and 5506.~~

14 * * *

15 ~~(i) Ineligibility to purchase previous State service~~
16 ~~credit. A State employee who is active member only of Class CB~~
17 ~~or a multiple service member who is an active member only of~~
18 ~~Class T-I in the Public School Employees' Retirement System~~
19 ~~shall not be eligible to purchase service credit for previous~~
20 ~~State service, except to the extent that any other provision of~~
21 ~~law requires or allows the crediting of any period of leave to~~
22 ~~be purchased as State service after the member returns from the~~
23 ~~leave to State service as an active member, and shall not be~~
24 ~~eligible to purchase creditable nonstate service. An active~~
25 ~~member of Class CB who concurrently is performing service in a~~
26 ~~class of service other than Class CB may purchase State service~~
27 ~~previously credited in a class of service other than Class CB,~~
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 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, No.175), known as The Administrative Code of 1929, and who on the effective date of that transfer did not participate in an independent retirement program approved by the Department of Education under 24 Pa.C.S. § 8301(a)(1) (relating to mandatory and optional membership) or section 5301(a)(12) (relating to mandatory and optional membership in the system and~~

~~participation in the plan), notwithstanding any other provision of law or any collective bargaining agreement, arbitration award, contract or term or conditions of any retirement system or pension plan, may make a one-time election to convert all service credited in the Public School Employees' Retirement System as of June 30, 1999, and transfer to the system all accumulated member contributions and statutory interest credited in the members' savings account in the Public School Employees' Retirement System as of June 30, 1999, plus statutory interest on that amount credited by the Public School Employees' Retirement System from July 1, 1999, to the date of transfer to the system.~~

~~* * *~~

~~§ 5304. Creditable nonstate service.~~

~~(a) Eligibility.~~

~~(1) An active member who first becomes an active member before January 1, 2011, or before December 1, 2010, as a~~

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

18 ~~(2) An active member who first becomes an active member~~
19 ~~on or after January 1, 2011, and is an active member of a~~
20 ~~class of service other than Class CB, or on or after December~~
21 ~~1, 2010, as a member of the General Assembly and is an active~~
22 ~~member of a class of service other than Class CB, or a~~
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 I~~
28 ~~shall be eligible for Class A 3 service credit for creditable~~
29 ~~nonstate service as set forth in subsections (b) and (c)~~
30 ~~except that intervening military service shall be credited in~~

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 service~~
4 ~~member who is a school employee and an active member of the~~
5 ~~Public School Employees' Retirement System shall not be~~
6 ~~eligible to purchase service credit for creditable nonstate~~
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~~
10 ~~has service credited in Class CB, shall be eligible for~~
11 ~~credit for nonstate service as provided in this part to the~~
12 ~~extent that the member would be otherwise eligible based~~
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~~
17 ~~active member of a class of service other than Class CB or a~~
18 ~~multiple service member who is a school employee and an active~~
19 ~~member of the Public School Employees' Retirement System and is~~
20 ~~an active member of a class of service other than Class T I~~
21 ~~shall be eligible as provided under subsection (a) to receive~~
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 or~~
27 ~~under a retirement system administered and wholly or partially~~
28 ~~paid for by any other governmental agency or by any private~~
29 ~~employer, or a retirement program approved by the employer in~~
30 ~~accordance with section 5301(a)(12) (relating to mandatory and~~

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 active 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~~

Class T-I;

~~(2) terminates such continuous service in the [State or school] system or the Public School Employees' Retirement System and returns to active membership in the [State] system in a class of service other than Class CB within six months; or~~

~~(3) terminates his status as a vestee or an annuitant and returns to State service as an active member of the system in a class of service other than Class CB.~~

~~* * *~~

~~(c) Class CB service ineligible for credit. No social security integration credits shall accrue for any service performed or credited in the system solely as Class CB service.~~

~~Section 408. Section 5305.1 of Title 71 is amended to read: § 5305.1. Eligibility for actuarial increase factor.~~

~~A person who has credit for a class of service other than Class CB and is:~~

~~(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 have that person's maximum single life annuity calculated pursuant to section 5702(a.1) (relating to maximum single life~~

1 annuity).

2 Section 409. Section 5306(a), (a.1), (a.2), (a.3) and (b) of
3 Title 71 are amended and the section is amended by adding
4 subsections to read:

5 § 5306. Classes of service.

6 (a) Class A and Class A 3 membership.

7 (1) A State employee who is a member of Class A on the
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
10 before January 1, 2011, or before December 1, 2010, as a
11 member of the General Assembly, shall be classified as a
12 Class A member and receive credit for Class A service upon
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 a
16 member of Class D 4 pursuant to subsection (a.2)[.] or a
17 participant in the plan. A State employee who is a member of
18 Class A on December 31, 2015, shall not be eligible to later
19 become a member of Class AA or Class D 4.

20 (2) A State employee who first becomes a member of the
21 system other than as a member of Class CB on or after January
22 1, 2011, or on or after December 1, 2010, as a member of the
23 General Assembly, and, unless a DC plan exempt employee,
24 before January 1, 2016, shall be classified as a Class A 3
25 member and receive credit for Class A 3 service upon payment
26 of regular member contributions and shared risk member
27 contributions for Class A 3 service provided that the State
28 employee does not become a member of Class A 4 pursuant to
29 subsection (a.3), except that a member of the judiciary shall
30 be classified as a member of such other class of service for

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

7 ~~(a.1) Class AA membership.~~

8 ~~(1) A person who becomes a State employee and an active~~
9 ~~member of the system after June 30, 2001, and who first~~
10 ~~became an active member before January 1, 2011, or before~~
11 ~~December 1, 2010, as a member of the General Assembly, and~~
12 ~~who is not a State police officer and not employed in a~~
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~~
16 ~~service upon payment of regular member contributions for~~
17 ~~Class AA service and, subject to the limitations contained in~~
18 ~~paragraph (7) and section 5303(i) (relating to retention and~~
19 ~~reinstatement of service credits), if previously a member of~~
20 ~~Class A or previously employed in a position for which Class~~
21 ~~A service could have been earned, shall have all Class A~~
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,~~
27 ~~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~~

1 ~~who first becomes an active member after June 30, 2001, and~~
2 ~~before January 1, 2011, or before December 1, 2010, as a~~
3 ~~member of the General Assembly, and who is not a State police~~
4 ~~officer and not employed in a position for which a class of~~
5 ~~service other than Class A or Class CB is credited or could~~
6 ~~be elected shall be classified as a Class AA member and~~
7 ~~receive credit for Class AA State service upon payment of~~
8 ~~regular member contributions for Class AA service and,~~
9 ~~subject to the limitations contained in paragraph (7) and~~
10 ~~section 5303(i), if previously a member of Class A or~~
11 ~~previously employed in a position for which Class A service~~
12 ~~could have been earned, shall have all Class A State service~~
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~~
15 ~~or could have been elected) classified as Class AA service.~~

16 ~~(3) Provided that an election to become a Class AA~~
17 ~~member is made pursuant to section 5306.1 (relating to~~
18 ~~election to become a Class AA member), a State employee,~~
19 ~~other than a State employee who is a State police officer on~~
20 ~~or after July 1, 1989, who on June 30, 2001, and July 1,~~
21 ~~2001, is:~~

22 ~~(i) a member of Class A, other than a member of~~
23 ~~Class A who could have elected membership in a Class C,~~
24 ~~Class D 3, Class E 1 or Class E 2; or~~

25 ~~(ii) an inactive member on a leave without pay from~~
26 ~~a position in which the State employee would be a Class A~~
27 ~~active member if the employee was not on leave without~~
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~~
2 ~~for Class AA State service performed after June 30, 2001,~~
3 ~~upon payment of regular member contributions for Class AA~~
4 ~~service and, subject to the limitations contained in~~
5 ~~paragraph (7) and section 5303(i), shall receive Class AA~~
6 ~~service credit for all Class A State service, other than~~
7 ~~State service performed as a State police officer or as a~~
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.~~

11 ~~(4) Provided that an election to become a Class AA~~
12 ~~member is made pursuant to section 5306.1, a former State~~
13 ~~employee, other than a former State employee who was a State~~
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~~
16 ~~school employee and a member of the Public School Employees'~~
17 ~~Retirement System, subject to the limitations contained in~~
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~~
21 ~~State employee in a position in which the former State~~
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),~~

1 ~~shall receive Class AA service credit for all Class A State~~
2 ~~service other than State service performed as a State~~
3 ~~employee in a position in which the former State employee~~
4 ~~could have elected a class of service other than Class A.~~

5 ~~(6) A State employee who after June 30, 2001, becomes a~~
6 ~~State police officer or who is employed in a position in~~
7 ~~which the member could elect membership in the system in a~~
8 ~~class of service other than Class CB, Class AA or Class D-4~~
9 ~~shall retain any Class AA service credited prior to becoming~~
10 ~~a State police officer or being so employed but shall be~~
11 ~~ineligible to receive Class AA credit thereafter and instead~~
12 ~~shall receive Class A credit for service as a member of the~~
13 ~~judiciary if such judicial service begins before January 1,~~
14 ~~2016, or if he first became a member before January 1, 2011,~~
15 ~~or December 1, 2010, as a member of the General Assembly, or~~
16 ~~Class A-3 credit for service other than as a member of the~~
17 ~~judiciary if the nonjudicial service is as a DC plan exempt~~
18 ~~employee or begins before January 1, 2016, and is not service~~
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~~
22 ~~Class A is elected.~~

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~~
27 ~~prohibited pursuant to section 5301 shall be credited as~~
28 ~~Class AA service only upon the completion of all acts~~
29 ~~necessary for the State service to be credited as Class A~~
30 ~~service had this subsection not been enacted and upon~~

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 and unless 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, before January 1, 2016, and~~
15 ~~earns three eligibility points by performing credited~~
16 ~~State service in a class of service other than Class CB~~
17 ~~or credited school service in a class of service other~~
18 ~~than Class T-I 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~~

~~(ii) is a member of the General Assembly on July 1, 2001, but is not an active member of the system because 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, 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 later becomes a participant in the plan and a member of Class CB receive credit as a Class D 4 member for all State service as a member of the system performed as a member of the General Assembly upon payment of regular member contributions for Class D 4 service and, subject to the limitations contained in subsection (a.1)(7) and section 5303(i), if previously a member of Class A or employed in a position for which Class A service could have been earned, shall receive Class AA service credit for all Class A State service, other than State service performed as a State police officer or for which a class of service other than Class A or Class D 4 was or could have been elected or credited.~~

~~(2) Provided an election to become a Class D 4 member is made pursuant to section 5306.2 (relating to elections by members of the General Assembly), a State employee who was not a State police officer on or after July 1, 1989, who on July 1, 2001, is a member of the General Assembly and an active member of the system and not a member of Class D 3 shall be classified as a Class D 4 member and unless he later becomes a participant in the plan and a member of Class CB receive credit as a Class D 4 member for all State service as a member of the system performed as a member of the General Assembly not credited as another class other than Class A~~

1 ~~upon payment of regular member contributions for Class D-4~~
2 ~~service and, subject to the limitations contained in~~
3 ~~paragraph (a.1)(7), shall receive Class AA service credit for~~
4 ~~all Class A State service, other than State service performed~~
5 ~~as a State police officer or as a State employee in a~~
6 ~~position in which the member could have elected a class of~~
7 ~~service other than Class A, performed before July 1, 2001.~~

8 ~~(3) A member of the General Assembly who after June 30,~~
9 ~~2001, becomes a State police officer shall retain any Class~~
10 ~~AA service or Class D-4 service credited prior to becoming a~~
11 ~~State police officer or being so employed but shall be~~
12 ~~ineligible to receive Class AA or Class D-4 credit thereafter~~
13 ~~and instead shall receive Class A credit or Class A-3 credit~~
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~~
19 ~~before December 1, 2010, that is not credited as Class D-4~~
20 ~~service on November 30, 2010, shall be credited as Class D-4~~
21 ~~service, unless such service was previously credited in the~~
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~~
26 ~~accumulated deductions). No service as a member of the~~
27 ~~General Assembly performed on or after December 1, 2010,~~
28 ~~shall be credited as Class D-4 service unless the member~~
29 ~~previously was credited with Class D-4 service credits.~~

30 ~~(a.3) Class A-4 membership. Provided that an election to~~

~~become a Class A 4 member is made pursuant to section 5306.3
(relating to election to become a Class A 4 member), a State
employee who first becomes a member before January 1, 2016, or
is a DC plan exempt employee who otherwise would be a member of
Class A 3 shall be classified as a Class A 4 member and unless
he later becomes a participant in the plan and a member of Class
CB receive Class A 4 credit for all creditable State service
performed as a member of the system after the effective date of
membership in the system, except as a member of the judiciary,
upon payment of regular member contributions and shared risk
member contributions for Class A 4 service.~~

~~(a.4) Class CB membership.~~

~~(1) A State employee who is an active participant in the
plan shall be an active member of Class CB concurrently and
shall receive credit for Class CB service upon payment of
cash balance member contributions for Class CB service.~~

~~(2) A State employee who is an active member of a class
of service other than Class CB who elects under section
5306.5 to be an active member of Class CB concurrently shall
receive credit for Class CB service upon payment of cash
balance member contributions concurrently with service in
other classes other than service as a member of Class A 3 or
Class A 4 where Class A 3 or Class A 4 contributions are not
being made due to or any provision of this part relating to
the limitations on contributions to the system applicable to
a Class A 3 member or Class A 4 member who have exceeded the
Class A 3 and Class A 4 compensation limit.~~

~~(b) Other class membership.~~

~~(1) A State employee who is a member of a class of
service other than Class A on the effective date of this part~~

1 ~~shall retain his membership in that class until such service~~
2 ~~is discontinued or until the member becomes a participant in~~
3 ~~the plan; any service as a member of the system thereafter~~
4 ~~shall be credited as Class A service, Class AA service [or],~~
5 ~~Class D-4 service or Class CB service as provided for in this~~
6 ~~section.~~

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~~
10 ~~Court under 42 Pa.C.S. § 1123(a)(5) (relating to jurisdiction~~
11 ~~and venue) before January 1, 2016, may, within 30 days of the~~
12 ~~effective date of this sentence or within 30 days of his~~
13 ~~initial appointment as [a bail commissioner] an arraignment~~
14 ~~court magistrate, whichever is later, elect Class E-2 service~~
15 ~~credit for service performed as [a bail commissioner] an~~
16 ~~arraignment court magistrate. This class of service~~
17 ~~multiplier for E-2 service as [a bail commissioner] an~~
18 ~~arraignment court magistrate shall be 1.5.~~

19 ~~* * *~~

20 ~~(e) Ineligibility for active membership and classes of~~
21 ~~service. An individual who is an elected officer or who is a~~
22 ~~State employee on January 1, 2016, but is not a member of the~~
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,~~
26 ~~or the several classes of State service other than for service~~
27 ~~performed as a DC plan exempt employee as otherwise provided for~~
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~~
30 ~~of such State service.~~

~~Section 410. Sections 5306.1(c), 5306.2(b) and 5306.3(c) and (d) of Title 71 are amended to read:~~

~~§ 5306.1. Election to become a Class AA member.~~

~~* * *~~

~~(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 or becoming a participant in the plan. Upon termination and a subsequent reemployment that occurs before January 1, 2016, the member's class of service shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after January 1, 2016, the State employee's eligibility for membership in the system or participation in the plan shall be as provided in this part.~~

~~* * *~~

~~§ 5306.2. Elections by members of the General Assembly.~~

~~* * *~~

~~(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 or becoming a participant in the plan. Upon termination and a subsequent reemployment that occurs before January 1, 2016, the member's class of service shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after January 1, 2016, the State employee's eligibility for membership in the system or participation in the plan shall be as provided in this part.~~

~~* * *~~

~~§ 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 of~~
12 ~~State service and a 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.~~

1 ~~Section 411. Title 71 is amended by adding sections to read:~~

2 ~~§ 5306.4. (Reserved).~~

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

4 ~~(a) General rule. An active member or an inactive member on~~
5 ~~leave without pay in any class of service other than solely a~~
6 ~~member of Class CB may elect to become a member of Class CB in~~
7 ~~addition to being a member of their current class of service.~~

8 ~~(b) Time for making election. The election to become a~~
9 ~~member of Class CB must be made by the member filing written~~
10 ~~notice with the board in a form and manner determined by the~~
11 ~~board during periodic enrollment periods established by the~~
12 ~~board after the effective date of this section.~~

13 ~~(c) Effect of election. An election under this section~~
14 ~~shall be revocable by the member during periodic enrollment~~
15 ~~periods established by the board after the effective date of~~
16 ~~this section. The Class CB class of service multiplier to~~
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~~
20 ~~their Class CB service. An election to become a Class CB member~~
21 ~~and the class of service multiplier elected shall be effective~~
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~~
27 ~~paragraph and (1), 5309, 5309.1 and 5311 of Title 71 are amended~~
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 as a member of the [State or] system and if a multiple service member as a member of the Public School Employees' Retirement System. A member shall accrue an additional two thirds of an eligibility point for each year of Class D-3 credited service. In the case of a fractional part of a year of credited service, a member shall accrue the corresponding fractional portion of eligibility points to which the class of service entitles him.~~

~~(a.1) USERRA leave. A member of the system or participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall be granted the eligibility points that he would have accrued had he continued in his State office or employment instead of performing USERRA leave. In the event that a State employee who is reemployed from USERRA leave makes the member contributions or mandatory participant contributions to be granted State service credit for the USERRA leave, no additional eligibility points will be granted.~~

~~(b) Transitional rule.~~

~~(1) In determining whether a member who is not a State employee or school employee on June 30, 2001, and July 1, 2001, and who has previous State service (except a disability annuitant who returns to State service after June 30, 2001, upon termination of the disability annuity) has the five eligibility points required by sections 5102 (relating to definitions), 5308(b) (relating to eligibility for annuities), 5309 (relating to eligibility for vesting), 5704(b) (relating to disability annuities) and 5705(a) (relating to member's options), only eligibility points earned by performing credited State service as an active member of the system, USERRA leave or credited school service~~

~~as an active member of the Public School Employees' Retirement System after June 30, 2001, 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.~~

~~(2) Any member to whom paragraph (1) applies shall be considered to have satisfied any requirement for five eligibility points contained in this part if the member:~~

~~(i) has ten or more eligibility points as determined pursuant to subsection (a); or~~

~~(ii) has Class G, Class H, Class I, Class J, Class L, Class M or Class N service and has eight or more eligibility points as determined pursuant to subsection (a).~~

~~(c) Class CB concurrent service. An active member who is 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 three or more eligibility points other than eligibility points resulting from nonstate service or nonschool service shall entitle him to receive a superannuation annuity upon termination of State service and compliance with section 5907(f) (relating~~

1 ~~to rights and duties of State employees [and] L members and~~
2 ~~participants~~).

3 ~~(b) Withdrawal annuity.~~

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

16 ~~(2) Any vestee, active member [or] L inactive member on~~
17 ~~leave without pay or combined service employee who is an~~
18 ~~active participant or inactive participant on leave without~~
19 ~~pay who has Class A 3 or Class A 4 service credit or, if a~~
20 ~~multiple service member, Class T E or Class T F service~~
21 ~~credit in the Public School Employees' Retirement System who~~
22 ~~terminates State service having ten or more eligibility~~
23 ~~points, upon compliance with section 5907(f), (g) or (h),~~
24 ~~shall be entitled to receive an annuity.~~

25 ~~(3) Any vestee, active member [or] L 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 other~~
2 ~~classes of service who has five or more, but fewer than ten,~~
3 ~~eligibility points, upon compliance with section 5907(f), (g)~~
4 ~~or (h), shall be eligible to receive an annuity calculated on~~
5 ~~his service credited in classes of service other than Class~~
6 ~~A 3 or Class A 4, provided that the member has five or more~~
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 member~~
11 ~~on leave without pay who has five or more eligibility points~~
12 ~~other than eligibility points resulting from membership in the~~
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, upon~~
16 ~~compliance with section 5907(k), be entitled to a disability~~
17 ~~annuity if he becomes mentally or physically incapable of~~
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~~
25 ~~annuities and benefits. Subject to the limitation on~~
26 ~~eligibility points for a member who is performing concurrent~~
27 ~~service in Class CB and in another class of service under~~
28 ~~section 5307 (relating to eligibility points), eligibility~~
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~~

~~credit and service credit in one or more other classes of service is eligible for an annuity under this section or eligibility for other rights and benefits under this part, unless provided otherwise. Eligibility points earned by a multiple service member as a result of Class T-I credited service in the Public School Employees' Retirement System similarly shall be included if eligibility points for school service in the Public School Employees' Retirement System are used to determine eligibility. Nothing in this subsection amends or waives any other requirement to be eligible for an annuity or other benefit. Upon termination of State service and compliance with section 5907(f) a member with Class CB service credit is eligible for an annuity as calculated under section 5702(a)(7) (relating to maximum single life annuity).~~

~~(e) Required beginning date. Members eligible for an annuity must commence receiving the annuity by the member's 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 (relating to maximum single life annuity) without a reduction by virtue of an effective date of retirement which is under~~

1 ~~the superannuation age.~~

2 ~~* * *~~

3 ~~§ 5309. Eligibility for vesting.~~

4 ~~Any member who:~~

5 ~~(1) Does not have Class A 3 [or], Class A 4 or Class CB~~
6 ~~service credit or, if a multiple service member, Class T E or~~
7 ~~Class T F service credit in the Public School Employees' Retirement~~
8 ~~System and terminates State service, or if a~~
9 ~~multiple service member and an active member of the Public~~
10 ~~School Employees' Retirement System terminates school~~
11 ~~service, with five or more eligibility points, or any member~~
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.~~

16 ~~(2) Has only Class A 3 or Class A 4 service credit [or]~~
17 ~~and, if a multiple service member, only Class T E or Class T~~
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~~
21 ~~System terminates school service, with ten or more~~
22 ~~eligibility points shall be eligible until [attainment of~~
23 ~~superannuation age] his required beginning date to vest his~~
24 ~~retirement benefits.~~

25 ~~(3) Has either Class A 3 or Class A 4 service credit~~
26 ~~[or] and, if a multiple service member, Class T E or Class T~~
27 ~~F service credit in the Public School Employees' Retirement~~
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~~

~~terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, shall be eligible until [the attainment of superannuation age] his required beginning date to vest his retirement benefits calculated on his service credited in classes of service other than Class A 3 or Class A 4 and to be credited with statutory interest on total accumulated deductions, regardless of whether or not any part of his accumulated deductions are a result of Class A 3 or Class A 4 service credit.~~

~~(4) Has only Class CB service credit and terminates State service shall be eligible to vest his retirement benefits based on Class CB service except that a member who has a small cash balance account subject to distribution as provided in section 5709(d) (relating to payment of benefits) shall not be permitted to vest until his required beginning date unless otherwise required under the IRC.~~

~~(5) Has Class CB service credit and service credited in one or more other classes or service and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, shall be eligible to vest his retirement benefits based on Class CB service and, if he has five or more eligibility points, to vest his retirement benefits on all other classes of service other than Class A 3 or Class A 4 until the attainment of the applicable superannuation age and if he has 10 or more eligibility points to vest his retirement benefits on all classes of service until superannuation age. Any such member shall be credited with statutory interest on his total accumulated deductions and~~

~~treasury bond interest, but not excess interest on his total cash balance accumulated deductions until the effective date of retirement.~~

~~(6) A member with more than one class of credited service who vests his retirement benefits in any class of service may not receive distributions from other classes of service until his effective date of retirement, regardless of whether his benefits resulting from such other classes of service are vested or he is eligible to receive an annuity. A member with service credited in more than one class of service may not separately vest those benefits and receive annuities from different classes of service with different effective dates.~~

~~§ 5309.1. Eligibility for special vesting.~~

~~Any employee of The Pennsylvania State University who is a member of the system with five or more but less than ten eligibility points and who has a date of termination of service from The Pennsylvania State University of June 30, 1997, because of the transfer of his job position or duties to a controlled organization of the Penn State Geisinger Health System or because of the elimination of his job position or duties due to 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 or his required beginning date to vest his retirement benefits according to the terms and conditions of this part.~~

~~§ 5311. Eligibility for refunds.~~

~~(a) Total accumulated deductions. Any active member, regardless of eligibility for benefits, may elect to receive his total accumulated deductions and his cash balance member~~

~~accumulated deductions by the required beginning date upon
termination of service in lieu of any benefit from the system to
which he is entitled.~~

~~(b) Social security integration accumulated deductions. Any
active member at any time may elect to receive his social
security integration accumulated deductions and thereby to have
all his social security integration credits and benefits
therefor cancelled, and shall not be entitled to accrue any
further social security integration credits or benefits, except
that a disability annuitant who returns to State service in a
class of service other than Class CB shall have the right to
reinstate his social security integration accumulated deductions
and credits therefor.~~

~~Section 413. Title 71 is amended by adding a chapter to
read:~~

CHAPTER 54

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.~~

~~5409. Vesting.~~

~~5410. Termination of distributions.~~

~~5411. Agreements with financial institutions and other
organizations.~~

~~5412. Powers and duties of board.~~

~~5413. Responsibility for investment loss.~~

~~5414. Investments based on participants' investment allocation
choices.~~

~~5415. Expenses.~~

~~5416. Participation in the plan by members of Class A 3 or
Class A 4.~~

~~5417. Tax qualification.~~

~~§ 5401. Establishment.~~

~~(a) State Employees' Defined Contribution Plan. The State
Employees' Defined Contribution Plan is established. The board
shall administer and manage the plan which shall be a defined
contribution plan exclusively for the benefit of those State
employees who participate in the plan and their beneficiaries
within the meaning of and in conformity with IRC § 401(a). The
board shall determine the terms and provisions of the plan not
inconsistent with this part, the IRC or other applicable law and
shall provide for the plan's administration.~~

~~(b) State Employees' Defined Contribution Trust. The State
Employees' Defined Contribution Trust is established as part of
the plan. The trust shall be comprised of the individual
investment accounts and all assets and money in those accounts.
The members of the board shall be the trustees of the trust,
which shall be administered exclusively for the benefit of those
State employees who participate in the plan and their
beneficiaries within the meaning of and in conformity with IRC §
401(a). The board shall determine the terms and provisions of
the trust not inconsistent with this part, IRC or other
applicable law and shall provide for the investment and
administration of the trust.~~

~~(c) Assets held in trust. All assets and income in the plan that have been or shall be withheld or contributed by the participants, the Commonwealth and other employers in accordance with this part shall be held in trust in any funding vehicle permitted by the applicable provisions of the IRC for the exclusive benefit of the participants and their beneficiaries until such time as the funds are distributed to the participants or their beneficiaries in accordance with the terms of the plan document. The assets of the plan held in trust for the exclusive benefit of the participants and their beneficiaries may be used for the payment of the fees, costs and expenses related to the administration and investment of the plan and the trust.~~

~~(d) Name for transacting business. All 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 under the provisions of this part.~~

~~§ 5402. Plan document.~~

~~The board shall set forth the terms and provisions of the plan and trust in a document containing the terms and conditions of the plan and in a trust declaration that shall be published in the Pennsylvania Bulletin. The creation of the document containing the terms and conditions of the plan and the trust declaration and the establishment of the terms and provisions of the plan and the trust need not be promulgated by regulation or~~

~~formal rulemaking and shall not be subject to the act of July 31, 1968 (P.L. 769, No. 240), referred to as the Commonwealth Documents Law. A reference in this part or other law to the plan shall include the plan document unless the context clearly indicates otherwise.~~

~~§ 5403. Individual investment accounts.~~

~~The board shall establish in the trust an individual investment account for each participant in the plan. All contributions by a participant or an employer for or on behalf of a participant shall be credited to the participant's individual investment account, together with all interest and investment earnings and losses. Investment and administrative fees, costs and expenses shall be charged to the participants' individual investment accounts. Employer defined contributions shall be recorded and accounted for separately from participant contributions, but all interest, investment earnings and losses, and investment and administrative fees, costs and expenses shall be allocated proportionately.~~

~~§ 5404. Participant contributions.~~

~~(a) Mandatory contributions. A participant shall make mandatory participant contributions through payroll deductions to the participant's individual investment account equal to 3.00% of compensation for current State service. The employer shall cause those contributions for current service to be made and deducted from each payroll or on such schedule as established by the board.~~

~~(b) Voluntary contributions. A participant may make voluntary contributions through payroll deductions or through direct trustee to trustee transfers or through transfers of money received in an eligible rollover into the trust to the~~

~~extent allowed by IRC § 402. The rollovers shall be made in a form and manner as determined by the board, shall be credited to the participant's individual investment account and shall be separately accounted for by the board.~~

~~(c) Prohibited contributions. No contributions may be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any participant contributions in excess of the limitations and investment earnings on those contributions shall be refunded to the participant by the board.~~

~~§ 5405. Mandatory pickup participant contributions.~~

~~(a) Treatment for purposes of IRC § 414(h). The contributions to the trust required to be made under section 5404 (relating to participant contributions) with respect to current State service rendered by an active participant shall be picked up by the employer and shall be treated as the employer's contribution for purposes of IRC § 414(h). An employer employing a participant in the plan shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.~~

~~(b) Treatment for other purposes. For all other purposes under this part and otherwise, such 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.~~

~~§ 5406. Employer defined contributions.~~

~~(a) Contributions for current service. The Commonwealth or other employer of an active participant shall make employer~~

~~defined contributions for current service of an active participant that shall be credited to the active participant's individual investment account. Employer defined contributions shall be recorded and accounted for separately from participant contributions.~~

~~(b) Contributions resulting from participants reemployed from USERRA leave. When a State employee reemployed from USERRA leave makes the mandatory participant contributions permitted to be made for the USERRA leave, the Commonwealth or other employer by whom the State employee is employed at the time the participant contributions are made shall make whatever defined contributions would have been made under this section had the employee making the participant contributions continued to be employed in the participant's State office or position instead of performing USERRA leave. The employer defined contributions shall be placed in the participant's individual investment account as otherwise provided by this part.~~

~~(c) Limitations on contributions. No contributions may be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any employer defined contributions in excess of the limitations and investment earnings on the contributions shall be refunded to the employer by the board.~~

~~§ 5407. 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~~

~~account or a lesser amount as the participant may request.~~
~~Payment shall be made in a lump sum unless the board has~~
~~established other forms of distribution in the plan document,~~
~~subject to the provisions of subsection (g). A participant who~~
~~withdraws his vested accumulated total defined contributions~~
~~shall no longer be a participant in the plan, notwithstanding~~
~~that the former State employee may continue to be a member of~~
~~the system or may have contracted to receive an annuity or other~~
~~form of payment from a provider retained by the board for such~~
~~purposes.~~

~~(b) Required distributions. All payments under this section~~
~~shall start and be made in compliance with the minimum~~
~~distribution requirements and incidental death benefit rules of~~
~~IRC § 401(a)(9). The board shall take any action and make any~~
~~distributions it may determine are necessary to comply with~~
~~those requirements.~~

~~(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~~
~~threshold established by law as of the date of termination of~~
~~service may be paid the vested accumulated total defined~~

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 ~~§ 5408. Death benefits.~~

21 ~~(a) General rule. In 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 ~~participant's individual investment account in a lump sum or in~~
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 ~~balance in the participant's individual investment account in a~~

~~lump sum or in such other manner as the board may establish in the plan document or, if the board has established alternative methods of distribution in the plan document under which the participant was receiving distributions, to the participant's beneficiary or successor payee, as the case may be, as provided in the plan document.~~

~~(c) Contracts. The board may contract with financial institutions, insurance companies or other types of third party providers to allow participants who receive a lump sum distribution to receive payments and death benefits in a form and manner as provided by the contract.~~

~~§ 5409. Vesting.~~

~~(a) Participant and voluntary contributions. Subject to the forfeiture and attachment provisions of section 5953 (relating to taxation, attachment and assignment of funds) or otherwise as provided by law, a participant shall be immediately vested with respect to all mandatory participant contributions and voluntary contributions paid by or on behalf of the participant to the trust in addition to interest and investment gains or losses on the participant contributions but not including investment fees and administrative charges.~~

~~(b) Employer defined contributions.~~

~~(1) Subject to the forfeiture and attachment provisions of section 5953 or otherwise as provided by law, a participant shall be vested with respect to all employer defined contributions paid to the participant's individual investment account in the trust in addition to interest and investment gains and losses on the employer defined contributions but not including investment fees and administrative charges according to the following schedule:~~

~~(i) Until such time as a participant has earned two eligibility points as a member of the system, 0%.~~

~~(ii) Upon the attainment of two eligibility points as a member of the system, 50%.~~

~~(iii) Upon the attainment of three eligibility points as a member of the system, 75%.~~

~~(iv) At and after the attainment of four eligibility points as a member of the system, 100%.~~

~~(2) For purposes of this subsection, all eligibility points credited to a member of the system in any class of service shall be used for determining vested status in the plan even if the employee was not a participant in the plan at the time the eligibility points were earned.~~

~~(3) Nonvested employer defined contributions and the interest and investment gains and losses on the nonvested employer defined contributions that are forfeited when a participant terminates State service before accruing four eligibility points are credited to the participant's most recent employer's future obligation assessed under section 5509 (relating to appropriations and assessments by the Commonwealth).~~

~~(c) USERRA leave and eligibility points. A participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive eligibility points under this section for the State service that would have been performed had the member not performed USERRA leave.~~

~~§ 5410. Termination of distributions.~~

~~(a) Return to State service.~~

~~(1) A participant receiving distributions or an inactive participant who returns to State service shall cease~~

~~receiving distributions and shall not be eligible to receive distributions until the participant subsequently terminates State service, without regard to whether the participant is a mandatory, optional or prohibited member of the system or participant in the plan.~~

~~(2) This subsection shall not apply to a distribution of accumulated employer defined contributions or other distributions that the participant has received and used to purchase an annuity from a provider contracted by the board.~~

~~(b) Return of benefits paid during USERRA leave.~~

~~(1) If a former State employee is reemployed from USERRA leave and received any payments or annuity from the plan during the USERRA leave, the employee shall return to the board the amount so received plus interest as provided in the plan document.~~

~~(2) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active participant may be amortized with interest as provided in the plan document through salary deductions to the trust in amounts agreed upon by the active participant and the board, but for not longer than a period that starts with the date of reemployment and continues for up to three times the length of the active participant's immediate past period of USERRA leave. The repayment period shall not exceed five years.~~

~~§ 5411. Agreements with financial institutions and other organizations.~~

~~(a) Written agreement. To establish and administer the plan, the board shall enter into a written agreement with one or~~

~~more financial institutions or other organizations to administer the plan and the investment of funds held under the plan. The administrator shall be selected in accordance with the following:~~

~~(1) The board shall solicit proposals from financial institutions and other organizations.~~

~~(2) The board shall publish the solicitation in the Pennsylvania Bulletin.~~

~~(3) Proposals received shall be evaluated based on specific criteria adopted by the board. The criteria shall include experience, customer service history and other criteria.~~

~~(b) Rebid. A contract to administer the plan under subsection (a) shall be rebid at least once every ten years. § 5412. Powers and duties of board.~~

~~The board shall have the following powers and duties to establish the plan and trust and administer the provisions of this chapter and part:~~

~~(1) The board may commingle or pool assets with the assets of other persons or entities.~~

~~(2) The board shall pay all administrative fees, costs and expenses of managing, investing and administering the plan, the trust and the individual investment accounts from the balance of such individual investment accounts except as otherwise provided in this part or as the General Assembly otherwise provides by appropriations from the General Fund.~~

~~(3) The board may establish investment guidelines and limits on the types of investments that participants may make, consistent with the board's fiduciary obligations.~~

~~(4) The board shall have the power to change the terms~~

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 ~~participate in the plan by those State employees eligible to~~
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 ~~an annuity.~~

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~~

~~consistent with the purpose of the plan.~~

~~(14) The board may waive any reporting or information requirement contained in this part if the board determines that the information is not needed for the administration of the plan.~~

~~(15) The board may contract any services and duties in lieu of staff, except final adjudications and as prohibited by law. Any duties or responsibilities of the board not required by law to be performed by the board can be delegated to a third party provider subject to appeal to the board.~~

~~(16) The board may provide that any duties of the employer or information provided by the participant to the employer be performed or received directly by the board.~~

~~(17) The board shall ensure that participants are provided with educational materials about investment options and choices.~~

~~§ 5413. Responsibility for investment loss.~~

~~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 allocation choices shall be credited proportionally between participant contributions and employer defined contributions.~~

~~Each participant shall be credited individually with the amount of contributions, interest and investment earnings.~~

~~(b) Investment of contributions made by entities other than the Commonwealth. Investment of contributions by any corporation, institution, insurance company, custodial bank or other entity that the board has approved shall not be unreasonably delayed and in no case may the investment of contributions be delayed more than 30 days from the date of payroll deduction or the date voluntary contributions are made to the date that funds are invested. Any interest earned on the funds pending investment shall be allocated to the Commonwealth and credited to the individual investment accounts of participants who are then participating in the plan unless notwithstanding sections 5412(2) (relating to powers and duties of board), 5415 (relating to expenses) and 5902(c) (relating to administrative duties of the board), the interest is used to defray administrative costs and fees that would otherwise be required to be borne by participants who are then participating in the plan.~~

~~§ 5415. Expenses.~~

~~All fees, costs and expenses of administering the plan and the trust and investing the assets of the trust shall be borne by the participants and paid from assessments against the balances of the individual investment accounts as established by the board, except that for fiscal years ending before July 1, 2016, the fees, costs and expenses of establishing and administering the plan and the trust shall be paid by the Commonwealth through annual appropriations from the General Fund, made on the basis of estimates from the board.~~

~~§ 5416. Participation in the plan by members of Class A 3 or~~

1 ~~Class A 4.~~

2 ~~(a) General rule. For any calendar year in which the~~
3 ~~compensation of a member of Class A 3 or Class A 4 exceeds the~~
4 ~~Class A 3 and Class A 4 compensation limit, the member shall~~
5 ~~cease making contributions to the fund and, unless the plan~~
6 ~~provides otherwise, shall become an active participant of the~~
7 ~~plan and a member of Class CB unless the member elects not to be~~
8 ~~a participant in the plan and a member of Class CB.~~

9 ~~(b) Time for making the election. An eligible member of~~
10 ~~Class a 3 or Class A 4 may elect not to become a participant in~~
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 ~~plan and membership in Class CB shall make mandatory participant~~
22 ~~contributions to the plan, and unless the State employee elects~~
23 ~~otherwise, will make voluntary contributions of 3.25%, if a~~
24 ~~Class A 3 member, or voluntary contributions of 6.3%, if a Class~~
25 ~~A 4 member. The Class CB class of service multiplier to~~
26 ~~determine cash balance member contributions for a member of~~
27 ~~Class CB who elects to be a participant in the plan shall be 0.6~~
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~~

~~of Class CB while remaining an active participant in the plan.~~

~~§ 5417. Tax qualification.~~

~~(a) Required distributions. All payments under this chapter shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a).~~

~~(b) Limitations. The following shall apply:~~

~~(1) (i) Except as provided under subparagraph (ii) and notwithstanding a provision of this part, a contribution or benefit related to the plan may not exceed any limitation under IRC § 415 with respect to governmental plans which is in effect on the date the contribution or benefit payment takes effect.~~

~~(ii) An increase in a limitation under IRC § 415 shall apply to all participants on and after the effective date of this section.~~

~~(iii) For the purposes of this paragraph, the term "government plans" shall have the same meaning as the term has in IRC § 414(d).~~

~~(2) (i) Except as provided under subparagraph (ii), an amendment of this part on or after the effective date of this section that increases contributions or benefits for active participants, inactive participants or participants receiving distributions shall not be deemed to provide for a contribution or benefit in excess of any limitation, adjusted on or after the effective date of this section, under IRC § 415 unless specifically provided by legislation.~~

~~(ii) Notwithstanding subparagraph (i), an increase in benefits on or after the effective date of this~~

~~section for a participant in the plan shall be authorized
and apply to the fullest extent allowed by law.~~

~~Section 414. Sections 5501 and 5501.1 of Title 71 are
amended to read:~~

~~§ 5501. Regular member contributions and cash balance member
contributions for current service.~~

~~Regular member contributions or cash balance 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 section 5502.1 (relating to waiver of
regular member contributions and Social Security integration
member contributions) or any provision of this part relating to
the limitations under IRC § 401(a)(17) or [415(b)] 415 or
limitations on contributions to the system applicable to a Class
A 3 member or Class A 4 member.~~

~~§ 5501.1. Shared risk member contributions [for Class A 3 and
Class A 4 service] and shared gain adjustments to
regular member contributions for Class A 3 and Class
A 4 service.~~

~~(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
for current service credited as Class A 3 or Class A 4 as
provided under this section, except for any period of current
service in which the making of the contributions has ceased
solely by reason of any provision of this part relating to the
limitations under IRC § 401(a)(17) or 415. Shared risk member
contributions shall be credited to the members' savings account.
A shared gain adjustment to regular member contributions for
Class A 3 and Class A 4 service shall be made as provided under~~

~~this section.~~

~~(b) Determination of shared risk contribution rate.~~

~~(1) For the period from the effective date of this section until June 30, 2014, the shared risk contribution rate for Class A 3 and Class A 4 service shall be zero.~~

~~* * *~~

~~(7) For any fiscal year in which the actual contributions by the Commonwealth or an employer are lower than those required to be made under section 5507(d) (relating to contributions to the system by the Commonwealth and other employers), the prospective shared risk contribution rate for those employees whose employers are not making the contributions required by section 5507(d) shall be zero and shall not subsequently be increased, except as otherwise provided in this section.~~

~~* * *~~

~~(c) Determination of shared gain adjustment to regular member contributions for Class A 3 or Class A 4 service. The regular member contributions for Class A 3 or Class A 4 service shall be determined as follows:~~

~~(1) For the period from the effective date of this section until June 30, 2017, the regular member contributions for Class A 3 or Class A 4 service shall be determined as otherwise provided in this part.~~

~~(2) For the period from July 1, 2017, to June 30, 2020, if the shared risk contribution rate is zero and annual interest rate adopted by the board for use during the period from January 1, 2011, to December 31, 2016, for the calculation of the normal contribution rate is more than 1% lower than the actual rate of return, net of fees, of the~~

~~investments of the fund based on market value over the period, then the regular member contribution rate of each member for Class A 3 or Class A 4 service shall be reduced by 0.5%. In all other situations, the regular member contributions shall be determined as otherwise provided in this part.~~

~~(3) For each subsequent three year period, the regular member contribution rate shall be decreased by 0.5% if the annual interest rate adopted by the board for use during the previous ten year period for the calculation of the normal contribution rate is more than 1% lower than the actual rate of return, net of fees, of the investments of the fund based on market value over the period. The regular member contribution rate shall be increased by 0.5% if the annual interest rate adopted by the board for use during the previous ten year period for the calculation of the normal contribution rate is equal to or greater than the actual rate of return, net of fees, of the investments of the fund based on market value over that period.~~

~~(4) Notwithstanding paragraphs (2) and (3), the regular member contribution rate may not be greater than the product of the basic contribution rate and the class of service multiplier; and the amount of the adjustment to a lower regular member contribution rate may not be greater than the reduction in the actuarially required contribution rate by the experience adjustment factor resulting from investment gains or losses in effect on the first day when the new rate would be applied, expressed as a percentage of member compensation. In no event may the adjustment to the regular member contribution rate be more than 2%. For the~~

~~determination of the regular member contribution rate to be effective July 1, 2020, the determination period shall be January 1, 2011, through December 31, 2019.~~

~~(5) The shared gain adjustment to the regular member 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, shall determine the applicable rate during the entire period, expressed as an annual rate.~~

~~(d) Calculation of regular member contribution rate. For purposes of this subsection, the regular member contribution rate for each member is the product of the basic contribution rate and the class of service multiplier used to determine the regular member contributions for each member.~~

~~Section 415. Title 71 is amended by adding sections to read: § 5501.3. Contribution savings program for members of Class AA and Class D-4.~~

~~The regular member contributions for Class AA and Class D-4 service of members shall be determined as follows:~~

~~(1) For the period from the effective date of this section until June 30, 2019, the regular member contributions for Class AA and Class D-4 service of members shall be determined as otherwise provided in this part.~~

~~(2) For the period from July 1, 2019, to June 30, 2022, if the annual interest rate adopted by the board for use during the period from January 1, 2016, to December 31, 2019, for the calculation of the normal contribution rate is 1% or more lower than the actual rate of return, net of fees, of the investments of the fund based on market value over the period, then the regular member contribution rate for Class AA and Class D 4 service of members shall be reduced by 0.5% for each percentage point that the annual interest rate is lower than the actual rate of return. For the three fiscal years starting July 1, 2022, and each subsequent period of three fiscal years, the following apply:~~

~~(i) Except as set forth in subparagraph (ii), the regular member contribution rate shall be as otherwise provided in this part.~~

~~(ii) If the annual interest rate adopted by the board for use during the prior three calendar years for the calculation of the normal contribution rate is 1% or more lower than the actual rate of return, net of fees, of the investments of the fund based on market value over the three calendar year period, then the regular member contribution rate for Class AA and Class D 4 service of members shall be reduced by 0.5% for each percentage point that the annual interest rate is lower than the actual rate of return.~~

~~(3) Notwithstanding paragraph (2), the regular member contribution rate may not be greater than the product of the basic contribution rate and the class of service multiplier; and in no event may the amount of the adjustment to the regular member contribution rate be more than 5%.~~

~~(4) The contribution savings program adjustment to the regular member 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).~~

~~(5) If the annual interest rate adopted by the board for the calculation is changed during the period used to determine the contribution savings program adjustment to the regular member contribution rate, the board, with the advice of the actuary, shall determine the applicable rate during the entire period, expressed as an annual rate.~~

~~Section 416. Sections 5502.1, 5503.1(a) and 5504 of Title 71 are amended to read:~~

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

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

~~(b) Applicability. This section shall not apply to any~~

~~member who has Class A 3 [or], Class A 4 or Class CB service credit.~~

~~§ 5503.1. Pickup contributions.~~

~~(a) Treatment for purposes of IRC § 414(h). All contributions to the fund required to be made under sections 5501 (relating to regular member contributions for current service and cash balance member contributions), 5501.1 (relating to shared risk member contributions [for Class A 3 and Class A 4 service] and shared gain adjustments to regular member contributions for Class A 3 and Class A 4 service), 5502 (relating to Social Security integration member contributions), 5503 (relating to joint coverage member contributions) and section 5505.1 (relating to additional member contributions), with respect to current State service rendered by an active member on or after January 1, 1982, shall be picked up by the Commonwealth or other employer and shall be treated as the employer's contribution for purposes of IRC § 414(h).~~

~~* * *~~

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

~~(a) Amount of contributions for service in other than Class G through N and Class CB.~~

~~(1) The contributions to be paid by an active member or eligible school employee for credit [for] in the system for the portion of total previous State service other than service in Class G, Class H, Class I, Class J, Class K, Class L, Class M and Class N and Class CB that a member is eligible to have credited or to become a full coverage member shall be sufficient to provide an amount equal to the regular and~~

1 additional accumulated deductions which would have been
2 standing to the credit of the member for such service had
3 regular and additional member contributions been made with
4 full coverage in the class of service and at the rate of
5 contribution applicable during such period of previous
6 service and had his regular and additional accumulated
7 deductions been credited with statutory interest during all
8 periods of subsequent State service as an active member or
9 inactive member on leave without pay and school service as an
10 active member or inactive member on leave without pay of the
11 Public School Employees' Retirement System up to the date of
12 purchase. A State employee who is an active member of the
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
16 office is used for the determination of required
17 contributions and crediting and classification of the
18 previously uncredited service.

19 (2) ~~Notwithstanding paragraph (1), active members [with]~~
20 ~~who perform State service credited as Class A 3 [State]~~
21 ~~service shall make contributions and receive credit for~~
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~~
26 ~~previous State service was Class A 4 service, even if it~~
27 ~~would have been credited as a different class of service had~~
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~~

1 ~~previous State service is being credited as the result of a~~
2 ~~mandatory active membership requirement.~~

3 ~~(3) (Reserved).~~

4 ~~(4) Notwithstanding paragraph (1), if a member is~~
5 ~~purchasing credit for previously uncredited State service~~
6 ~~that is first credited after December 31, 2015, the regular~~
7 ~~member contributions shall be calculated without regard to~~
8 ~~any adjustments that would have been applicable under~~
9 ~~sections 5501.1(c) (relating to shared risk member~~
10 ~~contributions and shared gain adjustments to regular member~~
11 ~~contributions for Class A-3 and Class A-4 service) or 5501.3~~
12 ~~(relating to contribution savings program for members of~~
13 ~~Class AA and Class D-4) had regular member contributions been~~
14 ~~made during such period of previous service.~~

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~~
27 ~~school employee who is an active member of the Public School~~
28 ~~Employees' Retirement System 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~~

~~amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or beginning service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to allow. The board may limit the 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.~~

~~Section 417. Section 5505(b), (c), (d) and (i)(4) of Title 71 are amended and the section is amended by adding subsections to read:~~

~~§ 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 State service, excluding any 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 multiplying the result by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member on leave without pay of the Public School Employees' Retirement System to date of 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 active member or eligible school employee who is an active member of the Public School Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or beginning service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to 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. 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~~

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 service. Contributions 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 ~~on leave without pay and school service as an active member or~~
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~~

~~(3) salary deductions to the system in amounts agreed upon by the member or eligible school employee who is an active member of the Public School Employees' Retirement System and the board.~~

~~The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or beginning service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to 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.~~

~~(d) Nonmilitary and nonmagisterial service. Contributions on account of credit for creditable nonstate service other than military and magisterial service by State employees who first become members of the system before January 1, 2011, or before December 1, 2010, as a member of the General Assembly 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 creditable nonstate service of the member into State service to his compensation at the time of entry into State service as a member of the system and excluding any 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~~

~~1 multiplying the result by the number of years and fractional~~
~~2 part of a year of creditable nonstate service being purchased~~
~~3 together with statutory interest during all periods of~~
~~4 subsequent State service as an active member or inactive member~~
~~5 on leave without pay and school service as an active member or~~
~~6 inactive member on leave without pay of the Public School~~
~~7 Employees' Retirement System to the date of purchase. Upon~~
~~8 application for credit for such service payment shall be made in~~
~~9 a lump sum within 30 days or in the case of an active member or~~
~~10 eligible school employee who is an active member of the Public~~
~~11 School Employees' Retirement System it may be amortized with~~
~~12 statutory interest through salary deductions to the system in~~
~~13 amounts agreed upon by the member and the board. The salary~~
~~14 deduction amortization plans agreed to by members and the board~~
~~15 may include a deferral of payment amounts and statutory interest~~
~~16 until the termination of school service or State service or~~
~~17 beginning service as a participant without concurrently being an~~
~~18 active member or inactive member on leave without pay as the~~
~~19 board in its sole discretion decides to allow. The board may~~
~~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 Public~~
~~23 School Employees' Retirement System, the agreed upon salary~~
~~24 deduction shall be remitted to the Public School Employees'~~
~~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 employees~~
~~29 who first became members of the system on or after December 1,~~
~~30 2010.—~~

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 or beginning service as a participant~~
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~~

~~Class A-4 service) or 5501.3 (relating to contribution savings program for members of Class AA and Class D-4).~~

~~(k) Calculation of employee contributions after December 31, 2015. If employee contributions for the payment of creditable nonstate service purchased under this subsection are determined all or in part by the Commonwealth normal contribution rate after December 31, 2015, the Commonwealth normal contribution for that purpose shall be the higher of the applicable actual employer normal contribution rate determined under section 5508(b) (relating to actuarial cost method), or the employer normal contribution rate determined as part of the actuarial valuation for December 31, 2014.~~

~~Section 418. Sections 5506 and 5506.1(a) of Title 71 are amended to read:~~

~~§ 5506. Incomplete payments.~~

~~In the event that a member terminates State service or begins service as a participant without concurrently being an active member or inactive member on leave without pay or a multiple service member who is an active member of the Public School Employees' Retirement System terminates school service before the agreed upon payments for credit for previous State service, USERRA leave, creditable nonstate service, social security integration, full coverage membership or return of benefits on account of returning to State service or entering school service and electing multiple service have been completed, the member or multiple service member who is an active member of the Public School Employees' Retirement System shall have the right to pay within 30 days of termination of State service or school service or beginning service as a participant the balance due, including interest, in a lump sum and the annuity shall be calculated~~

~~including full credit for the previous State service, creditable nonstate service, social security integration, or full coverage membership. In the event a member does not pay the balance due within 30 days of termination of State service or beginning service as a participant or in the event a member dies in State service or within 30 days of termination of State service or beginning service as a participant or in the case of a multiple service member who is an active member of the Public School Employees' Retirement System does not pay the balance due within 30 days of termination of school service or dies in school service or within 30 days of termination of school service and before the agreed upon payments have been completed, the present value of the benefit otherwise payable shall be reduced by the balance due, including interest, and the benefit payable shall be calculated as the actuarial equivalent of such reduced present value.~~

~~§ 5506.1. Annual compensation limit under IRC § 401(a)(17).~~

~~(a) General rule. In addition to other applicable limitations set forth in this part, and notwithstanding any provision of this part to the contrary, the annual compensation of each noneligible member and each participant taken into account for benefit purposes under this part shall not exceed the limitation under IRC § 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 Omnibus Budget Reconciliation Act of 1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual compensation limit set forth in this subsection. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the commissioner for increases in the cost of living in accordance with IRC § 401(a)(17)(B). The cost of living adjustment in~~

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 ~~§ 5506.2. Application of Class A 3 and Class A 4 compensation~~
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 ~~calendar year for service as a member of Class A 3 or Class A 4~~
16 ~~and, if a multiple service member, for service in Class T E and~~
17 ~~Class T F in the Public School Employees' Retirement System.~~

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 ~~school employee for service as a Class T E member and Class T F~~
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~~

~~received. After annualization, the amount of compensation in any calendar year resulting from Class A 3 service or Class A 4 service shall be further adjusted downward so as to not exceed the Class A 3 and Class A 4 compensation limit for that year.~~

~~(c) Member contribution limits. For purposes of determining regular member contributions and shared risk member contributions resulting from post January 2016 service as a member of Class A 3 or Class A 4 service, the compensation each year is limited to the Class A 3 and Class A 4 compensation limit for that year.~~

~~Section 420. Sections 5507 heading and (a) and (b), 5508(a), (b), (c), (f), (h) and (i) and 5509 of Title 71 are amended to read:~~

~~§ 5507. Contributions to the system by the Commonwealth and other employers.~~

~~(a) Contributions on behalf of active members. The Commonwealth and other employers whose employees are members of the system shall make contributions to the fund on behalf of all active members in such amounts as shall be certified by the board as necessary to provide, together with the members' total accumulated deductions and cash balance member accumulated deductions, annuity reserves on account of prospective annuities other than those provided in sections 5708 (relating to supplemental annuities), 5708.1 (relating to additional supplemental annuities), 5708.2 (relating to further additional supplemental annuities), 5708.3 (relating to supplemental annuities commencing 1994), 5708.4 (relating to special supplemental postretirement adjustment), 5708.5 (relating to supplemental annuities commencing 1998), 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to~~

~~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 and other employers whose employees are members of the system 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)].~~

~~* * *~~

~~§ 5508. Actuarial cost method.~~

~~(a) Employer contribution rate on behalf of active members. [The] For each fiscal year, the amount of the Commonwealth and other employer contributions on behalf of all active members shall be computed by the actuary as a percentage of the total compensation of all active members during the period for which the amount is determined and shall be so certified by the board. The actuarially required contribution rate on behalf of all active members shall consist of the employer normal contribution rate, as defined in subsection (b), and the accrued liability contribution rate as defined in subsection (c). The actuarially required contribution rate on behalf of all active members shall be modified by the experience adjustment factor as calculated in subsection (f).~~

~~(b) Employer normal contribution rate. The employer normal contribution rate shall be determined after each actuarial valuation on the basis of an annual interest rate and such~~

~~mortality and other tables as shall be adopted by the board in accordance with generally accepted actuarial principles. The employer normal contribution rate shall be determined as a level percentage of the compensation of the average new active member, which percentage, if contributed on the basis of his prospective compensation through his entire period of 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. In no case shall the employer normal contribution rate be less than zero.~~

~~(c) Accrued liability contribution rate.—~~

~~(1) For the fiscal years beginning July 1, 2002, and July 1, 2003, the accrued liability contribution rate shall be computed as the rate of total compensation of all active members which shall be certified by the actuary as sufficient to fund over a period of ten years from July 1, 2002, the present value of the liabilities for all prospective benefits, except for the supplemental benefits as provided in sections 5708 (relating to supplemental annuities), 5708.1 (relating to additional supplemental annuities), 5708.2 (relating to further additional supplemental annuities), 5708.3 (relating to supplemental annuities commencing 1994), 5708.4 (relating to special supplemental postretirement adjustment), 5708.5 (relating to supplemental annuities commencing 1998), 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to supplemental annuities commencing 2003) and 5708.8 (relating to special supplemental postretirement adjustment of 2002), in excess of the total 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 member~~
4 ~~contributions payable with respect to all active members on~~
5 ~~December 31, 2001, and excluding contributions to be~~
6 ~~transferred by county retirement systems or pension plans~~
7 ~~pursuant to section 5507(c) (relating to contributions by the~~
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,~~
11 ~~2002, except that, if the accrued liability is increased by~~
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.~~
16 ~~The amount of each annual accrued liability contribution for~~
17 ~~such additional legislative liabilities shall be equal to the~~
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~~
21 ~~outstanding balance of the increase in accrued liability due~~
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~~
26 ~~be amortized in equal dollar annual contributions over a~~
27 ~~period that ends 30 years after July 1, 2003. For fiscal~~
28 ~~years beginning on or after July 1, 2004, and ending June 30,~~
29 ~~2010, if the accrued liability is increased by legislation~~
30 ~~enacted subsequent to June 30, 2003, but before January 1,~~

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~~
6 ~~accrued liability contribution rate shall be computed as the~~
7 ~~rate of total compensation of all active members which shall~~
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 all~~
11 ~~prospective benefits calculated as of the immediately prior~~
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 pursuant~~
16 ~~to section 5941 (relating to benefits completion plan), in~~
17 ~~excess of the actuarially calculated assets in the fund~~
18 ~~(calculated recognizing all realized and unrealized~~
19 ~~investment gains and losses each year in level annual~~
20 ~~installments over five years), including the balance in the~~
21 ~~supplemental annuity account, and the present value of~~
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~~
26 ~~enacted subsequent to December 31, 2009, such change in~~
27 ~~liability shall be funded in equal dollar installments as a~~
28 ~~percentage of compensation of all active members over a~~
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.—~~

4 ~~(1) For each fiscal year after the establishment of the~~
5 ~~accrued liability contribution rate and the supplemental~~
6 ~~annuity contribution rate for the fiscal year beginning July~~
7 ~~1, 2010, any increase or decrease in the unfunded accrued~~
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 actuarially~~
14 ~~required contribution rate, State employees making shared~~
15 ~~risk member contributions, adjustments to the regular member~~
16 ~~contributions under sections 5501.1 (relating to shared risk~~
17 ~~member contributions and shared gain adjustments to regular~~
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~~

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

~~***~~

~~(h) Temporary application of collared contribution rate.~~

~~The collared contribution rate for each fiscal year shall be determined by comparing the actuarially required contribution rate calculated without regard for costs added by legislation to the prior year's final contribution rate. If, for any of the fiscal years beginning July 1, 2011, July 1, 2012, and on or after July 1, 2013, the actuarially required contribution rate calculated without regard for costs added by legislation is more than 3%, 3.5% and 4.5%, respectively, of the total compensation of all active members greater than the prior year's final contribution rate, then the collared contribution rate shall be applied and be equal to the prior year's final contribution rate increased by the respective percentage above of total compensation of all active members. Otherwise, and for all subsequent fiscal years, the collared contribution rate shall not [be applicable] apply. In no case shall the collared contribution rate be less than 4% of total compensation of all active members.~~

~~(i) Final contribution rate. For the fiscal year beginning July 1, 2010, the final contribution rate shall be 5% of total compensation of all active members. For each subsequent fiscal year for which the collared contribution rate is applicable, the final contribution rate shall be the collared contribution rate plus the costs added by legislation. For all other fiscal years, the final contribution rate shall be the actuarially required contribution rate, provided that the final contribution rate~~

~~shall not be less than the employer normal contribution rate, as defined in subsection (b).~~

~~§ 5509. Appropriations and assessments by the Commonwealth.~~

~~(a) Annual submission of budget. The board shall prepare and submit annually an itemized budget consisting of the amounts necessary to be appropriated by the Commonwealth out of the General Fund and special operating funds and the amounts to be assessed the other employers required to meet the separate obligations to the fund and the trust accruing during the fiscal period beginning the first day of July of the following year.~~

~~(b) Appropriation and payment. The General Assembly shall make an appropriation sufficient to provide for the separate obligations of the Commonwealth to the fund and the trust. Such amount shall be paid by the State Treasurer through the Department of Revenue into the fund or trust, as the case may be, in accordance with requisitions presented by the board. The contributions to the system by the Commonwealth on behalf of active members who are officers of the Pennsylvania State Police 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 to the system 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.~~

~~(c) Contributions from funds other than General Fund. The amounts assessed other employers who are required to make the necessary separate contributions to the fund and the trust out of funds other than the General Fund shall be paid by such employers into the fund or trust, as the case may be, in~~

~~accordance with requisitions presented by the board. The General Fund of the Commonwealth shall not be held liable to appropriate the moneys required to build up the reserves in the fund necessary for the payment of benefits from the system to employees or to make the employer defined contributions for employees of such other employers. In case any such other employer shall fail to provide to the fund the moneys necessary for such purpose, then the service of such members of the system for such period for which money is not so provided shall be credited and pickup contributions and cash balance member contributions with respect to such members shall continue to be credited to the members' savings account and the cash balance savings account. The annuity to which such member is entitled shall be determined as actuarially equivalent to the present value of the maximum single life annuity of each such member reduced by the amount of employer contributions to the system payable on account and attributable to his compensation during such service, except that no reduction shall be made as a result of the failure of an employer to make contributions required for a period of USERRA leave.~~

~~Section 421. Title 71 is amended by adding a section to read:~~

~~§ 5510. Employer funding mandate protection.~~

~~(a) Limited expansion of contractual right to funding. Commencing on the July 1 following the actuarial valuation in which the actuary certifies that the final contribution rate is the actuarially required contribution, each active member of shall have a contractual right to the timely payment of the annual actuarially required contributions pursuant to section 5508 (relating to actuarial cost method) and section 5902(k)~~

~~(relating to administrative duties of the board) by such member's employer. The following apply:~~

~~(1) The failure of a member's employer to make the annually required contribution to the fund will be deemed to be an impairment of the contractual right of such member.~~

~~(2) Any claim of contract impairment shall be brought against the employer of the member for whom contributions were not paid, and neither the board nor the system or their employees or agents shall be a defendant in any such action or liable for any payments or damages arising from such impairment.~~

~~(b) Jurisdiction of Supreme Court. Notwithstanding any provision of 2 Pa.C.S. (relating to administrative law and procedure), 42 Pa.C.S. (relating to judiciary and judicial procedure) or any other provision of law, the Pennsylvania Supreme Court shall have exclusive jurisdiction to do as follows:~~

~~(1) hear any claim of contract impairment for failure to 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 matters affecting government units) or lack of jurisdiction by the Supreme Court shall not be raised as a defense against a claim brought against an employer under this section.~~

~~(d) Attorney fees. A member who prevails in a claim brought under this part may be awarded reasonable attorney fees.~~

~~(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.~~

~~(f) Employer contributions. Nothing in this section shall be deemed to supersede or conflict with the rights and obligations set forth in section 5509 (relating to appropriations and assessments by the Commonwealth).~~

~~(g) Board action. The board is authorized but not required to bring an action under this section on behalf of itself or any member, and, if the board prevails, it may be awarded reasonable attorney fees.~~

~~Section 422. Sections 5701 and 5701.1 of Title 71 are amended to read:~~

~~§ 5701. Return of total accumulated deductions and cash balance member accumulated deductions.~~

~~Any member upon termination of service may, in lieu of all benefits payable from the system under this chapter to which he may be entitled, elect to receive his total accumulated deductions and his cash balance member accumulated deductions by his required beginning date.~~

~~§ 5701.1. Transfer of accumulated deductions.~~

~~When an employee of the Juvenile Court Judges' Commission elects membership in an independent retirement program pursuant~~

~~to section 5301(f) (relating to mandatory and optional membership in the system and participation in the plan), the board shall transfer directly to the trustee or administrator of the independent retirement program all accumulated deductions resulting from service credited while an employee of the Juvenile Court Judges' Commission.~~

~~Section 423. Sections 5702(a), (a.1) and (b) and 5704(a), (c), (e) and (f) of Title 71 are amended and the sections are amended by adding subsections to read:~~

~~§ 5702. Maximum single life annuity.~~

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

~~(1) A single life annuity that is the sum of the standard single life [annuity multiplied by the sum of the products,] annuities determined separately for each class of service, [obtained by multiplying] multiplied by the appropriate class of service multiplier [by the ratio of years of service credited in that class to the total credited service] applicable to each standard single life annuity. In case the member on the effective date of retirement is under superannuation age for any service, a reduction factor calculated to provide benefits actuarially equivalent to an~~

~~annuity starting at superannuation age shall be applied to the product determined for that service. The class of service multiplier for any period of concurrent service determined without regard to service in Class CB shall be multiplied by the proportion of total State and school compensation during such period attributable to State service as a member of the system. In the event a member has two multipliers for one class of service [the class of service multiplier to be used for calculating benefits for that class shall be the average of the two multipliers weighted by the proportion of compensation attributable to each multiplier during the three years of highest annual compensation in that class of service: Provided, That in the case of a member of Class E 1, a portion but not all of whose three years of highest annual judicial compensation is prior to January 1, 1973, two class of service multipliers shall be calculated on the basis of his entire judicial service, the one applying the judicial class of service multipliers effective prior to January 1, 1973 and the second applying the class of service multipliers effective subsequent to January 1, 1973. The average class of service multiplier to be used for calculating benefits for his judicial service shall be the average of the two calculated multipliers weighted by the proportion of compensation attributable to each of the calculated multipliers during the three years of highest annual compensation in that class of service.], separate standard single life annuities shall be calculated for the portion of service in such class applicable to each class of service multiplier.~~

~~(2) If eligible, a single life annuity of 2% of his~~

1 ~~average noncovered salary for each year of social security~~
2 ~~integration credit as provided for in section 5305 (relating~~
3 ~~to social security integration credits) multiplied, if on the~~
4 ~~effective date of retirement the member is under~~
5 ~~superannuation age for any service, by the actuarially~~
6 ~~determined reduction factor for that service.~~

7 ~~(3) If eligible, a single life annuity which is~~
8 ~~actuarially equivalent to the regular and additional~~
9 ~~accumulated deductions attributable to contributions as a~~
10 ~~member of Class C, but not less than such annuity determined~~
11 ~~as if the member were age 60 on the effective date of~~
12 ~~retirement, actuarially reduced in the event the member is~~
13 ~~under superannuation age on the effective date of retirement.~~

14 ~~(4) If eligible, a single life annuity which is~~
15 ~~actuarially equivalent to the amount by which his regular and~~
16 ~~additional accumulated deductions attributable to any~~
17 ~~credited service other than as a member of Class C are~~
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~~
21 ~~for which regular or joint coverage member contributions were~~
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~~
26 ~~security integration accumulated deductions are greater than~~
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~~

~~together with the annuity provided for in paragraph (1) as a Class A, Class AA, Class A-3 and Class A-4 member and the highest annuity provided for in paragraph (2) to which he is entitled, or at his option could have been entitled, to produce that percentage of [a] the sums of the standard single life [annuity] annuities adjusted by the application of the class of service multiplier for Class A, Class AA, Class A-3 or Class A-4 as set forth in paragraph (1) in the 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 retirement as determined by his total years of credited service as a member of Class A, Class AA, Class A-3 and Class A-4 and by the following table:~~

Total Years of	Percentage of <u>Sums of</u>
Credited Service	Standard
as a Member of	Single Life
Class A,	[Annuity] <u>Annuities</u> Adjusted for
Class AA, Class A-3	Class A, Class AA,
and Class A-4	Class A-3 and Class A-4
—	—Class of
—	Service Multipliers
35-40	100%
41	102%
42	104%
43	106%
44	108%
45 or more	110%

~~(7) If eligible, a single life annuity which is actuarially equivalent to the total cash balance accumulated deductions credited to the member's individual cash balance~~

1 ~~savings account.~~

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

3 ~~(1) Any full coverage member who is eligible to receive~~
4 ~~an annuity pursuant to the provisions of section 5308(a) who~~
5 ~~terminates State service, or if a multiple service member who~~
6 ~~is a school employee and an active member of the Public~~
7 ~~School Employees' Retirement System who terminates school~~
8 ~~service, on or after attaining age 70 and who applies for a~~
9 ~~superannuation annuity to be effective the day after the~~
10 ~~termination of State service or school service, as the case~~
11 ~~may be, shall be entitled to receive a maximum single life~~
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~~
16 ~~(a)(1) through (6) calculated as of the determination~~
17 ~~date; and~~

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 the~~
21 ~~preceding determination date adjusted by the~~
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~~
30 ~~any annuity payable under subsection (a)(7) shall be~~

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 such~~
5 ~~date the member qualifies for a maximum single life~~
6 ~~annuity under this subsection, determined excluding~~
7 ~~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~~
14 ~~leave without pay or a multiple service member who is a~~
15 ~~school employee and an active member of the Public School~~
16 ~~Employees' Retirement System has attained age 70 before the~~
17 ~~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 the sum of the products~~
30 ~~determined by:~~

~~(1) multiplying the maximum single life annuity calculated without including any annuity payable under subsection (a) (7) by the cost of a dollar annuity applicable to subsection (a) (1), (2), (3), (4), (5) and (6) on the effective date of retirement[.]; and~~

~~(2) multiplying the annuity, if any, payable under section (a) (7) by the cost of a dollar annuity applicable to subsection (a) (7).~~

~~Such present value shall be decreased only as required under the provisions of section 5506 (relating to incomplete payments), 5509(c) (relating to appropriations and assessments by the Commonwealth) or 5703 (relating to reduction of annuities on account of social security old age insurance benefits).~~

~~* * *~~

~~(e) Coordination of benefits. The determination and payment of the maximum single life annuity under this section shall be in addition to any payments a combined service employee, as a result of being a participant in the plan, may be entitled to 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 elections of members) shall receive a disability annuity payable from the effective date of disability as determined by the board and continued until a subsequent determination by the board that the annuitant is no longer entitled to a~~

~~disability annuity. The disability annuity shall be a single life annuity that is equal to [a] the sum of the standard single life [annuity] annuities determined separately for each class of service other than Class CB multiplied by the appropriate class of service multiplier applicable to the class of service at the time of disability if the [product of] sums of the products of each such class of service multiplier and the [total] number of years and fractional part of a year of credited service in each class, plus the number of years and fractional part of a year of service credited in Class CB, if any, is greater than 16.667[,]; otherwise [the] each standard single life annuity shall be multiplied by the lesser of the following ratios:~~

$$MY^*/Y \text{ or } 16.667/Y$$

~~[where] Where Y = total number of years of credited service[,]; Y* = total years of credited service if the member were to continue as a State employee until attaining superannuation age for each class of service other than Class CB as applicable at the time of disability, or if the member has attained superannuation age for a class of service other than Class CB, as applicable at the time of disability, then the number of years of credited service; and M = the class of service multiplier as applicable to that class of service at the effective date of disability. A member of Class C shall receive, in addition, any annuity to which he may be eligible under section 5702(a)(3) (relating to maximum single life annuity). [The member shall be entitled to the election of a joint and survivor annuity on that portion of the disability annuity to which he is entitled under section 5702.]~~

~~(2) In addition to the amount of disability annuity~~

~~payable under paragraph (1), a member who has Class CB service credit shall be entitled to a separate annuity calculated under section 5702(a)(7) on the effective date of disability.~~

~~(3) The member shall be entitled to the election of a joint and survivor annuity on that portion of the disability annuity to which he is entitled under section 5702.~~

~~* * *~~

~~(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:~~

~~[(i)] (1) the last year's salary of the annuitant as a [State employee] member of the system; 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.~~

~~* * *~~

~~(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 service credit;~~

~~or~~

~~(2) has Class A 3 or Class A 4 service credit and fewer~~

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 ~~paragraph (2) 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—~~

~~or The Pennsylvania Occupational Disease Act. If the member has received a lump sum workers' compensation payment in lieu of future weekly compensation payments, the length in weeks and calculation of the service connected disability supplement shall be determined by dividing the lump sum payment by the average weekly wage as determined by the Workers' Compensation Board.~~

~~(2) For a member who does not have post January 2016 service, the amount to be used to determine eligibility for the supplement under paragraph (1) shall be 70% of the member's final average salary. For a member who has post January 2016 service, the amount to be used to determine eligibility for the supplement under paragraph (1) shall be calculated according to the following formula:~~

$$\begin{aligned} A = & \frac{.7[(Y^W \text{ multiplied by } FAS^W) + (Y^{XYZ} \text{ multiplied by } FAS^{XYZ})]}{Y^T} \end{aligned}$$

~~(3) The following apply to the formula in paragraph (2):~~

~~(i) A equals the amount used to determine the supplement;~~

~~(ii) Y^T equals total years of credited service;~~

~~(iii) Y^W equals years of credited service that are not post January 2016 service;~~

~~(iv) FAS^W equals final average salary calculated for credited service other than post January 2016 service;~~

~~(v) Y^{XYZ} equals years of service credited as post January 2016 service; and~~

~~(vi) FAS^{XYZ} equals final average salary calculated for service credited as post January 2016 service.~~

~~***~~

~~(h) Coordination of benefits. The determination and payment of a disability annuity under this section is in addition to any payments a combined service employee, as a result of being a participant in the plan, may be entitled to receive, has received or is receiving. A disability annuity may not be paid to a combined service employee who is an active participant.~~

~~Section 424. Sections 5705, 5705.1, 5706(a), (a.1), (a.2), (b) and (c) and 5707 of Title 71 are amended to read:~~

~~§ 5705. Member's options.~~

~~(a) General rule. Any special vestee [who has attained superannuation age, any vestee who does not have Class A 3 or Class A 4 service credit having five or more eligibility points for service other than Class T E or Class T F service in the Public School Employees' Retirement System, or vestee who has Class A 3 or Class A 4 service credit having ten or more eligibility points, any member with Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service having five or more eligibility points or any other eligible member upon termination of State service who has not withdrawn his total accumulated deductions as provided in section 5701 (relating to return of total accumulated deductions)], vestee or other member upon termination of State service who is eligible to receive an annuity as provided in section 5308(a) or (b) (relating to eligibility for annuities) may apply for and elect to receive either a maximum single life annuity, as calculated in accordance with the provisions of section 5702 (relating to maximum single life annuity), or a reduced annuity certified by the actuary to be actuarially equivalent to the maximum single life annuity payable after reduction under subsection (a.1) and in accordance with one of the following options; except that no~~

~~member shall elect an annuity payable to one or more survivor annuitants other than his spouse or alternate payee of such a magnitude that the present value of the annuity payable to him for life plus any lump sum payment under this subsection and subsection (a.1) 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):~~

~~(1) Option 1. A life annuity to the member with a guaranteed total payment equal to the present value of the maximum single life annuity on the effective date of retirement with the provision that, if, at his death, he has received less than such present value, the unpaid balance shall be payable 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 one half of such annuity payable thereafter to his survivor annuitant, if living at his death.~~

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

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

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 withdrawal. The 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)~~

~~paid in lump sum, then the member may elect to receive an additional amount payable in a lump sum at the same time as the payment elected under subsection (a) (4) (iii).~~

~~(2) The additional amount payable in a lump sum may not exceed the sum of:~~

~~(i) an amount equal to the excess of the total accumulated deductions standing to the credit of the member on the effective date of retirement that are not the result of contributions and statutory interest made or credited as a result of Class A 3 or Class A 4 service over the amount payable under subsection (a) (4) (iii); and~~

~~(ii) an amount equal to the cash balance member accumulated deductions standing to the credit of the member.~~

~~(3) If a member elects to be paid an additional lump sum amount under this subsection, then the maximum single life annuity calculated under section 5702 and payable under subsection (a) shall be reduced by the additional amount withdrawn divided by the cost of a dollar annuity on the effective date of retirement computed on the basis of the annual interest rate adopted for that fiscal year by the board for the calculation of the employer normal contribution rate under section 5508(b) (relating to actuarial cost method) and the mortality tables adopted by the board for the determination of actuarially equivalent benefits under this part. The reduction in the maximum single life annuity under this paragraph shall apply before the election and calculation of any reduced annuities payable under subsection (a).~~

~~(b) Present value of joint coverage annuity. In calculating~~

~~an annuity payable to a member of the joint coverage group, the present value of such adjusted annuity shall be determined by taking into account prospectively the reduction applicable upon the attainment of the age at which full social security benefits are payable.~~

~~§ 5705.1. Payment of accumulated deductions resulting from [Class A 3 and Class A 4] more than one class of service.~~

~~(a) Payment of accumulated deduction resulting from Class A 3 and Class A 4 service. Any superannuation or withdrawal annuitant who:~~

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

~~(2) has service credited in one or more classes of service; and~~

~~(3) because he has five or more, but fewer than ten, eligibility points is not eligible to receive an annuity on his Class A 3 or Class A 4 service shall receive in a lump sum at the time of his retirement, in addition to any other annuity or lump sum payment which he may elect, his accumulated deductions resulting from his Class A 3 or Class A 4 service credit. Payment of these accumulated deductions resulting from Class A 3 or Class A 4 service credit shall not be eligible for installment payments pursuant to section 5905.1 (relating to installment payments of accumulated deductions) but shall be considered a lump sum payment for purposes of section 5905.1(d).~~

~~(b) Payment of cash balance member accumulated deductions resulting from Class CB service. Any annuitant who is a member with Class CB service credit and one or more other classes of service credit and who is receiving an annuity based on his~~

~~Class CB service but is not eligible to receive an annuity based on his service credited in one or more of his other classes of service shall receive in a lump sum at the time of his retirement, in addition to any other annuity which he may elect for his Class CB service, his accumulated deductions resulting from his service credit in classes of service other than Class CB for which he is not eligible to receive an annuity. Payment of these accumulated deductions resulting from service credit in classes of service other than Class CB shall not be eligible for installment payments under section 5905.1, but shall be considered a lump sum payment for purposes of section 5905.1(d).~~
§ 5706. Termination of annuities.

~~(a) General rule. If the annuitant returns to State service or enters or has entered school service and elects multiple service membership, any annuity payable to him under this part shall cease effective upon the date of his return to State service or entering school service, without regard to whether he is a mandatory, optional or prohibited member of the system or participant in the plan or, if a multiple service member, without regard to whether he is a mandatory, optional or prohibited member or participant of the Public School Employees' Retirement System or School Employees' Defined Contribution Plan; and, in the case of an annuity other than a disability annuity the present value of such annuity, other than the portion of the annuity that is being paid under section 5702(a)(7) (relating to maximum single life annuity), adjusted for full coverage in the case of a joint coverage member who makes the appropriate back contributions for full coverage, shall be frozen as of the date such annuity ceases[.] and the present value of the portion of the annuity that is being paid under~~

~~section 5702(a)(7) shall be placed in the member's individual cash balance saving account. An annuitant who is credited with an additional 10% of Class A and Class C service as provided in section 5302(c) (relating to credited State service) and who returns to State service shall forfeit such credited service and shall have his frozen present value 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. This subsection shall not apply in the case of any annuitant who may render services to the Commonwealth in the capacity of an independent contractor or 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 as a member of an independent board or commission requiring appointment by the Governor, with advice and consent of the Senate, where the annual salary payable to the member does not exceed \$35,000 and where the member has been an annuitant for at least six months immediately preceding the appointment. Such service shall not be subject to member contributions [or]; not, result in additions, interest or excess interest to the member's individual cash balance saving account; and not be eligible for qualification as creditable State service or for participation in the plan, mandatory participant contributions or employer defined contributions.~~

~~(a.1) Return to State service during emergency. When, in~~

~~the judgment of the employer, an emergency creates an increase in the work load such that there is serious impairment of service to the public, an annuitant may be returned to State service for a period not to exceed 95 days in any calendar year without loss of his annuity. In computing the number of days an annuitant has returned to State service, any amount of time less than one half of a day shall be counted as one half of a day. For agencies, boards and commissions under the Governor's jurisdiction, the approval of the Governor that an emergency exists shall be required before an annuitant may be returned to State service. This service shall not be subject to member contributions; not result in additions, interest or excess interest to the member's individual cash balance savings account; and not be eligible for qualification as creditable State service or for participation in the plan, mandatory participant contributions or employer defined contributions.~~

~~(a.2) Return of benefits. In the event an annuitant whose annuity from the system ceases pursuant to this section receives any annuity payment, including a lump sum payment pursuant to section 5705 (relating to member's options) on or after the date of his return to State service or entering school service, the annuitant shall return to the board the amount so received from the system plus statutory interest. The amount payable shall be certified in each case by the board in accordance with methods 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 who is an active member of the Public School Employees' Retirement System may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization~~

~~plans agreed to by the member and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or beginning of service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of a 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.~~

~~* * *~~

~~(b) Subsequent discontinuance of service. Upon subsequent discontinuance of service, such [member] terminating State employee 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:~~

~~(1) the frozen present value as determined under subsection (a) [and];~~

~~(2) if the service after reemployment was a member of the system, the present value of a maximum single life annuity, calculated excluding any annuity payable under section 5702(a)(7), based on years of service credited subsequent to reentry in the system and his final average salary computed by reference to his compensation as a member of the system or as a member of the Public School Employees' Retirement System during his entire period of State and school service[.], including only compensation received for~~

~~service performed as a member of a class of service other than Class CB or Class T-I in the Public School Employees' Retirement System; and~~

~~(3) if eligible, an annuity payable under section 5702(a)(7) based on the total cash balance accumulated deductions credited to the former annuitant in the cash balance savings account.~~

~~(c) Elimination of the effect of frozen present value.~~

~~(1) An annuitant who returns to State service as an active member of the system in a class of service other than Class CB and earns three eligibility points by performing credited State service following the most recent period of receipt of an annuity under this part, or an annuitant who enters school service other than as a participant in the School Employees' Defined Contribution Plan or as member of Class T-I and:~~

~~(i) is a multiple service member; or~~

~~(ii) who elects multiple service membership, and earns three eligibility points in classes of service other than Class CB or Class T-I by performing credited State service or credited school service following the most recent period of receipt of an annuity under this part, and who had the present value of his annuity frozen in accordance with subsection (a), shall qualify to have the effect of the frozen present value resulting from all previous periods of retirement eliminated, provided that all lump sum payments under Option 4 or under section 5705(a.1) and annuity payments, except those made under section 5702(a)(7), payable during previous periods of retirement plus interest as set forth in paragraph (3) shall be returned to the fund in the~~

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:~~

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,~~
11 ~~adjusted by crediting Class A State service as Class AA~~
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~~
16 ~~Employees' Retirement System who retired under a~~
17 ~~provision of law granting additional service credit if~~
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~~
21 ~~the prior law when the annuity is computed for his most~~
22 ~~recent retirement; or~~

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

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

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~~

~~inactive participant on leave without pay or a current or former State employee performing USERRA leave who does not have Class CB service credit and 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.~~

~~(c) Disability annuitants eligible for withdrawal annuity. In the event of the death of a disability annuitant who has elected to receive a maximum disability annuity before he has received in annuity payments, excluding any disability annuity payments under section 5704(a)(2) (relating to disability annuities), an amount equal to the present value, on the effective date of disability, of the benefits to which he would have been entitled under subsection (a) had he died while in State service, the balance of such amount shall be paid to his designated beneficiary. In addition, if the disability annuitant was receiving disability annuity payments under section 5704(a)(2), he may receive, if eligible, the total cash balance accumulated deductions credited to his individual cash balance savings account on the effective date of disability over one third of the disability payments received under section 5704(a)(2). For purposes of this subsection, the determination of benefits to which the disability annuitant would have been entitled under subsection (a) shall be made even though the disability annuitant may have Class CB service.~~

~~(d) Disability annuitants ineligible for withdrawal annuity. In the event of the death of a disability annuitant who was not entitled to receive benefits under subsection (a), except for the reason of having Class CB service credit, his beneficiary shall be paid the excess of the sum of the regular and additional accumulated deductions standing to his credit on~~

~~the effective date of disability over one third of the total disability payments received[.], excluding any disability annuity payments under section 5704(a)(2). In addition, if he was receiving disability annuity payments under section 5704(a)(2), he may receive, if eligible, the total cash balance accumulated deductions credited to his individual cash balance savings account on the effective date of disability over one third of the disability payments received under section 5704(a)(2).~~

~~(e) Annuitants electing maximum single life annuity. In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in annuity payments the full amount of the total accumulated deductions and, if he was eligible for an annuity under section 5702(a)(7) (relating to maximum single life annuity), the total cash balance accumulated deductions standing to his credit on 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 otherwise allowed under section 5709(b)(2) and (3) (relating to payment of benefits from the system).~~

~~(g) Members with Class CB service. An active member, inactive member on leave without pay or vestee who has Class CB service credit who dies shall be paid the total cash balance accumulated deductions credited to him in addition to any other payments he would be eligible to receive under subsection (a) or (b) calculated without regard to any annuity payable under section 5702(a)(7).~~

~~(h) Required distributions. All payments under this section shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a)(9).~~

~~Section 425. Section 5709(a) and (b) of Title 71 are amended and the section is amended by adding subsections to read:~~
~~§ 5709. Payment of benefits from the system.~~

~~(a) Annuities. Any annuity granted under the provisions of this part and paid from the fund shall be paid in equal monthly installments.~~

~~(b) Death benefits. If the amount of a death benefit payable from the fund to a beneficiary of a member under section 5707 (relating to death benefits) or under the provisions of Option 1 of section 5705(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:~~

~~(1) a lump sum payment;~~

~~(2) an annuity actuarially equivalent to the amount payable; or~~

~~(3) a lump sum payment and an annuity such that the annuity is actuarially equivalent to the amount payable less the lump sum payment specified by the beneficiary.~~

~~* * *~~

~~(d) Small cash balance accounts. A member with only Class CB service who terminates State service and whose total cash balance accumulated deductions are equal to or less than the amount established under IRC §401(a)(31) as of the date of termination of service shall be paid his accumulated deductions in a lump sum as provided in IRC § 401(a)(31) and have all Class CB service credit canceled. This payment of total cash balance accumulated deductions shall not be eligible for installment payments under section 5905.1 (relating to installment payments of accumulated deductions) but shall be considered a lump sum payment for purposes of section 5905.1(d).~~

~~(e) Required distributions. All payments under this section shall start and be made in compliance with the required beginning date, minimum distribution requirements and incidental death benefit rules of IRC § 401(a)(9).~~

~~Section 426. Section 5901(a), (c), (d) and (e) of Title 71 are amended and the section is amended by adding a subsection to read:~~

~~§ 5901. The State Employees' Retirement Board.~~

~~(a) Status and membership. The board shall be an independent administrative board and consist of [11] 12 members: the State Treasurer, ex officio, the Secretary of Banking and Securities, ex officio, two Senators, two members of the House of Representatives and six members appointed by the Governor, one of whom shall be an annuitant of the system or a participant in the plan who has terminated State service and is receiving or is eligible to receive distributions, for terms of four years, subject to confirmation by the Senate. At least five board members shall be active members of the system or active participants in the plan, and at least two shall have ten or~~

~~more years of credited State service[.] or shall have been
active participants in the plan for ten calendar years or have a
combination of years of credited State service in the system and
calendar years as active participants in the plan equal to ten
or more years. The chairman of the board shall be designated by
the Governor from among the members of the board. No member of
the board who represents active members or annuitants or is a
current member of the General Assembly can serve as chairman.
Each member of the board who is a member of the General Assembly
may appoint a duly authorized designee to act in his stead. In
the event that a board member, who is designated as an active
participant or as a participant in the plan who is receiving or
is eligible to receive distributions, receives a total
distribution of his interest in the plan, that board member may
continue to serve on the board for the remainder of his term.~~

~~* * *~~

~~(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,
diligently and honestly, administer the affairs of said board,
the system and the plan and that he will not knowingly violate
or willfully permit to be violated any of the provisions of law
applicable to this part. Such oath shall be subscribed by the
member taking it and certified by the officer before whom it is
taken and shall be immediately filed in the Office of the
Secretary of the Commonwealth.~~

~~(d) Compensation and expenses. The members of the board who
are members of the system or participants in the plan shall
serve without compensation but shall not suffer loss of salary
or wages through serving on the board. The members of the board
who are not members of the system or participants in the plan~~

1 ~~shall receive \$100 per day when attending meetings and all board~~
2 ~~members shall be reimbursed for any necessary expenses. However,~~
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 advisor. For 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 training. Each 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 ~~portfolio management on an annual basis.~~

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~~

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~~
12 ~~concerning the system or the plan from the press,~~
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~~
16 ~~board.~~

17 ~~(6) Supervise a staff of administrative, technical, and~~
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~~
30 ~~advisors and counselors, and such other professional personnel~~

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.] the system and a~~
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~~

1 ~~by the board through the use of directed commissions. All~~
2 ~~such directed commission expenditures shall be made by the~~
3 ~~board for the exclusive benefit of the system and its~~
4 ~~members.~~

5 ~~* * *~~

6 ~~(c) Records.—~~

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

10 ~~(2) Any record, material or data received, prepared,~~
11 ~~used or retained by the board or its employees, investment~~
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~~
16 ~~(P.L.6, No.3), known as the Right to Know Law, if, in the~~
17 ~~reasonable judgment of the board, the [inspection] access~~
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 or trust 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 or trust or would cause a breach of the~~

~~standard of care or fiduciary duty set forth in this part.~~

~~(3) The following apply:~~

~~(i) The sensitive investment or financial information excluded from [inspection] access under paragraph (2)(i), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access 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] access under paragraph (2)(ii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right to Know Law once:~~

~~(A) the [inspection] access no longer causes substantial competitive harm to the person from whom the information was received; or~~

~~(B) the entity in which the investment was made is liquidated;~~

~~whichever is later.~~

~~(iii) The sensitive investment or financial information excluded from [inspection] access under paragraph (2)(iii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right to Know Law once:~~

~~(A) the [inspection] access no longer has a substantial detrimental impact on the value of an~~

1 ~~investment of the fund or trust and would not cause a~~
2 ~~breach of the standard 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 ~~Right to Know Law if, in the reasonable judgment of the~~
19 ~~board, the access would disclose any of the following:~~

20 ~~(i) The existence, date, amount and any other~~
21 ~~information pertaining to the voluntary contributions,~~
22 ~~including rollover contributions or trustee to trustee~~
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.~~

30 ~~(iv) The identity of a participant's designated~~

~~beneficiary, successor payee or alternate payee.~~

~~(v) The benefit payment option of a participant.~~

~~(6) 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, or agents relating to the contributions, account value or benefits payable to or on account of a participant as a public record subject to public access under the Right to Know Law.~~

~~(7) The following apply:~~

~~(i) Nothing in this part shall be construed to mean that the release or publicizing of a record, material or data which would not constitute a public record under this subsection shall be a violation of the board's fiduciary duties.~~

~~(ii) This subsection shall apply to a record, material or data under this subsection, notwithstanding any of the following:~~

~~(A) Whether the record, material or data was created, generated or stored before the effective date of this paragraph.~~

~~(B) Whether the record, material or data was previously released or made public.~~

~~(C) Whether a request for the record, material or data was made or is pending final response under the Right to Know Law.~~

~~* * *~~

~~(h) Regulations and procedures. The board shall, with the advice of the Attorney General and the actuary, adopt and promulgate rules and regulations for the uniform administration of the system. The actuary shall approve in writing all~~

~~computational procedures used in the calculation of
contributions and benefits pertaining to the system, and the
board shall by resolution adopt such computational procedures,
prior to their application by the board. Such rules, regulations
and computational procedures as so adopted from time to time and
as in force and effect at any time, together with such tables as
are adopted pursuant to subsection (j) as necessary for the
calculation of annuities and other benefits, shall be as
effective as if fully set forth in this part. Any actuarial
assumption specified in or underlying any such rule, regulation
or computational procedure and utilized as a basis for
determining any benefit shall be applied in a uniform 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 of the fund can be
completed within six months of the close of each calendar year.~~

~~(j) Actuarial investigation and valuation. The board shall
have the actuary make an annual valuation of the various
accounts of the fund within six months of the close of each
calendar year. In the year 1975 and in every fifth year
thereafter the board shall have the actuary conduct an actuarial
investigation and evaluation of the system based on data
including the mortality, service, and compensation experience
provided by the board annually during the preceding five years
concerning the members and beneficiaries of the system. The
board shall by resolution adopt such tables as are necessary for
the actuarial valuation of the fund and calculation of
contributions, annuities and other benefits based on the reports
and recommendations of the actuary. Within 30 days of their
adoption, the secretary of the board shall cause those tables~~

~~which relate to the calculation of annuities and other benefits to be published in the Pennsylvania Bulletin in accordance with the provisions of 45 Pa.C.S. § 725(a) (relating to additional contents of Pennsylvania Bulletin) and, unless the board specifies therein a later effective date, such tables shall become effective on such publication. The board shall include a report on the significant facts, recommendations and data developed in each five year actuarial investigation and evaluation of the system in the annual financial statement published pursuant to the requirements of subsection (m) for the fiscal year in which such investigation and evaluation were concluded.~~

~~(k) Certification of employer contributions to the fund. The board shall, each year in addition to the itemized budget required under section 5509 (relating to appropriations and assessments by the Commonwealth), certify, as a percentage of the members' payroll, the shared risk contribution rate, the employers' contributions as determined pursuant to section 5508 (relating to actuarial cost method) necessary for the funding of prospective annuities for active members and the annuities of annuitants and certify the rates and amounts of the employers' normal contributions as determined pursuant to section 5508(b), accrued liability contributions as determined pursuant to section 5508(c), supplemental annuities contribution rate as determined pursuant to section 5508(e), the experience adjustment factor as determined pursuant to section 5508(f), the collared contribution rate pursuant to section 5508(h) and the final contribution rate pursuant to section 5508(i), which shall be paid to the fund and credited to the appropriate accounts. The board may allocate the final contribution rate and certify~~

~~various employer contribution rates and amounts based upon the different benefit eligibility, class of service multiplier, superannuation age, final average salary calculation, compensation limits and other benefit differences resulting from State service credited for individual members even though such allocated employer contribution rate on behalf of any given member may be more or less than 5% of the member's compensation for the period from July 1, 2010, to June 30, 2011, or may differ from the prior year's contribution for that member by more or less than the percentages used to calculate the collared contribution rate for that year and may be below any minimum contribution rate established for the collared contribution rate or final contribution rate. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget.~~

~~(l) Member contributions. The board shall cause all pickup contributions and cash balance member contributions made on behalf of a member to be credited to the account of the member and credit to his account any other payment made by such member, including, but not limited to, amounts collected by the Public School Employees' Retirement System for the reinstatement of previous State service or creditable nonstate service and amounts paid to return benefits paid after the date of return to State service or entering school service representing lump sum payments made pursuant to section 5705(a)(4)(iii) or (a.1) (relating to member's options) and member's annuity payments, but not including other benefits returned pursuant to section 5706(a.2) or (a.3) (relating to termination of annuities), and shall pay all such amounts into the fund.~~

~~(m) Annual financial statement. The board shall prepare and~~

1 ~~have published, on or before July 1 of each year, [a financial-~~
2 ~~statement] financial statements 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] audits. The board shall provide for-~~
14 ~~[an annual audit] annual audits of the system and the plan 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 (g), allocated proportionally-~~
30 ~~between the cash balance member accumulated deductions and the-~~

~~percentages of compensation credited under this section, plus
past treasury bond interest and excess interest.~~

~~(g) Determination of excess interest.~~

~~(1) As part of the actuarial valuation made under
subsection (j) for calendar year 2016, and for each
subsequent calendar year, the board shall determine the
amount potentially available from that year for distribution
as excess interest as follows:~~

~~(i) The amount shall be the product of:~~

~~(A) one half of the investment gains and losses,
net of investment and administrative fees and costs,
above or below a rate of return of the annual
interest rate adopted by the board for the
calculation of the normal contribution rate of the
total assets in the fund; and~~

~~(B) the ratio of:~~

~~(I) the total amount credited in the cash
balance savings account; to~~

~~(II) the sum of:~~

~~(a) the total amount credited in the
cash balance savings account; and~~

~~(b) the accrued actuarial liability of
all benefits derived from all the service of
all members in all classes of service other
than Class CB.~~

~~(ii) The product under subparagraph (i) shall be
available in equal annual installments over five years.~~

~~(2) After the actuarial valuation made for calendar year
2018 and after the actuarial valuations for each subsequent
calendar year, the board shall determine if excess interest~~

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 ~~Class CB exempt employee and who has Class CB cash balance~~
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 ~~calendar year 2019 shall be calendar years 2016, 2017, 2018~~
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~~

~~budget required under section 5509, certify, as a percentage of each participant's compensation, the employer defined contributions, which shall be paid to the trust and credited to each participant's individual investment account. Certifications under this subsection shall be regarded as final and not subject to modification by the Secretary of the Budget. The board shall cause all mandatory participant contributions made on behalf of a participant and all voluntary contributions made by a participant to be credited to the participant's individual investment account.~~

~~Section 428. Section 5903(a) and (b) of Title 71 are amended and the section is amended by adding a subsection to read:~~
~~§ 5903. Duties of the board to advise and report to heads of departments [and], members and participants.~~

~~(a) Manual of regulations. The board shall, with the advice of the Attorney General and the actuary, prepare and provide, within 90 days of the effective date of this part, a manual incorporating rules and regulations consistent with the provisions of this part to the heads of departments who shall make the information contained therein available to the general membership. The board shall thereafter advise the heads of departments within 90 days of any changes in such rules and regulations due to changes in the law or due to changes in administrative policies. As soon as practicable after the commissioner's announcement with respect thereto, the board shall also advise the heads of departments as to any cost of living adjustment for the succeeding calendar year in the amount of the limitation under IRC § 401(a)(17) and the dollar amounts of the limitations under IRC § [415(b)] 415. As soon as practicable after January 1 of each year, the board shall also~~

~~advise the heads of departments of the employees for whom,
pursuant to section 5502.1 (relating to waiver of regular member
contributions and Social Security integration member
contributions), pickup contributions are not to be made.~~

~~(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
cash balance 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
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.~~

~~(b.1) Participant status statements. The board shall
furnish annually to each participant, by April 1 and more
frequently as the board may agree or as required by law, a
statement for each participant in the plan showing the
accumulated total defined contributions credited to the
participant's individual investment account, the nature and type
of investments and the investment allocation of future
contributions as of December 31 of the previous year and shall
request the participant to make any necessary correction or
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 ~~***~~

6 ~~(c) Applications for benefits for school employees. Upon~~
7 ~~receipt of notification and the required data from the Public~~
8 ~~School Employees' Retirement Board that a former State employee~~
9 ~~who elected multiple service has applied for a public school~~
10 ~~employees' retirement benefit or, in the event of his death, his~~
11 ~~legally constituted representative has applied for such benefit,~~
12 ~~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 salary~~
27 ~~determined on the basis of his compensation as a member in~~
28 ~~both systems and the average noncovered salary to be charged~~
29 ~~to the State accumulation account, the State Police benefit~~
30 ~~account or the enforcement officers' benefit account, as each~~

1 ~~ease 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:~~

17 ~~(i) discontinue payments, transfer the present value~~
18 ~~of the member's annuity other than any portion of the~~
19 ~~member's annuity derived from cash balance member~~
20 ~~accumulated deductions at the time of entering school~~
21 ~~service, plus the amount withdrawn in a lump sum payment,~~
22 ~~on or after the date of entering school service, pursuant~~
23 ~~to section 5705 (relating to member's options), with~~
24 ~~statutory interest to date of transfer, minus the amount~~
25 ~~to be returned to the board on account of return to~~
26 ~~service, that the board has determined is to be credited~~
27 ~~in the members' savings account, from the annuity reserve~~
28 ~~account to the members' savings account and resume~~
29 ~~crediting of statutory interest on the amount restored to~~
30 ~~his credit[;] and make a similar transfer of the present~~

~~value of any portion of the member's annuity derived from cash balance member accumulated deductions from the annuity reserve account to the cash balance savings account and resume crediting of treasury bond interest on the amount so restored;~~

~~(ii) transfer the balance of the present value of the total annuity, 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 State accumulation account and the cash balance savings account, from the annuity reserve account to the State accumulation account; and~~

~~(iii) certify to the member the amount of lump sum and annuity payments with statutory interest the member is to return to the board and, of those amounts, which amount shall be credited to the members' savings account or the cash balance savings account and credited with statutory interest or treasury bond interest as such payments are returned and which amount shall be credited to the State accumulation account; or~~

~~(2) in case of a member who is not receiving an annuity and has not withdrawn his total accumulated deductions and cash balance member accumulated deductions, continue or resume the crediting of statutory interest on his total accumulated deductions and treasury bond interest on his total cash balance accumulated deductions during the period his total accumulated deductions and cash balance member accumulated deductions 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~~

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~~
4 ~~coverage member together with statutory interest for all~~
5 ~~periods of subsequent State service eligible for membership~~
6 ~~in the system and school service as a member of the Public~~
7 ~~School Employees' Retirement System to the date of repayment.~~
8 ~~Such amount shall be restored by him and shall be credited~~
9 ~~with statutory interest as such payments are restored.~~

10 ~~* * *~~

11 ~~(c.1) Termination of service by a member. In the case of~~
12 ~~any member terminating State service who is entitled to an~~
13 ~~annuity and who is not then a disability annuitant, the board~~
14 ~~shall advise such member in writing of any benefits from the~~
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~~
17 ~~termination of State service, one of the following three forms,~~
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~~
21 ~~deductions and cash balance member accumulated deductions;~~

22 ~~(2) if eligible, an election to vest his retirement~~
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) if eligible, 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~~

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.~~

~~(4) the obligation of the member to commence
distribution by the member's required beginning date.~~

~~(e.1) Notification to vestees and special vestees
approaching superannuation age. The board shall notify each
vestee and special vestee who is not an active participant or
inactive participant on leave without pay in writing 90 days
prior to his attainment of superannuation age that he shall
apply for his annuity within 90 days of attainment of
superannuation age; that, if he does so apply, his effective
date of retirement will be the date of attainment of
superannuation age; that, if he does not so apply but defers his
application to a later date, then he has an obligation to apply
by his required beginning date and that his effective date of
retirement will be the later of the date of filing such
application or the date specified on the application[, whichever
is later; and that, if he does not file an application within
seven years after attaining superannuation age, he shall be
deemed to have elected to receive his total accumulated
deductions upon attainment of superannuation age.] which shall
not be later than his required beginning date.~~

~~(e.2) Notification to inactive participants approaching
required beginning date. The board shall notify in writing each
inactive participant who has terminated State service and has
not commenced distribution by 90 days before the participant's
required beginning date, that the inactive participant has an
obligation to commence distributions by the required beginning
date in a form and manner required by IRC § 401(a)(9) and other
applicable provisions of the IRC.~~

~~(f) Initial annuity payment and certification. The board
shall make the first monthly payment to a member who is eligible~~

~~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
has deferred the filing of his application to a date later than
90 days following attainment of superannuation age, within 60
days of the effective date of retirement, and receipt of the
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:~~

~~(1) the total accumulated deductions and total cash
balance accumulated deductions standing to his credit showing
separately the amount contributed by the member, the pickup
contribution and the interest credited to the date of
termination of service;~~

~~(2) the number of years and fractional part of a year
credited in each class of service;~~

~~(3) the final average salary on which his annuity is
based as well as any applicable reduction factors due to age
and/or election of an option; and~~

~~(4) the total annuity payable under the option elected
and the amount and effective date of any future reduction
under section 5703 (relating to reduction of annuities on
account of social security old age insurance benefits).~~

~~(f.1) Initial payment to participants. The board shall make
the initial payment to a participant who has applied for a
distribution within 60 days of the receipt of all information
necessary to process the application for a distribution.~~

~~(g) Death benefits. Upon receipt of notification from the~~

~~head of a department of the death of an active member, a member performing USERRA leave [or], a member on leave without pay, an active participant, an inactive participant on leave without pay or a former participant performing USERRA leave, the board shall advise the designated beneficiary of the benefits to which he is entitled, and shall make the first payment to the beneficiary within 60 days of receipt of certification of death and other necessary data. If no beneficiary designation is in effect at the date of the member's death or no notice has been filed with the board to pay the amount of the benefits to the member's estate, the board is authorized to pay the benefits to the executor, administrator, surviving spouse or next of kin of the deceased member, and payment pursuant hereto shall fully discharge the fund from any further liability to make payment of such benefits to any other person. If the surviving spouse or next of kin of the deceased member cannot be found for the purpose of paying the benefits for a period of seven years from the date of death of the member, then the benefits shall be escheated to the Commonwealth for the benefit of the fund. If no beneficiary designation is in effect at the date of a participant's death or no notice has been filed with the board to pay the amount of the benefits to the participant's estate, the board may pay the benefits to the surviving spouse, executor, administrator or next of kin of the deceased participant and payment pursuant hereto shall fully discharge the fund from any further liability to make payment of such benefits to any other person.~~

~~***~~

~~Section 431. Section 5905.1(a), (b) and (d) of Title 71 are amended to read:~~

~~§ 5905.1. Installment payments of accumulated deductions.~~

~~(a) General rule. Notwithstanding any other provision of this part, whenever a member elects to withdraw his total accumulated deductions and cash balance member accumulated deductions pursuant to section 5311(a) (relating to eligibility for refunds) or 5701 (relating to return of total accumulated deductions and cash balance member accumulated deductions) or elects to receive a portion of his benefit payable as a lump sum pursuant to section 5705(a)(4)(iii) or (a.1) (relating to member's options), the member may elect to receive the amount in not more than four installments.~~

~~(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:~~

~~(1) Upon receipt of a member's application to withdraw his total accumulated deductions and cash balance member accumulated deductions as provided in section 5311(a) or 5701 and upon receipt of all 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 transferred to State employment, the board shall not be required to pay the first installment prior to 45 days after the filing of the application and the receipt of the data or the date of termination of service, whichever is later.~~

~~(2) In the case of an election as provided in section 5705(a)(4)(iii) or (a.1) by a member terminating service within 60 days prior to the end of a calendar year and upon receipt of all required data from the head of the department~~

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

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~~
16 ~~and upon receipt of all required data from the head of the~~
17 ~~department and, if the member has Class G, Class H, Class I,~~
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 being~~
21 ~~transferred to State employment, the board shall not be~~
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, including~~
27 ~~a lump sum payable pursuant to section 5705.1 (relating to~~
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~~

~~payment on all amounts other than payment of cash balance member
accumulated deductions which shall include treasury bond
interest credited to the date of payment, except in the case of
a member, other than a vestee or special vestee, who has not
filed his application prior to 90 days following his termination
of service.~~

~~Section 432. Sections 5906(a), (b), (c), (d), (e), (g), (h),
(i), (j) and (l) and 5907(a), (c), (d), (e), (f), (g), (h) and
(i) of Title 71 are amended and the sections are amended by
adding subsections to read:~~

~~§ 5906. Duties of heads of departments.~~

~~(a) Status of members and participants. 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 and participants of
the department, the date of all removals from the payroll, and
the type of leave of any members and participants of the
department who have been removed from the payroll for any time
during that period, and:~~

~~* * *~~

~~(i) in the case of death of the member or
participant the head of the department shall so notify
the board;~~

~~(ii) in the case of a service connected disability
of a member the head of department shall, to the best of
his ability, investigate the circumstances surrounding
the disablement of the member and submit in writing to
the board information which shall include but not
necessarily be limited to the following: date, place and
time of disablement to the extent ascertainable; nature~~

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

7 ~~* * *~~

8 ~~(b) Records and information. At any time at the request of~~
9 ~~the board and at termination of service of a member or a~~
10 ~~participant, the head of department shall furnish service and~~
11 ~~compensation records and such other information as the board may~~
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 member~~
16 ~~contributions for current service to be made and shall cause to~~
17 ~~be deducted any other required member contributions, including,~~
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~~
21 ~~System and amounts certified by the Public School Employees'~~
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~~
27 ~~to apply and shall cause such member's contributions deducted~~
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. The~~
30 ~~head of department shall certify to the State Treasurer the~~

~~1 amounts picked up and deducted amounts of cash balance member~~
~~2 contributions deducted and shall send the total amount picked up~~
~~3 [and] or deducted together with a duplicate of such voucher to~~
~~4 the secretary of the board every pay period. The head of~~
~~5 department shall pay pickup contributions and cash balance~~
~~6 member contributions from the same source of funds which is used~~
~~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,~~
~~9 the head of department shall, at the time when the income and~~
~~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).~~
~~16 If the board shall determine that the member's savings account~~
~~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)~~
~~21 (17), or with total member contributions including contributions~~
~~22 as a result of Class CB service for such member which would~~
~~23 cause such member's contributions or benefits to exceed any~~
~~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~~

~~refund to the member shall be charged to the member's savings account or the member's individual cash balance savings account, as the case may be.~~

~~(c.1) Participant and employer defined contributions. The head of the department shall:~~

~~(1) Cause the mandatory participant contributions on behalf of a participant to be made and cause to be deducted any voluntary contributions authorized by a participant.~~

~~(2) Cause the employer defined contributions on behalf of a participant to be made.~~

~~(3) Notify the board at times and in a manner prescribed by the board of the compensation of any participant to whom the limitation under IRC § 401(a)(17) either applies or is expected to apply and cause the participant's contributions to be deducted from payroll to cease at the limitation under IRC § 401(a)(17) on the payroll date if and when such limit shall be reached.~~

~~(4) Certify to the State Treasurer the amounts deducted and the employer defined contributions being made and send the total amount picked up, deducted and contributed together with a duplicate of the voucher to the secretary of the board every pay period or on such schedule as established by the board.~~

~~(d) New employees subject to mandatory membership or participation. Upon the assumption of duties of each new State employee whose membership in the system or plan is mandatory, the head of department shall cause an application for membership or participation and a nomination of beneficiary to be made by such employee and filed with the board and shall make pickup contributions, cash balance member contributions or mandatory~~

~~participant contributions from the effective date of State employment.~~

~~(e) New employees subject to optional membership or participation. The head of department shall, upon the employment or entering into office of any State employee whose membership in the system or participation in the plan is not mandatory, inform such employee of his opportunity to become a member of the system or participant in the plan. If such employee so elects, the head of department shall cause an application for membership or participation and a nomination of beneficiary to be made by him and filed with the board and shall cause proper contributions to be made from the effective date of membership or participation.~~

~~* * *~~

~~(g) Former school employee contributors.~~

~~(1) The head of department shall, upon the employment of a former contributor to the Public School Employees' Retirement System who is not an annuitant of the Public School Employees' Retirement System, advise such employee of his right to elect within 365 days of entry into the system to become a multiple service member, and in the case of any such employee who so elects and has withdrawn his accumulated deductions, require him to reinstate his credit in the Public School Employees' Retirement System. The head of the department shall advise the board of such election.~~

~~(2) Paragraph (1) shall not apply to a State employee who has only Class CB service credit in the system or who has only Class T-I credit in the Public School Employees' Retirement System.~~

~~(h) Former school employee annuitants.~~

~~(1) The head of department shall, upon the employment of an annuitant of the Public School Employees' Retirement System who applies for membership in the system, advise such employee that he may elect multiple service membership within 365 days of entry into the system and if he so elects his public school employee's annuity will be discontinued effective upon the date of his return to State service and, upon termination of State service and application for an annuity, the annuity will be adjusted in accordance with section 5706 (relating to termination of annuities). The head of department shall advise the board of such election.~~

~~(2) Paragraph (1) shall not apply to a State employee who has only Class CB service credit in the system or who has only Class T-I credit in the Public School Employees' Retirement System.~~

~~(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, in the case of any member who does not have Class CB service, who is terminating State service and who is ineligible for an annuity before attainment of superannuation age, 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 State service, an application for the return of total accumulated deductions or, on or before September 30, 1997, an application to be vested as a special vestee, if eligible.~~

~~* * *~~

~~(1) State employees performing USERRA or military related leave of absence. The head of department shall report to the board any State employee who ceases to be an active member or active participant to perform USERRA service, or who 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 leaves of absence), the date on which the USERRA service, leave of absence or military leave of absence began, the date on which the State employee is reemployed from USERRA leave or returns after the leave of absence or military leave of absence, if the event occurs, and any other information the board may require or direct.~~

~~* * *~~

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

~~(a) Information on new employees. Upon his assumption of duties or becoming a participant each new State employee or participant shall furnish the head of department with a complete record of his previous State service, his school service or creditable nonstate service, and proof of his date of birth and current status in the system and the plan and in the Public School Employees' Retirement System and the School Employees' Defined Contribution Plan. Willful failure to provide the information required by this subsection to the extent available upon entrance into the system shall result in the forfeiture of the right of the member to subsequently assert any right to benefits based on any of the required information which he failed to provide. In any case in which the board finds that a member is receiving an annuity based on false information, the~~

~~total amount received predicated on such false information together with statutory interest doubled and compounded shall be deducted from the present value of any remaining benefits to which the member is legally entitled.~~

~~* * *~~

~~(b.1) Application for participation. On or after January 1, 2016, 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 employee shall execute an application for participation and a nomination of a beneficiary.~~

~~(c) Multiple service membership. [Any active member] Any State employee who is an active member in a class of service other than Class CB and who was formerly an active member in the Public School Employees' Retirement System in a class of service other than Class T-I may elect to become a multiple service member. Such election shall occur no later than 365 days after becoming an active member in this system. A State employee who is eligible to elect to become a multiple service member who begins USERRA leave during the election period without having elected multiple service membership may make the election within 365 days after being reemployed from USERRA leave.~~

~~(d) Credit for previous service or change in membership status. Any active member or eligible school employee who desires to receive credit for the portion of his total previous State service or creditable nonstate service to which he is entitled, or a joint coverage member who desires to become a full coverage member, shall so notify the board and upon written agreement by the member and the board as to the manner of~~

~~payment of the amount due, the member shall receive credit for such service as of the date of such agreement.~~

~~* * *~~

~~(d.2) Contributions for USERRA leave. Any active participant or inactive participant on leave without pay or former participant who was reemployed from USERRA leave who desires to make mandatory 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 participant contributions within the allowed time period, the head of the department 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 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 member shall nominate a beneficiary by written designation filed with the board as provided in section 5906(d) or (e) (relating to duties of heads of departments) to receive the death benefit payable under section 5707 (relating to death benefits) or the benefit payable under the provisions of Option 1 of section 5705(a)(1) (relating to member's options). Such nomination may be changed at any time by the member by written designation~~

~~filed with the board. A member may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 5707 or the benefit payable under the 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 5408 (relating to death benefits). A participant may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 5408. Such nomination may be changed at any time by the participant by written designation filed with the board.~~

~~(e.2) Beneficiary for combined service employee. A combined service employee may designate or nominate different persons to be beneficiaries, survivor annuitants and successor payees for his benefits from the system and the plan.~~

~~(f) Termination of service by members. Each member who terminates State service and who is not then a disability annuitant shall execute on or before the date of termination of service the appropriate application, duly attested by the member or his legally constituted representative, electing to:~~

~~(1) withdraw his total accumulated deductions and cash balance member accumulated deductions; or~~

~~* * *~~

~~(g) Vesting of retirement rights. If a member elects to vest his retirement rights he shall nominate a beneficiary by written designation filed with the board and, if the member is not an active participant or inactive participant on leave without pay, he may anytime thereafter but no later than his~~

~~required beginning date, withdraw the total accumulated deductions and cash balance member accumulated deductions standing to his credit or apply for an annuity.~~

~~(g.1) Deferral of retirement rights. If a participant terminates State service and does not commence receiving a distribution, he shall nominate a beneficiary, and he may anytime thereafter, but no later than his required beginning date, withdraw the vested accumulated total defined contributions standing to his credit or apply for another form of distribution required by law or authorized by the board.~~

~~(h) Vestees and special vestees attaining superannuation age. Upon attainment of superannuation age a vestee or special vestee who is not an active participant or inactive participant on leave without pay shall execute and file an application for an annuity. Any such application filed within 90 days after attaining superannuation age shall be effective as of the date of attainment of superannuation age. Any application filed after such period shall be filed by the member's required beginning date and shall be effective as of the date it is filed with the board, subject to the provisions of section 5905(f) (relating to duties of the board regarding applications and elections of members and participants). If a vestee or special vestee who is not an active participant or inactive participant on leave without pay does not file an application within seven years after attaining superannuation age, he shall be deemed to have elected to receive his total accumulated deductions upon attainment of superannuation age.~~

~~(i) Failure to apply for annuity. If a member is eligible to receive an annuity and does not file a proper application within 90 days of termination of service, his annuity will~~

~~become effective as of the later of the date the application is
filed with the board or the date designated on the application
[whichever is later] which shall not be later than his required
beginning date.~~

~~* * *~~

~~Section 433. Sections 5931(b), 5932, 5933(a), 5934, 5935,
5936, 5937, 5938 and 5939 of Title 71 are amended to read:
§ 5931. Management of fund and accounts.~~

~~* * *~~

~~(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 other than the individual
investment accounts and except excess interest credited to the
cash balance savings account. The amount so allowed shall be
credited thereto by the board and transferred from the interest
reserve account. Excess interest, if any, shall be credited to
the cash balance savings account as set forth in section 5902(q)
(relating to administrative duties of the board).~~

~~* * *~~

~~§ 5932. State Employees' Retirement Fund.~~

~~(a) General rule. The fund shall consist of all balances in
the several separate accounts set apart to be used under the
direction of the board for the benefit of members of the system;
and the Treasury Department shall credit to the fund all moneys
received from the Department of Revenue arising from the
contributions relating to or on behalf of members of the system
required under the provisions of Chapter 55 (relating to
contributions), and any income earned by the investments or
moneys of said fund. There shall be established and maintained
by the board the several ledger accounts specified in sections~~

~~5933 (relating to members' savings account), 5934 (relating to 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) and 5942 (relating to cash balance savings account).~~

~~(b) Individual investment accounts and trust. The individual investment accounts that are part of the trust shall not be part of the fund. Mandatory participant contributions, voluntary contributions and employer defined contributions made under this part and any income earned by the investment of such contributions shall not be paid or credited to the fund but shall be paid to the trust and credited to the individual investment accounts.~~

~~§ 5933. Members' savings account.~~

~~(a) Credits to account. The members' savings account shall be the ledger account to which shall be credited the amounts of the pickup contributions made by the Commonwealth or other employer and contributions or lump sum payments made by active members, other than for Class CB service, in accordance with the provisions of sections 5501 (relating to regular member contributions and cash balance member contributions for current service), 5501.1 (relating to shared risk member contributions [for Class A 3 and Class A 4 service] and shared gain adjustments to regular member contributions for Class A 3 and Class A 4 service), 5502 (relating to social security integration member contributions), 5503 (relating to joint coverage member contributions), 5504 (relating to member contributions for the purchase of credit for previous State~~

~~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).~~

~~* * *~~

~~§ 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) (relating to contributions to the system by the Commonwealth and other employers) except that the amounts received under the provisions of the act of May 12, 1943 (P.L.259, No.120), and the 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 Police benefit account or the enforcement officers' benefit account as the case may be. All amounts transferred to the fund by county retirement systems or pension plans in accordance with the provisions of section 5507(c) also shall be credited to the State accumulation account. All amounts transferred to the fund by the Public School Employees' Retirement System in accordance with section 5303.2(e) (relating to election to convert school service to State service), except amounts credited to the members' savings account, and all amounts paid by the Department of Corrections in accordance with section 5303.2(f) also shall be credited to the State accumulation account. The State accumulation account shall be credited with valuation interest.~~

~~The reserves necessary for the payment of annuities and death benefits resulting from membership in the system as approved by the board and as provided in Chapter 57 (relating to benefits), other than annuities and benefits resulting from Class CB service, shall be transferred from the State accumulation account to the annuity reserve account provided for in section 5935 (relating to annuity reserve account), except that the reserves necessary on account of a member who is an officer of the Pennsylvania State Police or an enforcement officer shall be transferred from the State accumulation account to the State Police benefit account provided for in section 5936 (relating to State Police benefit account) or to the enforcement officers' benefit account as provided for in section 5937 (relating to enforcement officers' benefit account) as the case may be. The reserves necessary for the payment of supplemental annuities in excess of those reserves credited to the supplemental annuity account on June 30, 2010, shall be transferred from the State accumulation account to the supplemental annuity account. In the event that supplemental annuities are increased by legislation enacted after December 31, 2009, the necessary reserves shall be transferred from the State accumulation account to the supplemental annuity account. The amounts credited to the members' individual cash balance savings accounts as provided for in section 5902(p) shall be transferred from the State accumulation account.~~

~~§ 5935. Annuity reserve account.~~

~~(a) Credits and charges to account. The annuity reserve account shall be the ledger account to which shall be credited the reserves held for payment of annuities and death benefits on account of all annuitants except in the case of members who are~~

~~officers of the Pennsylvania State Police or enforcement
officers. The annuity reserve account shall be credited with
valuation interest. After the transfers provided in sections
5933 (relating to members' savings account), 5934 (relating to
State accumulation account) [and], 5938 (relating to
supplemental annuity account) and 5942 (relating to cash balance
savings account), all annuity and death benefit payments
resulting from membership in the system except those payable to
any member who retires as an officer of the Pennsylvania State
Police or an enforcement officer shall be charged to the annuity
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
the plan, 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
the members' savings account or individual cash balance savings
account, as appropriate. In addition, the actuarial reserve for
his annuity based on all classes of credited service other than
Class CB less the amount transferred to the members' savings
account shall be transferred from the annuity reserve account to
the State accumulation account. The present value of the annuity
provided by section 5702(a)(7) (relating to maximum single life
annuity) at the time of reentry in State service shall be
transferred from the annuity reserve account and placed to the
member's individual credit in the cash balance savings account.
§ 5936. State Police benefit account.~~

~~(a) Credits and charges to account. The State Police~~

~~benefit account shall be the ledger account to which shall be credited all contributions received under the provisions of the act of May 12, 1943 (P.L.259, No.120), referred to as the Foreign Casualty Insurance Premium Tax Allocation Law, and any additional Commonwealth or other employer contributions provided for in section 5507 (relating to contributions to the system by the Commonwealth and other employers) which are creditable to the State Police benefit account. The State Police benefit account shall be credited with the required interest. In addition, upon the filing of an application for an annuity by a member who is an officer of the Pennsylvania State Police, the total accumulated deductions standing to the credit of the member in the members' savings account, the total cash balance accumulated deductions standing to the credit of the member in the cash balance savings account and the necessary reserves from the State accumulation account shall be transferred to the State Police benefit account. Thereafter, the total annuity of such annuitant shall be charged to the State Police benefit account and paid from the fund.~~

~~(b) Transfers from account. Should the said annuitant be subsequently restored to active service as a member of the system or as a participant in the plan, 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 or individual cash balance savings account, as appropriate. In addition, the actuarial reserve for his annuity, based on all classes of credited service other than Class CB, calculated as if he had been a member of Class A if he has Class A or Class C service credited; as if he had been a member of Class A 3 if the~~

~~annuitant has Class A 3 State 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 transferred to the members'
savings account shall be transferred from the State Police
benefit account to the State accumulation account. The present
value of the annuity provided by section 5702(a)(7) (relating to
maximum single life 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 cash balance
savings account. Upon subsequent retirement other than as an
officer of the Pennsylvania State Police the actuarial reserve
remaining in the State Police benefit account shall be
transferred to the appropriate reserve account.~~

~~§ 5937. Enforcement officers' benefit account.~~

~~(a) Credits and charges to account. The enforcement
officers' benefit account shall be the ledger account to which
shall be credited moneys transferred from the enforcement
officers' retirement account in the State Stores Fund according
to the provisions of the act of April 12, 1951 (P.L.90, No.21),
known as the Liquor Code, and any additional Commonwealth or
other employer contributions provided for in section 5507
(relating to contributions to the system by the Commonwealth and
other employers) which are creditable to the enforcement
officers' benefit account. The enforcement officers' benefit
account shall be credited with the required interest. In
addition, upon the filing of an application for an annuity by a
member who is an enforcement officer of the Pennsylvania Liquor
Control Board, the total accumulated deductions standing to the
credit of the member in the members' savings account, the total
cash balance accumulated deductions standing to the credit of~~

~~the member in the cash balance savings account and the necessary reserves from the State accumulation account shall be 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.~~

~~(b) Transfers from account. Should the said annuitant be subsequently restored to active service as a member of the system or as a participant in the plan, the present value of the member's annuity at the time of reentry into State service shall be transferred from the enforcement officers' benefit account and placed to his individual credit in the members' savings account or individual cash balance savings account, as appropriate. In addition, the actuarial reserve for his annuity, based on all classes of credited service other than Class CB, calculated as if he had been a member of Class A if the annuitant does not have any Class AA, Class A 3 or Class A 4 service credited; as if he had been a member of Class AA if the annuitant does have Class AA service credited; as if he had been a member of Class A 3 if the annuitant has Class A 3 State 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 transferred to the members' savings account shall be transferred from the enforcement officers' benefit account to the State accumulation account. The present value of the annuity provided by section 5702(a)(7) (relating to maximum single life annuity) at the time of reentry into State service shall be transferred from the enforcement officers' benefit account and placed to his individual credit in the cash balance savings account. Upon subsequent retirement other than as an enforcement officer the~~

~~actuarial reserve remaining in the enforcement officers' benefit account shall be transferred to the appropriate reserve account.~~

~~§ 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 to the system 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 supplemental annuities), 5708.2 (relating to further additional supplemental annuities), 5708.3 (relating to supplemental annuities commencing 1994), 5708.4 (relating to special supplemental postretirement adjustment), 5708.5 (relating to supplemental annuities commencing 1998), 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to supplemental annuities commencing 2003) and 5708.8 (relating to special supplemental postretirement adjustment of 2002) made before July 1, 2010, the amount transferred from the State accumulation account to provide all additional reserves necessary as of June 30, 2010, to pay such supplemental annuities and adjustments, and the amounts transferred from the State accumulation account to provide all additional reserves necessary as a result of supplemental annuities enacted after December 31, 2009. The supplemental annuity account shall be credited with valuation interest. The reserves necessary for the payment of such supplemental annuities shall be transferred from the supplemental annuity account to the annuity reserve account as provided in section 5935 (relating to annuity reserve account).~~

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 ~~§ 5942. Cash balance savings account.~~

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 ~~Commonwealth or other employers on behalf of members of Class CB~~
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 ~~balance member contributions for current service) and 5902(p)~~
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~~

~~shall be credited with treasury bond interest, and if applicable excess interest. The total cash balance accumulated deductions credited to a member whose application for an annuity has been approved shall be transferred from the cash balance savings account to the annuity reserve account provided for under section 5935 (relating to annuity reserve account), except in the case of a member who is an officer of the Pennsylvania State Police or an enforcement officer the total cash balance accumulated deductions to his credit shall be transferred from the cash balance savings account to the State Police benefit account provided for under section 5936 (relating to State Police benefit account) or to the enforcement officers' benefit account provided for under section 5937 (relating to enforcement officers' benefit account), as the case may be.~~

~~(c) Charges to account. Upon the election of a member to withdraw his cash balance member accumulated deductions without receiving a benefit or upon payment of a small cash balance account in a lump sum as provided for under section 5709(d) (relating to payment of benefits), the payment of such amount shall be charged to the individual member's cash balance savings account. Any amounts remaining in an individual member's cash balance savings account after these charges shall be transferred to the State accumulation account.~~

~~Section 435. Sections 5951, 5953, 5953.1, 5953.2, 5953.3 and 5953.4(a) of Title 71 are amended to read:~~

~~§ 5951. State guarantee regarding the State Employees' Retirement System.~~

~~The required interest charges payable, the maintenance of reserves in the fund, and the payment of all annuities and other benefits granted by the board from the system under the~~

~~provisions of this part relating to the establishment and administration of the system are hereby made obligations of the Commonwealth. All income, interest, and dividends derived from deposits and investments of the system authorized by this part shall be used for the payment of the said obligations of the Commonwealth and shall not be used for any obligations of the plan or trust.~~

~~§ 5953. Taxation, attachment and assignment of funds.~~

~~(a) General rule.—~~

~~(1) Except as provided in paragraphs (2), (3) and (4), the right of a person to any benefit or right accrued or accruing under the provisions of this part and the moneys in the fund and the trust are hereby exempt from any State or municipal tax, levy and sale, garnishment, attachment, spouse's election, 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 process whatsoever, and no participant or beneficiary, successor payee, or alternate payee of a participant shall have the ability to commute, sell, assign, alienate, anticipate, mortgage, pledge, hypothecate, commutate or otherwise transfer or convey any benefit or interest in an individual investment account or rights to receive or direct distributions under this part or under agreements entered into under this part except as otherwise 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 case provided in subparagraph (i), and shall be unassignable except:~~

~~(i) To the Commonwealth in the case of a member or participant who is terminating State service and has been~~

1 ~~determined to be obligated to the Commonwealth for the~~
2 ~~repayment of money owed on account of his employment or~~
3 ~~to the fund on account of a loan from a credit union to a~~
4 ~~member which has been satisfied by the board from the~~
5 ~~fund.~~

6 ~~(ii) To a credit union as security for a loan to a~~
7 ~~member not to exceed \$750 and interest not to exceed 6%~~
8 ~~per annum discounted and/or fines thereon if the credit~~
9 ~~union is now or hereafter organized and incorporated~~
10 ~~under the laws of this Commonwealth and the membership of~~
11 ~~such credit union is limited solely to officials and~~
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~~
17 ~~Forfeiture Act, and by or pursuant to section 16(b) of~~
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.~~

23 ~~(ii) In accordance with section 16(b) of Article V~~
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),~~
28 ~~the accumulated mandatory participant contributions and~~
29 ~~accumulated voluntary contributions standing to the~~
30 ~~credit of a participant shall not be forfeited but shall~~

~~be available for payment of fines and restitution as
provided by law. In accordance with section 16(b) of
Article V of the Constitution of Pennsylvania, amounts in
the trust that have been ordered to be distributed to an
alternate payee as the result of an equitable
distribution of marital property as part of an approved
domestic relations order entered before the date of the
order or action in a court or other tribunal resulting in
a forfeiture of a participant's interest in the trust
shall not be subject to the provisions of the Public
Employee Pension Forfeiture Act or 42 Pa.C.S. § 3352. Any
accumulated employer defined contributions forfeited as a
result of this paragraph or other law shall be retained
by the board and notwithstanding sections 5812(2)
(relating to powers and duties of board), 5815 (relating
to expenses) and 5902(c) (relating to administrative
duties of the board) used for the payment of expenses of
the plan.~~

~~(3) Rights under this part shall be subject to
attachment in favor of an alternate payee as set forth in an
approved domestic relations order.~~

~~(4) 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 paragraph, a "distributee" includes a member
[and], a participant, a member's surviving spouse [and], a
participant's surviving spouse, a member's former spouse who~~

1 ~~is an alternate payee under an approved domestic relations~~
2 ~~order[.], a participant's former spouse who is an alternate~~
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 ~~directly to an eligible retirement plan by way of a direct~~
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 meaning given such term by IRC § 402(c)(8)(B), except that a
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 or participant 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 to a member 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~~

1 ~~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 to~~
11 ~~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.~~

16 ~~(5) Specifies the name and last known mailing address,~~
17 ~~if any, of the member and the name and last known mailing~~
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.~~

21 ~~(6) Does not grant an alternate payee any of the rights,~~
22 ~~options or privileges of a member under this part.~~

23 ~~(7) Requires the member to execute an authorization~~
24 ~~allowing each alternate payee to monitor the member's~~
25 ~~compliance with the terms of the domestic relations order~~
26 ~~through access to information concerning the member~~
27 ~~maintained by the system. An authorization granted pursuant~~
28 ~~to this section shall be construed as an authorization for~~
29 ~~the alternate payee to receive information concerning the~~
30 ~~administration, calculation and payment of the alternate~~

~~payee's share of the benefits payable pursuant to this part and not as an authorization to exercise the rights afforded to members or obtain information which is not related to the administration, calculation and payment of alternate payee's share of the benefits payable pursuant to this part.~~

~~(a.1) Certification regarding participants. A domestic relations order pertaining to a participant shall be certified as an approved domestic relations order by the secretary of the board or his designated representative if that order meets all of the following:~~

~~(1) Does not require the plan to provide a type or form of benefit or an option applicable to members of the system or participants in the plan.~~

~~(2) Does not require the segregation of the alternate payee's share of the participant's individual investment account into a subaccount or newly established individual account titled in the name of the alternate payee.~~

~~(3) Does not require the plan to recover or distribute funds which were distributed to the participant or at the participant's direction prior to the approval of the domestic relations order by the secretary of the board or his designated representative.~~

~~(4) Requires the plan to pay to the alternate payee no more than the lesser of the vested amount of the participant's individual investment account specified by the domestic relations order or the vested amount of the participant's individual investment account as of the date of the transfer of the alternate payee's share to the alternate payee.~~

~~(5) States that the plan shall not be required to recoup~~

~~or make good for losses in value to the participant's individual investment account incurred between the date of the valuation of the account used for equitable distribution purposes and the date of distribution to the alternate payee.~~

~~(6) Specifies the amount or percentage of the participant's individual investment account to be paid to the alternate payee and the date upon which such valuation is based.~~

~~(7) Specifies the name and last known mailing address, if any, of the participant 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 plan.~~

~~(8) Does not grant an alternate payee the rights, privileges or options available to a participant.~~

~~(9) Requires the participant to execute an authorization allowing each alternate payee to monitor the participant's compliance with the terms of the domestic relations order through access to information concerning the participant maintained by the plan. An authorization granted pursuant to this section shall be construed as an authorization for the alternate payee to receive information concerning the participant which relates to the administration, calculation and payment of the alternate payee's share of the participant's account and not as an authorization to exercise the rights afforded to participants or obtain information which is not related to the administration, calculation and payment of alternate payee's share of the participant's individual investment account.~~

~~(10) Requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be 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 require a distribution of accumulated employer defined contributions in the form of an annuity or to require the purchase of an annuity.~~

~~(11) In the case of a participant who is currently receiving distributions from the trust as of the date the domestic relations order is approved by the secretary of the board or his designated representative, may not order the board to pay the alternate payee more than the balance available in the participant's individual investment account as of the date the order is approved or require that distributions continue to the alternate payee after the death of the participant and final settlement of the participant's individual investment account.~~

~~(b) Determination by secretary. Within a reasonable period after receipt of a domestic relations order, the secretary of the board, or his designated representative, shall determine whether this order is an approved domestic relations order and notify the member or participant and each alternate payee of this determination. Notwithstanding any other provision of law, the exclusive remedy of any member, participant or alternate payee aggrieved by a decision of the secretary of the board, or his designated representative, shall be the right to an adjudication by the board under 2 Pa.C.S. Ch. 5 Subch. A (relating to practice and procedure) with appeal therefrom to~~

~~the 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 from government agencies).~~

~~(c) Other orders. The requirements for approval identified in [subsection (a)] subsections (a) and (a.1) 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 they do not attach moneys in excess of the limits on attachments as established by the laws of the United States and this Commonwealth[.], require distributions of benefits in a manner which would violate the laws of the United States, any other state or this Commonwealth or require the distribution of funds for support or enforcement of arrearages against a participant who is not receiving distributions from the plan at the time the order is entered. These orders may be approved notwithstanding any other provision of this part or the plan that would require a distribution of accumulated employer defined contributions in the form of an annuity or to require the purchase of an annuity.~~

~~(d) Obligation discharged. Only the requirements of this part and any regulations promulgated hereunder shall be used to govern the approval or disapproval of a domestic relations order. Therefore, if the secretary of the board, or his designated representative, acts in accordance with the provisions of this part and any promulgated regulations in approving or disapproving a domestic relations order, then the obligations of the system or the plan with respect to such approval or disapproval shall be discharged.~~

~~§ 5953.2. Irrevocable beneficiary.~~

~~Notwithstanding any other provision of this part, a domestic relations order may provide for an irrevocable beneficiary. A domestic relations order requiring the nomination of an irrevocable beneficiary shall be deemed to be one that requires a member or participant to nominate an alternate payee as a beneficiary and that prohibits the removal or change of that beneficiary without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, after the member or participant makes such nomination, in which case the irrevocable beneficiary so ordered by the court cannot be changed by the member or participant without approval by the court.~~

~~§ 5953.3. Irrevocable survivor annuitant.~~

~~Notwithstanding any other provisions of this part, a domestic relations order pertaining to a member may provide for an irrevocable survivor annuitant. A domestic relations order requiring the designation of an irrevocable survivor annuitant shall be deemed to be one that requires a member to designate an alternate payee as a survivor annuitant and that prohibits the removal or change of that survivor annuitant without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, in which case the irrevocable survivor annuitant so ordered by the court cannot be changed by the member without approval by the court. A person ineligible to be designated as a survivor annuitant may not be designated as~~

~~an irrevocable survivor annuitant.~~

~~§ 5953.4. Amendment of approved domestic relations orders.~~

~~(a) Deceased alternate payee. In the event that the alternate payee predeceases the member or the participant 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.~~

~~* * *~~

~~Section 436. Title 71 is amended by adding a section to read:~~

~~§ 5953.6. Irrevocable successor payee.~~

~~(a) Condition. Notwithstanding any other provision of this part, a domestic relations order pertaining to a participant may provide for an irrevocable successor payee if the participant is receiving a payment pursuant to a payment option provided by the board that allows for a successor payee.~~

~~(b) Determination. A domestic relations order requiring the designation of an irrevocable successor payee shall be deemed to be one that requires a participant who is receiving payments from an annuity or other distribution option to designate an alternate payee as a successor payee and that prohibits the removal or change of the successor payee without approval of a court of competent jurisdiction, except by operation of law.~~

~~(c) Certification. A domestic relations order under subsection (b) may be certified as an approved domestic relations order by the secretary of the board or his designated representative. If a domestic relations order is certified under this subsection, the irrevocable successor payee named in such 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 fraud. Any 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 or plan in any attempt to
14 defraud the system or plan 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 if the error
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.

~~(a) Exclusive source of rights and benefits. Regardless of any other provision of law, pension and benefit rights of State employees shall be determined solely by this part or any amendment thereto or the plan document established by the board, and no collective bargaining agreement nor any arbitration award between the Commonwealth and [its] other employers and the Commonwealth's and other employer's employees or their collective bargaining representatives shall be construed to change any of the provisions herein, to require the board to administer pension or retirement benefits not set forth in this part or not established by the board in the plan document, to require the board to modify, amend or change any of the terms and provisions of the plan document, or otherwise require action by any other government body pertaining to pension or retirement benefits or rights of State employees. Notwithstanding the foregoing, any pension or retirement benefits or rights previously so established by or as a result of an arbitration award shall remain in effect after the expiration of the current collective bargaining agreement between the State employees so affected and the Commonwealth until the expiration of each of the collective bargaining agreements in effect on January 1, 2011, at which time the classes of membership and resulting member contribution rates and contributions for creditable nonstate service, eligibility for vesting, withdrawal and superannuation annuities, optional modification of annuities and other terms and conditions related to class of membership shall be as determined by this part for employees covered by those and successor collective bargaining agreements. For purposes of administering this part, for those State employees who are members of each such collective bargaining unit, the date~~

~~January 1, 2011, contained in this part, except in this section, shall be replaced with the date of the day immediately following the expiration of each such collective bargaining agreement. The provisions of this part insofar as they are the same as those of existing law are intended as a continuation of such laws and not as new enactments. The provisions of this part shall not affect any act done, liability incurred, right accrued or vested, or any suit or prosecution pending or to be instituted to enforce any right or penalty or to punish any offense under the authority of any repealed laws.~~

~~(b) References. References in this part to the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) or the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), including administrative regulations promulgated under the Internal Revenue Code of 1986 or the Uniformed Services Employment and 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 Policemen and Firemen Collective Bargaining Act, and implemented by the board, the pension or retirement benefits~~

~~or rights of a State employee who is a current or former State police officer shall be as provided in this part as if the binding arbitration award was not issued, except as provided under this subsection.~~

~~(2) A State employee who is a current or former State police officer who terminates State service before January 1, 2016, shall be eligible to receive the maximum single life annuity, before optional modification under section 5705 (relating to member's options), which the State employee would have been eligible to receive if paragraph (1) had not been enacted.~~

~~(3) A State employee who meets the following shall be eligible to receive the maximum single life annuity, before optional modification under section 5705, which the State employee would have been eligible to receive if paragraph (1) had not been enacted:~~

~~(i) is a current or former State police officer;~~

~~(ii) has 20 or more qualifying eligibility points;~~

~~(iii) does not have service credited in Class CB;~~

~~and~~

~~(iv) terminates State service on or after January 1, 2016.~~

~~(4) A State employee who meets all of the requirements in paragraph (3) other than the requirement in paragraph (3) (iii) shall be able to receive an annuity calculated under section 5702(a)(7) in addition to the maximum single life annuity, before optional modification under section 5705, which the State employee would have been eligible to receive if paragraph (1) had not been enacted.~~

~~(5) A State employee who is a current or former State~~

~~police officer who does not have 20 or more qualifying eligibility points shall be eligible to receive a maximum single life annuity before optional modification under section 5705 equal to the maximum single life annuity that the State employee is eligible to receive under this part, including an annuity calculated under section 5702(a)(7).~~

~~(6) To the extent that any officer or member of the Pennsylvania State Police who is eligible to retire after June 30, 1989, as provided in a binding arbitration award issued before July 1, 1989, under the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, as implemented by the board, with a benefit based on 50% of highest year salary upon accruing at least 20 years of credited State service or nonstate service in the system or based on 75% of highest year salary upon accruing at least 25 years of credited State or nonstate service in the system, the eligibility shall be determined solely on service credited, compensation paid and contributions made as a member of the system other than as a member of Class CB.~~

~~(7) Service as a State police officer credited in the system shall not operate to prevent any State employee from being a participant in the plan for any State service that would otherwise result in participation in the plan. Any State service performed, compensation paid and contributions made as a participant in the plan or as a member of Class CB shall not be included in determining eligibility for and the amount of benefits provided from the system, except as provided in paragraphs (4) and (5), provided that actual payment and receipt of benefits is subject to the provisions~~

~~of this part regarding employment and termination as a State employee. Any benefit resulting from participation in the plan shall be in addition to any benefit a State police officer may be eligible to receive as a member of the system.~~

~~(8) For the purposes of this subsection, the following terms shall have the meanings given to them in this paragraph:~~

~~"Act 120 of 2010." The act of November 23, 2010 (P.L.1269, No.120), entitled "An act amending Titles 24 (Education) and 71 (State Government) of the Pennsylvania Consolidated Statutes, in Title 24, further providing for definitions, for mandatory and optional membership, for contributions by the Commonwealth, for payments by employers, for actuarial cost method, for additional supplemental annuities, for further additional supplemental annuities, for supplemental annuities commencing 1994, for supplemental annuities commencing 1998, for supplemental annuities commencing 2002, for supplemental annuities commencing 2003, for administrative duties of board, for payments to school entities by Commonwealth, for eligibility points for retention and reinstatement of service credits and for creditable nonschool service; providing for election to become a Class T F member; further providing for classes of service, for eligibility for annuities, for eligibility for vesting, for regular member contributions, for member contributions for creditable school service, for contributions for purchase of credit for creditable nonschool service, for maximum single life annuity, for disability annuities, for member's options, for duties of board regarding applications and elections of members and for~~

~~rights and duties of school employees and members; providing
for Independent Fiscal Office study; in Title 71,
establishing an independent fiscal office and making a
related repeal; further providing for definitions, for
credited State service, for retention and reinstatement of
service credits, for creditable nonstate service and for
classes of service; providing for election to become a Class
A 4 member; further providing for eligibility for annuities
and for eligibility for vesting; providing for shared risk
member contributions for Class A 3 and Class A 4 service;
further providing for waiver of regular member contributions
and Social Security integration member contributions, for
member contributions for purchase of credit for previous
State service or to become a full coverage member, for
contributions for the purchase of credit for creditable
nonstate service, for contributions by the Commonwealth and
other employers, for actuarial cost method, for maximum
single life annuity, for disability annuities and for
member's options; providing for payment of accumulated
deductions resulting from Class A 3 service; further
providing for additional supplemental annuities, for further
additional supplemental annuities, for supplemental annuities
commencing 1994, for supplemental annuities commencing 1998,
for supplemental annuities commencing 2002, for supplemental
annuities commencing 2003, for special supplemental
postretirement adjustment of 2002, for administrative duties
of the board, for duties of board to advise and report to
heads of departments and members, for duties of board
regarding applications and elections of members, for
installment payments of accumulated deductions, for rights~~

~~and duties of State employees and members, for members' savings account, for State accumulation account, for State Police Benefit Account, for Enforcement Officers' Benefit Account, for supplemental annuity account and for construction of part; and providing for Independent Fiscal Office study, for retirement eligibility of Pennsylvania State Police officers or members, for a prohibition on the issuance of pension obligation bonds, for holding certain public officials harmless, for construction of calculation or actuarial method, for applicability and for certain operational provisions."~~

~~"Binding arbitration award." 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 Policemen and Firemen Collective Bargaining Act, and was implemented by the State Employees' Retirement Board.~~

~~"Qualifying eligibility points." Eligibility points as a result of State service in a class of service other than class CB, nonstate service or being reemployed from USERRA leave.~~

~~(d) Adverse inference. Nothing in this part shall be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC which are applicable to participants in the plan do not apply to the participants or to members of the system and the benefits payable under this part.~~

~~(e) Applicability. The amendment of this part regarding the establishment of and participation in the plan shall apply to an elected officer who is elected or reelected to a term of office that begins on or after January 1, 2016, notwithstanding that~~

~~either immediately or at any time prior to beginning a term of office on or after January 1, 2016, the elected officer was an active member of the system or inactive member on leave without pay. An individual who is elected or reelected to a term of office as a member of the General Assembly that begins on or after January 1, 2016:~~

~~(1) does so with the knowledge of the provisions, terms and conditions of this part, including those provisions, terms and conditions establishing the plan and determining participation in the plan and membership in the system; and~~

~~(2) expressly consents to those provisions, terms and conditions and the resulting contributions, obligations, benefits and rights, or lack of contributions, obligations, benefits and rights in the system and the plan.~~

~~(f) Furloughs. For purposes of sections 5301(a)(17) (relating to credited State service), 5306 (relating to classes of service) and this section, a State employee who is furloughed under section 802 of the act of August 5, 1941 (P.L.752, No.286), known as the Civil Service Act, and reemployed pursuant to the Civil Service Act in any class of service or civil service status which was previously held, shall not be treated as having been terminated from State service and beginning a new period of State service.~~

~~§ 5957. Independent Fiscal Office study.~~

~~The Independent Fiscal Office shall study and analyze the implementation of shared risk contributions under section 5501.1 (relating to shared risk member contributions [for Class A 3 and Class A 4 service] and shared gain adjustments to regular member contributions for Class A 3 and Class A 4 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.~~

~~Section 438. Title 71 is amended by adding a section to read:~~

~~§ 5958. Public Pension Management and Asset Investment Review Commission.~~

~~(a) Establishment. A Public Pension Management and Asset Investment Review Commission shall be established, which shall be composed of three appointees of each of the following:~~

~~(1) Governor;~~

~~(2) President Pro tempore of the Senate; and~~

~~(3) Speaker of the House of Representatives.~~

~~The appointees shall be investment professionals and retirement advisors and shall be appointed within 90 days of the effective date of this section.~~

~~(b) Duties. The duties of the Public Pension Management and Asset Investment Review Commission are as follows:~~

~~(1) Study the performance of current investment strategies and procedures of the State Employees' Retirement System, comparing realized rates of return to established benchmarks and considering associated fees paid for active and passive management.~~

~~(2) Study the costs and benefits of both active and passive investment strategies in relation to future investment activities of the State Employees' Retirement System.~~

~~(3) Study alternative future investment strategies with available assets of the State Employees' Retirement System~~

~~that will maximize future rates of return net of fees.~~

~~(4) Publish extensive and detailed findings on line,
including findings about:~~

~~(i) assets;~~

~~(ii) returns;~~

~~(iii) financial managers;~~

~~(iv) consultants;~~

~~(v) requests for proposals; and~~

~~(vi) investment performance measured against
benchmarks.~~

~~(5) Report its findings and recommendations to the
Governor and the General Assembly within six months of its
first organizational meeting.~~

~~(c) Quorum. A majority of appointed members shall
constitute a quorum for the purpose of conducting business. The
members shall select one of their number to be chairperson and
another to be the vice chairperson.~~

~~(d) Transparency and ethics. The Public Pension Management
and Asset Investment Review Commission shall be subject to the
following laws:~~

~~(1) The act of July 19, 1957 (P.L.1017, No.451), known
as the State Adverse Interest Act.~~

~~(2) The act of October 4, 1978 (P.L.883, No.170), known
as the Public Official and Employee Ethics Act.~~

~~(3) The act of July 3, 1986 (P.L.388, No.84), known as
the Sunshine Act.~~

~~(4) The act of February 14, 2008 (P.L.6, No.3), known as
the Right to Know Law.~~

~~(e) Information gathering. The Public Pension Management
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) Transparency and ethics.— The Public Pension Management and Asset Investment Review Commission may conduct hearings and otherwise gather pertinent information and analysis that it considers appropriate.~~

~~(g) 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.~~

~~(h) Reimbursement.— The members of the Public Pension Management and Asset Investment Review Commission shall be reimbursed for reasonable expenses.~~

~~(i) Expiration.— The Public Pension Management and Asset Investment Review Commission shall expire 60 days after delivery of its report in accordance with subsection (b) (5). Any unspent appropriation shall lapse back to the General Fund.~~

ARTICLE V

~~Section 501.— The following shall apply:~~

~~(1) The following provisions shall not create in a member of the Public School Employees' Retirement System, a participant in the School Employees' Defined Contribution Plan or another person claiming an interest in the account of a member or participant an express or implied contractual right in the provisions nor in a construction of 24 Pa.C.S. Pt. IV, 51 Pa.C.S. or regulations adopted under 24 Pa.C.S. Pt. IV or 51 Pa.C.S.:~~

~~(i) A provision of this act which amends 51 Pa.C.S. or 24 Pa.C.S. Pt. IV in relation to requirements for any of the following:~~

~~(A) (Reserved).~~

~~(B) Qualification of the School Employees' Defined Contribution Plan as a qualified pension plan~~

~~under the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §§ 401(a) and 415(b)), or compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149).~~

~~(C) Contributions to, participation in or benefits from the School Employees' Defined Contribution Plan or School Employees' Defined Contribution Trust.~~

~~(D) Domestic relations orders regarding alternate payees of participants in the School Employees' Defined Contribution Plan.~~

~~(ii) A construction of 24 Pa.C.S. Pt. IV or 51 Pa.C.S. or regulations adopted under 24 Pa.C.S. Pt. IV or 51 Pa.C.S. or a term or provision of the School Employees' Defined Contribution Plan or School Employees' Defined Contribution Trust, established by statute or in the plan document or trust declaration.~~

~~(2) The provisions of 24 Pa.C.S. Pt. IV shall remain subject to the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), and regulations under those statutes, and the General Assembly reserves to itself the further exercise of its legislative power to amend or supplement the provisions as may be required in order to maintain the qualification of the system as a qualified pension plan under section 401(a) and other applicable~~

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' Defined~~
17 ~~Contribution Plan as a qualified pension plan~~
18 ~~under the Internal Revenue Code of 1986 (Public Law~~
19 ~~99-514, 26 U.S.C. §§ 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 ~~(ii) A construction of 51 Pa.C.S. or 71 Pa.C.S. Pt.~~

~~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' Defined Contribution Plan or State Employees' Defined Contribution Trust, established by statute or in the plan document or trust declaration.~~

~~(4) The provisions of 71 Pa.C.S. Pt. XXV shall remain subject to the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), and regulations under those statutes, and the General Assembly reserves to itself the further exercise of its legislative power to amend or supplement the provisions as may be required in order to maintain the qualification of the system as a qualified pension plan under section 401(a) and other applicable provisions of the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149).~~

~~Section 502. The following shall apply:~~

~~(1) Nothing in this act shall be construed to mean that a calculation or actuarial method used by the School Employees' Retirement Board, its actuaries or the Public School Employees' Retirement System was not in accordance with the provisions of 24 Pa.C.S. Pt. IV or other applicable law prior to the effective date of this section.~~

~~(2) Nothing in this act shall be construed to mean that a calculation or actuarial method used by the State Employees' Retirement Board, its actuaries or the State Employees' Retirement System was not in accordance with the provisions of 71 Pa.C.S. Pt. XXV or other applicable law prior to the effective date of this section.~~

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~~

1 ~~and the Uniformed Services Employment and Reemployment Rights~~
2 ~~Act of 1994 (Public Law 103-353, 108 Stat. 3149). The rules,~~
3 ~~regulations and procedures adopted and promulgated by the~~
4 ~~Public School Employees' Retirement Board and the terms and~~
5 ~~conditions of the plan document and trust declaration adopted~~
6 ~~by the Public School Employees' Retirement Board may include~~
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~~
11 ~~State Employees' Defined Contribution Plan shall satisfy the~~
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~~
16 ~~Uniformed Services Employment and Reemployment Rights Act of~~
17 ~~1994 (Public Law 103-353, 108 Stat. 3149). The rules,~~
18 ~~regulations and procedures adopted and promulgated by the~~
19 ~~State Employees' Retirement Board and the terms and~~
20 ~~conditions of the plan document and trust declaration adopted~~
21 ~~by the State Employees' Retirement Board may include~~
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~~
30 ~~may not be held liable or in breach or violation of a law or~~

~~standard as individuals, in their 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 24 Pa.C.S. Pt. IV.~~

~~(2) Notwithstanding any other provision of law, fiduciary requirement, actuarial standard of practice or other requirement, the members of the State Employees' Retirement Board, the actuary and other employees and officials of the State Employees' Retirement System may not be held liable or in breach or violation of a law or standard as individuals, in their 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.~~

~~Section 506. Nothing in this act shall be deemed to permit the restoration of service credit or retirement benefits which:~~

~~(1) were or are subject to section 16 of Article V of the Constitution of Pennsylvania or 42 Pa.C.S. § 3352; or~~

~~(2) were or are 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.~~

~~Section 507. (Reserved).~~

~~Section 508. If a provision of this act or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act that can be given effect without the invalid provision or~~

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~~

<--

1 ~~SECTION 101. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE~~
2 ~~PAYEE," "BASIC CONTRIBUTION RATE," "BENEFICIARY," "CLASS OF~~
3 ~~SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSCHOOL~~
4 ~~SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"~~
5 ~~"DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE~~
6 ~~SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE,"~~
7 ~~"IRREVOCABLE BENEFICIARY," "LEAVE FOR SERVICE WITH A COLLECTIVE~~
8 ~~BARGAINING ORGANIZATION," "REEMPLOYED FROM USERRA LEAVE,"~~
9 ~~"SALARY DEDUCTIONS," "SHARED RISK CONTRIBUTION RATE," "STANDARD~~
10 ~~SINGLE LIFE ANNUITY," "SUPERANNUATION OR NORMAL RETIREMENT AGE,"~~
11 ~~"VALUATION INTEREST" AND "VESTEE" IN SECTION 8102 OF TITLE 24~~
12 ~~OF THE PENNSYLVANIA CONSOLIDATED STATUTES ARE AMENDED AND THE~~
13 ~~SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:~~

14 ~~§ 8102. DEFINITIONS.~~

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 ~~* * *~~

19 ~~"ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF~~
20 ~~THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON~~
21 ~~ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY~~
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~~

~~EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN THE TRUST.~~

~~"ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A DIRECT TRUSTEE TO TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS AND EXPENSES CREDITED OR CHARGED THEREON.~~

~~* * *~~

~~"ACTIVE MEMBER." A SCHOOL EMPLOYEE FOR WHOM PICKUP CONTRIBUTIONS ARE BEING MADE TO THE FUND OR 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(B)] 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17) OR [415(B)] 415).~~

~~"ACTIVE PARTICIPANT." A SCHOOL EMPLOYEE FOR WHOM MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED 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).~~

~~* * *~~

~~"ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT~~

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~~
17 ~~PARTICIPANT.~~

18 ~~* * *~~

19 ~~"CLASS OF SERVICE MULTIPLIER."~~

20	CLASS OF SERVICE	MULTIPLIER
21	T A	.714
22	T B	.625
23	T C	1.000
24	T D	1.000
25	T E	1.000
26	T F	1.000
27	T G	1.000

28 ~~* * *~~

29 ~~"COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP~~
30 ~~PARTICIPANT CONTRIBUTIONS PLUS ANY REMUNERATION RECEIVED AS A~~

~~1 SCHOOL EMPLOYEE EXCLUDING REIMBURSEMENTS FOR EXPENSES INCIDENTAL-~~
~~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,-~~
~~6 PAYMENTS FOR UNUSED SICK LEAVE OR VACATION LEAVE, BONUSES OR-~~
~~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-~~
~~11 BE DETERMINED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD-~~
~~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-~~
~~16 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN-~~
~~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-~~
~~21 1949, OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES OF-~~
~~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 EMPLOYEES' RETIREMENT-~~
~~30 SYSTEM ON OR AFTER JULY 1, 1996, AND WHO BY REASON OF SUCH FACT-~~

~~IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE
PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION
LIMIT UNDER IRC § 401(A) (17)), AND SHALL APPLY TO EACH
PARTICIPANT PERTAINING TO THE PARTICIPANT'S PARTICIPATION IN THE
PLAN.~~

~~* * *~~

~~"CREDITABLE NONSCHOOL SERVICE." SERVICE OTHER THAN SERVICE
AS A SCHOOL EMPLOYEE FOR WHICH AN ACTIVE MEMBER MAY OBTAIN
CREDIT IN THE SYSTEM.~~

~~"CREDITED SERVICE." SCHOOL OR CREDITABLE NONSCHOOL SERVICE
FOR WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND,
OR FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH
SERVICE WERE NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS
PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR
[415(B)] 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
99-514, 26 U.S.C. § 401(A) (17) OR [415(B)] 415), OR FOR WHICH
SALARY DEDUCTIONS TO THE SYSTEM OR LUMP SUM PAYMENTS HAVE BEEN
AGREED UPON IN WRITING.~~

~~"DATE OF TERMINATION OF SERVICE." THE LATEST OF THE
FOLLOWING DATES:~~

~~(1) THE LAST [DATE] DAY OF SERVICE FOR WHICH PICKUP
CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR[,] OR FOR
WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SERVICE WERE
NOT 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~~

~~(2) IN THE CASE OF AN INACTIVE MEMBER OR AN INACTIVE
PARTICIPANT, THE EFFECTIVE DATE OF HIS RESIGNATION OR THE
DATE HIS EMPLOYMENT IS FORMALLY DISCONTINUED BY HIS EMPLOYER~~

<--

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~~
6 ~~OR THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH,~~
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~~
11 ~~COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW~~
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~~
28 ~~BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE~~
29 ~~OTHER THAN CLASS T G, THE HIGHEST AVERAGE COMPENSATION~~
30 ~~RECEIVED AS AN ACTIVE MEMBER DURING ANY THREE NONOVERLAPPING~~

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~~
11 ~~THE CASE OF A NONELIGIBLE MEMBER, SUBJECT TO THE APPLICATION~~
12 ~~OF THE PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL~~
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~~
16 ~~USERRA LEAVE TO THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN~~
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 ~~(1) THE HIGHEST AVERAGE COMPENSATION RECEIVED AS AN~~
26 ~~ACTIVE MEMBER DURING ANY FIVE NONOVERLAPPING PERIODS OF~~
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~~

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 ~~8325.1.~~

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)] 415 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~~

FOR WHOM CONTRIBUTIONS HAVE BEEN MADE WITHIN THE LAST TWO SCHOOL YEARS OR A MULTIPLE SERVICE MEMBER WHO IS ACTIVE IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

"INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST, EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM THE CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART 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. § 401(A) (17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE PARTICIPANT'S CREDIT IN THE TRUST AND WHO HAS NOT FILED AN APPLICATION FOR A DISTRIBUTION.

"INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INVESTMENT EARNINGS AFTER DEDUCTION FOR FEES, COSTS AND EXPENSES, INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

"INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A MEMBER WHO WAS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE SYSTEM 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 AND AN ACTIVE MEMBER OF THE SYSTEM WITHIN 90 DAYS OF THE EXPIRATION OF SUCH SERVICE.

* * *

"IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE 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 OR PARTICIPANT.~~

~~"IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY
DESIGNATED IN WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS
TO THE BOARD UNDER AN APPROVED DOMESTIC RELATIONS ORDER TO
RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
OF SUCH PARTICIPANT.~~

~~* * *~~

~~"LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING
ORGANIZATION." PAID LEAVE GRANTED TO AN ACTIVE MEMBER OR ACTIVE
PARTICIPANT BY AN EMPLOYER FOR PURPOSES OF WORKING FULL TIME FOR
OR SERVING FULL TIME AS AN OFFICER OF A STATEWIDE EMPLOYEE
ORGANIZATION OR A LOCAL COLLECTIVE BARGAINING REPRESENTATIVE
UNDER THE ACT OF JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE
PUBLIC EMPLOYE RELATIONS ACT: PROVIDED, THAT GREATER THAN ONE
HALF OF THE MEMBERS OF THE EMPLOYEE ORGANIZATION ARE ACTIVE
MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE PLAN; THAT
THE EMPLOYER SHALL FULLY COMPENSATE THE MEMBER OR PARTICIPANT,
INCLUDING, BUT NOT LIMITED TO, SALARY, WAGES, PENSION AND
RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER DEFINED
CONTRIBUTIONS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN
FULL TIME ACTIVE SERVICE; AND THAT THE EMPLOYEE ORGANIZATION
SHALL FULLY REIMBURSE THE EMPLOYER FOR SUCH SALARY, WAGES,
PENSION AND RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER
DEFINED CONTRIBUTIONS AND OTHER BENEFITS AND SENIORITY.~~

~~"MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." CONTRIBUTIONS
EQUAL TO 3.5% OF COMPENSATION THAT ARE MADE BY THE EMPLOYER FOR
ACTIVE PARTICIPANTS FOR CURRENT SCHOOL SERVICE THAT ARE PICKED~~

~~UP BY THE EMPLOYER AND CREDITED IN THE PLAN.~~

~~* * *~~

~~"PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT
OR PARTICIPANT RECEIVING DISTRIBUTIONS.~~

~~"PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE
PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, BUT WHO HAS NOT
RECEIVED A TOTAL DISTRIBUTION OF THE VESTED INTEREST IN THE
INDIVIDUAL INVESTMENT ACCOUNT.~~

~~* * *~~

~~"PLAN." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AS
ESTABLISHED BY THE PROVISIONS OF THIS PART AND THE BOARD.~~

~~"PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER
SECTION 8402 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS
AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD
REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF
THE PLAN AND TRUST.~~

~~* * *~~

~~"REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE
MEMBERSHIP OR ACTIVE PARTICIPATION AS A SCHOOL EMPLOYEE AFTER A
PERIOD OF USERRA LEAVE, IF THE RESUMPTION OF ACTIVE MEMBERSHIP
OR ACTIVE PARTICIPATION WAS WITHIN THE TIME PERIOD AND UNDER
CONDITIONS AND CIRCUMSTANCES SUCH THAT THE SCHOOL EMPLOYEE WAS
ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38 U.S.C. CH. 43 (RELATING
TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE
UNIFORMED SERVICES).~~

~~* * *~~

~~"REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH
DISTRIBUTIONS OF A PARTICIPANT'S INTEREST IN THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION 401(A)~~

~~(9) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26-
U.S.C. § 401(A)(9)).~~

~~* * *~~

~~"SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,
DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE
PARTICIPANT 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 OR TRUST.~~

~~* * *~~

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

~~"STANDARD SINGLE LIFE ANNUITY." FOR CLASS T A, T B AND T C
CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% OF THE
FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS
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
2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER
OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE. FOR
CLASS T E CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2%
OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF
YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A
MEMBER. FOR CLASS T F CREDITED SERVICE OF A MEMBER, AN ANNUITY
EQUAL TO 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE
TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED
SERVICE OF A MEMBER. FOR CLASS T G CREDITED SERVICE OF A MEMBER,
AN ANNUITY EQUAL TO 1% OF THE FINAL AVERAGE SALARY, MULTIPLIED
BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF~~

~~CREDITED SERVICE OF A MEMBER.~~

~~"STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED
CONTRIBUTION PLAN FOR STATE EMPLOYEES ESTABLISHED BY 71 PA.C.S.
PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND
OFFICERS).~~

~~* * *~~

~~"SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN
WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO
RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE
PARTICIPANT.~~

~~* * *~~

~~"SUPERANNUATION OR NORMAL RETIREMENT AGE."~~

~~CLASS OF SERVICE~~

~~AGE~~

~~T A~~

~~62 OR ANY AGE UPON ACCRUAL OF~~

~~-~~

~~35 ELIGIBILITY POINTS~~

~~T B~~

~~62~~

~~T C AND T D~~

~~62 OR AGE 60 PROVIDED THE~~

~~-~~

~~MEMBER HAS AT LEAST 30~~

~~-~~

~~ELIGIBILITY POINTS OR ANY~~

~~-~~

~~AGE UPON ACCRUAL OF 35~~

~~-~~

~~ELIGIBILITY POINTS~~

~~T E [AND], T F AND T G~~

~~65 WITH ACCRUAL OF AT LEAST~~

~~THREE ELIGIBILITY POINTS~~

~~OR A COMBINATION OF AGE~~

~~AND ELIGIBILITY POINTS~~

~~TOTALING 92, PROVIDED THE~~

~~MEMBER HAS ACCRUED AT~~

~~LEAST 35 ELIGIBILITY~~

~~POINTS~~

~~* * *~~

~~"TRUST." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST-~~
~~ESTABLISHED UNDER CHAPTER 84 (RELATING TO SCHOOL EMPLOYEES'-~~
~~DEFINED CONTRIBUTION PLAN).~~

~~* * *~~

~~"VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM,~~
~~COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND-~~
~~OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.~~

~~"VESTEE." A MEMBER WITH FIVE OR MORE ELIGIBILITY POINTS IN A-~~
~~CLASS OF SERVICE OTHER THAN CLASS T E OR CLASS T F WHO HAS-~~
~~TERMINATED SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS-~~
~~IN THE FUND AND IS DEFERRING FILING OF AN APPLICATION FOR-~~
~~RECEIPT OF AN ANNUITY. FOR CLASS T E AND CLASS T F MEMBERS, A-~~
~~MEMBER WITH TEN OR MORE ELIGIBILITY POINTS WHO HAS TERMINATED-~~
~~SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS IN THE FUND-~~
~~AND IS DEFERRING FILING OF AN APPLICATION FOR RECEIPT OF AN-~~
~~ANNUITY.~~

~~"VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A-~~
~~PARTICIPANT TO THE TRUST AND CREDITED TO THE PARTICIPANT'S-~~
~~INDIVIDUAL INVESTMENT ACCOUNT IN EXCESS OF THE MANDATORY PICKUP-~~
~~PARTICIPANT CONTRIBUTIONS, EITHER BY AFTER TAX SALARY DEDUCTIONS-~~
~~PAID THROUGH THE EMPLOYER OR BY AN ELIGIBLE ROLLOVER OR DIRECT-~~
~~TRUSTEE TO TRUSTEE TRANSFERS.~~

~~SECTION 102. SECTION 8103 OF TITLE 24 IS AMENDED BY ADDING-~~
~~SUBSECTIONS TO READ:~~

~~§ 8103. CONSTRUCTION OF PART.~~

~~* * *~~

~~(C) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS. REGARDLESS OF-~~
~~ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF SCHOOL-~~
~~EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY-~~
~~AMENDMENT THERETO, OR THE PLAN DOCUMENT ESTABLISHED BY THE-~~

~~BOARD, AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY
ARBITRATION AWARD BETWEEN THE EMPLOYER AND THE EMPLOYER'S
EMPLOYEES OR THE EMPLOYEE'S COLLECTIVE BARGAINING
REPRESENTATIVES SHALL BE CONSTRUED TO DO ANY OF THE FOLLOWING:~~

~~(1) CHANGE ANY OF THE PROVISIONS OF THIS PART.~~

~~(2) REQUIRE THE BOARD TO ADMINISTER PENSION OR
RETIREMENT BENEFITS NOT SET FORTH IN THIS PART OR NOT
ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT.~~

~~(3) REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF
THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT.~~

~~(4) OTHERWISE REQUIRE ACTION BY ANY OTHER GOVERNMENT
BODY PERTAINING TO PENSION OR RETIREMENT BENEFITS OR RIGHTS
OF SCHOOL EMPLOYEES.~~

~~(D) REFERENCES TO CERTAIN FEDERAL STATUTES. REFERENCES IN
THIS PART TO THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND
REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103 353, 108 STAT.
3149), INCLUDING ADMINISTRATIVE REGULATIONS PROMULGATED UNDER
THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT
RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS AND REGULATIONS
IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND AMENDED,
SUPPLEMENTED OR SUPPLANTED ON AND AFTER THE EFFECTIVE DATE OF
THIS SECTION.~~

~~(E) CONSTRUCTION. THIS PART MAY NOT BE CONSTRUED TO MEAN
ANY OF THE FOLLOWING:~~

~~(1) 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 THIS PART.~~

~~(2) THAT AN INTERPRETATION OR APPLICATION OF A PROVISION~~

~~OF THIS PART 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 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994 BEFORE THE EFFECTIVE DATE OF THIS SECTION.~~

~~(3) THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER SECTION 8502(E) (2) (RELATING TO ADMINISTRATIVE DUTIES OF BOARD) IS A VIOLATION OF THE FIDUCIARY DUTIES OF THE BOARD.~~

~~SECTION 103. TITLE 24 IS AMENDED BY ADDING A SECTION TO READ:~~

~~§ 8103.1. REFERENCE TO PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.~~

~~(A) GENERAL RULE. AS OF THE EFFECTIVE DATE OF THIS SECTION, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, A REFERENCE TO 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.~~

~~SECTION 104. SECTION 8301 OF TITLE 24 IS AMENDED TO READ:
§ 8301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN.~~

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

4 ~~(1) ANY OFFICER OR EMPLOYEE OF THE DEPARTMENT OF~~
5 ~~EDUCATION, STATE OWNED EDUCATIONAL INSTITUTIONS, COMMUNITY~~
6 ~~COLLEGES, AREA VOCATIONAL TECHNICAL SCHOOLS, TECHNICAL~~
7 ~~INSTITUTES, OR [THE] THE PENNSYLVANIA STATE UNIVERSITY AND~~
8 ~~WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR~~
9 ~~A MEMBER OF ANOTHER RETIREMENT PROGRAM APPROVED BY THE~~
10 ~~EMPLOYER.~~

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

17 ~~(3) ANY OFFICER OR EMPLOYEE OF A GOVERNMENTAL ENTITY WHO~~
18 ~~SUBSEQUENT TO DECEMBER 22, 1965 AND PRIOR TO JULY 1, 1975~~
19 ~~ADMINISTERS, SUPERVISES, OR TEACHES CLASSES FINANCED WHOLLY~~
20 ~~OR IN PART BY THE FEDERAL GOVERNMENT SO LONG AS HE CONTINUES~~
21 ~~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~~

1 ~~IN SUBSECTION (A) (3) AND, IF OTHERWISE ELIGIBLE, SUBSECTION~~
2 ~~(A) (4) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.~~
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~~
7 ~~WHO IS A MANDATORY MEMBER OF CLASS T G SHALL ALSO BE A MANDATORY~~
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~~
11 ~~WHO IS AN OPTIONAL MEMBER OF THE SYSTEM AS A MEMBER OF CLASS T G~~
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~~
15 ~~OF MEMBERSHIP IN THE SYSTEM.~~

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~~

~~EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS IN WHICH HE
IS EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND, OR
WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH LIMITATIONS UNDER
THE IRC, FOR AT LEAST 180 FULL DAY SESSIONS OR 1,100 HOURS OF
EMPLOYMENT. IF SUCH MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE
MADE TO THE FUND FOR LESS THAN 180 FULL DAY SESSIONS OR 1,100
HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A YEAR
DETERMINED BY THE RATIO OF THE NUMBER OF FULL DAY SESSIONS OR
HOURS OF SERVICE ACTUALLY RENDERED TO 180 FULL DAY SESSIONS OR
1,100 HOURS, AS THE CASE MAY BE. A PART TIME SALARIED EMPLOYEE
SHALL BE CREDITED WITH THE FRACTIONAL PORTION OF THE YEAR WHICH
CORRESPONDS TO THE SERVICE ACTUALLY RENDERED AND FOR WHICH
CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND EXCEPT FOR
THE LIMITATIONS UNDER THE IRC IN RELATION TO THE SERVICE
REQUIRED AS A COMPARABLE FULL TIME SALARIED EMPLOYEE. IN NO CASE
SHALL A MEMBER RECEIVE MORE THAN ONE YEAR OF CREDITED SERVICE
FOR ANY 12 CONSECUTIVE MONTHS OR A MEMBER WHO HAS ELECTED
MULTIPLE SERVICE RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE
THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS.~~

~~* * *~~

~~(C) CANCELLATION OF CREDITED SERVICE. ALL CREDITED SERVICE
IN THE SYSTEM SHALL BE CANCELLED IF A MEMBER WITHDRAWS HIS
ACCUMULATED DEDUCTIONS, EXCEPT THAT A PARTIAL OR TOTAL
DISTRIBUTION OF ACCUMULATED TOTAL DEFINED CONTRIBUTIONS TO A
PARTICIPANT WHO IS ALSO MEMBER MAY NOT CANCEL SERVICE CREDITED
IN THE SYSTEM.~~

~~(D) CREDIT FOR MILITARY SERVICE. A SCHOOL EMPLOYEE WHO HAS
PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM AS
FOLLOWS:~~

~~(1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS~~

1 ~~ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A~~
2 ~~PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY~~
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~~
11 ~~SERVICE CREDIT OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. §~~
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.~~

16 ~~(2) A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY~~
17 ~~RECEIVE CREDIT AS PROVIDED BY THIS PARAGRAPH.~~

18 ~~(1) 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~~

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~~
11 ~~CREDIT FOR THE USERRA LEAVE WERE DETERMINED.~~

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~~

1 ~~AND CLASS T F MEMBERS FROM ELECTING A FORM OF PAYMENT~~
2 ~~UNDER SECTION 8345 (A) (4) (III) SHALL BE IGNORED.~~

3 ~~(III) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM~~
4 ~~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.~~

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.~~

26 ~~(4) [A SCHOOL EMPLOYEE] AN ACTIVE OR INACTIVE MEMBER~~
27 ~~WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS~~
28 ~~GRANTED A LEAVE OF ABSENCE UNDER SECTION 1178 OF THE PUBLIC~~
29 ~~SCHOOL CODE, A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102~~
30 ~~(RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT~~

1 ~~EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73, THAT~~
2 ~~IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE CREDITABLE~~
3 ~~NONSCHOOL SERVICE AS NONINTERVENING MILITARY SERVICE SHOULD~~
4 ~~THE EMPLOYEE RETURN TO SCHOOL SERVICE AS AN ACTIVE MEMBER OF~~
5 ~~THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE~~
6 ~~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. §~~
16 ~~4102 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR~~
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:~~

28 ~~(1) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE~~
29 ~~MAY NOT BE TREATED AS HAVING INCURRED A BREAK IN SCHOOL~~
30 ~~SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE GRANTED~~

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 ~~A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO~~
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 ~~ANY PROVISION TO THE CONTRARY IN 51 PA.C.S. § 4102 OR 51 PA.~~
21 ~~C.S. CH. 73.~~

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:~~

~~§ 8303. ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF
SERVICE CREDITS.~~

~~* * *~~

~~(C) PURCHASE OF PREVIOUS CREDITABLE SERVICE. EVERY ACTIVE
MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN
ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR
AFTER THE EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND
RECEIVE ELIGIBILITY POINTS:~~

~~(1) AS A MEMBER OF CLASS T C, CLASS T E [OR], CLASS T F
OR CLASS T G FOR PREVIOUS CREDITABLE SCHOOL SERVICE OR
CREDITABLE NONSCHOOL SERVICE; OR~~

~~(2) AS A MEMBER OF CLASS T D FOR PREVIOUS CREDITABLE
SCHOOL SERVICE, PROVIDED THE MEMBER ELECTS TO BECOME A CLASS
T D MEMBER PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION
TO BECOME A CLASS T D MEMBER);
UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE
MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE;
EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT
SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.~~

~~(D) PURCHASE OF PREVIOUS NONCREDITABLE SERVICE. CLASS T C
AND CLASS T D MEMBERS WHO ARE ACTIVE MEMBERS ON THE EFFECTIVE
DATE OF THIS SUBSECTION SHALL HAVE THREE YEARS FROM THE
EFFECTIVE DATE OF THIS SUBSECTION TO FILE A WRITTEN APPLICATION
WITH THE BOARD TO PURCHASE ANY PREVIOUS NONCREDITABLE SCHOOL
SERVICE. CLASS T C AND CLASS T D MEMBERS WHO ARE NOT ACTIVE
MEMBERS ON THE EFFECTIVE DATE OF THIS SUBSECTION BUT WHO BECOME
ACTIVE MEMBERS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION AND
CLASS T E [AND CLASS T F], CLASS T F AND CLASS T G MEMBERS SHALL
HAVE 365 DAYS FROM ENTRY INTO THE SYSTEM TO FILE A WRITTEN
APPLICATION WITH THE BOARD TO PURCHASE ANY PREVIOUS~~

1 ~~NONCREDITABLE SCHOOL SERVICE.~~

2 ~~SECTION 107. SECTION 8305 (C) (1) AND (D) OF TITLE 24 ARE~~
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~~

~~CONTRIBUTIONS AND THE SHARED RISK CONTRIBUTIONS.~~

~~(2) A CLASS T C, CLASS T D, CLASS T E OR CLASS T F MEMBER SHALL HAVE THE RIGHT TO ELECT INTO CLASS T G MEMBERSHIP, IF THE PERSON ELECTS TO BECOME A CLASS T G MEMBER UNDER SECTION 8305.3 (RELATING TO ELECTION TO BECOME A CLASS T G MEMBER), UPON WRITTEN ELECTION FILED WITH THE BOARD AND PAYMENT OF REGULAR MEMBER CONTRIBUTIONS.~~

~~SECTION 107.1. TITLE 24 IS AMENDED BY ADDING A SECTION TO READ:~~

~~§ 8305.3. ELECTION TO BECOME A CLASS T G MEMBER.~~

~~(A) GENERAL RULE. A PERSON WHO IS:~~

~~(1) A CLASS T C, CLASS, T D, CLASS T E OR CLASS T F MEMBER OF THE SYSTEM OR A CLASS T C, CLASS T D, CLASS T E OR CLASS T F MULTIPLE SERVICE MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM; AND~~

~~(2) WHO, ON THE EFFECTIVE DATE OF THIS SUBSECTION, IS AN ACTIVE MEMBER OF THE SYSTEM OR AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM IF A MULTIPLE SERVICE MEMBER, MAY ELECT TO BECOME A MEMBER OF CLASS T G.~~

~~(B) TIME FOR MAKING ELECTION. THE MEMBER MUST ELECT TO BECOME A CLASS T G MEMBER BY FILING A WRITTEN NOTICE WITH THE BOARD BEFORE THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS APPLICABLE OR BY JUNE 30, 2017, WHICHEVER OCCURS FIRST. A SCHOOL EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS T G MEMBER WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED CLASS T G MEMBERSHIP MAY MAKE THE ELECTION WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM USERRA LEAVE. A SCHOOL EMPLOYEE WHO FIRST BECOMES ELIGIBLE TO ELECT TO BECOME A CLASS T G MEMBER WITHIN 45 DAYS BEFORE JUNE 30, 2017, SHALL HAVE 45 DAYS TO MAKE THE ELECTION.~~

~~(C) EFFECT OF ELECTION. AN ELECTION TO BECOME A CLASS T G MEMBER SHALL BE IRREVOCABLE. A MEMBER WHO ELECTS CLASS T G MEMBERSHIP SHALL BE SUBJECT TO ALL PROVISIONS APPLICABLE TO CLASS T G MEMBERSHIP FOR SERVICE RENDERED ON AND AFTER THE DATE THE WRITTEN ELECTION IS RECEIVED AND PROCESSED BY THE BOARD. A MEMBER WHO ELECTS CLASS T G MEMBERSHIP SHALL BE DEEMED TO HAVE ACCEPTED THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T G MEMBERS AS DETERMINED BY SECTION 8321 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) IN EFFECT AT THE TIME OF THE ELECTION.~~

~~(D) EFFECT OF FAILURE TO MAKE ELECTION. IF THE MEMBER FAILS TO TIMELY FILE AN ELECTION TO BECOME A CLASS T G MEMBER, THE MEMBER SHALL CONTINUE TO BE ENROLLED AS A MEMBER OF CLASS T C, CLASS T D, CLASS T E OR CLASS T F MEMBER AS APPLICABLE AND THE MEMBER SHALL NEVER BE ABLE TO ELECT CLASS T G MEMBERSHIP, REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR HAS A BREAK IN SERVICE.~~

~~(E) FORMER MEMBERS. CLASS T C, CLASS T D, CLASS T E AND CLASS T F MEMBERS, OR FORMER CLASS T C, CLASS T D, CLASS T E AND CLASS T F MEMBERS WHO, ON THE EFFECTIVE DATE OF THIS SECTION ARE NOT ELIGIBLE FOR CLASS T G MEMBERSHIP, OR WHO RETURN TO SERVICE ON OR AFTER JULY 1, 2017, SHALL BE ELIGIBLE TO ELECT CLASS T G MEMBERSHIP AND MAY MAKE THE ELECTION WITHIN 45 DAYS OF BECOMING ELIGIBLE OR RETURNING TO SERVICE.~~

~~SECTION 108. SECTIONS 8306, 8307, 8308, 8310 AND 8321 OF TITLE 24 ARE AMENDED TO READ:~~

~~§ 8306. ELIGIBILITY POINTS.~~

~~(A) GENERAL RULE. AN ACTIVE MEMBER OF THE SYSTEM SHALL ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE AS A MEMBER OF THE [SCHOOL OR STATE RETIREMENT SYSTEM] SYSTEM OR~~

~~IF A MULTIPLE SERVICE MEMBER, AS A MEMBER OF THE STATE
EMPLOYEE'S RETIREMENT SYSTEM 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.~~

~~(A.1) USERRA LEAVE. A MEMBER OR PARTICIPANT WHO IS
REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA
LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE
ACCRUED HAD HE CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT
INSTEAD OF PERFORMING USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS
REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER OR MANDATORY
PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED SCHOOL SERVICE
CREDIT FOR THE USERRA LEAVE, NO ADDITIONAL ELIGIBILITY POINTS
MAY BE GRANTED.~~

~~(B) TRANSITIONAL RULE. FOR THE PURPOSES OF THE TRANSITION:~~

~~(1) IN DETERMINING WHETHER A MEMBER, OTHER THAN A
DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE
30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY, WHO IS
NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001,
AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE, HAS
THE FIVE ELIGIBILITY POINTS REQUIRED BY THE DEFINITION OF
"VESTEE" IN SECTIONS 8102 (RELATING TO DEFINITIONS), 8307
(RELATING TO ELIGIBILITY FOR ANNUITIES), 8308 (RELATING TO
ELIGIBILITY FOR VESTING) AND 8345 (RELATING TO MEMBER'S
OPTIONS), ONLY ELIGIBILITY POINTS EARNED BY PERFORMING
CREDITED SCHOOL SERVICE, USERRA LEAVE OR CREDITED STATE
SERVICE AS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
RETIREMENT SYSTEM AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL~~

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 ~~(1) A VESTEE IN CLASS T C [OR] CLASS T D OR CLASS T G~~
17 ~~WITH FIVE OR MORE ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE~~
18 ~~CLASS T C [OR] CLASS T D OR CLASS T G 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~~
23 ~~ELIGIBILITY 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~~

~~PERFORM THE DUTIES FOR WHICH HE IS EMPLOYED AND QUALIFIES FOR AN ANNUITY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8505(C)(1) (RELATING TO DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS AND PARTICIPANTS).~~

~~(D) MULTIPLE CLASSES OF SERVICE. A MEMBER WITH MORE THAN ONE CLASS OF SERVICE WHO VESTS HIS RETIREMENT BENEFITS IN ANY CLASS OF SERVICE MAY NOT RECEIVE DISTRIBUTIONS FROM OTHER CLASSES OF SERVICE UNTIL HIS EFFECTIVE DATE OF RETIREMENT, REGARDLESS OF WHETHER HIS BENEFITS RESULTING FROM SUCH OTHER CLASSES OF SERVICE ARE VESTED OR HE IS ELIGIBLE TO RECEIVE AN ANNUITY. A MEMBER WITH SERVICE CREDITED IN MORE THAN ONE CLASS OF SERVICE MAY NOT SEPARATELY VEST THE BENEFITS AND RECEIVE ANNUITIES FROM DIFFERENT CLASSES OF SERVICE WITH DIFFERENT EFFECTIVE DATES.~~

~~§ 8308. ELIGIBILITY FOR VESTING.~~

~~(A) GENERAL RULE. ANY CLASS T C [OR], CLASS T D OR CLASS T G MEMBER WHO TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES RETIREMENT SYSTEM WHO 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 WHO TERMINATES STATE SERVICE, WITH TEN OR MORE ELIGIBILITY POINTS SHALL BE ENTITLED TO VEST HIS RETIREMENT BENEFITS UNTIL ATTAINMENT OF SUPERANNUATION AGE.~~

~~(B) MULTIPLE CLASSES OF SERVICE. A MEMBER WITH MORE THAN ONE CLASS OF SERVICE WHO VESTS HIS RETIREMENT BENEFITS IN ANY CLASS OF SERVICE MAY NOT RECEIVE DISTRIBUTIONS FROM OTHER CLASSES OF SERVICE UNTIL HIS EFFECTIVE DATE OF RETIREMENT,~~

~~REGARDLESS OF WHETHER HIS BENEFITS RESULTING FROM SUCH OTHER
CLASSES OF SERVICE ARE VESTED OR HE IS ELIGIBLE TO RECEIVE AN
ANNUITY. A MEMBER WITH SERVICE CREDITED IN MORE THAN ONE CLASS
OF SERVICE MAY NOT SEPARATELY VEST THOSE BENEFITS AND RECEIVE
ANNUITIES FROM DIFFERENT CLASSES OF SERVICE WITH DIFFERENT
EFFECTIVE DATES.~~

~~§ 8310. ELIGIBILITY FOR REFUNDS.~~

~~UPON TERMINATION OF SERVICE ANY ACTIVE MEMBER, REGARDLESS OF
ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS ACCUMULATED
DEDUCTIONS IN LIEU OF ANY BENEFIT FROM THE SYSTEM TO WHICH HE IS
ENTITLED.~~

~~§ 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)
OR [415(B)] 415.~~

~~(B) CLASS T C, CLASS T D, CLASS T E AND CLASS T F SHARED
RISK CONTRIBUTIONS.~~

~~(1) COMMENCING WITH THE ANNUAL ACTUARIAL VALUATION
PERFORMED UNDER SECTION 8502(J) (RELATING TO ADMINISTRATIVE
DUTIES OF BOARD), FOR THE PERIOD ENDING JUNE 30, 2014, AND
EVERY THREE YEARS THEREAFTER, THE BOARD SHALL COMPARE THE
ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, TO THE ANNUAL
INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF THE
NORMAL CONTRIBUTION RATE, BASED ON THE MARKET VALUE OF
ASSETS, FOR THE PRIOR TEN YEAR PERIOD. IF THE ACTUAL
INVESTMENT RATE OF RETURN, NET OF FEES, IS LESS THAN THE
ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY AN AMOUNT OF 1%~~

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 EQUAL 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~~
12 ~~BASIC CONTRIBUTION RATE. IF THE ACTUAL INVESTMENT RATE OF~~
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~~

~~THAN 8.25%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T D MEMBERS WHO ARE CURRENTLY PAYING 6.5% ON THE EFFECTIVE DATE OF THIS PROVISION SHALL NOT BE LESS THAN 4.5% NOR MORE THAN 8.5%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T F MEMBERS SHALL NOT BE LESS THAN [10.3%] 8.3%, NOR MORE THAN 12.3%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T G MEMBERS SHALL NOT BE LESS THAN 2% NOR MORE THAN 6%.~~

~~NOTWITHSTANDING THIS SUBSECTION, IF THE SYSTEM'S ACTUARIAL FUNDED STATUS IS 100% OR MORE AS OF THE DATE USED FOR THE COMPARISON REQUIRED UNDER THIS SUBSECTION, AS DETERMINED IN THE CURRENT ANNUAL ACTUARIAL VALUATION, THE SHARED RISK CONTRIBUTION RATE SHALL [BE] NOT BE GREATER THAN ZERO. IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS CHANGED DURING THE PERIOD USED TO DETERMINE THE SHARED RISK CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN ANNUAL RATE. THE FOLLOWING PROVISIONS APPLY:~~

~~[(1)] (I) UNTIL THE SYSTEM HAS A TEN YEAR PERIOD OF INVESTMENT RATE OF RETURN EXPERIENCE FOLLOWING THE EFFECTIVE DATE OF THIS SUBSECTION, THE LOOK BACK PERIOD SHALL BEGIN NOT EARLIER THAN THE EFFECTIVE DATE OF THIS SUBSECTION.~~

~~[(2)] (II) FOR ANY FISCAL YEAR IN WHICH THE EMPLOYER CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION RATE UNDER SECTION 8328 (H) (RELATING TO ACTUARIAL COST METHOD), THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS [T E AND T F] T C, CLASS T D, CLASS T E, CLASS T F, AND CLASS T G MEMBERS SHALL BE PROSPECTIVELY RESET TO THE BASIC CONTRIBUTION RATE.~~

1 ~~[(3)] (III) 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~~

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~~

1 ~~RATE AS PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST~~
2 ~~METHOD) DURING SUCH PERIOD MULTIPLIED BY THE COMPENSATION WHICH~~
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~~
11 ~~AMOUNT PAYABLE SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE~~
12 ~~WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID IN A~~
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~~
16 ~~STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN~~
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~~

1 ~~NONSCHOOL SERVICE AND NONCREDITABLE SCHOOL SERVICE.~~

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.~~

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~~
11 ~~BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS~~
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~~
20 ~~STATE SERVICE TO DATE OF PURCHASE. UPON CERTIFICATION OF THE~~
21 ~~AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 DAYS OR~~
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~~

~~DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS
SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE
EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE
REMITTED TO THE STATE EMPLOYEES' 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 CREDITED SCHOOL SERVICE
AND SHALL BE CREDITED AS CLASS T C SERVICE. IN THE EVENT THAT A
CLASS T E MEMBER MAKES A PURCHASE OF CREDIT FOR 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 PURCHASE
OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH SERVICE SHALL BE
CREDITED AS CLASS T F SERVICE. IN THE EVENT THAT A CLASS T G
MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE,
THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T G SERVICE.~~

~~(C) INTERVENING MILITARY SERVICE. CONTRIBUTIONS ON ACCOUNT
OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED
BY THE MEMBER'S BASIC CONTRIBUTION RATE AND COMPENSATION AT THE
TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,
TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
SUBSEQUENT SCHOOL AND STATE SERVICE TO DATE OF PURCHASE. UPON
APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN
THE CASE OF EACH MEMBER BY THE BOARD, IN ACCORDANCE WITH METHODS
APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY ONE OF
THE FOLLOWING METHODS:~~

~~(1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY
SERVICE.~~

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

1 ~~(3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED~~
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~~
11 ~~DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES'~~
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.~~

16 ~~(1) CONTRIBUTIONS ON ACCOUNT OF CLASS T C CREDIT FOR~~
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~~

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~~
11 ~~SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.~~
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~~
16 ~~UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE~~
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~~
21 ~~THAN MILITARY SERVICE SHALL BE THE PRESENT VALUE OF THE FULL~~
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~~

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~~
11 ~~BOARD THE AMOUNTS PAID.~~

12 ~~(3) CONTRIBUTIONS ON ACCOUNT OF CLASS T E [OR], CLASS T~~
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~~
16 ~~SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL SERVICE~~
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'~~
21 ~~RETIREMENT SYSTEM, IT 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 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~~

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~~
6 ~~CLASS T C, CLASS T E [OR], CLASS T F OR CLASS T G CREDIT FOR~~
7 ~~CREDITABLE WORK EXPERIENCE PURSUANT TO SECTION 8304(B) (6) SHALL~~
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~~
11 ~~EXPERIENCE. THE AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR~~
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 SEQ.), 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~~

~~LEAVE SHALL NOT BE ELIGIBLE FOR WITHDRAWAL AS A LUMP SUM UNDER
SECTION 8345(A)(4)(III).~~

~~§ 8325.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).~~

~~(A) GENERAL RULE. IN ADDITION TO OTHER APPLICABLE
LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY
PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION
OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO
ACCOUNT FOR BENEFIT PURPOSES UNDER THIS SUBCHAPTER SHALL NOT
EXCEED THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JULY
1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC
§ 401(A)(17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF
1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL
COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93
ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE
COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE
WITH IRC § 401(A)(17)(B). THE COST OF LIVING ADJUSTMENT IN
EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD
WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH
COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF
A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE
OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION,
THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE
DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.~~

~~* * *~~

~~§ 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 AND PARTICIPANTS, INCLUDING MEMBERS AND
PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE, IN AN AMOUNT
EQUAL TO ONE HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY~~

1 ~~TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY~~
2 ~~RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS~~
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~~
6 ~~SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS MEMBERSHIP AN~~
7 ~~AMOUNT NO GREATER THAN THE AMOUNT IT WOULD HAVE CONTRIBUTED HAD~~
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 ~~(I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES~~
18 ~~OF EMPLOYERS THAT ARE SCHOOL ENTITIES, NO COMMONWEALTH~~
19 ~~CONTRIBUTIONS SHALL BE MADE.~~

20 ~~(II) FOR MEMBERS AND PARTICIPANTS 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 ~~(I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES~~
29 ~~OF EMPLOYERS WHO ARE SCHOOL ENTITIES, NO COMMONWEALTH~~
30 ~~CONTRIBUTIONS SHALL BE MADE.~~

~~(II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
OF EMPLOYERS WHO ARE NOT SCHOOL ENTITIES, THE AMOUNT
COMPUTED UNDER SUBSECTION (B).~~

~~* * *~~

~~§ 8327. PAYMENTS BY EMPLOYERS.~~

~~(A) GENERAL RULE. 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] THE 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
PERIODS IN THE PRECEDING QUARTER OF ALL ITS EMPLOYEES WHO WERE
MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING MEMBERS ON
ACTIVATED MILITARY SERVICE LEAVE. IN THE EVENT A MEMBER ON
ACTIVATED MILITARY SERVICE LEAVE DOES NOT RETURN TO SERVICE FOR
THE NECESSARY TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR
DISHONORABLE DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR
ACTIVATED MILITARY SERVICE UNDER SECTION 8302 (B.1) (3) (RELATING
TO CREDITED SCHOOL SERVICE), THE CONTRIBUTIONS MADE BY THE
EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH
VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.~~

~~(B) DEDUCTION FROM APPROPRIATIONS.~~

~~(1) TO FACILITATE THE PAYMENT OF AMOUNTS DUE FROM ANY
EMPLOYER TO THE FUND AND THE TRUST THROUGH THE STATE
TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE
STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION
AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID~~

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~~
4 ~~CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS AND PICKUP~~
5 ~~CONTRIBUTIONS WHICH AN EMPLOYER IS REQUIRED TO PAY TO THE~~
6 ~~FUND AND THE TRUST, AS CERTIFIED BY THE BOARD, AND AS REMAINS~~
7 ~~UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD OTHERWISE BE~~
8 ~~PAID TO THE EMPLOYER. SUCH AMOUNT SHALL BE CREDITED TO THE~~
9 ~~APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST.~~

10 ~~(2) TO FACILITATE THE PAYMENTS OF AMOUNTS DUE FROM ANY~~
11 ~~CHARTER SCHOOL, AS DEFINED IN ARTICLE XVII A OF THE ACT OF~~
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~~
16 ~~AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID~~
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~~

1 ~~1949.~~

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,~~
7 ~~WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND SCHOOL FOR~~
8 ~~VETERANS' CHILDREN AND THE PENNSYLVANIA STATE UNIVERSITY, SHALL~~
9 ~~MAKE PAYMENTS TO THE FUND AND THE TRUST EACH QUARTER IN AN~~
10 ~~AMOUNT COMPUTED IN THE FOLLOWING MANNER:~~

11 ~~(1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT~~
12 ~~SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER~~
13 ~~SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY~~
14 ~~PERIODS IN THE PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE~~
15 ~~ACTIVE MEMBERS OF THE SYSTEM 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~~
21 ~~NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE~~
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~~

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~~

~~MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE AND USERRA LEAVE.~~
~~IN THE EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE OR~~
~~USERRA LEAVE DOES NOT RETURN TO SERVICE FOR THE NECESSARY~~
~~TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE~~
~~DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED~~
~~MILITARY SERVICE UNDER SECTION 8302(B.1)(3) OR 8302(D), THE~~
~~CONTRIBUTION MADE BY THE EMPLOYER ON BEHALF OF SUCH MEMBER~~
~~SHALL BE RETURNED WITH VALUATION INTEREST UPON APPLICATION BY~~
~~THE EMPLOYER.~~

~~(2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE~~
~~AMOUNT COMPUTED UNDER SUBSECTION (A).~~

~~(3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN~~
~~COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL~~
~~BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS~~
~~SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A~~
~~NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF WHICH~~
~~MEMBER OR PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY~~
~~REASON OF THE LIMITATION UNDER IRC § 401(A)(17). ANY AMOUNT~~
~~OF CONTRIBUTION TO THE FUND PAID BY THE EMPLOYER ON BEHALF OF~~
~~A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF~~
~~COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM TOTAL~~
~~COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS~~
~~PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON~~
~~APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH~~
~~VALUATION INTEREST.~~

~~(E) AGREEMENT. THE AGREEMENT OF AN EMPLOYER LISTED IN THE~~
~~DEFINITION OF SCHOOL EMPLOYEE UNDER SECTION 8102 (RELATING TO~~
~~DEFINITIONS) OR ANY OTHER LAW TO 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~~

~~ENROLL ITS EMPLOYEES IN THE PLAN.~~

~~(F) CONTRIBUTIONS. THE EMPLOYER EMPLOYING A PARTICIPANT SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF THE PARTICIPANT.~~

~~(G) REEMPLOYED FROM USERRA LEAVE. WHEN A SCHOOL EMPLOYEE REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER CONTRIBUTIONS REQUIRED TO BE GRANTED SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE AFTER JUNE 30, 2017, EITHER BY ACTUAL PAYMENT OR BY ACTUARIAL DEBT UNDER SECTION 8325 (RELATING TO INCOMPLETE PAYMENTS), THE EMPLOYER THAT EMPLOYED THE SCHOOL EMPLOYEE WHEN THE MEMBER CONTRIBUTIONS ARE MADE, OR THE LAST EMPLOYER BEFORE TERMINATION IN THE CASE OF PAYMENT UNDER SECTION 8325, SHALL MAKE THE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN MADE UNDER THIS SECTION IF THE EMPLOYEE MAKING THE MEMBER CONTRIBUTIONS AFTER HE IS REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE EMPLOYED IN HIS SCHOOL OFFICE OR POSITION INSTEAD OF PERFORMING USERRA LEAVE.~~

~~§ 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 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~~

1 ~~SUBSECTION (D). BEGINNING JULY 1, 2004, THE ACTUARIALLY REQUIRED~~
2 ~~CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT~~
3 ~~FACTORS AS CALCULATED IN SUBSECTION (E).~~

4 ~~(B) NORMAL CONTRIBUTION RATE. THE NORMAL CONTRIBUTION RATE~~
5 ~~SHALL BE DETERMINED AFTER EACH ACTUARIAL VALUATION. UNTIL ALL~~
6 ~~ACCRUED LIABILITY CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL~~
7 ~~CONTRIBUTION RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL~~
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~~
12 ~~PERCENTAGE, IF CONTRIBUTED FROM THE START OF THEIR EMPLOYMENT ON~~
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~~

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~~
11 ~~RETURN OVER A FIVE YEAR PERIOD), EXCLUDING THE BALANCE IN THE~~
12 ~~ANNUITY RESERVE ACCOUNT, AND OF THE PRESENT VALUE OF NORMAL~~
13 ~~CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS PAYABLE WITH~~
14 ~~RESPECT TO ALL ACTIVE MEMBERS ON JULY 1, 2002, DURING THE~~
15 ~~REMAINDER OF THEIR ACTIVE SERVICE.~~

16 ~~(2) FOR THE FISCAL YEARS BEGINNING JULY 1, 2003, AND~~
17 ~~ENDING JUNE 30, 2011, THE AMOUNT OF EACH ANNUAL ACCRUED~~
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~~
21 ~~LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2002, BUT BEFORE~~
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~~

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~~
11 ~~ADDITIONAL LIABILITY SHALL BE FUNDED IN EQUAL DOLLAR ANNUAL~~
12 ~~CONTRIBUTIONS OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY~~
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~~
16 ~~ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE~~
17 ~~RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL~~
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 ~~SUBSEQUENT TO JUNE 30, 2010, AS A RESULT OF AN INCREASE IN~~
30 ~~BENEFITS DETERMINED ON A TOTAL PLAN BASIS, SUCH ADDITIONAL~~

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~~
11 ~~ACCRUED LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR~~
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~~

1 ~~CONTRIBUTION RATE, CALCULATED WITHOUT REGARD FOR THE COSTS~~
2 ~~ADDED BY LEGISLATION, TO THE PRIOR YEAR'S FINAL CONTRIBUTION~~
3 ~~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 SEPARATE OBLIGATIONS TO THE FUND AND THE~~
26 ~~TRUST ACCRUING DURING THE FISCAL PERIOD BEGINNING JULY 1 OF THE~~
27 ~~FOLLOWING YEAR.~~

28 ~~(B) APPROPRIATION AND PAYMENT. THE GENERAL ASSEMBLY SHALL~~
29 ~~MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE~~
30 ~~OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH~~

1 ~~AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE~~
2 ~~DEPARTMENT OF REVENUE INTO THE FUND OR THE TRUST 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 ~~§ 8331. EMPLOYER FUNDING MANDATE PROTECTION.~~

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 ~~IMPAIRMENT.~~

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:~~

~~(1) HEAR ANY CLAIM OF CONTRACT IMPAIRMENT FOR FAILURE TO
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) TO FIND FACTS OR TO 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
MATTERS AFFECTING GOVERNMENT UNITS) OR LACK OF JURISDICTION BY
THE SUPREME COURT SHALL NOT BE RAISED AS A DEFENSE AGAINST A
CLAIM BROUGHT AGAINST AN EMPLOYER UNDER THIS SECTION.~~

~~(D) ATTORNEY'S FEES. A MEMBER WHO PREVAILS IN A CLAIM
BROUGHT UNDER THIS PART MAY BE AWARDED REASONABLE ATTORNEY'S
FEES.~~

~~(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.~~

~~(F) EMPLOYER CONTRIBUTIONS. NOTHING IN THIS SECTION SHALL
BE CONSTRUED TO SUPERSEDE OR CONFLICT WITH THE RIGHTS AND
OBLIGATIONS SET FORTH IN SECTION 8330 (RELATING TO
APPROPRIATIONS BY THE COMMONWEALTH).~~

~~SECTION 111. SECTION 8341 OF TITLE 24 IS AMENDED TO READ:
§ 8341. RETURN OF ACCUMULATED DEDUCTIONS.~~

1 ~~ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL~~
2 ~~BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE~~
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~~
6 ~~SUBSECTIONS TO READ:~~

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~~
11 ~~ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN~~
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~~
21 ~~AGE: PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE~~
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:~~

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 ~~IN THE PLAN.~~

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 AND~~
30 ~~PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM~~

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

$$\text{Y}^*/\text{Y} \text{ OR } 16.667/\text{Y}$$

~~WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE AND Y* =
TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE
AS A SCHOOL EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE, OR IF
THE MEMBER HAS ATTAINED SUPERANNUATION AGE THEN THE NUMBER OF
YEARS OF CREDITED SERVICE. IN NO EVENT SHALL THE DISABILITY
ANNUITY PLUS ANY COST OF LIVING INCREASES BE LESS THAN \$100 FOR
EACH FULL YEAR OF CREDITED SERVICE. THE MEMBER SHALL BE ENTITLED
TO THE ELECTION OF A JOINT AND SURVIVOR ANNUITY ON THAT PORTION
OF THE DISABILITY ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION
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]
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.~~

~~* * *~~

~~(D) WITHDRAWAL OF ACCUMULATED DEDUCTIONS. UPON TERMINATION OF DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED IN ACCORDANCE WITH SECTION 8342, A DISABILITY ANNUITANT WHO[:~~

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

~~(2) IS A CLASS T E OR CLASS T F MEMBER WITH LESS THAN TEN ELIGIBILITY POINTS~~

~~AND WHO] DOES NOT RETURN TO SCHOOL SERVICE MAY FILE AN APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS, SHARED RISK MEMBER CONTRIBUTIONS AND STATUTORY INTEREST STANDING TO HIS CREDIT AT THE EFFECTIVE DATE OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED ON ACCOUNT OF HIS MEMBER'S ANNUITY.~~

~~* * *~~

~~(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.~~

~~SECTION 113. SECTIONS 8345(A), 8346(A), (A.1), (B), (B.1)(1) AND (D)(1) (D), 8347(A) AND (B) AND 8349(A) 8349 HEADING, (A) AND (B) OF TITLE 24 ARE AMENDED TO READ:~~

~~§ 8345. MEMBER'S OPTIONS.~~

~~(A) GENERAL RULE. ANY CLASS T C [OR], CLASS T D OR CLASS T C MEMBER WHO IS A VESTEE WITH FIVE OR MORE ELIGIBILITY POINTS, ANY CLASS T E OR CLASS T F 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 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 8341 (RELATING TO~~

1 ~~RETURN OF ACCUMULATED DEDUCTIONS)] WHO IS ELIGIBLE TO RECEIVE AN~~
2 ~~ANNUITY, MAY APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM~~
3 ~~SINGLE LIFE ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE~~
4 ~~PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE~~
5 ~~ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE~~
6 ~~ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN~~
7 ~~ACCORDANCE WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO~~
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~~
11 ~~FOR LIFE PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO~~
12 ~~RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM~~
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~~
16 ~~SALARY.~~

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.~~

1 ~~(4) OPTION 4. SOME 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~~

~~EQUAL PRESENT VALUES, COMPUTED ON THE BASIS OF THE
INTEREST RATE AND SUCH MORTALITY AND OTHER TABLES AS
ADOPTED BY THE BOARD PURSUANT TO SECTION 8328(B)
(RELATING TO ACTUARIAL COST METHOD) IN EFFECT ON THE
EFFECTIVE DATE OF RETIREMENT OF THE MEMBER. ANY
PARTIAL LUMP SUM WITHDRAWAL OF CLASS T C AND CLASS T
D MEMBERS SHALL BE APPLIED FIRST TO CONTRIBUTIONS
CREDITED TO THE MEMBER'S SAVINGS ACCOUNT BEFORE JULY
1, 2016, AND ALL STATUTORY INTEREST CREDITED THEREON.~~

~~* * *~~

~~§ 8346. TERMINATION OF ANNUITIES.~~

~~(A) GENERAL RULE. IF AN ANNUITANT RETURNS TO SCHOOL SERVICE
OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE
SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART
SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL
SERVICE OR ENTERING STATE SERVICE WITHOUT REGARD TO WHETHER HE
IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,
WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR
PARTICIPANT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR STATE
EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF AN
ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF
SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT
COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR
FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY
CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF
MEMBERSHIP SERVICE AS PROVIDED IN SECTION 8302(B.2) (RELATING TO
CREDITED SCHOOL SERVICE) AND WHO RETURNS TO SCHOOL SERVICE,
EXCEPT AS PROVIDED IN SUBSECTION (B), SHALL FORFEIT SUCH
CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE~~

~~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.~~

~~(A.1) RETURN OF BENEFITS. IN THE EVENT AN ANNUITANT WHOSE ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO SECTION 8345 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE OF HIS RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE, THE ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS 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 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF A STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.~~

~~* * *~~

~~(B) RETURN TO SCHOOL SERVICE DURING EMERGENCY. WHEN, IN THE JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE IN THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF SERVICE TO THE PUBLIC OR IN THE EVENT OF A SHORTAGE OF APPROPRIATE SUBJECT CERTIFIED TEACHERS OR OTHER PERSONNEL, AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS MAY BE RETURNED TO SCHOOL SERVICE FOR A PERIOD NOT TO EXTEND BEYOND THE SCHOOL YEAR DURING WHICH THE EMERGENCY OR SHORTAGE OCCURS, WITHOUT LOSS OF HIS ANNUITY OR DISTRIBUTIONS. THE ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS SHALL NOT BE ENTITLED TO EARN ANY CREDITED SERVICE, AND NO CONTRIBUTIONS MAY BE MADE TO THE FUND OR THE TRUST BY THE ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS, THE EMPLOYER OR THE COMMONWEALTH ON ACCOUNT OF SUCH EMPLOYMENT. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR PARTICIPANT CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR EMPLOYER DEFINED CONTRIBUTIONS.~~

~~(B.1) RETURN TO SCHOOL SERVICE IN AN EXTRACURRICULAR POSITION.~~

~~(1) AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS MAY BE EMPLOYED UNDER SEPARATE CONTRACT BY A PUBLIC SCHOOL OR CHARTER SCHOOL IN AN EXTRACURRICULAR POSITION PERFORMED PRIMARILY OUTSIDE REGULAR INSTRUCTIONAL HOURS AND NOT PART OF MANDATED CURRICULUM WITHOUT LOSS OF ANNUITY. [NEITHER THE ANNUITANT NOR] THE ANNUITANT, THE PARTICIPANT RECEIVING DISTRIBUTIONS AND THE EMPLOYER SHALL NOT MAKE CONTRIBUTIONS TO THE MEMBER'S SAVINGS ACCOUNT, THE INDIVIDUAL INVESTMENT ACCOUNT OR STATE ACCUMULATION ACCOUNT RESPECTIVELY FOR SUCH~~

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~~

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 FROM THE SYSTEM, 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,~~
11 ~~ADJUSTED BY CREDITING CLASS T C SCHOOL SERVICE AS CLASS~~
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'~~
16 ~~RETIREMENT SYSTEM WHO RETIRED UNDER A PROVISION OF LAW~~
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 ~~OR~~

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

30 ~~* * *~~

1 ~~§ 8347. DEATH BENEFITS.~~

2 ~~(A) MEMBERS ELIGIBLE FOR ANNUITIES. ANY MEMBER OR FORMER~~
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~~
6 ~~CONSIDERED AS HAVING APPLIED FOR AN ANNUITY FROM THE FUND TO~~
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.~~

11 ~~(B) MEMBERS INELIGIBLE FOR ANNUITIES. IN THE EVENT OF THE~~
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~~

~~ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS
THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.~~

~~* * *~~

~~SECTION 114. TITLE 24 IS AMENDED BY ADDING A CHAPTER TO
READ:~~

CHAPTER 84

SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN

SEC.

8401. ESTABLISHMENT.

8402. PLAN DOCUMENT.

8403. INDIVIDUAL INVESTMENT ACCOUNTS.

8404. PARTICIPANT CONTRIBUTIONS.

8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

8406. EMPLOYER DEFINED CONTRIBUTIONS.

8407. ELIGIBILITY FOR BENEFITS.

8408. DEATH BENEFITS.

8409. VESTING.

8410. TERMINATION OF DISTRIBUTIONS.

8411. POWERS AND DUTIES OF BOARD.

8412. RESPONSIBILITY FOR INVESTMENT LOSS.

8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION

CHOICES.

8414. EXPENSES.

8415. TAX QUALIFICATION.

§ 8401. ESTABLISHMENT.

~~(A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. THE SCHOOL
EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD
SHALL ADMINISTER AND MANAGE THE PLAN, WHICH SHALL BE A DEFINED
CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL
EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES~~

~~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 TRUST. THE~~
~~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 ~~PLAN AND THE TRUST.~~

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 ~~§ 8402. PLAN DOCUMENT.~~

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 ~~§ 8403. INDIVIDUAL INVESTMENT ACCOUNTS.~~

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~~

~~ALL INTEREST AND INVESTMENT EARNINGS AND LOSSES. INVESTMENT
AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL BE CHARGED
TO THE PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.~~

~~(2) SHALL SEPARATELY TRACK PARTICIPANT CONTRIBUTIONS,
INCLUDING INVESTMENT GAINS AND LOSSES, AND EMPLOYER
CONTRIBUTIONS, INCLUDING INVESTMENT GAINS AND LOSSES, BUT ALL
INTEREST, INVESTMENT GAINS AND LOSSES AND ADMINISTRATIVE
FEES, COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.~~

~~(3) MAY CONTRACT WITH FINANCIAL INSTITUTIONS, INSURANCE
COMPANIES OR OTHER TYPES OF THIRD PARTY PROVIDERS AND OTHER
VENDORS TO ALLOW PARTICIPANTS TO DEPOSIT PARTICIPANT
CONTRIBUTIONS INTO THE INDIVIDUAL INVESTMENT ACCOUNTS IN A
FORM AND MANNER AS PROVIDED BY THE CONTRACT.~~

~~§ 8404. PARTICIPANT CONTRIBUTIONS.~~

~~(A) MANDATORY CONTRIBUTIONS. A PARTICIPANT SHALL MAKE
MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL
DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
FOR SCHOOL SERVICE REQUIRED TO BE CREDITED IN THE PLAN. THE
EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE REQUIRED TO
BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM EACH
PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.~~

~~(B) VOLUNTARY CONTRIBUTIONS. A PARTICIPANT MAY MAKE
VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH
DIRECT TRUSTEE TO TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF
MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE
EXTENT ALLOWED BY IRC § 402. ROLLOVERS SHALL BE MADE IN A FORM
AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE
SEPARATELY ACCOUNTED FOR BY THE BOARD.~~

~~(C) PROHIBITION ON CONTRIBUTIONS. NO CONTRIBUTIONS SHALL BE~~

~~ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS
IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE
CONTRIBUTIONS SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.
§ 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.~~

~~(A) TREATMENT FOR PURPOSES OF IRC § 414(H). THE
CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION
8404(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO
SCHOOL SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED
UP BY THE EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE EFFECTIVE
DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A PARTICIPANT IN THE
PLAN SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT
CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF THE
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
ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. EMPLOYER
DEFINED CONTRIBUTIONS MUST BE RECORDED AND ACCOUNTED FOR
SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.~~

~~(B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED FROM USERRA LEAVE. WHEN A SCHOOL EMPLOYEE REEMPLOYED FROM USERRA LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE EMPLOYER BY WHOM THE SCHOOL EMPLOYEE IS EMPLOYED AT THE TIME THE PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER EMPLOYER DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS SECTION HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS AFTER BEING REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE EMPLOYED IN THE EMPLOYEE'S SCHOOL POSITION INSTEAD OF PERFORMING USERRA LEAVE. THE EMPLOYER DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE PROVIDED BY THIS PART.~~

~~(C) LIMITATIONS ON CONTRIBUTIONS. NO CONTRIBUTIONS SHALL BE ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS THEREON SHALL BE REFUNDED TO THE EMPLOYER BY THE BOARD. § 8407. ELIGIBILITY FOR BENEFITS.~~

~~(A) TERMINATION OF SERVICE. A PARTICIPANT WHO TERMINATES SCHOOL 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. PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A PARTICIPANT WHO WITHDRAWS THE VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,~~

~~NOTWITHSTANDING THAT THE FORMER SCHOOL EMPLOYEE MAY CONTINUE TO
BE A MEMBER OF THE SYSTEM WITH CLASS T-G SERVICE CREDIT, OR MAY
CONTRACT TO RECEIVE AN ANNUITY OR OTHER FORM OF PAYMENT FROM A
PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.~~

~~(B) REQUIRED DISTRIBUTIONS. ALL PAYMENTS PURSUANT TO THIS
SECTION SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY
DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
THOSE REQUIREMENTS.~~

~~(C) PROHIBITED DISTRIBUTIONS. A SCHOOL 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.~~

~~(D) LOANS. LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
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. 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).~~

~~§ 8408. DEATH BENEFITS.~~

~~(A) GENERAL RULE. IN THE EVENT OF THE DEATH OF AN ACTIVE
PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN~~

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 ~~§ 8409. VESTING.~~

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~~

~~ACCOUNT IN THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR
LOSSES ON THE EMPLOYER DEFINED CONTRIBUTIONS BUT MINUS
INVESTMENT FEES AND ADMINISTRATIVE CHARGES ACCORDING TO THE
FOLLOWING SCHEDULE:~~

~~(I) UNTIL SUCH TIME AS THE PARTICIPANT HAS EARNED
THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 0%;~~

~~(II) AT AND AFTER THE ATTAINMENT OF THREE
ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 100%.~~

~~(2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY
POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF
SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE
PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN
AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.~~

~~(3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS, INCLUDING
INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED
BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST
RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS.~~

~~(C) USERRA LEAVE AND ELIGIBILITY POINTS. A PARTICIPANT IN
THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER
THIS SECTION FOR THE SCHOOL SERVICE THAT WOULD HAVE BEEN
PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.~~

~~§ 8410. TERMINATION OF DISTRIBUTIONS.~~

~~(A) RETURN TO SCHOOL SERVICE.~~

~~(1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
PARTICIPANT WHO RETURNS TO SCHOOL SERVICE SHALL CEASE
RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE
DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
SCHOOL SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS
A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR~~

~~PARTICIPANT IN THE PLAN.~~

~~(2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.~~

~~(B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.~~

~~(1) IF A FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM USERRA LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE PLAN DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN THE PLAN DOCUMENT.~~

~~(2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR, IN THE CASE OF AN ACTIVE PARTICIPANT, MAY BE AMORTIZED WITH INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE PARTICIPANT AND THE BOARD, BUT NOT LONGER THAN A PERIOD THAT STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUING FOR UP TO THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S IMMEDIATE PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD SHALL NOT EXCEED FIVE YEARS.~~

~~§ 8411. POWERS AND DUTIES OF BOARD.~~

~~THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN CHAPTER 85, SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO ESTABLISH THE PLAN AND TRUST AND TO ADMINISTER THE PROVISIONS OF THIS PART:~~

~~(1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE ASSETS OF OTHER PERSONS OR ENTITIES.~~

~~(2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE~~

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.~~

~~(11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A
TERMINATION OF SCHOOL SERVICE.~~

~~(12) THE BOARD MAY ESTABLISH PROCEDURES FOR
DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
IRC.~~

~~(13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
DOCUMENT OR TO PROMULGATE RULES AND REGULATIONS AS IT DEEMS
NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:~~

~~(I) PROCEDURES BY WHICH ELIGIBLE PARTICIPANTS MAY
CHANGE VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT
CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS
REGARDING THEIR PARTICIPATION IN THE PLAN.~~

~~(II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS
FROM A PARTICIPANT'S COMPENSATION.~~

~~(III) PROCEDURES FOR ROLLOVERS AND TRUSTEE TO
TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED BY
THE BOARD AS PART OF THE PLAN.~~

~~(IV) STANDARDS AND CRITERIA FOR PROVIDING OPTIONS TO <--
ELIGIBLE INDIVIDUALS REGARDING INVESTMENT OF AMOUNTS
DEFERRED UNDER THE PLAN. ONE OF THE AVAILABLE OPTIONS
MUST SERVE AS THE DEFAULT OPTION FOR PARTICIPANTS WHO DO
NOT MAKE A TIMELY ELECTION.~~

~~(IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS <--
THAN 10 OPTIONS WHICH ARE OFFERED BY THREE OR MORE
PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS
REGARDING INVESTMENTS OF AMOUNTS DEFERRED UNDER THE PLAN.
THE STANDARDS AND CRITERIA MUST PROVIDE FOR A VARIETY OF
INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE~~

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~~

~~ELECT NOT TO HAVE INCREASED VOLUNTARY CONTRIBUTIONS.~~
~~§ 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES'~~
~~DEFINED CONTRIBUTION PLAN TO PROVIDERS OF 403(B)~~
~~PLANS.~~

~~(A) GENERAL RULE. A FINANCIAL INSTITUTION OR PENSION~~
~~MANAGEMENT ORGANIZATION ENTERING INTO A WRITTEN AGREEMENT~~
~~PURSUANT TO SECTION 8411 (RELATING TO AGREEMENTS WITH FINANCIAL <--~~
~~INSTITUTIONS AND OTHER ORGANIZATIONS POWERS AND DUTIES OF BOARD) <--~~
~~MAY OFFER OR PROVIDE SERVICES TO ANY PLAN ESTABLISHED OR~~
~~MAINTAINED BY A SCHOOL DISTRICT UNDER IRC § 403(B) OR 457 IF THE~~
~~WRITTEN AGREEMENT FOR THE ADMINISTRATION OF THE SCHOOL~~
~~EMPLOYEES' DEFINED CONTRIBUTION PLAN IS NOT COMBINED WITH ANY~~
~~OTHER WRITTEN AGREEMENT FOR THE ADMINISTRATION OF A SCHOOL~~
~~DISTRICT'S 403(B) PLAN OR 457 PLAN. EACH SCHOOL DISTRICT THAT~~
~~PROVIDES A 403(B) PLAN SHALL MAKE AVAILABLE, IN THE MANNER~~
~~PROVIDED BY SUBSECTION (C), TO PARTICIPANTS, MULTIPLE FINANCIAL~~
~~INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS THAT HAVE NOT~~
~~ENTERED INTO A WRITTEN AGREEMENT PURSUANT TO SECTION 8411 AND~~
~~WHICH PROVIDE SERVICES TO THE SCHOOL DISTRICT'S 403(B) PLAN OR~~
~~457 PLAN.~~

~~(B) PLAN TRANSPARENCY AND ADMINISTRATION. A FINANCIAL~~
~~INSTITUTION OR PENSION MANAGEMENT ORGANIZATION PROVIDING~~
~~SERVICES FOR ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL~~
~~DISTRICT UNDER IRC § 403(B) OR 457 SHALL:~~

~~(1) ENTER INTO AN AGREEMENT WITH THE SCHOOL DISTRICT OR~~
~~THE SCHOOL DISTRICT'S INDEPENDENT COMPLIANCE ADMINISTRATOR~~
~~THAT SHALL REQUIRE THE FINANCIAL INSTITUTION OR PENSION~~
~~MANAGEMENT ORGANIZATION TO PROVIDE IN AN ELECTRONIC FORMAT~~
~~ALL DATA NECESSARY FOR THE ADMINISTRATION OF THE 403(B) PLAN~~
~~OR 457 PLAN AS DETERMINED BY THE SCHOOL DISTRICT OR THE~~

~~SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR; AND~~

~~(2) PROVIDE ALL DATA REQUIRED BY THE SCHOOL DISTRICT OR A SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR TO FACILITATE DISCLOSURE OF ALL FEES, CHARGES, EXPENSES, COMMISSIONS, COMPENSATION AND PAYMENTS TO THIRD PARTIES RELATED TO INVESTMENTS OFFERED UNDER THE 403(B) PLAN OR 457 PLAN.~~

~~(C) PROVIDER SELECTION. A SCHOOL DISTRICT THAT ESTABLISHES OR MAINTAINS A PLAN UNDER IRC § 403(B) OR 457 SHALL SELECT A MINIMUM OF FOUR FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS, IN ADDITION TO THE FINANCIAL INSTITUTION OR PENSION MANAGEMENT ORGANIZATION THAT ENTERED INTO AN AGREEMENT PURSUANT TO SECTION 8411, TO PROVIDE SERVICES TO THE 403(B) PLAN OR 457 PLAN. IF FEWER THAN FOUR SUCH ADDITIONAL FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS ARE DETERMINED TO BE AVAILABLE OR ABLE TO MEET THE REQUIREMENTS ESTABLISHED IN THIS SECTION, THEN THE SCHOOL DISTRICT SHALL SELECT THE NUMBER OF AVAILABLE PROVIDERS ABLE TO MEET THE SCHOOL DISTRICT'S REQUIREMENTS. A FINANCIAL INSTITUTION OR PENSION MANAGEMENT ORGANIZATION SHALL BE DESIGNATED A 403(B) PLAN OR 457 PLAN PROVIDER IF THE FINANCIAL INSTITUTION OR PENSION MANAGEMENT ORGANIZATION ENTERS INTO AN AGREEMENT IN ACCORDANCE WITH SUBSECTION (B).~~

~~§ 8412. RESPONSIBILITY FOR INVESTMENT LOSS.~~

~~THE COMMONWEALTH, THE BOARD, AN EMPLOYER OR A SCHOOL ENTITY 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 OR TO COST LESS THAN ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT SUCH OTHER OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.~~

~~§ 8413. 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 ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN CONTRIBUTIONS FROM THE PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS. EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY WITH THE AMOUNT OF CONTRIBUTIONS, INTEREST AND INVESTMENT EARNINGS.~~

~~(B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN COMMONWEALTH. INVESTMENT OF CONTRIBUTIONS BY ANY CORPORATION, INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK, OR OTHER ENTITY THAT THE BOARD HAS APPROVED SHALL NOT BE UNREASONABLY DELAYED, AND IN NO CASE SHALL THE INVESTMENT OF CONTRIBUTIONS BE DELAYED MORE THAN 30 DAYS FROM THE DATE OF PAYROLL DEDUCTION OR VOLUNTARY CONTRIBUTIONS ARE MADE TO THE DATE THAT FUNDS ARE INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT SHALL BE USED TO PAY ADMINISTRATIVE COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED TO BE BORNE BY PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE PLAN OR THAT ARE FUNDED BY CONTRIBUTIONS FROM THE EMPLOYERS.~~

~~§ 8414. EXPENSES.~~

~~ALL EXPENSES, FEES AND COSTS OF ADMINISTERING THE PLAN AND THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY THE BOARD, EXCEPT THAT FOR FISCAL YEARS 2015-2016 AND 2016-2017, THE EXPENSES, FEES AND COSTS OF ESTABLISHING AND ADMINISTERING THE PLAN AND TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH~~

~~ANNUAL APPROPRIATIONS.~~

~~§ 8415. TAX QUALIFICATION.~~

~~(A) REQUIRED DISTRIBUTIONS. ALL PAYMENTS UNDER THIS CHAPTER SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF IRC § 401(A).~~

~~(B) LIMITATIONS. THE FOLLOWING SHALL APPLY:~~

~~(1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION OR BENEFIT PAYMENT TAKES EFFECT.~~

~~(II) AN INCREASE IN A LIMITATION UNDER IRC § 415 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION.~~

~~(III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS IN IRC § 414(D).~~

~~(2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DEEMED TO PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF A LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY PROVIDED BY LEGISLATION.~~

~~(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS~~

~~SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED
AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.~~

~~SECTION 115. (RESERVED).~~

~~SECTION 116. SECTIONS 8501(A), (C), (D) AND (E) AND 8502(A),
(B), (C), (E), (H), (I), (J), (K), (M), (N) AND (O) OF TITLE 24
ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS
TO READ:~~

~~§ 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD.~~

~~(A) STATUS AND MEMBERSHIP. THE BOARD SHALL BE AN
INDEPENDENT ADMINISTRATIVE BOARD AND SHALL CONSIST OF [15] 16
MEMBERS: THE SECRETARY OF EDUCATION, EX OFFICIO; THE STATE
TREASURER, EX OFFICIO; THE SECRETARY OF BANKING AND SECURITIES,
EX OFFICIO; TWO SENATORS; TWO MEMBERS OF THE HOUSE OF
REPRESENTATIVES; THE EXECUTIVE SECRETARY OF THE PENNSYLVANIA
SCHOOL BOARDS ASSOCIATION, EX OFFICIO; TWO TO BE APPOINTED BY
THE GOVERNOR, AT LEAST ONE OF WHOM SHALL NOT BE A SCHOOL
EMPLOYEE OR AN OFFICER OR EMPLOYEE OF THE STATE; THREE TO BE
ELECTED BY THE ACTIVE PROFESSIONAL MEMBERS OF THE SYSTEM AND
ACTIVE PROFESSIONAL PARTICIPANTS OF THE PLAN FROM AMONG THEIR
NUMBER; ONE TO BE ELECTED BY ANNUITANTS OR PARTICIPANTS OF THE
PLAN WHO HAVE TERMINATED SCHOOL SERVICE AND ARE RECEIVING OR ARE
ELIGIBLE TO RECEIVE DISTRIBUTIONS FROM AMONG THEIR NUMBER; ONE
TO BE ELECTED BY THE ACTIVE NONPROFESSIONAL MEMBERS OF THE
SYSTEM OR ACTIVE NONPROFESSIONAL PARTICIPANTS OF THE PLAN FROM
AMONG THEIR NUMBER; AND ONE TO BE ELECTED BY MEMBERS OF
PENNSYLVANIA PUBLIC SCHOOL BOARDS FROM AMONG THEIR NUMBER. THE
APPOINTMENTS MADE BY THE GOVERNOR SHALL BE CONFIRMED BY THE
SENATE AND EACH ELECTION SHALL BE CONDUCTED IN A MANNER APPROVED
BY THE BOARD. THE TERMS OF THE APPOINTED AND NONLEGISLATIVE
ELECTED MEMBERS SHALL BE THREE YEARS. THE MEMBERS FROM THE~~

~~SENATE SHALL BE APPOINTED BY THE PRESIDENT PRO TEMPORE OF THE
SENATE AND SHALL CONSIST OF ONE MEMBER FROM THE MAJORITY AND ONE
MEMBER FROM THE MINORITY. THE MEMBERS FROM THE HOUSE OF
REPRESENTATIVES SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE
OF REPRESENTATIVES AND SHALL CONSIST OF ONE MEMBER FROM THE
MAJORITY AND ONE MEMBER FROM THE MINORITY. THE LEGISLATIVE
MEMBERS SHALL SERVE ON THE BOARD FOR THE DURATION OF THEIR
LEGISLATIVE TERMS AND SHALL CONTINUE TO SERVE UNTIL 30 DAYS
AFTER THE CONVENING OF THE NEXT REGULAR SESSION OF THE GENERAL
ASSEMBLY AFTER THE EXPIRATION OF THEIR RESPECTIVE LEGISLATIVE
TERMS OR UNTIL A SUCCESSOR IS APPOINTED FOR THE NEW TERM,
WHICHEVER OCCURS FIRST. THE CHAIRMAN OF THE BOARD SHALL BE
ELECTED BY THE BOARD MEMBERS. NO MEMBER OF THE BOARD WHO
REPRESENTS ACTIVE MEMBERS OR ANNUITANTS OR IS A CURRENT MEMBER
OF THE GENERAL ASSEMBLY CAN SERVE AS CHAIRMAN. EACH EX OFFICIO
MEMBER OF THE BOARD AND EACH LEGISLATIVE MEMBER OF THE BOARD MAY
APPOINT A DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN THE
EVENT THAT A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE
PARTICIPANT OR AS THE PARTICIPANT IN THE PLAN WHO IS RECEIVING
OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL
DISTRIBUTION OF THE BOARD MEMBER'S INTEREST IN THE PLAN, THAT
BOARD MEMBER MAY CONTINUE TO SERVE ON THE BOARD FOR THE
REMAINDER OF HIS TERM.~~

~~* * *~~

~~(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,
DILIGENTLY AND HONESTLY ADMINISTER THE AFFAIRS OF SAID BOARD,
THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE
OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW
APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE~~

1 ~~MEMBER MAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS~~
2 ~~TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE~~
3 ~~SECRETARY OF THE COMMONWEALTH.~~

4 ~~(D) COMPENSATION AND EXPENSES. THE MEMBERS OF THE BOARD WHO~~
5 ~~ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL~~
6 ~~SERVE WITHOUT COMPENSATION. MEMBERS OF THE BOARD WHO ARE MEMBERS~~
7 ~~OF THE SYSTEM OR PARTICIPANTS IN THE PLAN AND WHO ARE EMPLOYED~~
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~~
11 ~~PROFESSIONAL OR NONPROFESSIONAL MEMBER OF THE SYSTEM OR ACTIVE~~
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~~
20 ~~AND SPECIAL BOARD AND COMMITTEE MEETINGS. THE MEMBERS OF THE~~
21 ~~BOARD WHO ARE NOT MEMBERS OF EITHER THE SCHOOL SYSTEM OR THE~~
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~~

~~THE LEGAL ADVISOR OF THE BOARD.] LEGAL COUNSEL TO THE BOARD
SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF GENERAL
COUNSEL, THE GENERAL ASSEMBLY AND THE ATTORNEY GENERAL.~~

~~(F) BOARD TRAINING. EACH MEMBER OF THE BOARD WILL BE
REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN
INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT
PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS.~~

~~§ 8502. ADMINISTRATIVE DUTIES OF BOARD.~~

~~(A) EMPLOYEES.~~

~~(1) EFFECTIVE 30 DAYS AFTER THE EFFECTIVE DATE OF THIS
PARAGRAPH, THE POSITIONS OF SECRETARY, ASSISTANT SECRETARY
AND INVESTMENT PROFESSIONAL SHALL BE PLACED UNDER THE
UNCLASSIFIED SERVICE PROVISIONS OF THE ACT OF AUGUST 5, 1941
(P.L.752, NO.286), KNOWN AS THE CIVIL SERVICE ACT, AS THOSE
POSITIONS ARE VACATED. ALL OTHER POSITIONS OF THE BOARD SHALL
BE PLACED IN EITHER THE CLASSIFIED OR UNCLASSIFIED SERVICE
ACCORDING TO THE DEFINITION OF THE TERMS UNDER THE CIVIL
SERVICE ACT.~~

~~(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
COMPENSATION OF INVESTMENT PROFESSIONALS SHALL BE ESTABLISHED
BY THE BOARD. THE COMPENSATION OF ALL OTHER OFFICERS AND
EMPLOYEES OF THE BOARD WHO ARE NOT COVERED BY A COLLECTIVE
BARGAINING AGREEMENT SHALL BE ESTABLISHED BY THE BOARD
CONSISTENT WITH THE STANDARDS OF COMPENSATION ESTABLISHED BY
THE EXECUTIVE BOARD OF THE COMMONWEALTH.~~

~~(3) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES
PROVIDED FOR UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND
THE PLAN, BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES
INCURRED UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE
PLAN AS APPROPRIATE.~~

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 ~~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~~

1 ~~THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST~~
2 ~~OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID~~
3 ~~BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL~~
4 ~~SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE~~
5 ~~BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS MEMBERS~~
6 ~~AND FOR THE EXCLUSIVE BENEFIT OF THE PLAN AND ITS~~
7 ~~PARTICIPANTS, RESPECTIVELY.~~

8 * * *

9 ~~(E) RECORDS.~~

10 ~~(1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS~~
11 ~~WHICH SHALL BE [OPEN TO INSPECTION BY] ACCESSIBLE TO 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~~
16 ~~PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT~~
17 ~~CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]~~
18 ~~ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),~~
19 ~~REFERRED TO] FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE~~
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~~
27 ~~UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;~~

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~~

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~~
4 ~~STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS~~
5 ~~PART.~~

6 ~~(3) THE FOLLOWING APPLY:~~

7 ~~(I) THE SENSITIVE INVESTMENT OR FINANCIAL~~
8 ~~INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER~~
9 ~~PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED~~
10 ~~FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC~~
11 ~~RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE~~
12 ~~RIGHT TO KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED 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~~
21 ~~SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM~~
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~~

1 ~~RIGHT TO KNOW LAW ONCE:~~

2 ~~(A) THE [INSPECTION] ACCESS NO LONGER HAS A~~
3 ~~SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN~~
4 ~~INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A~~
5 ~~BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET~~
6 ~~FORTH IN THIS PART; OR~~

7 ~~(B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE~~
8 ~~IS LIQUIDATED;~~

9 ~~WHICHEVER IS LATER.~~

10 ~~(4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING~~
11 ~~IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY~~
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~~

1 ~~VEHICLE SINCE INCEPTION.~~

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.~~

11 ~~(VII) THE AGGREGATE VALUE OF THE REMAINING PORTFOLIO~~
12 ~~ASSETS ATTRIBUTABLE TO THE SYSTEM'S OR PLAN'S INVESTMENT~~
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:~~

~~(I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER
INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,
INCLUDING ROLLOVER CONTRIBUTIONS AND TRUSTEE TO TRUSTEE
TRANSFERS, OF ANY PARTICIPANT.~~

~~(II) THE INVESTMENT OPTION SELECTIONS OF ANY
PARTICIPANT.~~

~~(III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
THE PARTICIPANT, AND ANY INVESTMENT GAINS OR LOSSES, OR
RATES OF RETURN.~~

~~(IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED
BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.~~

~~(V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.~~

~~(7) THE FOLLOWING SHALL APPLY:~~

~~(I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER THIS
SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S FIDUCIARY
DUTIES.~~

~~(II) THIS SUBSECTION SHALL APPLY TO A RECORD,
MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
WHETHER:~~

~~(A) THE RECORD, MATERIAL OR DATA WAS CREATED,
GENERATED OR STORED BEFORE THE EFFECTIVE DATE OF THIS
SECTION;~~

~~(B) THE RECORD, MATERIAL OR DATA WAS PREVIOUSLY
RELEASED OR MADE PUBLIC; OR~~

~~(C) A REQUEST FOR THE RECORD, MATERIAL OR DATA
WAS MADE OR IS PENDING FINAL RESPONSE UNDER THE
FORMER ACT OF JUNE 21, 1957 (P.L.390, NO.212),~~

1 ~~REFERRED TO AS THE RIGHT TO KNOW LAW, OR THE RIGHT~~
2 ~~TO KNOW LAW.~~

3 ~~* * *~~

4 ~~(H) REGULATIONS AND PROCEDURES. THE BOARD SHALL, WITH THE~~
5 ~~ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND~~
6 ~~PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION~~
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,~~
11 ~~PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS~~
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~~

~~ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH FISCAL YEAR. IN THE FISCAL YEAR 1975 AND IN EVERY FIFTH YEAR THEREAFTER, THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON DATA INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING FIVE YEARS CONCERNING THE MEMBERS AND BENEFICIARIES OF THE SYSTEM. THE BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE NECESSARY FOR THE ACTUARIAL VALUATION OF THE FUND AND CALCULATION OF CONTRIBUTIONS, ANNUITIES, AND OTHER BENEFITS BASED ON THE REPORTS AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR ADOPTION, THE SECRETARY OF THE BOARD SHALL CAUSE THOSE TABLES WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN IN ACCORDANCE WITH THE PROVISIONS OF 45 PA.C.S. § 725 (A) (RELATING TO ADDITIONAL CONTENTS OF PENNSYLVANIA BULLETIN) AND, UNLESS THE BOARD SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH TABLES SHALL BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD SHALL INCLUDE A REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS AND DATA DEVELOPED IN EACH FIVE YEAR ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (N) FOR THE FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE CONCLUDED.~~

~~(K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND. 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 EMPLOYER CONTRIBUTION RATE EXPRESSED AS A PERCENTAGE OF MEMBERS' PAYROLL NECESSARY FOR THE FUNDING OF PROSPECTIVE ANNUITIES FOR~~

~~ACTIVE MEMBERS AND THE ANNUITIES OF ANNUITANTS, AND CERTIFY THE
RATES AND AMOUNTS OF THE NORMAL CONTRIBUTIONS AS DETERMINED
PURSUANT TO SECTION 8328 (B) (RELATING TO ACTUARIAL COST METHOD),
ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO
SECTION 8328 (C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS
DETERMINED PURSUANT TO SECTION 8328 (D), THE EXPERIENCE
ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 8328 (E),
PREMIUM ASSISTANCE CONTRIBUTIONS AS DETERMINED PURSUANT TO
SECTION 8328 (F), THE COSTS ADDED BY LEGISLATION AS DETERMINED
PURSUANT TO SECTION 8328 (I), THE ACTUARIAL REQUIRED CONTRIBUTION
RATE AS DETERMINED PURSUANT TO SECTION 8328 (I), THE COLLARED
CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION 8328 (G), THE
FINAL CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION
8328 (H) AND THE SHARED RISK CONTRIBUTION RATE AS DETERMINED
UNDER SECTION 8321 (B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS
FOR CURRENT SERVICE), WHICH SHALL BE PAID TO THE FUND AND
CREDITED TO THE APPROPRIATE ACCOUNTS. THESE CERTIFICATIONS SHALL
BE REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE
SECRETARY OF THE BUDGET.~~

~~* * *~~

~~(M) MEMBER CONTRIBUTIONS AND INTEREST. THE BOARD SHALL
CAUSE EACH MEMBER'S CONTRIBUTIONS, INCLUDING PAYROLL DEDUCTIONS,
PICKUP CONTRIBUTIONS, SHARED RISK CONTRIBUTIONS AND ALL OTHER
PAYMENTS, INCLUDING, BUT NOT LIMITED TO, AMOUNTS COLLECTED BY
THE STATE EMPLOYEES' RETIREMENT SYSTEM FOR THE REINSTATEMENT OF
PREVIOUS SCHOOL SERVICE OR CREDITABLE NONSCHOOL SERVICE AND
AMOUNTS PAID TO RETURN BENEFITS PAID AFTER THE DATE OF RETURN TO
SCHOOL SERVICE OR ENTERING STATE SERVICE REPRESENTING LUMP SUM
PAYMENTS MADE PURSUANT TO SECTION 8345 (A) (4) (III) (RELATING TO
MEMBER'S OPTIONS) AND MEMBER'S ANNUITY PAYMENTS, BUT NOT~~

1 ~~INCLUDING OTHER BENEFITS RETURNED PURSUANT TO SECTION 8346(A.1)~~
2 ~~AND (A.2) (RELATING TO TERMINATION OF ANNUITIES), TO BE CREDITED~~
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~~
6 ~~IN THE CASE OF A VESTEE, WHO SHALL HAVE SUCH INTEREST CREDITED~~
7 ~~UNTIL THE EFFECTIVE DATE OF RETIREMENT OR UNTIL THE RETURN OF~~
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.~~

12 ~~(N) ANNUAL FINANCIAL [STATEMENT] STATEMENTS. THE BOARD~~
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~~
16 ~~CONDITION OF THE FUND, THE TRUST AND THE VARIOUS ACCOUNTS,~~
17 ~~INCLUDING, BUT NOT LIMITED TO, THE BOARD'S ACCRUAL AND~~
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~~

~~SYSTEM AND THE PLAN.~~

~~* * *~~

~~(Q) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST. THE BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED BUDGET REQUIRED UNDER SECTION 8330, CERTIFY, AS A PERCENTAGE OF EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.~~

~~(R) MANAGEMENT FEES.~~

<--

~~(1) AT THE BEGINNING OF THE NEXT FISCAL YEAR AFTER THE REPORT IN SECTION 8538 (B) (5) (RELATING TO PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION) IS DELIVERED TO THE GOVERNOR AND THE GENERAL ASSEMBLY, THE BOARD SHALL IMPLEMENT A STRATEGY TO REDUCE PENSION MANAGEMENT FEES TO BE WITHIN THE 75% LEAST EXPENSIVE SYSTEMS COMPARED TO OTHER STATEWIDE PUBLIC PENSION FUNDS PERFORMING IN THE UNITED STATES BY THE FIFTH FISCAL YEAR, BASED ON BENCHMARKING ANALYSIS PROVIDED BY A CONSULTANT WITH DATA AND EXPERTISE ON PENSION FUNDS.~~

~~(2) SUBSEQUENT TO THE FIVE YEAR PERIOD DESCRIBED IN PARAGRAPH (1), THE BOARD SHALL IMPLEMENT AN ADDITIONAL STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT FEES TO BE WITHIN THE 60% LEAST COSTLY STATEWIDE PUBLIC PENSION SYSTEMS PERFORMING IN THE UNITED STATES BY THE TENTH FISCAL YEAR,~~

~~BASED ON BENCHMARKING ANALYSIS PROVIDED BY A CONSULTANT WITH
DATA AND EXPERTISE ON PENSION FUNDS.~~

~~(3) FOR THE PURPOSES OF THIS SECTION, PENSION MANAGEMENT
FEES SHALL MEAN INVESTMENT MANAGEMENT FEES EXPRESSED AS A
PERCENTAGE OF ASSETS UNDER MANAGEMENT.~~

~~SECTION 117. SECTION 8502.2(A) OF TITLE 24 IS AMENDED TO
READ:~~

~~§ 8502.2. HEALTH INSURANCE.~~

~~(A) AUTHORITY. THE BOARD MAY SPONSOR A PARTICIPANT FUNDED
GROUP HEALTH INSURANCE PROGRAM FOR ANNUITANTS, PARTICIPANTS
RECEIVING DISTRIBUTIONS, SPOUSES OF ANNUITANTS AND PARTICIPANTS
RECEIVING DISTRIBUTIONS, SURVIVOR ANNUITANTS AND THEIR
DEPENDENTS. THE BOARD MAY PROMULGATE REGULATIONS REGARDING THE
PRUDENT AND EFFICIENT OPERATION OF THE PROGRAM, INCLUDING, BUT
NOT LIMITED TO:~~

~~(1) ESTABLISHMENT OF AN ANNUAL BUDGET AND DISBURSEMENTS
IN ACCORDANCE WITH THE BUDGET.~~

~~(2) DETERMINATION OF THE BENEFITS STRUCTURE.~~

~~(3) DETERMINATION OF ENROLLMENT PROCEDURES.~~

~~(4) ESTABLISHMENT OF PREMIUM RATES SUFFICIENT TO FULLY
FUND THE PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES.~~

~~(5) CONTRACTING FOR GOODS, EQUIPMENT, SERVICES,
CONSULTANTS AND OTHER PROFESSIONAL PERSONNEL AS NEEDED TO
OPERATE THE PROGRAM.~~

~~* * *~~

~~SECTION 118. SECTIONS 8503(A) 8503 HEADING, (A) AND (B), <--
8505 HEADING, (H) AND (I), 8506(A), (D), (E), (F), (I) AND (K)
AND 8507(A) 8507 HEADING, (A), (E), (F) AND (I) OF TITLE 24 ARE <--
AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO
READ:~~

~~§ 8503. DUTIES OF BOARD TO ADVISE AND REPORT TO EMPLOYERS [AND MEMBERS], MEMBERS AND PARTICIPANTS.~~

~~(A) MANUAL OF REGULATIONS. THE BOARD SHALL, WITH THE ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, PREPARE, WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THIS PART, A MANUAL INCORPORATING RULES AND REGULATIONS CONSISTENT WITH THE PROVISIONS OF THIS PART FOR THE EMPLOYERS WHO SHALL MAKE INFORMATION CONTAINED THEREIN AVAILABLE TO THE GENERAL MEMBERSHIP. THE BOARD SHALL THEREAFTER ADVISE THE EMPLOYERS WITHIN 90 DAYS OF ANY CHANGES IN SUCH RULES AND REGULATIONS DUE TO CHANGES IN THE LAW OR DUE TO CHANGES IN ADMINISTRATIVE POLICIES. AS SOON AS PRACTICABLE AFTER THE COMMISSIONER'S PUBLICATION WITH RESPECT THERETO, THE BOARD SHALL ALSO ADVISE THE EMPLOYERS AS TO ANY COST OF LIVING ADJUSTMENT FOR THE SUCCEEDING CALENDAR YEAR IN THE AMOUNT OF THE LIMITATION UNDER IRC § 401(A)(17) AND THE DOLLAR AMOUNTS OF THE LIMITATIONS UNDER IRC § [415(B)] 415.~~

~~(B) MEMBER STATUS STATEMENTS. THE BOARD SHALL FURNISH ANNUALLY ON OR BEFORE DECEMBER 31, A STATEMENT TO EACH MEMBER SHOWING THE ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER AND THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF SERVICE CREDITED IN EACH CLASS OF SERVICE, AS APPLICABLE, AS OF JUNE 30 OF THAT YEAR. EACH MEMBER'S STATEMENT SHALL [BE MAILED TO HIS HOME ADDRESS AND SHALL] INCLUDE A REQUEST THAT THE MEMBER MAKE ANY NECESSARY CORRECTIONS OR REVISIONS REGARDING HIS DESIGNATED BENEFICIARY, WHOSE NAME AT THE REQUEST OF THE MEMBER SHALL REMAIN CONFIDENTIAL AND NOT APPEAR ON THIS STATEMENT.~~

~~(B.1) PARTICIPANT STATUS STATEMENTS. THE BOARD SHALL FURNISH ANNUALLY TO EACH PARTICIPANT ON OR BEFORE DECEMBER 31, AND MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY LAW, A STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED~~

~~CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL
INVESTMENT ACCOUNT, THE NATURE AND TYPE OF INVESTMENTS AND THE
INVESTMENT ALLOCATION OF FUTURE CONTRIBUTIONS AS OF JUNE 30 OF
THE CURRENT YEAR AND SHALL REQUEST THE PARTICIPANT TO MAKE ANY
NECESSARY CORRECTION OR REVISION REGARDING HIS DESIGNATED
BENEFICIARY.~~

~~* * *~~

~~§ 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF
MEMBERS AND PARTICIPANTS.~~

~~* * *~~

~~(E.1) CERTIFICATION TO PARTICIPANTS TERMINATING SERVICE.
THE BOARD SHALL CERTIFY TO THE PARTICIPANT IN WRITING WITHIN ONE
YEAR OF TERMINATION OF SERVICE OF THE PARTICIPANTS OF THE VESTED
ACCUMULATED TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE
STATED IN THE WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER
MATTERS REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE
PARTICIPANT TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE
PARTICIPANT'S REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE
ALL OR PART OF THE VESTED BALANCE IN THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN SUCH OTHER
FORM AS THE BOARD MAY AUTHORIZE OR AS REQUIRED BY LAW.~~

~~* * *~~

~~(F.1) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING
REQUIRED BEGINNING DATE. THE BOARD SHALL NOTIFY IN WRITING EACH
INACTIVE PARTICIPANT WHO HAS TERMINATED SCHOOL SERVICE AND WHO
HAS NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE
PARTICIPANT'S REQUIRED BEGINNING DATE THAT THE INACTIVE
PARTICIPANT HAS AN OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE
REQUIRED BEGINNING DATE IN A FORM AND MANNER REQUIRED BY IRC §~~

~~401(A)(9) AND OTHER APPLICABLE PROVISIONS OF IRC.~~

~~* * *~~

~~(G.1) INITIAL PAYMENT TO A PARTICIPANT. THE BOARD SHALL
MAKE THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A
DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION AND
RECEIPT OF THE REQUIRED DATA FROM THE EMPLOYER OF THE
PARTICIPANT AND OTHER NECESSARY DATA.~~

~~(H) DEATH BENEFITS. UPON RECEIPT OF NOTIFICATION OF THE
DEATH OF A MEMBER OR FORMER MEMBER ON USERRA LEAVE OR AN ACTIVE
PARTICIPANT, AN INACTIVE PARTICIPANT OR A FORMER PARTICIPANT
PERFORMING USERRA LEAVE, THE BOARD SHALL NOTIFY THE DESIGNATED
BENEFICIARY OR SURVIVOR ANNUITANT OF THE BENEFITS TO WHICH HE IS
ENTITLED AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY
UNDER THE [PLAN] BENEFITS ELECTED BY THE BENEFICIARY WITHIN 60
DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER NECESSARY
DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF
THE MEMBER'S OR PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED
WITH THE BOARD TO PAY THE AMOUNT OF SUCH BENEFITS TO THE
MEMBER'S OR PARTICIPANT'S ESTATE, THE BOARD IS AUTHORIZED TO PAY
SUCH BENEFITS TO THE EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE
OR NEXT OF KIN OF THE DECEASED MEMBER OR PARTICIPANT, AND
PAYMENT PURSUANT HERETO SHALL FULLY DISCHARGE THE FUND OR PLAN
FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO
ANY OTHER PERSON. IF THE SURVIVING SPOUSE OR NEXT OF KIN OF THE
DECEASED MEMBER OR PARTICIPANT CANNOT BE FOUND FOR THE PURPOSE
OF PAYING SUCH BENEFITS FOR A PERIOD OF SEVEN YEARS FROM THE
DATE OF DEATH OF THE MEMBER OR PARTICIPANT, THEN SUCH BENEFITS
SHALL BE ESCHEATED TO THE COMMONWEALTH FOR THE BENEFIT OF THE
FUND OR PLAN.~~

~~(I) MEDICAL INSURANCE COVERAGE. UPON RECEIPT OF~~

~~NOTIFICATION FROM AN INSURANCE CARRIER OFFERING A HEALTH-
INSURANCE PROGRAM APPROVED BY THE BOARD THAT AN ANNUITANT OR
PARTICIPANT WHO HAS ATTAINED AGE 65 HAS ELECTED MEDICAL, MAJOR-
MEDICAL, AND HOSPITALIZATION INSURANCE COVERAGE OR NOTIFICATION
THAT ANNUITANTS WITH LESS THAN 24 1/2 ELIGIBILITY POINTS (OTHER
THAN DISABILITY ANNUITANTS), SPOUSES OF ANNUITANTS AND SURVIVOR
ANNUITANTS ELIGIBLE TO ELECT TO ENROLL IN THE APPROVED HEALTH-
INSURANCE PROGRAM HAVE ELECTED PARTICIPATION IN SUCH HEALTH-
INSURANCE PROGRAM, THE BOARD MAY DEDUCT FROM THE ANNUITY
PAYMENTS, FROM PAYMENTS TO A PARTICIPANT RECEIVING DISTRIBUTIONS
OR FROM A SUCCESSOR PAYEE, THE APPROPRIATE ANNUAL CHARGES IN
EQUAL MONTHLY INSTALLMENTS. SUCH DEDUCTIONS SHALL BE TRANSMITTED
TO THE INSURANCE CARRIER.~~

~~* * *~~

~~§ 8506. DUTIES OF EMPLOYERS.~~

~~(A) STATUS OF MEMBERS AND PARTICIPANTS. THE EMPLOYER SHALL,
EACH MONTH, NOTIFY THE BOARD IN A MANNER PRESCRIBED BY THE BOARD
OF THE SALARY CHANGES EFFECTIVE DURING THE PAST MONTH, THE DATE
OF ALL REMOVALS FROM THE PAYROLL, AND THE TYPE OF LEAVE OF ANY
MEMBER OR PARTICIPANT WHO HAS BEEN REMOVED FROM THE PAYROLL FOR
ANY TIME DURING THAT MONTH, AND:~~

~~(1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, THE
EMPLOYER SHALL FURNISH THE BOARD WITH THE DATE OF BEGINNING
LEAVE, THE DATE OF RETURN TO SERVICE, AND THE REASON FOR
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~~

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 ~~* * *~~

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 ~~PARTICIPATION. UPON 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~~

~~INFORMATION REQUESTED BY THE BOARD, AND A NOMINATION OF
BENEFICIARY TO BE MADE BY SUCH EMPLOYEE AND FILED WITH THE BOARD
AND SHALL MAKE PICKUP CONTRIBUTIONS OR MANDATORY PICKUP
PARTICIPANT CONTRIBUTIONS FROM THE EFFECTIVE DATE OF SCHOOL
EMPLOYMENT.~~

~~(E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR
PARTICIPATION. THE EMPLOYER SHALL INFORM ANY ELIGIBLE SCHOOL
EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE
PLAN IS NOT MANDATORY OF HIS OPPORTUNITY TO BECOME A MEMBER OF
THE SYSTEM OR PARTICIPANT IN THE PLAN PROVIDED THAT HE ELECTS TO
PURCHASE CREDIT FOR ALL SUCH CONTINUOUS CREDITABLE SERVICE. IF
SUCH EMPLOYEE SO ELECTS, THE EMPLOYER SHALL NO LATER THAN 30
DAYS THEREAFTER CAUSE AN APPLICATION FOR MEMBERSHIP OR
PARTICIPATION WHICH APPLICATION SHALL INCLUDE THE EMPLOYEE'S
HOME ADDRESS, BIRTHDATE CERTIFIED BY THE EMPLOYER, PREVIOUS
SCHOOL OR STATE SERVICE AND ANY OTHER INFORMATION REQUESTED BY
THE BOARD, AND A NOMINATION OF BENEFICIARY TO BE MADE BY HIM AND
FILED WITH THE BOARD AND SHALL CAUSE PROPER CONTRIBUTIONS TO BE
MADE FROM THE DATE OF ELECTION OF MEMBERSHIP OR PARTICIPATION.~~

~~(F) ADVISING MEMBERS OF DUTIES. THE EMPLOYER SHALL ADVISE
HIS EMPLOYEES OF THEIR DUTIES AS MEMBERS OF THE SYSTEM AND
PARTICIPANTS OF THE PLAN. LOCAL SCHOOL DISTRICTS SHALL BE HELD
HARMLESS FROM DECISIONS MADE BY THE EMPLOYEE IN THIS REGARD.~~

~~* * *~~

~~(I) TERMINATION OF SERVICE BY MEMBERS. THE EMPLOYER SHALL,
IN THE CASE OF ANY MEMBER TERMINATING SCHOOL SERVICE, ADVISE
SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE 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 TERMINATION OF
SCHOOL SERVICE, ONE OF THE FOLLOWING THREE FORMS, A COPY OF~~

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~~

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 ~~MEMBERS AND PARTICIPANTS.~~

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 OR PLAN 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 OR PARTICIPANT IS RECEIVING~~
29 ~~AN ANNUITY BASED ON FALSE INFORMATION, THE ADDITIONAL AMOUNTS~~
30 ~~RECEIVED PREDICATED ON SUCH FALSE INFORMATION TOGETHER WITH~~

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 * * *

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 ~~CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE~~
29 ~~BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND~~
30 ~~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
MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED
WITH THE BOARD TO RECEIVE THE DEATH BENEFIT OR THE BENEFIT
PAYABLE FROM THE SYSTEM UNDER THE PROVISIONS OF OPTION 1. SUCH
NOMINATION MAY BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN
DESIGNATION FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A
CONTINGENT BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH
BENEFIT OR THE BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1.~~

~~(E.1) BENEFICIARY FOR DEATH BENEFITS FROM PLAN. EVERY
PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION
FILED WITH THE BOARD AS PROVIDED IN SECTION 8506 (RELATING TO
DUTIES OF EMPLOYERS) TO RECEIVE THE DEATH BENEFIT PAYABLE UNDER
SECTION 8408 (RELATING TO DEATH BENEFITS). A PARTICIPANT MAY
ALSO NOMINATE A CONTINGENT BENEFICIARY OR BENEFICIARIES TO
RECEIVE THE DEATH BENEFIT PROVIDED UNDER SECTION 8408. SUCH
NOMINATIONS MAY BE CHANGED AT ANY TIME BY THE PARTICIPANT BY
WRITTEN DESIGNATION FILED WITH THE BOARD.~~

~~(E.2) BENEFICIARY DESIGNATION. A SCHOOL EMPLOYEE MAY
DESIGNATE OR NOMINATE DIFFERENT PERSONS TO BE BENEFICIARIES,
SURVIVOR ANNUITANTS AND SUCCESSOR PAYEES FOR HIS BENEFITS FROM
THE SYSTEM AND THE PLAN.~~

~~(F) TERMINATION OF SERVICE BY MEMBERS. 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 OR
MORE OF THE FOLLOWING:~~

~~(1) WITHDRAW HIS ACCUMULATED DEDUCTIONS.~~

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 ANNUITY. IF 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~~

~~STATUTORY INTEREST, EXCLUDING THE INDIVIDUAL INVESTMENT~~
~~ACCOUNTS, TO THE CREDIT OF THE MEMBERS' SAVINGS ACCOUNT ON THE~~
~~MEAN AMOUNT OF THE ACCUMULATED DEDUCTIONS OF ALL MEMBERS FOR~~
~~WHOM INTEREST IS PAYABLE FOR THE PRECEDING YEAR AND VALUATION~~
~~INTEREST ON THE MEAN AMOUNT OF THE ANNUITY RESERVE ACCOUNT FOR~~
~~THE PRECEDING YEAR TO THE CREDIT OF THAT ACCOUNT. THE BOARD~~
~~ANNUALLY SHALL ALLOW VALUATION INTEREST CALCULATED ON THE MEAN~~
~~AMOUNT FOR THE PRECEDING YEAR OF THE BALANCE IN THE STATE~~
~~ACCUMULATION ACCOUNT EXCLUDING ANY EARNINGS OF THE FUND CREDITED~~
~~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~~
~~PRECEDING YEAR OF THE TOTAL ASSETS OF THE FUND LESS EARNINGS~~
~~CREDITED TO THE FUND DURING THAT YEAR PLUS THE ADMINISTRATIVE~~
~~EXPENSES OF THE BOARD, THE DIFFERENCE REQUIRED TO BE~~
~~APPROPRIATED FROM THE GENERAL FUND SHALL BE CREDITED TO THE~~
~~STATE ACCUMULATION ACCOUNT.~~

~~* * *~~

~~§ 8522. PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND.~~

~~(A) GENERAL RULE. THE FUND SHALL CONSIST OF ALL MONEYS IN~~
~~THE SEVERAL SEPARATE FUNDS IN THE STATE TREASURY SET APART TO BE~~
~~USED UNDER THE DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS~~
~~OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE~~
~~FUND ALL MONEYS RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING~~
~~FROM THE CONTRIBUTIONS RELATING TO OR ON BEHALF OF THE MEMBERS~~
~~OF THE SYSTEM REQUIRED UNDER THE PROVISIONS OF CHAPTER 83~~
~~(RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) AND ALL~~
~~EARNINGS FROM INVESTMENTS OR MONEYS OF SAID FUND. THERE SHALL BE~~
~~ESTABLISHED AND MAINTAINED BY THE BOARD THE SEVERAL LEDGER~~
~~ACCOUNTS SPECIFIED IN SECTIONS 8523 (RELATING TO MEMBERS'~~
~~SAVINGS ACCOUNT), 8524 (RELATING TO STATE ACCUMULATION ACCOUNT),~~

~~8525 (RELATING TO ANNUITY RESERVE ACCOUNT) AND 8526 (RELATING TO HEALTH INSURANCE ACCOUNT).~~

~~(B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST. THE INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST ARE NOT PART OF THE FUND. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED TO THE FUND BUT INSTEAD SHALL BE PAID TO THE TRUST AND CREDITED TO THE INDIVIDUAL INVESTMENT ACCOUNTS.~~

~~§ 8524. STATE ACCUMULATION ACCOUNT.~~

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

~~STATE ACCUMULATION ACCOUNT PENDING ALLOCATION OR DISTRIBUTION
TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.
§ 8525. ANNUITY RESERVE ACCOUNT.~~

~~(A) CREDITS AND CHARGES TO ACCOUNT. THE ANNUITY RESERVE
ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED
THE RESERVES HELD FOR THE PAYMENT OF ANNUITIES AND DEATH
BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM ON ACCOUNT OF
ALL ANNUITANTS AND THE CONTRIBUTIONS FROM THE COMMONWEALTH AND
OTHER EMPLOYERS AS DETERMINED IN ACCORDANCE WITH SECTION 8328
(RELATING TO ACTUARIAL COST METHOD) FOR THE PAYMENT OF THE
SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348 (RELATING TO
SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL
SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER ADDITIONAL
SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO SUPPLEMENTAL
ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO SPECIAL
SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5 (RELATING TO
SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6 (RELATING TO
SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND 8348.7 (RELATING TO
SUPPLEMENTAL ANNUITIES COMMENCING 2003). THE ANNUITY RESERVE
ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER THE
TRANSFERS PROVIDED IN SECTIONS 8523 (RELATING TO MEMBERS'
SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION
ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE
CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND.~~

~~(B) TRANSFERS FROM ACCOUNT. SHOULD AN ANNUITANT BE
SUBSEQUENTLY RESTORED TO ACTIVE SERVICE EITHER AS A MEMBER OF
THE SYSTEM OR PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF HIS
MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO SCHOOL SERVICE
SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE ACCOUNT AND PLACED
TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN~~

1 ~~ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY LESS THE AMOUNT~~
2 ~~TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED~~
3 ~~FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION~~
4 ~~ACCOUNT.~~

5 ~~§ 8531. STATE GUARANTEE REGARDING THE SYSTEM.~~

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~~
9 ~~PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND~~
10 ~~ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE~~
11 ~~COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM~~
12 ~~DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART~~
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~~
15 ~~PLAN OR TRUST.~~

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),~~
21 ~~(C) AND (D), THE RIGHT OF A PERSON TO A MEMBER'S ANNUITY, A~~
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~~
28 ~~(P.L.343, NO.176), KNOWN AS THE FISCAL CODE, OR ANY OTHER~~
29 ~~PROCESS WHATSOEVER, AND SHALL BE UNASSIGNABLE.~~

30 ~~(A.1) INDIVIDUAL INVESTMENT ACCOUNTS AND DISTRIBUTIONS. NO~~

~~PARTICIPANT OR BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE
OF A PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL,
ASSIGN, ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,
COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR
INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO
RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER
AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE
PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A
PARTICIPANT.~~

~~(B) FORFEITURE.~~

~~(1) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,
NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT.
FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS
THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER THIS PART.~~

~~(2) IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V OF THE
CONSTITUTION OF PENNSYLVANIA AND NOTWITHSTANDING PARAGRAPH
(1), THE ACT OF JULY 8, 1978 (P.L.752, NO. 140), KNOWN AS THE
PUBLIC EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352
(RELATING TO PENSION RIGHTS), THE ACCUMULATED MANDATORY
PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT SHALL
NOT BE FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES
AND RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT
HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE AS
THE RESULT OF AN EQUITABLE DISTRIBUTION OF MARITAL PROPERTY
AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER ENTERED
BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT OR OTHER
TRIBUNAL RESULTING IN A FORFEITURE OF A PARTICIPANT'S~~

~~INTEREST IN THE TRUST SHALL NOT BE SUBJECT TO THE PUBLIC-
EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY
ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A
RESULT OF THIS SUBSECTION OR OTHER LAW SHALL BE RETAINED BY
THE BOARD AND USED FOR THE PAYMENT OF EXPENSES OF THE PLAN.~~

~~* * *~~

~~(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 DISTRIBUTE 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 "DISTRIBUTE" INCLUDES A MEMBER
[AND], A PARTICIPANT, 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[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE
PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE
AUTHORIZED UNDER IRC AND THE PLAN TERMS APPROVED BY THE BOARD TO
HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN
ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
PURPOSES OF THIS SUBSECTION, THE TERM "ELIGIBLE ROLLOVER
DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(F)(2)
(A) AND "ELIGIBLE RETIREMENT PLAN" HAS THE MEANING GIVEN SUCH
TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A QUALIFIED TRUST SHALL
BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE
DISTRIBUTE'S ELIGIBLE ROLLOVER DISTRIBUTION; HOWEVER, IN THE
CASE OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE,
AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT
ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS~~

1 ~~ARE DEFINED IN IRC § 408(A) AND (B).~~

2 ~~SECTION 121. SECTIONS 8533.1, 8533.2, 8533.3 AND 8533.4(A)~~
3 ~~OF TITLE 24 ARE AMENDED TO READ:~~

4 ~~§ 8533.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.~~

5 ~~(A) CERTIFICATION REGARDING MEMBERS. A DOMESTIC RELATIONS~~
6 ~~ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS~~
7 ~~AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE~~
8 ~~BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF SUCH ORDER~~
9 ~~MEETS ALL OF THE FOLLOWING:~~

10 ~~(1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF~~
11 ~~BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED~~
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~~

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~~
12 ~~PAYEE'S SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART~~
13 ~~AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED~~
14 ~~TO MEMBERS OR OBTAIN INFORMATION THAT IS NOT RELATED TO THE~~
15 ~~ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S~~
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~~
21 ~~MEETS ALL OF THE FOLLOWING:~~

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~~

~~PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC
RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS
DESIGNATED REPRESENTATIVE.~~

~~(4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE
DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF
THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE
PAYEE.~~

~~(5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP
OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF
THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION
PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.~~

~~(6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE
ALTERNATE PAYEE AND THE DATE UPON WHICH SUCH VALUATION IS
BASED.~~

~~(7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
IF ANY, OF THE PARTICIPANT 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
PLAN.~~

~~(8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,
PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.~~

~~(9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION
ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S
COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER~~

~~THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT
MAINTAINED BY THE PLAN. ANY AUTHORIZATION GRANTED PURSUANT TO
THIS SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION
AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE
PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE
THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION
THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND
PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT.~~

~~(10) 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.~~

~~(11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE
BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE
BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE
AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT
DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH
OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT.~~

~~(B) DETERMINATION BY SECRETARY. WITHIN A REASONABLE PERIOD
OF TIME AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE
SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL~~

~~DETERMINE WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS ORDER AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE PAYEE OF THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO AN ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 (RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO THE 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 FROM GOVERNMENT AGENCIES).~~

~~(C) OTHER ORDERS. THE REQUIREMENTS FOR APPROVAL IDENTIFIED IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS THAT TERM IS DEFINED IN 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 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS AS ESTABLISHED BY THE LAWS OF THIS COMMONWEALTH AND THE UNITED STATES[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER THAT WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST ANY PARTICIPANT WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD OTHERWISE REQUIRE A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS IN THE FORM OF AN ANNUITY OR TO REQUIRE THE PURCHASE OF AN ANNUITY.~~

~~(D) OBLIGATION DISCHARGED. ONLY THE REQUIREMENTS OF THIS PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE OBLIGATIONS OF THE SYSTEM OR PLAN WITH RESPECT TO SUCH APPROVAL OR DISAPPROVAL SHALL BE DISCHARGED.~~

~~§ 8533.2. IRREVOCABLE BENEFICIARY.~~

~~NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT WITHOUT APPROVAL BY THE COURT.~~

~~§ 8533.3. IRREVOCABLE SURVIVOR ANNUITANT.~~

~~NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR ANNUITANT PERTAINING TO A MEMBER. A DOMESTIC RELATIONS ORDER REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT OF A MEMBER OF THE FUND SHALL BE DEEMED TO BE ONE THAT REQUIRES~~

~~A MEMBER TO DESIGNATE AN ALTERNATE PAYEE AS A SURVIVOR ANNUITANT
AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT SURVIVOR
ANNUITANT FOR BENEFITS PAYABLE FROM THE FUND WITHOUT APPROVAL OF
A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.
SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED
DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS
DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE
SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY
THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO
BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AN
IRREVOCABLE SURVIVOR ANNUITANT.~~

~~§ 8533.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.~~

~~(A) DECEASED ALTERNATE PAYEE. IN THE EVENT THAT THE
ALTERNATE PAYEE PREDECEASES THE MEMBER OR PARTICIPANT 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.~~

~~* * *~~

~~SECTION 122. TITLE 24 IS AMENDED BY ADDING A SECTION TO
READ:~~

~~§ 8533.5. IRREVOCABLE SUCCESSOR PAYEE.~~

~~(A) CONDITION. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS
PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY
PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE ONLY IF THE
PARTICIPANT IS RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION
PROVIDED BY THE BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.~~

~~(B) DETERMINATION. A DOMESTIC RELATIONS ORDER REQUIRING THE
DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO
BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS~~

~~FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN
ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE
REMOVAL OR CHANGE OF THAT SUCCESSOR PAYEE WITHOUT APPROVAL OF A
COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.~~

~~(C) CERTIFICATION. A DOMESTIC RELATIONS ORDER UNDER
SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC
RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE SUCCESSOR PAYEE SO
ORDERED BY THE COURT CANNOT BE CHANGED BY THE PARTICIPANT
WITHOUT APPROVAL BY THE COURT.~~

~~(D) INELIGIBILITY. A PERSON INELIGIBLE TO BE DESIGNATED AS
A SUCCESSOR PAYEE MAY NOT BE DESIGNATED AS AN IRREVOCABLE
SUCCESSOR PAYEE. A COURT MAY NOT NAME AN IRREVOCABLE SUCCESSOR
PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM
DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL
PORTION OF THE PENSION BENEFIT.~~

~~SECTION 123. SECTIONS 8534 AND 8535 OF TITLE 24 ARE AMENDED
TO READ:~~

~~§ 8534. FRAUD AND ADJUSTMENT OF ERRORS.~~

~~(A) PENALTY FOR FRAUD. ANY PERSON WHO SHALL KNOWINGLY MAKE
ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED
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
GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.~~

~~(B) ADJUSTMENT OF ERRORS. SHOULD ANY CHANGE OR MISTAKE IN
RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY, [OR],
SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF~~

~~SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE PLAN, THE BOARD SHALL TAKE SUCH ACTION AS SHALL BE PROVIDED FOR IN THE PLAN DOCUMENT.~~

~~§ 8535. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH.~~

~~FOR EACH SCHOOL YEAR BEGINNING WITH THE 1995-1996 SCHOOL YEAR AND ENDING WITH THE 2016-2017 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, 1995, AS FOLLOWS:~~

~~(1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS, INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHOSE EFFECTIVE DATES OF EMPLOYMENT WITH THEIR SCHOOL ENTITIES ARE AFTER JUNE 30, 1994, AND WHO ALSO HAD NOT PREVIOUSLY BEEN EMPLOYED BY ANY SCHOOL ENTITY WITHIN THIS COMMONWEALTH AN AMOUNT EQUAL TO THE AMOUNT CERTIFIED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD), 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~~

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,~~
11 ~~SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS~~
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~~
16 ~~EMPLOYEES' RETIREMENT FUND. SCHOOL ENTITIES ARE EXPECTED TO~~
17 ~~MAKE THE FULL PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES'~~
18 ~~RETIREMENT FUND IN ACCORDANCE WITH SECTION 8327 (RELATING TO~~
19 ~~PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE~~
20 ~~COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED~~
21 ~~BECAUSE OF DELINQUENT 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:

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~~

~~RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S
LIABILITY TO FORWARD THE PAYMENT TO THE FUND OR THE TRUST.
SCHOOL ENTITIES ARE EXPECTED TO MAKE THE FULL PAYMENT TO THE
FUND OR THE TRUST IN ACCORDANCE WITH SECTION 8327 (RELATING
TO PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE
COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED
BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY
THE SCHOOL ENTITIES.~~

~~(4) EMPLOYERS WHOSE PAYMENTS TO THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT FUND ARE DELINQUENT SHALL BE CHARGED
INTEREST BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND AT
THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD PURSUANT TO
SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) IN EFFECT IN
THE FISCAL YEAR IN WHICH THE PAYMENTS ARE REQUIRED TO BE
PAID.~~

~~§ 8537. INTERNAL REVENUE CODE LIMITATIONS.~~

~~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
COMMISSION.~~

~~(A) ESTABLISHMENT. A PUBLIC PENSION MANAGEMENT AND ASSET
INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL
BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE~~

FOLLOWING:

~~(1) GOVERNOR.~~

~~(2) PRESIDENT PRO TEMPORE OF THE SENATE.~~

~~(3) THE MINORITY LEADER OF THE SENATE.~~

~~(4) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.~~

~~(5) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES.~~

~~THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT
ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE
DATE OF THIS SECTION.~~

~~(B) DUTIES. THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND
ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:~~

~~(1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT
STRATEGIES AND PROCEDURES OF THE PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM, COMPARING REALIZED RATES OF RETURN TO
ESTABLISHED BENCHMARKS AND CONSIDERING ASSOCIATED FEES PAID
FOR ACTIVE AND PASSIVE MANAGEMENT.~~

~~(2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND
PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE
INVESTMENT ACTIVITIES OF THE PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM.~~

~~(3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH
AVAILABLE ASSETS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
SYSTEM THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.~~

~~(3.1) THE COMMISSION SHALL EVALUATE AND MAKE
RECOMMENDATIONS ON:~~

~~(I) IMPROVING INVESTMENT FEE TRANSPARENCY ON
ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED
REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED
PARTNERS ASSOCIATION.~~

~~(II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY~~

1 ~~OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST~~
2 ~~THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF~~
3 ~~INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED~~
4 ~~RETURN.~~

5 ~~(4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ON LINE,~~
6 ~~INCLUDING FINDINGS ABOUT:~~

7 ~~(I) ASSETS.~~

8 ~~(II) RETURNS.~~

9 ~~(III) FINANCIAL MANAGERS.~~

10 ~~(IV) CONSULTANTS.~~

11 ~~(V) REQUESTS FOR PROPOSALS.~~

12 ~~(VI) INVESTMENT PERFORMANCE MEASURED AGAINST~~
13 ~~BENCHMARKS.~~

14 ~~(5) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE~~
15 ~~GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS~~
16 ~~FIRST ORGANIZATIONAL MEETING.~~

17 ~~(C) QUORUM. A MAJORITY OF APPOINTED MEMBERS SHALL~~
18 ~~CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE~~
19 ~~MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND~~
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 ~~FOLLOWING LAWS:~~

24 ~~(1) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS~~
25 ~~THE RIGHT TO KNOW LAW.~~

26 ~~(2) THE ACT OF JULY 3, 1986 (P.L.388, NO.84), KNOWN AS~~
27 ~~THE SUNSHINE ACT.~~

28 ~~(3) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN~~
29 ~~AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS ACT.~~

30 ~~(4) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN~~

~~AS THE STATE ADVERSE INTEREST ACT.~~

~~(E) INFORMATION GATHERING. THE PUBLIC PENSION MANAGEMENT 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 REIMBURSED FOR REASONABLE EXPENSES.~~

~~(H) EXPIRATION. THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL EXPIRE 60 DAYS AFTER DELIVERY OF ITS REPORT IN ACCORDANCE WITH SUBSECTION (B) (5). ANY UNSPENT APPROPRIATION SHALL LAPSE BACK TO THE GENERAL FUND.~~

~~SECTION 125. THE DEFINITION OF "ELIGIBLE PERSON" IN SECTION 8702(A) OF TITLE 24 IS AMENDED TO READ:~~

~~§ 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:~~

~~"ELIGIBLE PERSON." AN INDIVIDUAL WHO IS:~~

~~(1) AN ANNUITANT OR SURVIVOR ANNUITANT OR THE SPOUSE OR DEPENDENT OF AN ANNUITANT OR SURVIVOR ANNUITANT[.]; OR~~

~~(2) A PARTICIPANT RECEIVING DISTRIBUTIONS OR A SUCCESSOR PAYEE, OR THE SPOUSE OR DEPENDENT OF A PARTICIPANT RECEIVING~~

~~DISTRIBUTIONS OR A SUCCESSOR PAYEE.~~

~~* * *~~

ARTICLE II

~~SECTION 201. SECTION 7306(A) INTRODUCTORY PARAGRAPH OF TITLE 51 IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:~~

~~§ 7306. RETIREMENT RIGHTS.~~

~~(A) OPTIONS AVAILABLE TO EMPLOYEES. ANY EMPLOYEE WHO IS A MEMBER OF A RETIREMENT SYSTEM OTHER THAN AN ACTIVE MEMBER OR INACTIVE MEMBER ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' RETIREMENT SYSTEM [OR], AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN, AN ACTIVE OR INACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR AN ACTIVE OR INACTIVE PARTICIPANT OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AT THE TIME HE IS GRANTED A MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO EXERCISE ANY ONE OF THE FOLLOWING OPTIONS IN REGARD THERETO:~~

~~* * *~~

~~(F) PARTICIPANT OF A DEFINED CONTRIBUTION PLAN.~~

~~(1) AN EMPLOYEE WHO IS AN ACTIVE OR INACTIVE PARTICIPANT OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AT THE TIME THE EMPLOYEE IS GRANTED A MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO MAKE CONTRIBUTIONS TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST FOR THE LEAVE AS PROVIDED IN 24 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES).~~

~~(2) AN EMPLOYEE WHO IS AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AT THE TIME HE IS GRANTED A~~

~~MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO MAKE
CONTRIBUTIONS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION
TRUST FOR THE LEAVE AS PROVIDED IN 71 PA.C.S. PT. XXV
(RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS).~~

~~ARTICLE III~~

~~SECTION 301. SECTION 4104(A) (7) OF TITLE 71 IS AMENDED TO
READ:~~

~~§ 4104. DUTIES OF OFFICE.~~

~~(A) MANDATORY. THE OFFICE SHALL:~~

~~* * *~~

~~(7) STUDY AND ANALYZE THE IMPACT OF SHARED RISK
CONTRIBUTIONS UNDER 24 PA.C.S. § 8321(B) (RELATING TO REGULAR
MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) AND SECTION 5501.1
(RELATING TO SHARED RISK MEMBER CONTRIBUTIONS [FOR CLASS A 3
AND CLASS A 4 SERVICE] AND SHARED GAIN ADJUSTMENTS TO REGULAR
MEMBER CONTRIBUTIONS).~~

~~* * *~~

~~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
DEDUCTIONS," "SHARED RISK MEMBER CONTRIBUTIONS," "SPECIAL
VESTEE," "STANDARD SINGLE LIFE ANNUITY," "STATE EMPLOYEE,"
"SUPERANNUATION AGE," "VALUATION INTEREST" AND "VESTEE" IN
SECTION 5102 OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED
BY ADDING DEFINITIONS TO READ:~~

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 ~~INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT 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 STATE 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 ~~CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN~~
21 ~~THE TRUST.~~

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 ~~DIRECT TRUSTEE TO TRUSTEE TRANSFER INTO THE TRUST TOGETHER WITH~~
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~~

1 ~~CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF~~
2 ~~SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER~~
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~~
6 ~~THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99 514, 26 U.S.C.~~
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~~
10 ~~FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED FOR STATE SERVICE~~
11 ~~REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE SOLELY BY~~
12 ~~REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS~~
13 ~~UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF~~
14 ~~1986 (PUBLIC LAW 99 514, 26 U.S.C. § 401(A) (17) OR 415).~~

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 SEQ.] (42~~
26 ~~U.S.C. § 301 ET SEQ.), 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~~

~~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. IN THE CASE OF THE PLAN, THE PERSON OR
PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY THE
PARTICIPANT TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED
TOTAL DEFINED CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH
OF THE PARTICIPANT.~~

~~* * *~~

~~"CLASS A 5 EXEMPT EMPLOYEE." ANY OF THE FOLLOWING:~~

~~(1) A SWORN POLICE OFFICER.~~

~~(2) AN ENFORCEMENT OFFICER.~~

~~(3) A WILDLIFE CONSERVATION OFFICER OR OTHER
COMMISSIONED LAW ENFORCEMENT PERSONNEL EMPLOYED BY THE
PENNSYLVANIA GAME COMMISSION WHO HAS AND EXERCISES THE SAME
LAW ENFORCEMENT POWERS AS A WILDLIFE CONSERVATION OFFICER.
THE TERM SHALL NOT INCLUDE A DEPUTY WILDLIFE CONSERVATION
OFFICER.~~

~~(4) A DELAWARE RIVER PORT AUTHORITY POLICEMAN.~~

~~(5) A PARK RANGER.~~

~~(6) A CAPITOL POLICE OFFICER.~~

~~(7) A CAMPUS POLICE OFFICER EMPLOYED BY A STATE OWNED
EDUCATIONAL INSTITUTION, COMMUNITY COLLEGE OR THE
PENNSYLVANIA STATE UNIVERSITY.~~

~~(8) A POLICE OFFICER EMPLOYED BY FORT INDIANTOWN GAP OR
OTHER DESIGNATED COMMONWEALTH MILITARY INSTALLATION OR
FACILITY.~~

~~(9) A CORRECTION OFFICER.~~

~~"CLASS OF SERVICE MULTIPLIER."~~

~~CLASS OF SERVICE~~

~~MULTIPLIER~~

~~A~~

~~1~~

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	±
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—	

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	<u>FOR ALL PURPOSES—</u>	
13	—	<u>EXCEPT THE—</u>	
14	—	<u>CALCULATION OF—</u>	
15	—	<u>REGULAR MEMBER—</u>	
16		<u>CONTRIBUTIONS</u>	.5
17	A-5	<u>FOR PURPOSES OF—</u>	
18	—	<u>CALCULATING—</u>	
19	—	<u>REGULAR MEMBER—</u>	
20	—	<u>CONTRIBUTIONS</u>	.6
21	B		.625
22	C		1
23	D		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		
30	-	COMPENSATION		

1	-	PAID PRIOR TO		
2	-	JULY 1, 2001	1	
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	G		0.417	
30	H		0.500	

1	I	0.625
2	J	0.714
3	K	0.834
4	L	1.000
5	M	1.100
6	N	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	<u>T-G (PUBLIC SCHOOL</u>	
17	<u>EMPLOYEES</u>	
18	<u>RETIREMENT CODE)</u>	±

19 ~~* * *~~

20 ~~"COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP~~

21 ~~PARTICIPANT CONTRIBUTIONS PLUS REMUNERATION ACTUALLY RECEIVED AS~~

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~~

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 TO THE FUND OR~~

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 ~~415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26~~
7 ~~U.S.C. § 401(A) (17) OR [415(B)] 415), 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 ~~26 U.S.C. § 401(A) (17) OR 415); OR~~

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,~~

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] AS FOLLOWS:~~

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~~

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.~~

~~(3) FOR PURPOSES OF CALCULATING STANDARD SINGLE LIFE ANNUITIES AND BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO SERVICE AS A MEMBER OF CLASS A 5, THE HIGHEST AVERAGE COMPENSATION RECEIVED AS A MEMBER DURING ANY FIVE CALENDAR YEARS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE, WITH THE COMPENSATION FOR PART TIME SERVICE OR FOR ANY PARTIAL YEAR OF CREDIT ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE WAS NOT A MEMBER DURING FIVE CALENDAR YEARS, THE AVERAGE OF THE NUMBER OF CALENDAR YEARS DURING WHICH THE EMPLOYEE WAS AN ACTIVE MEMBER.~~

~~(4) FOR ALL MEMBERS AND FOR THE CALCULATION OF ALL STANDARD SINGLE LIFE ANNUITIES WITHOUT REGARD TO CLASS OF MEMBERSHIP AND CREDITED SERVICE, IN THE CASE OF A MEMBER WITH MULTIPLE SERVICE, THE FINAL AVERAGE SALARY SHALL BE DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM AS A [STATE EMPLOYEE OR AS A SCHOOL EMPLOYEE] MEMBER OF THE SYSTEM OR AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR BOTH[;], AND, IN THE CASE OF A MEMBER WITH [CLASS A 3 OR CLASS A 4 SERVICE AND] SERVICE IN MORE THAN ONE [OR MORE OTHER CLASSES] CLASS OF SERVICE, THE FINAL AVERAGE SALARY FOR PURPOSES OF CALCULATING ANNUITIES AND BENEFITS FROM ALL CLASSES OF SERVICE SHALL BE DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM IN ALL CLASSES OF STATE SERVICE; AND, IN THE CASE OF A MEMBER WHO FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 1996, THE FINAL AVERAGE SALARY SHALL BE DETERMINED AS HEREINABOVE PROVIDED BUT SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION 5506.1 (A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A) (17)). FINAL AVERAGE SALARY SHALL BE DETERMINED BY~~

1 ~~INCLUDING IN COMPENSATION PAYMENTS DEEMED TO HAVE BEEN MADE~~
2 ~~TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE EXTENT MEMBER~~
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~~
10 ~~ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE~~
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~~

~~NOT FILED AN APPLICATION FOR A DISTRIBUTION.~~

~~"INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY." THE TERM DOES NOT INCLUDE A CLASS A 5 EXEMPT EMPLOYEE WHO IS AN ACTIVE MEMBER ON LEAVE WITHOUT PAY UNLESS THE CLASS A 5 EXEMPT EMPLOYEE CONCURRENTLY IS EMPLOYED IN AN OFFICE OR POSITION IN WHICH THE CLASS A 5 EXEMPT EMPLOYEE IS A PARTICIPANT IN THE PLAN.~~

~~"INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INTEREST AND INVESTMENT EARNINGS AFTER DEDUCTION FOR FEES, COSTS, EXPENSES 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.~~

~~* * *~~

~~"IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY DESIGNATED BY A MEMBER OR PARTICIPANT 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 OR PARTICIPANT.~~

~~"IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO~~

~~RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
OF THE PARTICIPANT.~~

~~* * *~~

~~"MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." FOR A
PARTICIPANT WHO MAKES THE ELECTION UNDER SECTION 5306.4
(RELATING TO LIMITED ELECTION TO BECOME A CLASS A 5 MEMBER AND
PLAN PARTICIPANT), CONTRIBUTIONS EQUAL TO 3.25% OF COMPENSATION,
OR THE PERCENTAGE OF COMPENSATION AS OTHERWISE PROVIDED UNDER
SECTION 5306.4(E), THAT ARE MADE BY THE COMMONWEALTH OR OTHER
EMPLOYER FOR ACTIVE PARTICIPANTS FOR CURRENT STATE SERVICE THAT
ARE PICKED UP BY THE EMPLOYER AND CREDITED IN THE PLAN.~~

~~* * *~~

~~"PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT
OR PARTICIPANT RECEIVING DISTRIBUTIONS.~~

~~"PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE
PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS
INDIVIDUAL INVESTMENT ACCOUNT BUT WHO HAS NOT RECEIVED A TOTAL
DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT
ACCOUNT.~~

~~* * *~~

~~"PLAN." THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS
ESTABLISHED UNDER THE PROVISIONS OF THIS PART AND THE BOARD.~~

~~"PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER
SECTION 5802 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS
AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD
REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF
THE PLAN AND TRUST.~~

~~"POST DECEMBER 2016 SERVICE." ALL:~~

~~(1) PREVIOUSLY UNCREDITED STATE SERVICE AND CREDITABLE
NONSTATE SERVICE THAT IS FIRST CREDITED ON OR AFTER JANUARY~~

~~1, 2017; AND~~

~~(2) STATE SERVICE PERFORMED ON OR AFTER JANUARY 1, 2017,
EXCLUDING ANY SERVICE CREDITED AS A MEMBER OF CLASS A-5, EXCEPT
THAT ANY STATE SERVICE CREDITED BY A MEMBER WHO IS REEMPLOYED
FROM USERRA LEAVE WHO HAS MADE THE MEMBER CONTRIBUTIONS UNDER
SECTION 5302(F) (RELATING TO CREDITED STATE SERVICE) TO RECEIVE
STATE SERVICE CREDIT SHALL NOT BE POST DECEMBER 2016 SERVICE IF
CREDITED FOR A PERIOD OF USERRA LEAVE PERFORMED BEFORE JANUARY
1, 2017.~~

~~* * *~~

~~"REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE
MEMBERSHIP OR ACTIVE PARTICIPATION AS A STATE EMPLOYEE AFTER A
PERIOD OF USERRA LEAVE, PROVIDED, HOWEVER, THAT THE RESUMPTION
OF ACTIVE MEMBERSHIP OR ACTIVE PARTICIPATION WAS WITHIN THE TIME
PERIOD AND UNDER CONDITIONS AND CIRCUMSTANCES SUCH THAT THE
STATE EMPLOYEE WAS ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38
U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF
MEMBERS OF THE UNIFORMED SERVICES).~~

~~* * *~~

~~"REGULAR MEMBER CONTRIBUTIONS." THE PRODUCT OF THE BASIC
CONTRIBUTION RATE, THE CLASS OF SERVICE MULTIPLIER [IF GREATER
THAN ONE] AND THE COMPENSATION OF THE MEMBER[.], SUBJECT TO ANY
ADJUSTMENT UNDER SECTION 5501.1(C) (RELATING TO SHARED RISK
MEMBER CONTRIBUTIONS AND SHARED GAIN ADJUSTMENTS TO REGULAR
MEMBER CONTRIBUTIONS).~~

~~"REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH
DISTRIBUTIONS OF A PARTICIPANT'S INTEREST IN HIS INDIVIDUAL
INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION 401(A)(9) OF THE
INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
401(A)(9)).~~

1 ~~"RETIREMENT COUNSELOR." THE STATE EMPLOYEES' RETIREMENT~~
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~~
4 ~~AS A PARTICIPANT OF THE PLAN.~~

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~~
11 ~~CONTRIBUTION PLAN FOR SCHOOL EMPLOYEES ESTABLISHED UNDER 24~~
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~~

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~~
11 ~~ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT OF AN~~
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~~

1 ~~THE FEDERAL CIVIL SERVICE RETIREMENT SYSTEM. THE~~
2 ~~UNIVERSITY SHALL BE TOTALLY RESPONSIBLE FOR ALL EMPLOYER~~
3 ~~CONTRIBUTIONS UNDER SECTION 5507 (RELATING TO~~
4 ~~CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER~~
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~~
11 ~~JOINT TOLL BRIDGE COMMISSION, THE STATE PUBLIC SCHOOL~~
12 ~~BUILDING AUTHORITY, THE GENERAL STATE AUTHORITY, THE STATE~~
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~~
20 ~~PAYMENT OF THE ANNUITIES OR OTHER BENEFITS OF SUCH OFFICERS~~
21 ~~AND EMPLOYEES WITHOUT ANY LIABILITY ON THE PART OF THE~~
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~~

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], CLASS A 4 AND CLASS A 5~~
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~~

~~MEMBER OF THE GENERAL ASSEMBLY IS RENDERED AS A CLASS A 3, CLASS
A 4 OR CLASS A 5 MEMBER, AN ENFORCEMENT OFFICER, A CORRECTION
OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT
AUTHORITY 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 CREDIT ATTAINS SUPERANNUATION AGE ON THE BIRTHDAY
THE VESTEE ATTAINS THE AGE RESULTING IN A SUPERANNUATION SCORE
OF 92, PROVIDED THAT THE VESTEE HAS AT LEAST 35 ELIGIBILITY
POINTS, OR ATTAINS ANOTHER APPLICABLE SUPERANNUATION AGE,
WHICHEVER OCCURS FIRST.~~

~~* * *~~

~~"SWORN POLICE OFFICER." A STATE POLICE OFFICER WHO IS
EMPLOYED AND SERVING AS AN OFFICER OF THE PENNSYLVANIA STATE
POLICE.~~

~~* * *~~

~~"TRUST." THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST
ESTABLISHED UNDER CHAPTER 58 (RELATING TO STATE EMPLOYEES'
DEFINED CONTRIBUTION PLAN).~~

~~* * *~~

~~"VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM
COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND
OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.~~

~~"VESTEE." A MEMBER WITH:~~

~~(1) FIVE OR MORE ELIGIBILITY POINTS IN A CLASS OF
SERVICE OTHER THAN CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 OR
CLASS T E [OR], CLASS T F OR CLASS T G IN THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT SYSTEM[, A MEMBER WITH];~~

~~(2) CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS
L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY
POINTS[, OR A MEMBER WITH]; OR~~

~~(3) CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 SERVICE WITH
TEN OR MORE ELIGIBILITY POINTS
AND WHO HAS TERMINATED STATE SERVICE AND HAS ELECTED TO LEAVE
HIS TOTAL ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER
RECEIPT OF AN ANNUITY.~~

~~"VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A
PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL
INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT
CONTRIBUTIONS, EITHER BY SALARY DEDUCTIONS PAID THROUGH THE
COMMONWEALTH OR OTHER EMPLOYER, OR THROUGH AN ELIGIBLE ROLLOVER
OR THROUGH A DIRECT TRUSTEE TO TRUSTEE TRANSFER.~~

~~SECTION 303. SECTION 5103 OF TITLE 71 IS AMENDED TO READ:
§ 5103. NOTICE TO MEMBERS.~~

~~NOTICE BY PUBLICATION, INCLUDING, WITHOUT BEING LIMITED TO,
NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,
MANUALS AND, TO THE EXTENT AUTHORIZED BY A POLICY ADOPTED BY THE
BOARD, ELECTRONICALLY, INCLUDING, WITHOUT BEING LIMITED TO, E-
MAIL OR [WORLD WIDE WEB SITES] INTERNET WEBSITES, DISTRIBUTED OR
MADE AVAILABLE TO MEMBERS AND PARTICIPANTS IN A MANNER
REASONABLY CALCULATED TO GIVE ACTUAL NOTICE OF [THOSE SECTIONS
OF THE STATE EMPLOYEES' RETIREMENT CODE] THE PROVISIONS OF THIS
PART THAT REQUIRE NOTICE TO MEMBERS OR PARTICIPANTS SHALL BE
DEEMED SUFFICIENT NOTICE FOR ALL PURPOSES.~~

~~SECTION 304. TITLE 71 IS AMENDED BY ADDING A SECTION TO
READ:~~

~~§ 5104. REFERENCE TO STATE EMPLOYEES' RETIREMENT SYSTEM.~~

~~(A) CONSTRUCTION. AS OF THE EFFECTIVE DATE OF THIS SECTION,
UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, ANY REFERENCE TO
THE STATE EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION
OTHER THAN THIS PART AND 24 PA.C.S. PT. IV (RELATING TO~~

~~RETIREMENT FOR SCHOOL EMPLOYEES) SHALL INCLUDE A REFERENCE TO
THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AND ANY REFERENCE
TO THE STATE EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A
REFERENCE TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.~~

~~(B) AGREEMENT. THE AGREEMENT OF AN EMPLOYER LISTED IN THE
DEFINITION OF "STATE EMPLOYEE" OR ANY OTHER LAW TO 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.~~

~~SECTION 305. SECTION 5301(A) 5301 HEADING, (A), (B), (C) AND <--
(D) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING
SUBSECTIONS TO READ:~~

~~§ 5301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
PARTICIPATION IN THE PLAN.~~

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

~~(1) GOVERNOR.~~

~~(2) LIEUTENANT GOVERNOR.~~

~~(3) MEMBERS OF THE GENERAL ASSEMBLY.~~

~~(4) HEADS OR DEPUTY HEADS OF ADMINISTRATIVE DEPARTMENTS.~~

~~(5) MEMBERS OF ANY INDEPENDENT ADMINISTRATIVE BOARD OR~~

~~COMMISSION.~~

~~(6) MEMBERS OF ANY DEPARTMENTAL BOARD OR COMMISSION.~~

~~(7) MEMBERS OF ANY ADVISORY BOARD OR COMMISSION.~~

~~(8) SECRETARY TO THE GOVERNOR.~~

~~(9) BUDGET SECRETARY.~~

~~(10) LEGISLATIVE EMPLOYEES.~~

~~(11) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN THE~~

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~~
11 ~~CONTRIBUTION RATE AS DETERMINED IN SECTION 5508 (B) AND FOR~~
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~~
16 ~~THEY WERE EMPLOYED PRIOR TO BECOMING ELIGIBLE FOR MEMBERSHIP~~
17 ~~IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.~~

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.~~

21 ~~(15) EMPLOYEES OF THE PHILADELPHIA REGIONAL PORT~~
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~~

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~~
6 ~~WHO IS A MANDATORY MEMBER OF THE SYSTEM AS A MEMBER OF CLASS A 5~~
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~~
11 ~~LISTED IN SUBSECTION (A) (1) THROUGH (11) SHALL HAVE THE RIGHT TO~~
12 ~~ELECT MEMBERSHIP IN THE SYSTEM; ONCE SUCH ELECTION IS EXERCISED,~~
13 ~~MEMBERSHIP SHALL CONTINUE UNTIL THE TERMINATION OF STATE~~
14 ~~SERVICE.~~

15 ~~(B.1) OPTIONAL PARTICIPATION IN THE PLAN. THE STATE~~
16 ~~EMPLOYEES WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS A MEMBER OF~~
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~~
21 ~~AUTOMATICALLY ELECT PARTICIPATION IN THE PLAN AS OF THE DATE~~
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~~

~~(15) OR WHO ARE NOT ACTIVE MEMBERS OF CLASS A 5 SHALL NOT BE
ELIGIBLE TO BE ACTIVE PARTICIPANTS IN THE PLAN. CLASS A 5 EXEMPT
EMPLOYEES SHALL NOT BE ELIGIBLE TO PARTICIPATE IN THE PLAN FOR
SERVICE PERFORMED AS A CLASS A 5 EXEMPT EMPLOYEE. STATE
EMPLOYEES WHO ARE NOT MANDATORY PARTICIPANTS IN THE PLAN UNDER
SUBSECTION (A.1) OR ELIGIBLE FOR OPTIONAL PARTICIPATION IN THE
PLAN UNDER SUBSECTION (B.1) SHALL NOT BE ELIGIBLE TO PARTICIPATE
IN THE PLAN.~~

~~(D) RETURN TO SERVICE.~~

~~(1) AN ANNUITANT WHO RETURNS TO SERVICE AS A STATE
EMPLOYEE BEFORE JANUARY 1, 2018, OR RETURNS TO STATE SERVICE
AS A CLASS A 5 EXEMPT EMPLOYEE AFTER DECEMBER 31, 2017, SHALL
RESUME ACTIVE MEMBERSHIP IN THE SYSTEM AS OF THE EFFECTIVE
DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION
5706(A) (RELATING TO TERMINATION OF ANNUITIES), REGARDLESS OF
THE OPTIONAL MEMBERSHIP CATEGORY OF THE POSITION.~~

~~(2) AN ANNUITANT OR A PARTICIPANT RECEIVING
DISTRIBUTIONS WHO RETURNS TO SERVICE AS A STATE EMPLOYEE ON
OR AFTER JANUARY 1, 2018, SHALL RESUME ACTIVE MEMBERSHIP IN
THE SYSTEM AND, IF AN ACTIVE MEMBER OF CLASS A 5, SHALL BE AN
ACTIVE PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE DATE OF
EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION 5706(A),
REGARDLESS OF THE OPTIONAL MEMBERSHIP OR PARTICIPATION
CATEGORY OF THE POSITION.~~

~~* * *~~

~~SECTION 306. SECTIONS 5302(A), (B), (E) AND (F), 5303(B)(1)
AND (D)(1), 5303.2(A), 5304(A) AND (B) AND 5305(B) OF TITLE 71
ARE AMENDED TO READ:~~

~~§ 5302. CREDITED STATE SERVICE.~~

~~(A) COMPUTATION OF CREDITED SERVICE. IN COMPUTING CREDITED~~

1 ~~STATE SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A~~
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~~
6 ~~WERE NOT MADE TO THE FUND SOLELY BY REASON OF SECTION 5502.1~~
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~~
11 ~~YEAR'S CREDIT FOR ANY 12 CONSECUTIVE MONTHS OR 26 CONSECUTIVE~~
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~~

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~~
11 ~~CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501~~
12 ~~(RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT~~
13 ~~SERVICE), 5501.1 (RELATING TO SHARED RISK MEMBER~~
14 ~~CONTRIBUTIONS [FOR CLASS A 3 AND CLASS A 4 SERVICE] AND~~
15 ~~SHARED GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS),~~
16 ~~5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5507~~
17 ~~(RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH~~
18 ~~AND OTHER EMPLOYERS), THE MEMBER RETURNS FROM LEAVE WITHOUT~~
19 ~~PAY TO ACTIVE STATE SERVICE AS A MEMBER OF THE SYSTEM FOR A~~
20 ~~PERIOD OF AT LEAST ONE YEAR, AND HE IS NOT ENTITLED TO~~
21 ~~RETIREMENT BENEFITS FOR SUCH SERVICE UNDER A RETIREMENT~~
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~~

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~~
11 ~~CONTRIBUTIONS AND BENEFITS, OTHER BENEFITS AND SENIORITY, AS~~
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~~

1 ~~MEMBER OF ANY CLASSES OF SERVICE OTHER THAN AS A MEMBER OF~~
2 ~~CLASS A 3 [OR] L 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] L 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] L 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~~
12 ~~PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM OR~~
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~~
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, 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~~

~~EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306 FOR MILITARY
LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS
PARAGRAPH, EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.~~

~~(2) A STATE EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY
RECEIVE CREDIT IN THE SYSTEM AS PROVIDED BY THIS PARAGRAPH.
THE FOLLOWING SHALL APPLY:~~

~~(1) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA
LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED
AS NOT HAVING INCURRED A BREAK IN STATE SERVICE BY REASON
OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY
POINTS AS IF THE STATE EMPLOYEE HAD NOT BEEN ON THE
USERRA LEAVE. IF A STATE EMPLOYEE WHO IS REEMPLOYED FROM
USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM
SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,
ADDITIONAL MEMBER CONTRIBUTIONS, SOCIAL SECURITY
INTEGRATION MEMBER CONTRIBUTIONS, SHARED RISK MEMBER
CONTRIBUTIONS AND ANY OTHER MEMBER CONTRIBUTIONS IN THE
AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH.
43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF
MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) AS IF
THE STATE EMPLOYEE HAD CONTINUED IN STATE OFFICE OR
EMPLOYMENT AND PERFORMED STATE SERVICE AND WAS
COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE
STATE EMPLOYEE SHALL BE GRANTED STATE SERVICE CREDIT FOR
THE PERIOD OF USERRA LEAVE. THE STATE EMPLOYEE SHALL HAVE
THE STATE EMPLOYEE'S BENEFITS, RIGHTS AND OBLIGATIONS
DETERMINED UNDER THIS PART AS IF THE STATE EMPLOYEE WAS
AN ACTIVE MEMBER WHO PERFORMED CREDITABLE STATE SERVICE
DURING THE USERRA LEAVE IN THE JOB POSITION THAT THE
STATE EMPLOYEE WOULD HAVE HELD HAD THE STATE EMPLOYEE NOT~~

1 ~~BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON~~
2 ~~WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE STATE SERVICE~~
3 ~~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~~
6 ~~STATE SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE WHO~~
7 ~~IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF~~
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~~
11 ~~WILL BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS~~
12 ~~WERE PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT~~
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~~

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.
4 ~~(2.1) (I) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA~~
5 ~~LEAVE SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN~~
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) A 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~~

~~OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP
PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.~~

~~(3) A STATE EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND
PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN
REEMPLOYED FROM USERRA LEAVE HAD THE STATE EMPLOYEE RETURNED
TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.
43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE ABLE
TO RECEIVE CREDITABLE NONSTATE SERVICE AS NONINTERVENING
MILITARY SERVICE FOR THE PERIOD OF USERRA LEAVE SHOULD THE
EMPLOYEE LATER RETURN TO STATE SERVICE AS AN ACTIVE MEMBER OF
THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE
AS NONINTERVENING MILITARY SERVICE.~~

~~(3.1) A STATE EMPLOYEE WHO IS A PARTICIPANT IN THE PLAN
AND PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE
BEEN REEMPLOYED FROM USERRA LEAVE HAD THE EMPLOYEE RETURNED
TO STATE 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 STATE SERVICE AND BE A
PARTICIPANT IN THE PLAN.~~

~~(4) [A STATE EMPLOYEE] AN ACTIVE MEMBER OR INACTIVE
MEMBER ON LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE
DATE OF THIS SUBSECTION 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 UNDER 51 PA.C.S.
CH. 73, THAT IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE
CREDITABLE NONSTATE SERVICE AS NONINTERVENING MILITARY
SERVICE SHOULD THE EMPLOYEE RETURN TO STATE SERVICE AS AN
ACTIVE MEMBER OF THE SYSTEM AND IS OTHERWISE ELIGIBLE TO~~

1 PURCHASE THE SERVICE AS NONINTERVENING MILITARY SERVICE.

2 ~~(4.1) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON~~
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~~
14 ~~PA.C.S. CH. 73.~~

15 ~~(5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THEN~~
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 QUALIFIED 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 QUALIFIED~~
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~~

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 ~~* * *~~

12 ~~(B) ELIGIBILITY POINTS FOR PROSPECTIVE CREDITED SERVICE.~~

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~~
17 ~~IN ACCORDANCE WITH SECTION 5307 FOR CURRENT STATE SERVICE,~~
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~~

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 ~~(I) 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 TO~~
27 ~~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~~

~~COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT
JUDGE PRIOR TO SEPTEMBER 9, 1985, AND WHO HAD THAT EMPLOYMENT
TRANSFERRED TO THE COMMONWEALTH PURSUANT TO 42 PA.C.S. § 3703
(RELATING TO LOCAL CHAMBER FACILITIES) SHALL BE A MEMBER OF
THE SYSTEM FOR ALL SERVICE RENDERED AS AN EMPLOYEE OF THE
COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT
JUDGE SUBSEQUENT TO THE DATE OF THE TRANSFER UNLESS
SPECIFICALLY PROHIBITED PURSUANT TO SECTION 5301(C) (RELATING
TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
PARTICIPATION IN THE PLAN). THE EMPLOYEE SHALL BE ENTITLED TO
HAVE ANY PRIOR SERVICE CREDIT IN THAT COUNTY OR OTHER
MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM TRANSFERRED TO
THE SYSTEM AND DEEMED TO BE STATE SERVICE FOR ALL PURPOSES
UNDER THIS PART. HOWEVER, FOR THOSE EMPLOYEES WHO WERE IN
CONTINUOUS COUNTY EMPLOYMENT WHICH COMMENCED PRIOR TO JULY
22, 1983, SECTION 5505.1 SHALL NOT APPLY. THE TRANSFER OF
PRIOR SERVICE CREDIT TO THE SYSTEM SHALL OCCUR UPON THE
TRANSFER, BY THE MEMBER, COUNTY OR OTHER MUNICIPAL PENSION
PLAN OR RETIREMENT SYSTEM, TO THE SYSTEM OF THE AMOUNT OF
ACCUMULATED MEMBER CONTRIBUTIONS, PICK UP CONTRIBUTIONS AND
CREDITED INTEREST STANDING IN THE EMPLOYEE'S COUNTY OR
MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM ACCOUNT AS OF THE
DATE THAT THESE FUNDS ARE TRANSFERRED TO THE SYSTEM. IN THE
EVENT THAT THESE FUNDS HAVE BEEN REFUNDED TO THE MEMBER, THE
TRANSFER OF SERVICE CREDIT SHALL OCCUR WHEN THE MEMBER
TRANSFERS AN AMOUNT EQUAL TO EITHER THE REFUND WHICH THE
MEMBER RECEIVED FROM THE COUNTY OR MUNICIPAL PENSION PLAN OR
RETIREMENT SYSTEM OR THE AMOUNT DUE UNDER SECTION 5504, IF
LESS. IN THE CASE OF A TRANSFER BY THE MEMBER, THE TRANSFER
SHALL OCCUR BY DECEMBER 31, 1987, IN ORDER FOR THE MEMBER TO~~

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~~
7 ~~IN THE MEMBER'S ACCOUNT IF THE EMPLOYEE HAD BEEN A MEMBER OF~~
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~~
11 ~~DAYS OF RECEIPT OF WRITTEN NOTICE THAT AN EMPLOYEE HAS~~
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~~
16 ~~5504 (A), EQUAL TO THE LIABILITY OF THE PRIOR SERVICE IN~~
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~~
21 ~~PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION SHALL DETERMINE~~
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,~~

1 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, AND WHO ON
2 THE EFFECTIVE DATE OF THAT TRANSFER DID NOT PARTICIPATE IN AN
3 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE DEPARTMENT OF
4 EDUCATION UNDER 24 PA.C.S. § 8301(A)(1) (RELATING TO MANDATORY
5 AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE
6 PLAN) OR SECTION 5301(A)(12) (RELATING TO MANDATORY AND OPTIONAL
7 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN),
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
11 ONE TIME ELECTION TO CONVERT ALL SERVICE CREDITED IN THE PUBLIC
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

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).~~

9 ~~(2) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER~~
10 ~~ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010,~~
11 ~~AS A MEMBER OF THE GENERAL ASSEMBLY AND BEFORE JANUARY 1,~~
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~~
16 ~~ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT~~
17 ~~SYSTEM SHALL BE ELIGIBLE FOR CLASS A 3 SERVICE CREDIT FOR~~
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~~
21 ~~ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY SERVICE AND~~
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~~
26 ~~CREDIT FOR CREDITABLE NONSTATE SERVICE SET FORTH IN~~
27 ~~SUBSECTION (C) (5).~~

28 ~~(3) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER~~
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,~~

~~AND IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE FOR CLASS A 5 SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B) AND (C) FOR WHICH THE MEMBER MAKES THE REQUIRED CONTRIBUTIONS TO THE FUND.~~

~~* * *~~

~~(B) LIMITATIONS ON ELIGIBILITY. AN ACTIVE MEMBER OR A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE AS PROVIDED UNDER SUBSECTION (A) TO RECEIVE CREDIT FOR NONSTATE SERVICE PROVIDED THAT HE DOES NOT HAVE CREDIT FOR SUCH SERVICE IN THE SYSTEM OR IN THE [SCHOOL SYSTEM] PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND IS NOT ENTITLED TO RECEIVE, ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE, OR IS RECEIVING RETIREMENT BENEFITS FOR SUCH SERVICE IN THE SYSTEM OR UNDER A RETIREMENT SYSTEM ADMINISTERED AND WHOLLY OR PARTIALLY PAID FOR BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY PRIVATE EMPLOYER, OR A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER IN ACCORDANCE WITH SECTION 5301(A)(12) (RELATING TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), AND FURTHER PROVIDED, THAT SUCH SERVICE IS CERTIFIED BY THE PREVIOUS EMPLOYER AND CONTRIBUTIONS ARE AGREED UPON AND MADE IN ACCORDANCE WITH SECTION 5505 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE).~~

~~* * *~~

~~§ 5305. SOCIAL SECURITY INTEGRATION CREDITS.~~

~~* * *~~

~~(B) ACCRUAL OF SUBSEQUENT CREDITS. ANY ACTIVE MEMBER WHO HAS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS TO HIS CREDIT OR IS RECEIVING A BENEFIT ON ACCOUNT OF SOCIAL SECURITY~~

~~INTEGRATION CREDITS MAY ACCRUE ONE SOCIAL SECURITY INTEGRATION CREDIT FOR EACH YEAR OF SERVICE AS A STATE EMPLOYEE ON OR SUBSEQUENT TO MARCH 1, 1974, AND A FRACTIONAL CREDIT FOR A CORRESPONDING FRACTIONAL YEAR OF SERVICE PROVIDED THAT CONTRIBUTIONS ARE MADE TO THE FUND, OR WOULD HAVE BEEN MADE TO THE FUND BUT FOR SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR THE LIMITATIONS UNDER IRC § 401(A)(17) OR 415(B), IN ACCORDANCE WITH SECTION 5502 (RELATING TO SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), AND HE:~~

~~(1) CONTINUES SUBSEQUENT TO MARCH 1, 1974, AS AN ACTIVE MEMBER IN EITHER THE [STATE OR SCHOOL] SYSTEM OR, IF A MULTIPLE SERVICE MEMBER, AS AN ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM;~~

~~(2) TERMINATES SUCH CONTINUOUS SERVICE IN THE [STATE OR SCHOOL] SYSTEM OR THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND RETURNS TO ACTIVE MEMBERSHIP IN THE [STATE] SYSTEM WITHIN SIX MONTHS; OR~~

~~(3) TERMINATES HIS STATUS AS A VESTEE OR AN ANNUITANT AND RETURNS TO STATE SERVICE AS AN ACTIVE MEMBER OF THE SYSTEM.~~

~~* * *~~

~~SECTION 307. SECTION 5306(A), (A.1), (A.2), (A.3) AND (B)(2) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:~~

~~§ 5306. CLASSES OF SERVICE.~~

~~(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~~

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~~
11 ~~1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND, UNLESS A~~
12 ~~CLASS A 5 EXEMPT EMPLOYEE, BEFORE JANUARY 1, 2018, SHALL BE~~
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.~~

25 ~~(1) A PERSON WHO BECOMES A STATE EMPLOYEE AND AN ACTIVE~~
26 ~~MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND WHO FIRST~~
27 ~~BECAME AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR BEFORE~~
28 ~~DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND~~
29 ~~WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A~~
30 ~~POSITION FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A IS~~

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
11 CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED OR COULD HAVE
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
16 PURSUANT TO SECTION 5301 (RELATING TO MANDATORY AND OPTIONAL
17 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN) AND
18 WHO FIRST BECOMES AN ACTIVE MEMBER AFTER JUNE 30, 2001, AND
19 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
20 MEMBER OF THE GENERAL ASSEMBLY, AND WHO IS NOT A STATE POLICE
21 OFFICER AND NOT EMPLOYED IN A POSITION FOR WHICH A CLASS OF
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
26 AA SERVICE PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A
27 MEMBER OF CLASS A 5 AND, SUBJECT TO THE LIMITATIONS CONTAINED
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

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~~
6 ~~ELECTION TO BECOME A CLASS AA MEMBER), A STATE EMPLOYEE,~~
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,~~
9 ~~2001, IS:~~

10 ~~(I) A MEMBER OF CLASS A, OTHER THAN A MEMBER OF~~
11 ~~CLASS A WHO COULD HAVE ELECTED MEMBERSHIP IN A CLASS C,~~
12 ~~CLASS D 3, CLASS E 1 OR CLASS E 2; OR~~

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~~
16 ~~PAY, OTHER THAN A POSITION IN WHICH THE STATE EMPLOYEE~~
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~~

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~~
11 ~~OF SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.~~

12 ~~(5) A FORMER STATE EMPLOYEE WHO FIRST BECOMES A MEMBER~~
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~~

~~JUDICIARY IF THE JUDICIAL SERVICE BEGINS BEFORE JANUARY 1, 2018, AND THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF THE SYSTEM BEFORE JANUARY 1, 2018, AND THE MEMBER OF THE JUDICIARY DOES NOT BECOME A MEMBER OF CLASS A 5 OR IF HE FIRST BECAME A MEMBER BEFORE JANUARY 1, 2011, OR DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, OR CLASS A 3 CREDIT FOR SERVICE OTHER THAN AS A MEMBER OF THE JUDICIARY AND HE FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 2011, OR DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, IF THE NONJUDICIAL SERVICE IS NOT SERVICE AS A CLASS A 5 EXEMPT EMPLOYEE, OR CLASS A 5 SERVICE CREDIT IF THE NONJUDICIAL SERVICE IS AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS A 5 UNDER SECTION 5306.4, OR THE STATE EMPLOYEE FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 2018, AND THE SERVICE IS NOT AS A CLASS A 5 EXEMPT EMPLOYEE, UNLESS A CLASS OF MEMBERSHIP OTHER THAN CLASS A IS ELECTED.~~

~~(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 AND 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 COVERAGE MEMBER).~~

~~(II) A PERSON WHO IS NOT A STATE EMPLOYEE OR A~~

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 ~~MEMBER OF THE SYSTEM AS A MEMBER OF THE GENERAL ASSEMBLY THAT~~
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~~

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~~
11 ~~NOT A STATE POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON~~
12 ~~JULY 1, 2001, IS A MEMBER OF THE GENERAL ASSEMBLY AND AN~~
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~~
16 ~~THE SYSTEM PERFORMED AS A MEMBER OF THE GENERAL ASSEMBLY THAT~~
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~~
21 ~~D 4 SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED IN~~
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~~

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~~
11 ~~SERVICE ON NOVEMBER 30, 2010, SHALL BE CREDITED AS CLASS D 4~~
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 ~~SERVICE AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS~~
22 ~~A 5 UNDER SECTION 5306.4 SHALL BE CLASSIFIED AS A CLASS A 5~~
23 ~~MEMBER AND RECEIVE CREDIT FOR CLASS A 5 SERVICE UPON PAYMENT~~
24 ~~OF REGULAR MEMBER CONTRIBUTIONS AND SHARED RISK MEMBER~~
25 ~~CONTRIBUTIONS FOR CLASS A 5 WITHOUT REGARD TO ANY OTHER CLASS~~
26 ~~OF SERVICE THE MEMBER OF THE GENERAL ASSEMBLY MIGHT HAVE BEEN~~
27 ~~PRIOR TO THE ELECTION UNDER SECTION 5306.4.~~

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~~

~~EMPLOYEE WHO FIRST BECOMES A MEMBER BEFORE JANUARY 1, 2018, OR
IS A CLASS A 5 EXEMPT EMPLOYEE WHO OTHERWISE WOULD BE A MEMBER
OF CLASS A 3 SHALL BE CLASSIFIED AS A CLASS A 4 MEMBER AND
RECEIVE CLASS A 4 CREDIT FOR ALL CREDITABLE STATE SERVICE
PERFORMED AFTER THE EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM,
EXCEPT AS A MEMBER OF THE JUDICIARY[,] OR AS A MEMBER WHO
ELECTED TO BECOME A MEMBER OF CLASS A 5 UNDER SECTION 5306.4 IF
THE EMPLOYEE FIRST BECOMES A MEMBER BEFORE JANUARY 1, 2018, AND
FOR ALL CREDITABLE STATE SERVICE PERFORMED AS A CLASS A 5 EXEMPT
EMPLOYEE IF THE EMPLOYEE FIRST BECOMES A MEMBER ON OR AFTER
JANUARY 1, 2018, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS
AND SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS A 4 SERVICE.~~

~~(A.4) CLASS A 5 MEMBERSHIP. A STATE EMPLOYEE WHO FIRST
BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018,
OTHER THAN AS A CLASS A 5 EXEMPT EMPLOYEE, SHALL BE CLASSIFIED
AS A CLASS A 5 MEMBER AND RECEIVE CREDIT FOR CLASS A 5 SERVICE
FOR SERVICE OTHER THAN AS A CLASS A 5 EXEMPT EMPLOYEE UPON
PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED RISK MEMBER
CONTRIBUTIONS FOR CLASS A 5 SERVICE. A CLASS A 5 EXEMPT EMPLOYEE
WHO FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1,
2018, SHALL BE CLASSIFIED IN THE APPLICABLE CLASS OTHER THAN
CLASS A 5 FOR SERVICE PERFORMED AS A CLASS A 5 EXEMPT EMPLOYEE
AND CLASSIFIED AS A CLASS A 5 MEMBER FOR ANY SERVICE PERFORMED
IN A POSITION OR OFFICE OTHER THAN AS A CLASS A 5 EXEMPT
EMPLOYEE. A STATE EMPLOYEE WHO ELECTS CLASS A 5 MEMBERSHIP UNDER
SECTION 5306.4 AND MEMBER OF THE SYSTEM SHALL BE CLASSIFIED AS A
CLASS A 5 MEMBER AND RECEIVE CREDIT FOR CLASS A 5 SERVICE UPON
PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED RISK MEMBER
CONTRIBUTIONS FOR CLASS A 5 WITHOUT REGARD TO ANY OTHER CLASS OF
SERVICE THE STATE EMPLOYEE MIGHT HAVE BEEN AT ANY TIME BEFORE~~

~~THE ELECTION UNDER SECTION 5306.4.~~

~~(B) OTHER CLASS MEMBERSHIP.~~

~~* * *~~

~~(2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
A STATE EMPLOYEE [WHO] WHOSE FIRST PERIOD OF STATE SERVICE
BEGAN BEFORE JANUARY 1, 2018, IS APPOINTED [BAIL
COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE OF THE
PHILADELPHIA MUNICIPAL COURT UNDER 42 PA.C.S. § 1123(A)(5)
(RELATING TO JURISDICTION AND VENUE) AND IS ELIGIBLE TO BE A
MEMBER OF THE SYSTEM AS AN ARRAIGNMENT COURT MAGISTRATE MAY,
WITHIN 30 DAYS OF THE EFFECTIVE DATE OF THIS SENTENCE OR
WITHIN 30 DAYS OF HIS INITIAL APPOINTMENT AS [A BAIL
COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE, WHICHEVER IS
LATER, ELECT CLASS E 2 SERVICE CREDIT FOR SERVICE PERFORMED
AS [A BAIL COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE
UNTIL THE TERMINATION OF STATE SERVICE. THIS CLASS OF SERVICE
MULTIPLIER FOR E 2 SERVICE AS [A BAIL COMMISSIONER] AN
ARRAIGNMENT COURT MAGISTRATE SHALL BE 1.5.~~

~~* * *~~

~~SECTION 308. SECTIONS 5306.1(C) AND (D), 5306.2(B) AND (C)
AND 5306.3(B), (C) AND (D) OF TITLE 71 ARE AMENDED TO READ:
§ 5306.1. ELECTION TO BECOME A CLASS AA MEMBER.~~

~~* * *~~

~~(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[.] OR AN ELECTION
IS MADE TO BECOME A MEMBER OF CLASS A 5 UNDER SECTION 5306.4.
UPON TERMINATION AND SUBSEQUENT REEMPLOYMENT, THE MEMBER'S CLASS
OF SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE OTHERWISE~~

~~PROVIDED FOR IN THIS PART AND THE STATE EMPLOYEE'S ELIGIBILITY
FOR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART.~~

~~(D) EFFECT OF FAILURE TO MAKE ELECTION. FAILURE TO ELECT TO
BECOME A CLASS AA MEMBER WITHIN THE ELECTION PERIOD SET FORTH IN
SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S CLASS A STATE
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
POLICE OFFICER OR IN A POSITION IN WHICH THE MEMBER COULD ELECT
A CLASS OF MEMBERSHIP OTHER THAN CLASS A, BEING CREDITED AS
CLASS A SERVICE AND NOT SUBJECT TO FURTHER ELECTION OR CREDITING
AS CLASS AA SERVICE UPON TERMINATION AND SUBSEQUENT EMPLOYMENT.
§ 5306.2. ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY.~~

~~* * *~~

~~(D) 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[.] OR AN ELECTION IS MADE TO BECOME A MEMBER OF
CLASS A 5 UNDER SECTION 5306.4 (RELATING TO ELECTION TO BECOME
CLASS A 5 MEMBER). UPON TERMINATION AND A SUBSEQUENT
REEMPLOYMENT, THE MEMBER'S CLASS OF SERVICE SHALL BE CREDITED IN
THE CLASS OF SERVICE OTHERWISE PROVIDED FOR IN THIS PART AND THE
STATE EMPLOYEE'S ELIGIBILITY FOR PARTICIPATION IN THE PLAN SHALL
BE AS PROVIDED IN THIS PART.~~

~~(C) EFFECT OF FAILURE TO MAKE ELECTION. A MEMBER OF THE
GENERAL ASSEMBLY WHO IS A MEMBER OF CLASS A AS A RESULT OF
FAILURE TO ELECT TO BECOME A MEMBER OF ANOTHER CLASS OR WHO IS A
MEMBER OF ANOTHER CLASS OTHER THAN CLASS D 4 AS A RESULT OF
ELECTING MEMBERSHIP IN SUCH CLASS FOR LEGISLATIVE SERVICE SHALL
NOT BE ELIGIBLE TO RECEIVE OR ELECT A DIFFERENT CLASS OF SERVICE
FOR SUCH LEGISLATIVE SERVICE EITHER DURING THE PERIOD OF~~

~~LEGISLATIVE SERVICE OR UPON TERMINATION AND SUBSEQUENT~~
~~EMPLOYMENT[.], UNLESS THE STATE EMPLOYEE ELECTS TO BECOME A~~
~~MEMBER OF CLASS A 5 UNDER SECTION 5306.4.~~

~~§ 5306.3. ELECTION TO BECOME A CLASS A 4 MEMBER.~~

~~* * *~~

~~(B) TIME FOR MAKING ELECTION. THE ELECTION TO BECOME A~~
~~CLASS A 4 MEMBER MUST BE MADE BY THE MEMBER FILING WRITTEN~~
~~NOTICE WITH THE BOARD IN A FORM AND MANNER DETERMINED BY THE~~
~~BOARD NO LATER THAN 45 DAYS AFTER NOTICE FROM THE BOARD OF THE~~
~~MEMBER'S ELIGIBILITY TO ELECT CLASS A 4 MEMBERSHIP. A STATE~~
~~EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS A 4 MEMBER~~
~~WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT~~
~~HAVING ELECTED CLASS A 4 MEMBERSHIP [MAY MAKE THE ELECTION~~
~~WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM] SHALL HAVE THE~~
~~ELECTION PERIOD EXTENDED BY THE NUMBER OF DAYS ON USERRA LEAVE.~~

~~(C) EFFECT OF ELECTION. AN ELECTION TO BECOME A CLASS A 4~~
~~MEMBER SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE~~
~~EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM AND SHALL REMAIN IN~~
~~EFFECT FOR ALL FUTURE [CREDITABLE] STATE SERVICE CREDITABLE TO~~
~~THE SYSTEM, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE~~
~~JUDICIARY[.], BUT SHALL NOT APPLY TO SERVICE PERFORMED AS A~~
~~MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS A 5 UNDER SECTION~~
~~5306.4 (RELATING TO ELECTION TO BECOME CLASS A 5 MEMBER).~~

~~PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS A 4 STATE~~
~~SERVICE PERFORMED PRIOR TO THE ELECTION OF CLASS A 4 MEMBERSHIP~~
~~SHALL BE MADE IN A FORM, MANNER AND TIME DETERMINED BY THE~~
~~BOARD. UPON TERMINATION OF STATE SERVICE AND SUBSEQUENT~~
~~REEMPLOYMENT, A MEMBER WHO ELECTED CLASS A 4 MEMBERSHIP SHALL BE~~
~~CREDITED AS A CLASS A 4 MEMBER FOR CREDITABLE STATE SERVICE~~
~~PERFORMED AFTER REEMPLOYMENT[, EXCEPT AS A MEMBER OF THE~~

JUDICIARY] ~~UNLESS THE REEMPLOYMENT IS AS A MEMBER WHO ELECTED TO
BECOME A MEMBER OF CLASS A 5 UNDER SECTION 5306.4, REGARDLESS OF
TERMINATION OF EMPLOYMENT, TERMINATION OF MEMBERSHIP BY
WITHDRAWAL OF ACCUMULATED DEDUCTIONS OR STATUS AS AN ANNUITANT,
VESTEE OR INACTIVE MEMBER AFTER THE TERMINATION OF SERVICE.~~

~~(D) EFFECT OF FAILURE TO MAKE ELECTION. FAILURE TO ELECT TO
BECOME A CLASS A 4 MEMBER WITHIN THE ELECTION PERIOD SET FORTH
IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S STATE
SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE
JUDICIARY OR AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS
A 5 UNDER SECTION 5306.4, BEING CREDITED AS CLASS A 3 SERVICE,
UNLESS THE STATE EMPLOYEE ELECTS TO BECOME A MEMBER OF CLASS A 5
UNDER SECTION 5306.4 AND NOT SUBJECT TO FURTHER ELECTION OR
CREDITING AS CLASS A 4 SERVICE. UPON TERMINATION AND SUBSEQUENT
EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO BECOME A CLASS A 4
MEMBER SHALL NOT BE ELIGIBLE TO MAKE ANOTHER ELECTION TO BECOME
A CLASS A 4 MEMBER FOR EITHER PAST OR FUTURE STATE SERVICE.~~

~~SECTION 308.1. TITLE 71 IS AMENDED BY ADDING A SECTION TO
READ:~~

~~§ 5306.4 ELECTION TO BECOME A CLASS A 5 MEMBER AND PLAN
PARTICIPANT.~~

~~(A) GENERAL RULE. A STATE EMPLOYEE, EXCEPT FOR A CLASS A 5
EXEMPT EMPLOYEE, WHO FIRST BEGINS STATE SERVICE BEFORE JANUARY
1, 2018, MAY ELECT TO BECOME A MEMBER OF CLASS A 5 AND A
PARTICIPANT IN THE PLAN.~~

~~(B) TIME FOR MAKING ELECTION. THE ELECTION TO BECOME A
CLASS A 5 MEMBER AND A PARTICIPANT IN THE PLAN MUST BE MADE BY
THE EMPLOYEE FILING WRITTEN NOTICE WITH THE BOARD BEFORE THE
TERMINATION OF STATE SERVICE OR BY DECEMBER 31, 2017, WHICHEVER
OCCURS FIRST. A STATE EMPLOYEE WHO IS ELIGIBLE TO ELECT TO~~

~~BECOME A CLASS A 5 MEMBER AND A PARTICIPANT IN THE PLAN WHO
BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING
ELECTED CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE PLAN MAY
MAKE THE ELECTION WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM
USERRA LEAVE. A STATE EMPLOYEE WHO FIRST BECOMES ELIGIBLE TO
ELECT TO BECOME A CLASS A 5 MEMBER AND A PARTICIPANT IN THE PLAN
WITHIN 45 DAYS BEFORE DECEMBER 31, 2017, SHALL HAVE 45 DAYS TO
MAKE THE ELECTION. STATE EMPLOYEES, EXCEPT FOR CLASS A 5 EXEMPT
EMPLOYEES, WHO ON THE EFFECTIVE DATE OF THIS SECTION ARE NOT
ELIGIBLE FOR CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE PLAN
OR WHO RETURN TO SERVICE ON OR AFTER JANUARY 1, 2018, SHALL BE
ELIGIBLE TO ELECT CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE
PLAN AND MAY MAKE THE ELECTION WITHIN 45 DAYS AFTER BECOMING
ELIGIBLE OR RETURNING TO SERVICE.~~

~~(C) EFFECT OF ELECTION. AN ELECTION TO BECOME A CLASS A 5
MEMBER AND A PARTICIPANT IN THE PLAN SHALL BE IRREVOCABLE. A
MEMBER WHO ELECTS CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE
PLAN SHALL BE SUBJECT TO ALL PROVISIONS APPLICABLE TO CLASS A 5
MEMBERSHIP AND PARTICIPATION IN THE PLAN FOR SERVICE RENDERED ON
AND AFTER THE DATE THE WRITTEN ELECTION IS RECEIVED AND
PROCESSED BY THE BOARD. A MEMBER WHO ELECTS CLASS A 5 MEMBERSHIP
AND PARTICIPATION IN THE PLAN SHALL BE DEEMED TO HAVE ACCEPTED
THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS A 5 MEMBERS AND
PARTICIPANTS IN THE PLAN IN EFFECT AT THE TIME OF THE ELECTION.~~

~~(D) EFFECT OF FAILURE TO MAKE ELECTION. IF THE EMPLOYEE
FAILS TO TIMELY FILE AN ELECTION TO BECOME A CLASS A 5 MEMBER
AND A PARTICIPANT IN THE PLAN, THE EMPLOYEE SHALL CONTINUE TO BE
ENROLLED IN THE APPLICABLE CLASS OF SERVICE AND SHALL NEVER BE
ABLE TO ELECT CLASS A 5 MEMBERSHIP AND PARTICIPATION IN THE
PLAN, REGARDLESS OF WHETHER THE EMPLOYEE TERMINATES SERVICE OR~~

~~HAS A BREAK IN SERVICE.~~

~~(E) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS. AN
INDIVIDUAL WHO HAS MADE THE ELECTION UNDER SUBSECTION (A) SHALL
MAKE THE FOLLOWING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
FOR SERVICE:~~

~~(1) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
A IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 2% OF
COMPENSATION.~~

~~(2) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
AA IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 3.25% OF
COMPENSATION.~~

~~(3) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
A 3 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 3.25% OF
COMPENSATION.~~

~~(4) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
A 4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 6.3% OF
COMPENSATION.~~

~~(5) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
D 4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 3.25% <--
4.5% OF COMPENSATION. <--~~

~~(6) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
E 1 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 7% OF
COMPENSATION FOR SERVICE FOR WHICH THE REGULAR MEMBER
CONTRIBUTIONS WOULD HAVE BEEN 10% OF COMPENSATION OR AT A
RATE OF 4.5% FOR SERVICE FOR WHICH THE REGULAR MEMBER
CONTRIBUTIONS WOULD HAVE BEEN 7.5% OF COMPENSATION.~~

~~(7) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
E 2 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 4.5% OF
COMPENSATION.~~

~~(8) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SOCIAL~~

~~SECURITY INTEGRATION CONTRIBUTIONS IF THE ELECTION HAD NOT BEEN MADE, THEN THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE 5% OF COMPENSATION GREATER THAN THE AMOUNTS LISTED IN THIS SUBSECTION.~~

~~(9) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SHARED RISK MEMBER CONTRIBUTIONS IF THE ELECTION HAD NOT BEEN MADE, THEN THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE A PERCENTAGE OF COMPENSATION GREATER THAN THE AMOUNTS LISTED IN THIS SUBSECTION EQUAL TO THE SHARED RISK MEMBER CONTRIBUTION RATE THAT WOULD HAVE BEEN APPLICABLE.~~

~~(10) IF THE PARTICIPANT WOULD HAVE HAD REGULAR MEMBER CONTRIBUTIONS ADJUSTED BY THE SHARED GAIN ADJUSTMENT IF THE ELECTION HAD NOT BEEN MADE, THEN THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE REDUCED BY THE SAME PERCENTAGE OF COMPENSATION REGULAR MEMBER CONTRIBUTIONS WOULD HAVE BEEN REDUCED BY THE SHARED GAIN ADJUSTMENT.~~

~~(F) CHANGE IN RATE. IF THE REGULAR MEMBER CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION RATE, SHARED RISK MEMBER CONTRIBUTION RATE OR SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE THAT THE PARTICIPANT WOULD HAVE BEEN SUBJECT TO FOR SERVICE IF THE ELECTION HAD NOT BEEN MADE CHANGES FOR ANY REASON, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTION RATE SHALL ALSO CHANGE TO THE RATES ESTABLISHED IN THIS SUBSECTION.~~

~~SECTION 308.2. SECTIONS 5307, 5308, 5308.1 INTRODUCTORY PARAGRAPH AND (1), 5309, 5311(A), 5501, 5501.1, 5502.1(B), 5503.1(A) AND 5504 OF TITLE 71 ARE AMENDED TO READ:~~

~~§ 5307. ELIGIBILITY POINTS.~~

~~(A) GENERAL RULE. AN ACTIVE MEMBER OF THE SYSTEM SHALL ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE~~

~~AS A MEMBER OF THE [STATE OR] SYSTEM AND IF A MULTIPLE SERVICE MEMBER AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO THIRDS OF AN ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 CREDITED SERVICE. IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE, A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF ELIGIBILITY POINTS TO WHICH THE CLASS OF SERVICE ENTITLES HIM.~~

~~(A.1) USERRA LEAVE. A MEMBER OF THE SYSTEM OR PARTICIPANT IN THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS STATE OFFICE OR EMPLOYMENT INSTEAD OF PERFORMING USERRA LEAVE. IN THE EVENT THAT A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED STATE SERVICE CREDIT FOR THE USERRA LEAVE, NO ADDITIONAL ELIGIBILITY POINTS WILL BE GRANTED.~~

~~(B) TRANSITIONAL RULE.~~

~~(1) IN DETERMINING WHETHER A MEMBER WHO IS NOT A STATE EMPLOYEE OR SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY) HAS THE FIVE ELIGIBILITY POINTS REQUIRED BY SECTIONS 5102 (RELATING TO DEFINITIONS), 5308(B) (RELATING TO ELIGIBILITY FOR ANNUITIES), 5309 (RELATING TO ELIGIBILITY FOR VESTING), 5704(B) (RELATING TO DISABILITY ANNUITIES) AND 5705(A) (RELATING TO MEMBER'S OPTIONS), ONLY ELIGIBILITY POINTS EARNED BY PERFORMING CREDITED STATE SERVICE, USERRA LEAVE OR CREDITED SCHOOL SERVICE AS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AFTER JUNE 30, 2001,~~

1 ~~SHALL BE COUNTED UNTIL SUCH MEMBER EARNS ONE ELIGIBILITY~~
2 ~~POINT BY PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL~~
3 ~~SERVICE AFTER JUNE 30, 2001, AT WHICH TIME ALL ELIGIBILITY~~
4 ~~POINTS AS DETERMINED PURSUANT TO SUBSECTION (A) SHALL BE~~
5 ~~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 ~~(I) 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 ~~MEMBERS AND PARTICIPANTS).~~

24 ~~(B) WITHDRAWAL ANNUITY.~~

25 ~~(1) ANY VESTEE OR ANY ACTIVE MEMBER OR INACTIVE MEMBER~~
26 ~~ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE HAVING FIVE~~
27 ~~OR MORE ELIGIBILITY POINTS AND WHO DOES NOT HAVE CLASS A 3~~
28 ~~[OR], CLASS A 4 OR CLASS A 5 SERVICE CREDIT OR, IF A MULTIPLE~~
29 ~~SERVICE MEMBER, CLASS T E OR CLASS T F SERVICE CREDIT IN THE~~
30 ~~PUBLIC 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.~~

~~(2) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON
LEAVE WITHOUT PAY WHO HAS CLASS A 3 [OR] CLASS A 4 OR CLASS
A 5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T
E OR CLASS T F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM WHO TERMINATES STATE SERVICE HAVING TEN OR
MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION
5907 (F), (G) OR (H), SHALL BE ENTITLED TO RECEIVE AN ANNUITY.~~

~~(3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON
LEAVE WITHOUT PAY WHO HAS EITHER CLASS A 3 [OR] CLASS A 4 OR
CLASS A 5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER,
CLASS T E OR CLASS T F SERVICE CREDIT IN THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT SYSTEM AND ALSO HAS SERVICE CREDITED IN
THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE WHO HAS
FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS, UPON
COMPLIANCE WITH SECTION 5907 (F), (G) OR (H), SHALL BE
ELIGIBLE TO RECEIVE AN ANNUITY CALCULATED ON HIS SERVICE
CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS A 3 [OR] CLASS A 4 OR CLASS A 5, PROVIDED THAT THE MEMBER 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 CLASS T
E OR CLASS T F SERVICE IN THE PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM.~~

~~(C) DISABILITY ANNUITY. AN ACTIVE MEMBER OR INACTIVE MEMBER
ON LEAVE WITHOUT PAY WHO HAS FIVE OR MORE ELIGIBILITY POINTS
OTHER THAN ELIGIBILITY POINTS RESULTING FROM MEMBERSHIP IN THE
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR ANY ACTIVE MEMBER~~

~~OR INACTIVE MEMBER ON LEAVE WITHOUT PAY WHO IS AN OFFICER OF THE
PENNSYLVANIA STATE POLICE OR AN ENFORCEMENT OFFICER SHALL, UPON
COMPLIANCE WITH SECTION 5907(K), BE ENTITLED TO A DISABILITY
ANNUITY 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 AND PARTICIPANTS).~~

~~§ 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
(RELATING TO MAXIMUM SINGLE LIFE ANNUITY) WITHOUT A REDUCTION
BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH IS UNDER
THE SUPERANNUATION AGE.~~

~~* * *~~

~~§ 5309. ELIGIBILITY FOR VESTING.~~

~~ANY MEMBER WHO:~~

~~(1) DOES NOT HAVE CLASS A 3 [OR] CLASS A 4 OR CLASS A 5
SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T E OR
CLASS T F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR IF A
MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC~~

~~SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS, OR ANY MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY POINTS, SHALL BE ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS RETIREMENT BENEFITS.~~

~~(2) HAS ONLY CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE MEMBER, ONLY CLASS T E OR CLASS T F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, WITH TEN OR MORE ELIGIBILITY POINTS SHALL BE ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS RETIREMENT BENEFITS.~~

~~(3) HAS EITHER CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE MEMBER, CLASS T E OR CLASS T F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, ALSO HAS SERVICE CREDITED IN THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE AND HAS FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS AND TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, SHALL BE ELIGIBLE UNTIL THE ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS RETIREMENT BENEFITS CALCULATED ON HIS SERVICE CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 AND TO BE CREDITED WITH STATUTORY INTEREST ON TOTAL ACCUMULATED DEDUCTIONS, REGARDLESS OF WHETHER OR NOT ANY PART OF HIS ACCUMULATED DEDUCTIONS ARE A RESULT OF CLASS A 3 [OR], CLASS~~

~~A 4 OR CLASS A 5 SERVICE CREDIT.~~

~~§ 5311. ELIGIBILITY FOR REFUNDS.~~

~~(A) TOTAL ACCUMULATED DEDUCTIONS. ANY ACTIVE MEMBER, REGARDLESS OF ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS TOTAL ACCUMULATED DEDUCTIONS UPON TERMINATION OF SERVICE IN LIEU OF ANY BENEFIT FROM THE SYSTEM TO WHICH HE IS ENTITLED.~~

~~* * *~~

~~§ 5501. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.~~

~~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 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR {415(B)} 415.~~

~~§ 5501.1. SHARED RISK MEMBER CONTRIBUTIONS [FOR CLASS A 3 AND CLASS A 4 SERVICE] AND SHARED GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS.~~

~~(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] ALL CLASSES OF SERVICE FOR CURRENT SERVICE CREDITED [AS CLASS A 3 OR CLASS A 4] IN ANY CLASS OF SERVICE AS PROVIDED UNDER THIS SECTION, EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF THE CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR 415. SHARED RISK MEMBER CONTRIBUTIONS SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT. A SHARED GAIN ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS FOR ALL CLASSES OF SERVICE SHALL BE MADE AS PROVIDED UNDER THIS SECTION.~~

1 ~~(B) DETERMINATION OF SHARED RISK CONTRIBUTION RATE[.] FOR~~
2 ~~CLASS A 3, CLASS A 4 AND CLASS A 5 SERVICE. THE SHARED RISK~~
3 ~~CONTRIBUTION FOR CLASS A 3, CLASS A 4 AND CLASS A 5 SERVICE~~
4 ~~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,~~
11 ~~FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE~~
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~~
16 ~~BE ZERO.~~

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~~
21 ~~CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL~~
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~~

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~~
7 ~~SHARED RISK CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2017,~~
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~~
11 ~~DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH~~
12 ~~DECEMBER 31, 2019.~~

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~~
16 ~~INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY~~
17 ~~FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE~~
18 ~~DUTIES OF THE BOARD)).~~

19 ~~(6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED~~
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~~

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 ~~RISK CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE~~

~~ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
PREVIOUS TEN YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL
RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND
BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED RISK
CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL
INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
PREVIOUS TEN YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF
RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON
MARKET VALUE OVER THAT PERIOD.~~

~~(4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED
RISK CONTRIBUTION RATE MAY NOT BE LESS THAN ZERO AND MAY NOT
BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM
INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN
EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED,
EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION, PROVIDED
THAT IN NO EVENT MAY THE SHARED RISK CONTRIBUTION RATE BE
MORE THAN 2%. FOR THE DETERMINATION OF THE SHARED RISK
CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2023, THE
DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
DECEMBER 31, 2022. FOR THE DETERMINATION OF THE SHARED RISK
CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE
DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
DECEMBER 31, 2025.~~

~~(5) THE SHARED RISK CONTRIBUTION RATE AND THE FACTORS
ENTERING INTO ITS CALCULATION SHALL 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) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD USED TO DETERMINE THE SHARED RISK CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN ANNUAL RATE.~~

~~(7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED RISK CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION.~~

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

~~(D) DETERMINATION OF SHARED GAIN ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS FOR CLASS A 3, CLASS A 4 OR CLASS A 5 SERVICE. THE REGULAR MEMBER CONTRIBUTIONS FOR CLASS A 3, CLASS A 4 OR CLASS A 5 SERVICE SHALL BE DETERMINED AS FOLLOWS:~~

~~(1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS SECTION UNTIL JUNE 30, 2017, THE REGULAR MEMBER CONTRIBUTIONS 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 ~~A 4 OR CLASS A 5 SERVICE SHALL BE REDUCED BY .5%. IN ALL~~
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~~

~~REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE
REDUCTION IN THE ACTUARIALLY REQUIRED CONTRIBUTION RATE BY
THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT
GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON
THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED
AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE
ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE
THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER
CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE
DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH
DECEMBER 31, 2019.~~

~~(5) THE SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER
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,
SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,
EXPRESSED AS AN ANNUAL RATE.~~

~~(E) DETERMINATION OF SHARED GAIN ADJUSTMENT TO REGULAR
MEMBER CONTRIBUTIONS FOR ALL CLASSES OF SERVICE OTHER THAN CLASS
A 3, CLASS A 4 OR CLASS A 5 SERVICE. THE REGULAR MEMBER
CONTRIBUTIONS FOR ALL CLASSES OF SERVICE OTHER THAN CLASS A 3,
CLASS A 4 OR CLASS A 5 SERVICE SHALL BE DETERMINED AS FOLLOWS:~~

~~(1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS~~

~~SECTION UNTIL JUNE 30, 2020, THE REGULAR MEMBER CONTRIBUTIONS SHALL BE DETERMINED AS OTHERWISE PROVIDED IN THIS PART.~~

~~(2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023, IF THE SHARED RISK CONTRIBUTION RATE FOR SERVICE IN CLASSES OTHER THAN CLASS A 3, CLASS A 4 OR CLASS A 5 IS ZERO AND ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE PERIOD FROM JANUARY 1, 2017, TO DECEMBER 31, 2019, FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE PERIOD, THEN THE REGULAR MEMBER CONTRIBUTION RATE OF EACH MEMBER FOR ALL CLASSES OF SERVICE OTHER THAN CLASS A 3, CLASS A 4 OR CLASS A 5 SERVICE SHALL BE REDUCED BY .5%. IN ALL OTHER SITUATIONS, THE REGULAR MEMBER CONTRIBUTIONS SHALL BE DETERMINED AS OTHERWISE PROVIDED IN THIS PART.~~

~~(3) FOR EACH SUBSEQUENT THREE YEAR PERIOD, THE REGULAR MEMBER CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE PREVIOUS TEN YEAR PERIOD FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE PERIOD. THE REGULAR MEMBER CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE PREVIOUS TEN YEAR PERIOD FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS EQUAL TO OR GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THAT PERIOD.~~

~~(4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT~~

~~OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE REDUCTION IN THE ACTUARIALLY REQUIRED CONTRIBUTION RATE BY THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2023, THE DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH DECEMBER 31, 2022. FOR THE DETERMINATION OF THE REGULAR MEMBER CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH DECEMBER 31, 2025.~~

~~(5) THE SHARED GAIN ADJUSTMENT TO THE REGULAR MEMBER 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, SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN ANNUAL RATE.~~

~~(F) CALCULATION OF REGULAR MEMBER CONTRIBUTION RATE. FOR~~

~~PURPOSES OF THIS SECTION, THE REGULAR MEMBER CONTRIBUTION RATE
FOR EACH MEMBER IS THE PRODUCT OF THE BASIC CONTRIBUTION RATE
AND THE CLASS OF SERVICE MULTIPLIER USED TO DETERMINE THE
REGULAR MEMBER CONTRIBUTIONS FOR EACH MEMBER.~~

~~§ 5502.1. WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL
SECURITY INTEGRATION MEMBER CONTRIBUTIONS.~~

~~* * *~~

~~(B) APPLICABILITY. THIS SECTION SHALL NOT APPLY TO ANY
MEMBER WHO HAS CLASS A 3 [OR], CLASS A 4 OR CLASS A 5 SERVICE
CREDIT.~~

~~§ 5503.1. PICKUP CONTRIBUTIONS.~~

~~(A) TREATMENT FOR PURPOSES OF IRC § 414(H). ALL
CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS
5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
SERVICE), 5501.1 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS
[FOR CLASS A 3 AND CLASS A 4 SERVICE] AND SHARED GAIN
ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO
SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503
(RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND [SECTION]
5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS), WITH
RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE MEMBER ON
OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE COMMONWEALTH
OR OTHER EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
CONTRIBUTION FOR PURPOSES OF IRC § 414(H).~~

~~* * *~~

~~§ 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE
MEMBER.~~

~~(A) AMOUNT OF CONTRIBUTIONS FOR SERVICE IN OTHER THAN CLASS
G THROUGH N.~~

1 ~~(1) THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR~~
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~~
11 ~~MEMBER CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE IN THE~~
12 ~~CLASS OF SERVICE AND AT THE RATE OF CONTRIBUTION APPLICABLE~~
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~~
16 ~~SCHOOL SERVICE UP TO THE DATE OF PURCHASE.~~

17 ~~(2) NOTWITHSTANDING PARAGRAPH (1), MEMBERS [WITH CLASS~~
18 ~~A 3 STATE SERVICE] WHO ARE PERFORMING STATE SERVICE CREDITED~~
19 ~~IN CLASS A 3, CLASS A 4 OR CLASS A 5 SHALL MAKE CONTRIBUTIONS~~
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~~

~~MEMBERSHIP REQUIREMENT. NOTWITHSTANDING SECTION 5303(B)~~
~~(RELATING TO RETENTION AND REINSTATEMENT OF SERVICE CREDITS)~~
~~A STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE SYSTEM AS A~~
~~RESULT OF CONCURRENTLY PERFORMING SERVICE IN MORE THAN ONE~~
~~POSITION OR OFFICE AT THE TIME PREVIOUSLY UNCREDITED STATE~~
~~SERVICE IS CREDITED SHALL ELECT WHICH POSITION OR OFFICE IS~~
~~USED FOR THE DETERMINATION OF REQUIRED CONTRIBUTIONS AND~~
~~CREDITING AND CLASSIFICATION OF THE PREVIOUSLY UNCREDITED~~
~~SERVICE.~~

~~(A.1) CONVERTED COUNTY SERVICE. NO CONTRIBUTIONS SHALL BE~~
~~REQUIRED TO RESTORE CREDIT FOR PREVIOUSLY CREDITED STATE SERVICE~~
~~IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M~~
~~AND CLASS N. SUCH SERVICE SHALL BE RESTORED UPON THE~~
~~COMMENCEMENT OF PAYMENT OF THE CONTRIBUTIONS REQUIRED TO RESTORE~~
~~CREDIT IN THE SYSTEM FOR ALL OTHER PREVIOUS STATE SERVICE.~~

~~(B) CERTIFICATION AND METHOD OF PAYMENT. THE AMOUNT PAYABLE~~
~~SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH~~
~~METHODS APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM~~
~~WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE~~
~~SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL~~
~~EMPLOYEES' RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY~~
~~INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS~~
~~AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION~~
~~AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY~~
~~INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST~~
~~UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE~~
~~BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY~~
~~LIMIT THE 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~~

1 ~~SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY~~
2 ~~DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'~~
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~~
7 ~~SUBSECTION TO READ:~~

8 ~~§ 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE~~
9 ~~NONSTATE SERVICE.~~

10 ~~* * *~~

11 ~~(B) NONINTERVENING MILITARY SERVICE.~~

12 ~~(1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR~~
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~~
21 ~~YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE~~
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~~

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~~
11 ~~TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION MAY BE~~
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 ~~(1.1) IN THE CASE OF AN ACTIVE MEMBER OF CLASS A 3 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:~~

~~(I) ONE PURCHASE OF THE TOTAL AMOUNT OF CREDITABLE
NONINTERVENING MILITARY SERVICE; OR~~

~~(II) ONE PURCHASE PER 12 MONTH PERIOD OF A PORTION
OF CREDITABLE NONINTERVENING MILITARY SERVICE.~~

~~THE AMOUNT OF EACH PURCHASE SHALL BE NOT LESS THAN ONE YEAR
OF CREDITABLE NONINTERVENING MILITARY SERVICE.~~

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

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

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

~~(3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED
UPON BY THE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN
ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
SYSTEM AND THE BOARD.~~

~~THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND
THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND
STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR~~

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

9 ~~(D) NONMILITARY AND NONMAGISTERIAL SERVICE. CONTRIBUTIONS~~
10 ~~ON ACCOUNT OF CREDIT FOR CREDITABLE NONSTATE SERVICE OTHER THAN~~
11 ~~MILITARY AND MAGISTERIAL SERVICE BY STATE EMPLOYEES WHO FIRST~~
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~~
21 ~~BEING PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL~~
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~~

1 ~~AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE~~
2 ~~OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO~~
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~~
6 ~~OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED~~
7 ~~UPON SALARY DEDUCTION SHALL BE REMITTED TO THE PUBLIC SCHOOL~~
8 ~~EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO~~
9 ~~THE BOARD THE AMOUNTS PAID.~~

10 ~~* * *~~

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

14 ~~* * *~~

15 ~~(2) THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT~~
16 ~~ATTRIBUTABLE TO THE PURCHASED NONSTATE SERVICE CREDIT SHALL~~
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~~
30 ~~TO BE PURCHASED.~~

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),~~

~~5508 (A), (B), (C) (1), (F) AND (H) AND 5509 OF TITLE 71 ARE
AMENDED TO READ:~~

~~§ 5506.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A) (17).~~

~~(A) GENERAL RULE. IN ADDITION TO OTHER APPLICABLE
LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY
PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION
OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT, BOTH BEFORE AND
AFTER ANY ANNUALIZATION, TAKEN INTO ACCOUNT FOR BENEFIT PURPOSES
UNDER THIS PART SHALL NOT EXCEED THE LIMITATION UNDER IRC §
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
OMNIBUS BUDGET RECONCILIATION ACT OF 1993 (OBRA '93) (PUBLIC LAW
103-66, 107 STAT. 312) ANNUAL COMPENSATION LIMIT SET FORTH IN
THIS SUBSECTION. THE OBRA '93 ANNUAL COMPENSATION LIMIT IS
\$150,000, AS ADJUSTED BY THE COMMISSIONER FOR INCREASES IN THE
COST OF LIVING IN ACCORDANCE WITH IRC § 401(A) (17) (B). THE COST
OF LIVING ADJUSTMENT IN EFFECT FOR A CALENDAR YEAR APPLIES TO
ANY DETERMINATION PERIOD WHICH IS A PERIOD, NOT EXCEEDING 12
MONTHS, OVER WHICH COMPENSATION IS DETERMINED, BEGINNING IN SUCH
CALENDAR YEAR. IF A DETERMINATION PERIOD CONSISTS OF FEWER THAN
12 MONTHS, THE OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY
A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN
THE DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.~~

~~* * *~~

~~§ 5507. CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND
OTHER EMPLOYERS.~~

~~* * *~~

~~(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~~

~~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)].~~

~~* * *~~

~~§ 5508. ACTUARIAL COST METHOD.~~

~~(A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE
MEMBERS. [THE] FOR EACH FISCAL YEAR, THE AMOUNT OF THE
COMMONWEALTH AND OTHER EMPLOYER CONTRIBUTIONS ON BEHALF OF ALL
ACTIVE MEMBERS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE
OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS DURING THE
PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO
CERTIFIED BY THE BOARD. THE ACTUARIALLY REQUIRED CONTRIBUTION
RATE ON BEHALF OF ALL ACTIVE MEMBERS SHALL CONSIST OF THE
EMPLOYER NORMAL CONTRIBUTION RATE, AS DEFINED IN SUBSECTION (B),
AND THE ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN
SUBSECTION (C). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE ON
BEHALF OF ALL ACTIVE MEMBERS SHALL BE MODIFIED BY THE EXPERIENCE
ADJUSTMENT FACTOR AS CALCULATED IN SUBSECTION (F).~~

~~(B) EMPLOYER NORMAL CONTRIBUTION RATE. THE EMPLOYER NORMAL
CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH ACTUARIAL
VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE AND SUCH
MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED BY THE BOARD IN
ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. THE
EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AS A LEVEL
PERCENTAGE OF THE COMPENSATION OF [THE AVERAGE NEW ACTIVE
MEMBER] ALL ACTIVE MEMBERS, WHICH PERCENTAGE, IF CONTRIBUTED
FROM THE START OF THEIR EMPLOYMENT ON THE BASIS OF [HIS] THEIR
PROSPECTIVE COMPENSATION THROUGH [HIS] THEIR ENTIRE PERIOD OF
ACTIVE STATE SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY~~

1 ~~FOR ANY PROSPECTIVE BENEFIT PAYABLE TO [HIM] THEM IN EXCESS OF~~
2 ~~THAT PORTION FUNDED BY [HIS] THEIR PROSPECTIVE MEMBER~~
3 ~~CONTRIBUTIONS, EXCLUDING SHARED RISK MEMBER CONTRIBUTIONS[.] AND~~
4 ~~SHARED GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS. IN NO~~
5 ~~CASE SHALL THE EMPLOYER NORMAL CONTRIBUTION RATE BE LESS THAN~~
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~~
11 ~~MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT~~
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~~
21 ~~COMMENCING 1998), 5708.6 (RELATING TO SUPPLEMENTAL ANNUITIES~~
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~~

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~~
11 ~~OF THE INCREASE. THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY~~
12 ~~CONTRIBUTION FOR SUCH ADDITIONAL LEGISLATIVE LIABILITIES~~
13 ~~SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE~~
14 ~~FIRST ANNUAL PAYMENT.~~

15 ~~* * *~~

16 ~~(F) EXPERIENCE ADJUSTMENT FACTOR.---~~

17 ~~(1) FOR EACH FISCAL YEAR AFTER THE ESTABLISHMENT OF THE~~
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~~
21 ~~LIABILITY AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND~~
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~~

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~~
11 ~~CONTRIBUTION RATE, MODIFIED BY THE EXPERIENCE ADJUSTMENT~~
12 ~~FACTOR AS CALCULATED IN PARAGRAPH (1).~~

13 ~~* * *~~

14 ~~(H) 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~~

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~~
6 ~~NECESSARY TO BE APPROPRIATED BY THE COMMONWEALTH OUT OF THE~~
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.~~

11 ~~(B) APPROPRIATION AND PAYMENT. THE GENERAL ASSEMBLY SHALL~~
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~~
16 ~~REQUISITIONS PRESENTED BY THE BOARD. THE CONTRIBUTIONS TO THE~~
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~~
22 ~~THE SYSTEM BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO~~
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~~

~~PRESENTED BY THE BOARD. THE GENERAL FUND OF THE COMMONWEALTH SHALL NOT BE HELD LIABLE TO APPROPRIATE THE MONEYS REQUIRED TO BUILD UP THE RESERVES IN THE FUND NECESSARY FOR THE PAYMENT OF BENEFITS FROM THE SYSTEM TO EMPLOYEES OR TO MAKE THE EMPLOYER DEFINED CONTRIBUTIONS FOR EMPLOYEES OF SUCH OTHER EMPLOYERS. IN CASE ANY SUCH OTHER EMPLOYER SHALL FAIL TO PROVIDE TO THE FUND THE MONEYS NECESSARY FOR SUCH PURPOSE, THEN THE SERVICE OF SUCH MEMBERS OF THE SYSTEM FOR SUCH PERIOD FOR WHICH MONEY IS NOT SO PROVIDED SHALL BE CREDITED AND PICKUP CONTRIBUTIONS WITH RESPECT TO SUCH MEMBERS SHALL CONTINUE TO BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT. THE ANNUITY TO WHICH SUCH MEMBER IS ENTITLED SHALL BE DETERMINED AS ACTUARIALLY EQUIVALENT TO THE PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY OF EACH SUCH MEMBER REDUCED BY THE AMOUNT OF EMPLOYER CONTRIBUTIONS TO THE SYSTEM PAYABLE ON ACCOUNT AND ATTRIBUTABLE TO HIS COMPENSATION DURING SUCH SERVICE, EXCEPT THAT NO REDUCTION SHALL BE MADE AS A RESULT OF THE FAILURE OF AN EMPLOYER TO MAKE CONTRIBUTIONS REQUIRED FOR A PERIOD OF USERRA LEAVE.~~

~~SECTION 311. TITLE 71 IS AMENDED BY ADDING A SECTION TO READ:~~

~~§ 5510. EMPLOYER FUNDING MANDATE PROTECTION.~~

~~(A) LIMITED EXPANSION OF CONTRACTUAL RIGHT TO FUNDING. COMMENCING ON THE JULY 1 FOLLOWING THE ACTUARIAL VALUATION IN WHICH THE ACTUARY CERTIFIES THAT THE FINAL CONTRIBUTION RATE IS THE ACTUARIALLY REQUIRED CONTRIBUTION, EACH ACTIVE MEMBER OF SHALL HAVE A CONTRACTUAL RIGHT TO THE TIMELY PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED CONTRIBUTIONS PURSUANT TO SECTION 5508 (RELATING TO ACTUARIAL COST METHOD) AND SECTION 5902 (K) (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD) BY SUCH MEMBER'S EMPLOYER. THE FOLLOWING APPLY:~~

~~(1) THE FAILURE OF A MEMBER'S EMPLOYER TO MAKE THE ANNUALLY REQUIRED CONTRIBUTION TO THE FUND WILL BE DEEMED TO BE AN IMPAIRMENT OF THE CONTRACTUAL RIGHT OF SUCH MEMBER.~~

~~(2) ANY CLAIM OF CONTRACT IMPAIRMENT SHALL BE BROUGHT AGAINST THE EMPLOYER OF THE MEMBER FOR WHOM CONTRIBUTIONS WERE NOT PAID, AND NEITHER THE BOARD NOR THE SYSTEM OR THEIR EMPLOYEES OR AGENTS SHALL BE A DEFENDANT IN ANY SUCH ACTION OR LIABLE FOR ANY PAYMENTS OR DAMAGES ARISING FROM SUCH IMPAIRMENT.~~

~~(B) JURISDICTION OF SUPREME COURT. NOTWITHSTANDING ANY PROVISION OF 2 PA.C.S. (RELATING TO ADMINISTRATIVE LAW AND PROCEDURE), 42 PA.C.S. (RELATING TO JUDICIARY AND JUDICIAL PROCEDURE) OR ANY OTHER PROVISION OF LAW, THE PENNSYLVANIA SUPREME COURT SHALL HAVE EXCLUSIVE JURISDICTION TO DO AS FOLLOWS:~~

~~(1) HEAR ANY CLAIM OF CONTRACT IMPAIRMENT FOR FAILURE TO 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 MATTERS AFFECTING GOVERNMENT UNITS) OR LACK OF JURISDICTION BY THE SUPREME COURT SHALL NOT BE RAISED AS A DEFENSE AGAINST A CLAIM BROUGHT AGAINST AN EMPLOYER UNDER THIS SECTION.~~

~~(D) ATTORNEY FEES. A MEMBER WHO PREVAILS IN A CLAIM BROUGHT UNDER THIS PART MAY BE AWARDED REASONABLE ATTORNEY FEES.~~

~~(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.~~

~~(F) EMPLOYER CONTRIBUTIONS. NOTHING IN THIS SECTION SHALL
BE DEEMED TO SUPERSEDE OR CONFLICT WITH THE RIGHTS AND
OBLIGATIONS SET FORTH IN SECTION 5509 (RELATING TO
APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH).~~

~~SECTION 312. SECTIONS 5701 AND 5701.1 OF TITLE 71 ARE
AMENDED TO READ:~~

~~§ 5701. RETURN OF TOTAL ACCUMULATED DEDUCTIONS.~~

~~ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL
BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE
MAY BE ENTITLED, ELECT TO RECEIVE HIS TOTAL ACCUMULATED
DEDUCTIONS.~~

~~§ 5701.1. TRANSFER OF ACCUMULATED DEDUCTIONS.~~

~~WHEN AN EMPLOYEE OF THE JUVENILE COURT JUDGES' COMMISSION
ELECTS MEMBERSHIP IN AN INDEPENDENT RETIREMENT PROGRAM PURSUANT
TO SECTION 5301(F) (RELATING TO MANDATORY AND OPTIONAL
MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), THE
BOARD SHALL TRANSFER DIRECTLY TO THE TRUSTEE OR ADMINISTRATOR OF
THE INDEPENDENT RETIREMENT PROGRAM ALL ACCUMULATED DEDUCTIONS
RESULTING FROM SERVICE CREDITED WHILE AN EMPLOYEE OF THE
JUVENILE COURT JUDGES' COMMISSION.~~

~~SECTION 313. SECTIONS 5702(A)(1), (4) AND (6) AND, 5704(A), <--
(C), (E) AND (F) AND 5705(A) OF TITLE 71 ARE AMENDED AND THE <--~~

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~~
4 ~~TO RECEIVE AN ANNUITY PURSUANT TO THE PROVISIONS OF SECTION~~
5 ~~5308 (A) OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) WHO~~
6 ~~TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER WHO IS~~
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~~
11 ~~EQUAL TO THE SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES~~
12 ~~BEGINNING AT THE EFFECTIVE DATE OF RETIREMENT:~~

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~~

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~~
11 ~~MULTIPLIERS EFFECTIVE SUBSEQUENT TO JANUARY 1, 1973. THE~~
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~~
16 ~~CALCULATED MULTIPLIERS DURING THE THREE YEARS OF HIGHEST~~
17 ~~ANNUAL COMPENSATION IN THAT CLASS OF SERVICE.] SEPARATE~~
18 ~~STANDARD SINGLE LIFE ANNUITIES SHALL BE CALCULATED FOR THE~~
19 ~~PORTION OF SERVICE IN SUCH CLASS APPLICABLE TO EACH CLASS OF~~
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 EQUIVALENT 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~~

MEMBER CONTRIBUTIONS WERE MADE. [THIS PARAGRAPH SHALL NOT
APPLY TO ANY MEMBER WITH STATE SERVICE CREDITED AS CLASS A 3
OR CLASS A 4.]

* * *

(6) IF ELIGIBLE, A SINGLE LIFE ANNUITY SUFFICIENT
TOGETHER WITH THE ANNUITY PROVIDED FOR IN PARAGRAPH (1) AS A
CLASS A, CLASS AA, CLASS A 3 [AND] CLASS A 4 AND CLASS A 5
MEMBER AND THE HIGHEST ANNUITY PROVIDED FOR IN PARAGRAPH (2)
TO WHICH HE IS ENTITLED, OR AT HIS OPTION COULD HAVE BEEN
ENTITLED, TO PRODUCE THAT PERCENTAGE OF [A] THE SUMS OF THE
STANDARD SINGLE LIFE [ANNUITY] ANNUITIES ADJUSTED BY THE
APPLICATION OF THE CLASS OF SERVICE MULTIPLIER FOR CLASS A,
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
CREDITED AS A MEMBER OF CLASS A, CLASS AA, CLASS A 3 [OR] CLASS A 4 AND CLASS A 5 ON THE EFFECTIVE DATE OF RETIREMENT
AS DETERMINED BY HIS TOTAL YEARS OF CREDITED SERVICE AS A
MEMBER OF CLASS A, CLASS AA, CLASS A 3 [AND] CLASS A 4 AND
CLASS A 5 AND BY THE FOLLOWING TABLE:

TOTAL YEARS OF CREDITED SERVICE AS A MEMBER OF CLASS A, CLASS AA, CLASS A 3 [AND] <u>CLASS A 4</u> <u>AND CLASS A 5</u> —	PERCENTAGE OF <u>SUMS OF</u> STANDARD SINGLE LIFE [ANNUITY] <u>ANNUITIES</u> ADJUSTED FOR CLASS A, CLASS AA, CLASS A 3 [AND] <u>CLASS A 4</u> <u>AND CLASS A 5</u> CLASS OF SERVICE MULTIPLIERS
35-40	100%
41	102%

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 ~~IN THE PLAN.~~

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~~

~~ANNUITY SHALL BE MULTIPLIED BY THE LESSER OF THE FOLLOWING
RATIOS:~~

~~MY*/Y OR 16.667/Y~~

~~{WHERE} WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE[,];~~

~~Y* = TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO~~

~~CONTINUE AS A STATE EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE~~

~~AS APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF~~

~~DISABILITY, OR IF THE MEMBER HAS ATTAINED SUPERANNUATION AGE, AS~~

~~APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF DISABILITY,~~

~~THEN THE NUMBER OF YEARS OF CREDITED SERVICE AND M = THE CLASS~~

~~OF SERVICE MULTIPLIER AS APPLICABLE TO THAT CLASS OF SERVICE AT~~

~~THE EFFECTIVE DATE OF DISABILITY. A MEMBER OF CLASS C SHALL~~

~~RECEIVE, IN ADDITION, ANY ANNUITY TO WHICH HE MAY BE ELIGIBLE~~

~~UNDER SECTION 5702(A)(3) (RELATING TO MAXIMUM SINGLE LIFE~~

~~ANNUITY). THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A~~

~~JOINT AND SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY~~

~~ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION 5702.~~

~~* * *~~

~~(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:~~

~~{(I)} (1) THE LAST YEAR'S SALARY OF THE ANNUITANT AS A
STATE EMPLOYEE; AND~~

~~{(II)} (2) THE RATIO OF THE CURRENT MONTHLY PAYMENT TO
THE MONTHLY PAYMENT AT THE EFFECTIVE DATE OF DISABILITY;~~

1 ~~PROVIDED, THAT THE ANNUITANT SHALL NOT RECEIVE LESS THAN HIS~~
2 ~~MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE MAY BE ENTITLED UNDER~~
3 ~~SECTION 5702 WHICHEVER IS GREATER.~~

4 ~~* * *~~

5 ~~(E) TERMINATION OF STATE SERVICE. UPON TERMINATION OF~~
6 ~~DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED~~
7 ~~IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO[:~~

8 ~~(1) DOES NOT HAVE CLASS A 3 OR CLASS A 4 SERVICE CREDIT;~~

9 ~~OR~~

10 ~~(2) HAS CLASS A 3 OR CLASS A 4 SERVICE CREDIT AND FEWER~~
11 ~~THAN TEN ELIGIBILITY POINTS;~~

12 ~~AND WHO] DOES NOT RETURN TO STATE SERVICE MAY FILE AN~~
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~~

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:~~

$$26 \quad A = \frac{.7[(Y^W \text{ MULTIPLIED BY FAS}^W) + (Y^P \text{ MULTIPLIED BY FAS}^P)]}{Y^P}$$

27
28 ~~(3) THE FOLLOWING APPLY TO THE FORMULA IN PARAGRAPH (2):~~

29 ~~(I) A EQUALS THE AMOUNT USED TO DETERMINE THE~~
30 ~~SUPPLEMENT;~~

~~(II) Y^W EQUALS TOTAL YEARS OF CREDITED SERVICE;~~
~~(III) Y^W EQUALS YEARS OF CREDITED SERVICE THAT ARE~~
~~NOT POST DECEMBER 2016 SERVICE OR CLASS A 5 SERVICE;~~
~~(IV) FAS^W EQUALS FINAL AVERAGE SALARY CALCULATED FOR~~
~~CREDITED SERVICE OTHER THAN POST DECEMBER 2016 SERVICE OR~~
~~CLASS A 5 SERVICE;~~
~~(V) Y^P EQUALS YEARS OF SERVICE CREDITED AS POST~~
~~DECEMBER 2016 SERVICE OR CLASS A 5 SERVICE; AND~~
~~(VI) FAS^P EQUALS FINAL AVERAGE SALARY CALCULATED FOR~~
~~SERVICE CREDITED AS POST DECEMBER 2016 SERVICE OR CLASS~~
~~A 5 SERVICE.~~

* * *

~~(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.~~

~~§ 5705. MEMBER'S OPTIONS.~~

~~(A) GENERAL RULE. ANY SPECIAL VESTEE [WHO HAS ATTAINED~~
~~SUPERANNUATION AGE, ANY VESTEE WHO DOES NOT HAVE CLASS A 3 OR~~
~~CLASS A 4 SERVICE CREDIT HAVING FIVE OR MORE ELIGIBILITY POINTS~~
~~FOR SERVICE OTHER THAN CLASS T E OR CLASS T F SERVICE IN THE~~
~~PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR VESTEE WHO HAS~~
~~CLASS A 3 OR CLASS A 4 SERVICE CREDIT HAVING TEN OR MORE~~
~~ELIGIBILITY POINTS, ANY MEMBER WITH CLASS G, CLASS H, CLASS I,~~
~~CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING~~
~~FIVE OR MORE ELIGIBILITY POINTS OR ANY OTHER ELIGIBLE MEMBER~~
~~UPON TERMINATION OF STATE SERVICE WHO HAS NOT WITHDRAWN HIS~~
~~TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5701~~
~~(RELATING TO RETURN OF TOTAL ACCUMULATED DEDUCTIONS)], VESTEE OR~~
~~ANY OTHER MEMBER UPON TERMINATION OF STATE SERVICE WHO IS~~

~~ELIGIBLE TO RECEIVE AN ANNUITY AS PROVIDED IN SECTION 5308(A) OR
(B) (RELATING TO ELIGIBILITY FOR ANNUITIES) MAY APPLY FOR AND
ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE ANNUITY, AS
CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5702
(RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY
CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
MAXIMUM SINGLE LIFE ANNUITY PAYABLE AFTER REDUCTION UNDER
SUBSECTION (A.1) AND IN ACCORDANCE WITH ONE OF THE FOLLOWING
OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY PAYABLE TO
ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE OR
ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF
THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT
UNDER THIS SUBSECTION AND SUBSECTION (A.1) HE MAY HAVE ELECTED
TO RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM
SINGLE LIFE ANNUITY:~~

~~(1) OPTION 1. A LIFE ANNUITY TO THE MEMBER WITH A
GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE
MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF
RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS
RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE
SHALL BE PAYABLE 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 ONE
HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR
ANNUITANT, IF LIVING AT HIS DEATH.~~

~~(4) OPTION 4. SOME OTHER BENEFIT WHICH SHALL BE~~

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 ~~OR CLASS A 5 SERVICE. THE BALANCE OF THE PRESENT VALUE OF~~
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. IF A~~
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~~

~~DEDUCTIONS BEFORE THE EFFECTIVE DATE OF RETIREMENT.~~

~~(A.1) ADDITIONAL LUMP SUM WITHDRAWAL. THE FOLLOWING SHALL
APPLY:~~

~~(1) AFTER JUNE 30, 2016, IF A MEMBER HAS ELECTED TO HAVE
THE FULL AMOUNT ALLOWED UNDER SUBSECTION (A) (4) (III) PAID IN
LUMP SUM, OR IS NOT ELIGIBLE TO HAVE ANY MONEY PAID UNDER
SUBSECTION (A) (4) (III), THEN THE MEMBER MAY ELECT TO RECEIVE
AN ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM AT THE SAME TIME
AS THE PAYMENT ELECTED UNDER SUBSECTION (A) (4) (III), IF ANY.~~

~~(2) THE ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM MAY NOT
EXCEED AN AMOUNT EQUAL TO THE EXCESS OF THE TOTAL ACCUMULATED
DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER ON THE
EFFECTIVE DATE OF RETIREMENT OVER THE AMOUNT PAYABLE UNDER
SUBSECTION (A) (4) (III).~~

~~(3) IF A MEMBER ELECTS TO BE PAID AN ADDITIONAL LUMP SUM
AMOUNT UNDER THIS SUBSECTION, THEN THE MAXIMUM SINGLE LIFE
ANNUITY CALCULATED UNDER SECTION 5702 AND PAYABLE UNDER
SUBSECTION (A) SHALL BE REDUCED BY THE ADDITIONAL AMOUNT
WITHDRAWN DIVIDED BY THE COST OF A DOLLAR ANNUITY ON THE
EFFECTIVE DATE OF RETIREMENT COMPUTED ON THE BASIS OF THE
ANNUAL INTEREST RATE ADOPTED FOR THAT FISCAL YEAR BY THE
BOARD FOR THE CALCULATION OF THE EMPLOYER NORMAL CONTRIBUTION
RATE UNDER SECTION 5508 (B) (RELATING TO ACTUARIAL COST
METHOD) AND THE MORTALITY TABLES ADOPTED BY THE BOARD FOR THE
DETERMINATION OF ACTUARIALLY EQUIVALENT BENEFITS UNDER THIS
PART. THE REDUCTION IN THE MAXIMUM SINGLE LIFE ANNUITY UNDER
THIS PARAGRAPH SHALL APPLY BEFORE THE ELECTION AND
CALCULATION OF ANY REDUCED ANNUITIES PAYABLE UNDER SUBSECTION
(A).~~

~~* * *~~

1 ~~SECTION 314. SECTIONS 5705.1 AND 5706(A), (A.1), (A.2) AND~~
2 ~~(C) (1) OF TITLE 71 ARE AMENDED TO READ:~~

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 OR CLASS A 5 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,~~
11 ~~ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON~~
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~~
15 ~~ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A 3~~
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~~
21 ~~CONSIDERED A LUMP SUM PAYMENT FOR PURPOSES OF SECTION 5905.1(D).~~

22 ~~§ 5706. TERMINATION OF ANNUITIES.~~

23 ~~(A) GENERAL RULE. IF THE ANNUITANT RETURNS TO STATE SERVICE~~
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~~

~~1 PARTICIPANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR
2 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF
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
6 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY
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
11 FROZEN PRESENT VALUE ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE
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~~

~~STATE SERVICE[.] OR FOR PARTICIPATION IN THE PLAN, MANDATORY
PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR
EMPLOYER DEFINED CONTRIBUTIONS.~~

~~(A.1) RETURN TO STATE SERVICE DURING EMERGENCY. WHEN, IN
THE JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE
IN THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF
SERVICE TO THE PUBLIC, AN ANNUITANT MAY BE RETURNED TO STATE
SERVICE FOR A PERIOD NOT TO EXCEED 95 DAYS IN ANY CALENDAR YEAR
WITHOUT LOSS OF HIS ANNUITY. IN COMPUTING THE NUMBER OF DAYS AN
ANNUITANT HAS RETURNED TO STATE SERVICE, ANY AMOUNT OF TIME LESS
THAN ONE HALF OF A DAY SHALL BE COUNTED AS ONE HALF OF A DAY.
FOR AGENCIES, BOARDS AND COMMISSIONS UNDER THE GOVERNOR'S
JURISDICTION, THE APPROVAL OF THE GOVERNOR THAT AN EMERGENCY
EXISTS SHALL BE REQUIRED BEFORE AN ANNUITANT MAY BE RETURNED TO
STATE SERVICE. THIS SERVICE SHALL NOT BE SUBJECT TO MEMBER
CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE
STATE SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY PICKUP
PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR EMPLOYER
DEFINED CONTRIBUTIONS.~~

~~(A.2) RETURN OF BENEFITS. IN THE EVENT AN ANNUITANT WHOSE
ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES
ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO
SECTION 5705 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE
OF HIS RETURN TO STATE SERVICE OR ENTERING SCHOOL SERVICE, THE
ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM
THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE
CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS
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
WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'~~

~~RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF A 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.~~

~~* * *~~

~~(C) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.~~

~~(1) AN ANNUITANT WHO RETURNS TO STATE SERVICE AS AN ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE SERVICE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO ENTERS SCHOOL SERVICE AND:~~

~~(I) IS A MULTIPLE SERVICE MEMBER; OR~~

~~(II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL SERVICE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND WHO HAD THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE WITH SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF RETIREMENT ELIMINATED, PROVIDED THAT ALL LUMP SUM PAYMENTS UNDER OPTION 4 OR UNDER SECTION 5705(A.1) AND ANNUITY~~

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 * * *

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~~

~~THIS SUBSECTION SHALL NOT BE ABLE TO ELECT A PAYMENT METHOD
OTHERWISE ALLOWED UNDER SECTION 5709 (B) (2) AND (3) (RELATING TO
PAYMENT OF BENEFITS FROM THE SYSTEM).~~

~~SECTION 316. SECTION 5709 HEADING, (A) AND (B) OF TITLE 71
ARE AMENDED TO READ:~~

~~§ 5709. PAYMENT OF BENEFITS FROM THE SYSTEM.~~

~~(A) ANNUITIES. ANY ANNUITY GRANTED UNDER THE PROVISIONS OF
THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY
INSTALLMENTS.~~

~~(B) DEATH BENEFITS. IF THE AMOUNT OF A DEATH BENEFIT
PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION
5707 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF
OPTION 1 OF SECTION 5705 (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:~~

~~(1) A LUMP SUM PAYMENT;~~

~~(2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT
PAYABLE; OR~~

~~(3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE
ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS
THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.~~

~~* * *~~

~~SECTION 317. TITLE 71 IS AMENDED BY ADDING A CHAPTER TO
READ:~~

~~CHAPTER 58~~

~~STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN~~

~~SEC.~~

~~5801. ESTABLISHMENT.~~

~~5802. PLAN DOCUMENT.~~

~~5803. INDIVIDUAL INVESTMENT ACCOUNTS.~~

1 ~~5804. PARTICIPANT CONTRIBUTIONS.~~
2 ~~5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.~~
3 ~~5806. EMPLOYER DEFINED CONTRIBUTIONS.~~
4 ~~5807. ELIGIBILITY FOR BENEFITS.~~
5 ~~5808. DEATH BENEFITS.~~
6 ~~5809. VESTING.~~
7 ~~5810. TERMINATION OF DISTRIBUTIONS.~~
8 ~~5811. (RESERVED).~~
9 ~~5812. POWERS AND DUTIES OF BOARD.~~
10 ~~5813. RESPONSIBILITY FOR INVESTMENT LOSS.~~
11 ~~5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION~~
12 ~~CHOICES.~~
13 ~~5815. EXPENSES.~~
14 ~~5816. TAX QUALIFICATION.~~
15 ~~§ 5801. ESTABLISHMENT.~~

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~~
20 ~~EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES~~
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~~

~~MEMBERS OF THE BOARD SHALL BE THE TRUSTEES OF THE TRUST, WHICH
SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE
EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT
INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND
SHALL PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE
TRUST.~~

~~(C) ASSETS HELD IN TRUST. ALL ASSETS AND INCOME IN THE PLAN
THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE
PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE
WITH THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE
EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES
UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS
OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN
DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE
BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED
FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE
ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.~~

~~(D) NAME FOR TRANSACTING BUSINESS. ALL 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 TO FACILITATE THE PURCHASE, SALE OR OTHER
DISPOSITION OF SECURITIES UNDER THE PROVISIONS OF THIS PART.~~

~~§ 5802. PLAN DOCUMENT.~~

~~THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE
PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS
OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED
IN THE PENNSYLVANIA BULLETIN. ANY AMENDMENTS TO THE PLAN AND
TRUST DECLARATION ALSO SHALL BE PUBLISHED. THE CREATION OF THE
DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE
TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND
PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY
REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE
ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE
COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER
LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE
CONTEXT CLEARLY INDICATES OTHERWISE.~~

~~§ 5803. INDIVIDUAL INVESTMENT ACCOUNTS.~~

~~THE BOARD SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON BEHALF
OF A PARTICIPANT SHALL BE CREDITED TO THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH ALL INTEREST AND
INVESTMENT EARNINGS AND LOSSES. INVESTMENT AND ADMINISTRATIVE
FEES, COSTS AND EXPENSES SHALL BE CHARGED TO THE PARTICIPANTS'
INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS OTHERWISE PROVIDED
UNDER THIS PART OR AS THE GENERAL ASSEMBLY OTHERWISE PROVIDES BY
APPROPRIATIONS FROM THE GENERAL FUND. EMPLOYER DEFINED
CONTRIBUTIONS SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY
FROM PARTICIPANT CONTRIBUTIONS, BUT ALL INTEREST, INVESTMENT
EARNINGS AND LOSSES, AND INVESTMENT AND ADMINISTRATIVE FEES,
COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.~~

~~§ 5804. PARTICIPANT CONTRIBUTIONS.~~

~~(A) MANDATORY CONTRIBUTIONS. A PARTICIPANT WHO IS A MEMBER~~

~~WHO MAKES THE ELECTION TO BECOME A CLASS A-5 MEMBER UNDER SECTION 5306.4 (RELATING TO LIMITED ELECTION TO BECOME A CLASS A-5 MEMBER AND PLAN PARTICIPANT) SHALL MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT EQUAL TO 3.25%, OR SUCH OTHER PERCENTAGE AS SET FORTH IN SECTION 5306.4(E), OF COMPENSATION FOR CURRENT STATE SERVICE. THE EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR CURRENT SERVICE TO BE MADE AND DEDUCTED FROM EACH PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.~~

~~(B) VOLUNTARY CONTRIBUTIONS. A PARTICIPANT MAY MAKE VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH DIRECT TRUSTEE TO TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE EXTENT ALLOWED BY IRC § 402. THE ROLLOVERS SHALL BE MADE IN A FORM AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE SEPARATELY ACCOUNTED FOR BY THE BOARD.~~

~~(C) PROHIBITED CONTRIBUTIONS. NO CONTRIBUTIONS MAY BE ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE CHARGES, SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.~~

~~§ 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.~~

~~(A) TREATMENT FOR PURPOSES OF IRC § 414(H). THE CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION 5804(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO~~

~~STATE SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED UP BY THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF THE 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.~~

~~§ 5806. EMPLOYER DEFINED CONTRIBUTIONS.~~

~~(A) CONTRIBUTIONS FOR SERVICE. THE COMMONWEALTH OR OTHER EMPLOYER OF AN ACTIVE PARTICIPANT SHALL MAKE EMPLOYER DEFINED CONTRIBUTIONS FOR SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE CREDITED TO THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. EMPLOYER DEFINED CONTRIBUTIONS SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.~~

~~(B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED FROM USERRA LEAVE. WHEN A STATE EMPLOYEE REEMPLOYED FROM USERRA LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE COMMONWEALTH OR OTHER EMPLOYER BY WHOM THE STATE EMPLOYEE IS EMPLOYED AT THE TIME THE PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER EMPLOYER DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS SECTION HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS CONTINUED TO BE EMPLOYED IN THE PARTICIPANT'S STATE OFFICE OR POSITION INSTEAD OF PERFORMING USERRA LEAVE. THE EMPLOYER~~

~~DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE PROVIDED BY THIS
PART.~~

~~(C) LIMITATIONS ON CONTRIBUTIONS. NO CONTRIBUTIONS MAY BE
ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
EARNINGS ON THE CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND
ADMINISTRATIVE CHARGES, SHALL BE REFUNDED TO THE EMPLOYER BY THE
BOARD.~~

~~§ 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
ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A
PARTICIPANT WHO WITHDRAWS HIS VESTED ACCUMULATED TOTAL DEFINED
CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
NOTWITHSTANDING THAT THE FORMER STATE EMPLOYEE MAY CONTINUE TO
BE A MEMBER OF THE SYSTEM OR MAY HAVE CONTRACTED TO RECEIVE AN
ANNUITY OR OTHER FORM OF PAYMENT FROM A PROVIDER RETAINED BY THE
BOARD FOR SUCH PURPOSES.~~

~~(B) REQUIRED DISTRIBUTIONS. ALL PAYMENTS UNDER THIS SECTION
SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY~~

~~DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
THOSE REQUIREMENTS.~~

~~(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. A PARTICIPANT WHO
TERMINATES STATE 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).~~

~~§ 5808. DEATH BENEFITS.~~

~~(A) GENERAL RULE. IN THE EVENT OF THE DEATH OF AN ACTIVE
PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN
DOCUMENT.~~

~~(B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS. IN THE
EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE
BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE~~

~~METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S BENEFICIARY OR SUCCESSOR PAYEE, AS THE CASE MAY BE, AS PROVIDED IN THE PLAN DOCUMENT.~~

~~(C) CONTRACTS. THE BOARD MAY CONTRACT WITH FINANCIAL INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD PARTY PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM AND MANNER AS PROVIDED BY THE CONTRACT.~~

~~§ 5809. VESTING.~~

~~(A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS. SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 5953 (RELATING TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS PROVIDED BY LAW, A PARTICIPANT SHALL BE IMMEDIATELY VESTED WITH RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT TO THE TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS OR LOSSES ON THE PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE CHARGES.~~

~~(B) EMPLOYER DEFINED CONTRIBUTIONS.~~

~~(1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 5953 OR OTHERWISE AS PROVIDED BY LAW, A PARTICIPANT SHALL BE VESTED WITH RESPECT TO ALL EMPLOYER DEFINED CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN THE TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS AND LOSSES ON THE EMPLOYER DEFINED CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE CHARGES ACCORDING TO THE FOLLOWING SCHEDULE:~~

~~(I) UNTIL SUCH TIME AS A PARTICIPANT HAS EARNED THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 0%;~~

~~(II) AT AND AFTER THE ATTAINMENT OF THREE
ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 100%.~~

~~(2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY
POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF
SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE
PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN
AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.~~

~~(3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS AND THE
INTEREST AND INVESTMENT GAINS AND LOSSES ON THE NONVESTED
EMPLOYER DEFINED CONTRIBUTIONS THAT ARE FORFEITED WHEN A
PARTICIPANT TERMINATES STATE SERVICE BEFORE ACCRUING THREE
ELIGIBILITY POINTS AS PROVIDED UNDER SECTION 5307(C)(3) ARE
CREDITED TO THE PARTICIPANT'S MOST RECENT EMPLOYER'S FUTURE
OBLIGATION ASSESSED UNDER SECTION 5509 (RELATING TO
APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH).~~

~~(C) USERRA LEAVE AND ELIGIBILITY POINTS. A PARTICIPANT IN
THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER
THIS SECTION FOR THE STATE SERVICE THAT WOULD HAVE BEEN
PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.~~

~~§ 5810. TERMINATION OF DISTRIBUTIONS.~~

~~(A) RETURN TO STATE SERVICE.~~

~~(1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
PARTICIPANT WHO RETURNS TO STATE SERVICE SHALL CEASE
RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE
DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
STATE SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS A
MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
PARTICIPANT IN THE PLAN.~~

~~(2) THIS SUBSECTION SHALL NOT APPLY TO DISTRIBUTIONS~~

~~THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN
ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.~~

~~(B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.~~

~~(1) IF A FORMER STATE EMPLOYEE IS REEMPLOYED FROM USERRA
LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE PLAN
DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE
BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN THE
PLAN DOCUMENT.~~

~~(2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN
THE CASE OF AN ACTIVE PARTICIPANT MAY BE AMORTIZED WITH
INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY
DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE
PARTICIPANT AND THE BOARD, BUT FOR NOT LONGER THAN A PERIOD
THAT STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUES FOR
UP TO THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S
IMMEDIATE PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD
SHALL NOT EXCEED FIVE YEARS.~~

~~§ 5811. (RESERVED).~~

~~§ 5812. POWERS AND DUTIES OF BOARD.~~

~~THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN
CHAPTER 59 (RELATING TO ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL
PROVISIONS), SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
ESTABLISH THE PLAN AND TRUST AND ADMINISTER THE PROVISIONS OF
THIS CHAPTER AND PART:~~

~~(1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
ASSETS OF OTHER PERSONS OR ENTITIES.~~

~~(2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE~~

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 ~~ALTERNATE PAYEES AS SET FORTH IN SECTIONS 5953 (RELATING TO~~

~~TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) THROUGH 5953.6
(RELATING TO IRREVOCABLE SUCCESSOR PAYEE).~~

~~(11) THE BOARD SHALL DETERMINE, AFTER REVIEWING
APPLICABLE LAW, WHAT CONSTITUTES A TERMINATION OF STATE
SERVICE.~~

~~(12) THE BOARD MAY ESTABLISH PROCEDURES FOR
DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
THE IRC.~~

~~(13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
DOCUMENT OR PROMULGATE RULES AND REGULATIONS AS IT DEEMS
NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:~~

~~(I) PROCEDURES FOR ELIGIBLE PARTICIPANTS TO CHANGE
VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT
CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS
REGARDING THEIR PARTICIPATION IN THE PLAN.~~

~~(II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS
FROM A PARTICIPANT'S COMPENSATION.~~

~~(III) PROCEDURES FOR ROLLOVERS AND TRUSTEE TO
TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED AS
PART OF THE PLAN.~~

~~(IV) STANDARDS AND CRITERIA FOR PROVIDING OPTIONS TO <--
ELIGIBLE INDIVIDUALS REGARDING INVESTMENT OF AMOUNTS
DEFERRED UNDER THE PLAN. ONE OF THE AVAILABLE OPTIONS
MUST SERVE AS THE DEFAULT OPTION FOR PARTICIPANTS WHO DO
NOT MAKE A TIMELY ELECTION.~~

~~(IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS <--
THAN 10 OPTIONS WHICH ARE OFFERED BY THREE OR MORE
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~~

~~DOCUMENT FOR AUTOMATIC INCREASES IN A PARTICIPANT'S VOLUNTARY CONTRIBUTIONS, WHETHER OR NOT THE PARTICIPANT IS THEN MAKING VOLUNTARY CONTRIBUTIONS, AND PROCEDURES FOR A PARTICIPANT TO ELECT NOT TO HAVE INCREASED VOLUNTARY CONTRIBUTIONS.~~

~~§ 5813. RESPONSIBILITY FOR INVESTMENT LOSS.~~

~~THE BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY INVESTMENT OR OTHER 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 OR TO COST LESS THAN ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT THE OTHER OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.~~

~~§ 5814. 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 ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED CONTRIBUTIONS. EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY WITH THE AMOUNT OF CONTRIBUTIONS, INTEREST AND INVESTMENT EARNINGS.~~

~~(B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN THE COMMONWEALTH. INVESTMENT OF CONTRIBUTIONS BY ANY CORPORATION, INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK OR OTHER ENTITY THAT THE BOARD HAS APPROVED SHALL NOT BE UNREASONABLY DELAYED, AND IN NO CASE MAY THE INVESTMENT OF CONTRIBUTIONS BE DELAYED MORE THAN 30 DAYS FROM THE DATE OF PAYROLL DEDUCTION OR THE DATE VOLUNTARY CONTRIBUTIONS ARE MADE TO THE DATE THAT FUNDS ARE INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT SHALL BE USED TO PAY ADMINISTRATIVE~~

~~COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED TO BE BORNE BY PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE PLAN OR PAID BY APPROPRIATIONS FROM THE GENERAL FUND.~~

~~§ 5815. EXPENSES.~~

~~ALL FEES, COSTS AND EXPENSES OF ESTABLISHING AND ADMINISTERING THE PLAN AND THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY THE BOARD, EXCEPT THAT FOR FISCAL YEARS 2015-2016, 2016-2017 AND 2017-2018, AND FOR ANY ADDITIONAL FISCAL YEARS AS THE GENERAL ASSEMBLY MAY PROVIDE, THE FEES, COSTS AND EXPENSES OF ESTABLISHING AND ADMINISTERING THE PLAN AND THE TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH ANNUAL APPROPRIATIONS, MADE ON THE BASIS OF ESTIMATES FROM THE BOARD.~~

~~§ 5816. TAX QUALIFICATION.~~

~~(A) REQUIRED DISTRIBUTIONS. ALL PAYMENTS UNDER THIS CHAPTER SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF IRC § 401(A).~~

~~(B) LIMITATIONS. THE FOLLOWING SHALL APPLY:~~

~~(1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED ANY LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL PLAN WHICH IS IN EFFECT ON THE DATE THE CONTRIBUTION OR BENEFIT PAYMENT TAKES EFFECT.~~

~~(II) AN INCREASE IN A LIMITATION UNDER IRC § 415 SHALL APPLY TO ALL PARTICIPANTS ON AND AFTER THE EFFECTIVE DATE OF THIS SECTION.~~

~~(III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM~~

~~"GOVERNMENTAL PLAN" SHALL HAVE THE SAME MEANING AS THE TERM HAS IN IRC § 414(D).~~

~~(2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR PARTICIPANTS RECEIVING DISTRIBUTIONS SHALL NOT BE DEEMED TO PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF ANY LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY PROVIDED BY LEGISLATION.~~

~~(II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.~~

SECTION 318.— (RESERVED).

SECTION 319.— SECTIONS 5901(A), (C), (D) AND (E), 5902(A.1), (B), (C), (E), (H), (I), (J), (K), (L), (M) AND (N), 5903(A) 5903 HEADING, (A) AND 5905(C.1) 5905 HEADING, (C.1) AND (G) OF TITLE 71 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ:

§ 5901. THE STATE EMPLOYEES' RETIREMENT BOARD.

(A) STATUS AND MEMBERSHIP.— THE BOARD SHALL BE AN INDEPENDENT ADMINISTRATIVE BOARD AND CONSIST OF [11] 12 MEMBERS: THE STATE TREASURER, EX OFFICIO, THE SECRETARY OF BANKING AND SECURITIES, EX OFFICIO, TWO SENATORS, TWO MEMBERS OF THE HOUSE OF REPRESENTATIVES AND SIX MEMBERS APPOINTED BY THE GOVERNOR, ONE OF WHOM SHALL BE AN ANNUITANT OF THE SYSTEM OR A PARTICIPANT IN THE PLAN WHO HAS TERMINATED STATE SERVICE AND IS RECEIVING OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, FOR TERMS OF FOUR YEARS,

~~SUBJECT TO CONFIRMATION BY THE SENATE. AT LEAST FIVE BOARD
MEMBERS SHALL BE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE
PARTICIPANTS IN THE PLAN, AND AT LEAST TWO SHALL HAVE TEN OR
MORE YEARS OF CREDITED STATE SERVICE[.] OR SHALL HAVE BEEN
ACTIVE PARTICIPANTS IN THE PLAN FOR TEN CALENDAR YEARS OR HAVE A
COMBINATION OF YEARS OF CREDITED STATE SERVICE IN THE SYSTEM AND
CALENDAR YEARS AS ACTIVE PARTICIPANTS IN THE PLAN EQUAL TO TEN
OR MORE YEARS. THE CHAIRMAN OF THE BOARD SHALL BE DESIGNATED BY
THE GOVERNOR FROM AMONG THE MEMBERS OF THE BOARD. NO MEMBER OF
THE BOARD WHO REPRESENTS ACTIVE MEMBERS OR ANNUITANTS OR IS A
CURRENT MEMBER OF THE GENERAL ASSEMBLY CAN SERVE AS CHAIRMAN.
EACH MEMBER OF THE BOARD WHO IS A MEMBER OF THE GENERAL ASSEMBLY
MAY APPOINT A DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN
THE EVENT THAT A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE
PARTICIPANT OR AS A PARTICIPANT IN THE PLAN WHO IS RECEIVING OR
IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL
DISTRIBUTION OF HIS INTEREST IN THE PLAN, THAT BOARD MEMBER MAY
CONTINUE TO SERVE ON THE BOARD FOR THE REMAINDER OF HIS TERM.~~

~~* * *~~

~~(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,
DILIGENTLY AND HONESTLY, ADMINISTER THE AFFAIRS OF SAID BOARD,
THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE
OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW
APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE
MEMBER TAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS
TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE
SECRETARY OF THE COMMONWEALTH.~~

~~(D) COMPENSATION AND EXPENSES. THE MEMBERS OF THE BOARD WHO
ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL~~

1 ~~SERVE WITHOUT COMPENSATION BUT SHALL NOT SUFFER LOSS OF SALARY~~
2 ~~OR WAGES THROUGH SERVING ON THE BOARD. THE MEMBERS OF THE BOARD~~
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,~~
6 ~~WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO~~
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~~
11 ~~THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A~~
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~~
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~~

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~~
12 ~~CONCERNING THE SYSTEM OR THE PLAN FROM THE PRESS,~~
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~~
16 ~~BOARD.~~

17 ~~(6) (I) 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 ~~(1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF~~

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~~

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] ACCESS~~
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;~~

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~~

4 ~~(III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE~~
5 ~~VALUE OF AN INVESTMENT TO BE ACQUIRED, 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~~
11 ~~INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER~~
12 ~~PARAGRAPH (2) (I), 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~~

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.~~

13 ~~(4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING~~
14 ~~IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY~~
15 ~~RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED~~
16 ~~BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR~~
17 ~~AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT~~
18 ~~TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT TO KNOW LAW.~~

19 ~~(5) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,~~
20 ~~USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS~~
21 ~~RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS~~
22 ~~PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT~~
23 ~~CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE~~
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 ~~INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,~~
28 ~~INCLUDING ROLLOVER CONTRIBUTIONS OR TRUSTEE TO TRUSTEE~~
29 ~~TRANSFERS, OF ANY PARTICIPANT.~~

30 ~~(II) THE INVESTMENT OPTION SELECTIONS OF ANY~~

PARTICIPANT.

(III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
THE PARTICIPANT, INVESTMENT GAINS OR LOSSES OR RATES OF
RETURN.

(IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED
BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.

(V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.

(6) 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, OR AGENTS
RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT AS A PUBLIC RECORD
SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT TO KNOW LAW.

(7) THE FOLLOWING APPLY:

(I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
DATA WHICH WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER
THIS SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S
FIDUCIARY DUTIES.

(II) THIS SUBSECTION SHALL APPLY TO A RECORD,
MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
ANY OF THE FOLLOWING:

(A) WHETHER THE RECORD, MATERIAL OR DATA WAS
CREATED, GENERATED OR STORED BEFORE THE EFFECTIVE
DATE OF THIS PARAGRAPH.

(B) WHETHER THE RECORD, MATERIAL OR DATA WAS
PREVIOUSLY RELEASED OR MADE PUBLIC.

(C) WHETHER A REQUEST FOR THE RECORD, MATERIAL
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~~

~~CONCERNING THE MEMBERS AND BENEFICIARIES OF THE SYSTEM. THE
BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE NECESSARY FOR
THE ACTUARIAL VALUATION OF THE FUND AND CALCULATION OF
CONTRIBUTIONS, ANNUITIES AND OTHER BENEFITS BASED ON THE REPORTS
AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR
ADOPTION, THE SECRETARY OF THE BOARD SHALL CAUSE THOSE TABLES
WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS
TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN IN ACCORDANCE WITH
THE PROVISIONS OF 45 PA.C.S. § 725(A) (RELATING TO ADDITIONAL
CONTENTS OF PENNSYLVANIA BULLETIN) AND, UNLESS THE BOARD
SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH TABLES SHALL
BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD SHALL INCLUDE A
REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS AND DATA
DEVELOPED IN EACH FIVE YEAR ACTUARIAL INVESTIGATION AND
EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT
PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (M) FOR THE
FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE
CONCLUDED.~~

~~(K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND. THE
BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND
ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE OF
THE MEMBERS' PAYROLL, THE SHARED RISK CONTRIBUTION RATE, THE
EMPLOYERS' CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508
(RELATING TO ACTUARIAL COST METHOD) NECESSARY FOR THE FUNDING OF
PROSPECTIVE ANNUITIES FOR ACTIVE MEMBERS AND THE ANNUITIES OF
ANNUITANTS AND CERTIFY THE RATES AND AMOUNTS OF THE EMPLOYERS'
NORMAL CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508(B),
ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO
SECTION 5508(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS~~

~~1 DETERMINED PURSUANT TO SECTION 5508 (E), THE EXPERIENCE~~
~~2 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 5508 (F), THE~~
~~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.~~
~~6 THE BOARD MAY ALLOCATE THE FINAL CONTRIBUTION RATE AND CERTIFY~~
~~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~~
~~11 INDIVIDUAL MEMBERS EVEN THOUGH SUCH ALLOCATED EMPLOYER~~
~~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~~
~~16 PERCENTAGES USED TO CALCULATE THE COLLARED CONTRIBUTION RATE FOR~~
~~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~~

~~SECTION 5705(A)(4)(III) OR (A.1) (RELATING TO MEMBER'S OPTIONS) AND MEMBER'S ANNUITY PAYMENTS, BUT NOT INCLUDING OTHER BENEFITS RETURNED PURSUANT TO SECTION 5706(A.2) OR (A.3) (RELATING TO TERMINATION OF ANNUITIES), AND SHALL PAY ALL SUCH AMOUNTS INTO THE FUND.~~

~~(M) ANNUAL FINANCIAL STATEMENT. THE BOARD SHALL PREPARE AND HAVE PUBLISHED, ON OR BEFORE JULY 1 OF EACH YEAR, [A FINANCIAL STATEMENT] FINANCIAL STATEMENTS AS OF THE CALENDAR YEAR ENDING DECEMBER 31 OF THE PREVIOUS YEAR SHOWING THE CONDITION OF THE FUND, THE TRUST AND THE VARIOUS ACCOUNTS, INCLUDING, BUT NOT LIMITED TO, THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED COMMISSIONS, AND SETTING FORTH SUCH OTHER FACTS, RECOMMENDATIONS, AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT] STATEMENTS TO THE GOVERNOR AND SHALL FILE COPIES WITH THE HEAD OF EACH DEPARTMENT FOR THE USE OF THE STATE EMPLOYEES AND THE PUBLIC.~~

~~(N) INDEPENDENT [AUDIT] AUDITS. THE BOARD SHALL PROVIDE FOR [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY [AN] INDEPENDENT CERTIFIED PUBLIC [ACCOUNTANT, WHICH AUDIT] ACCOUNTANTS. THE AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE AUDITS OF BOTH THE SYSTEM AND THE PLAN.~~

~~* * *~~

~~(P) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST. THE BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED BUDGET REQUIRED UNDER SECTION 5509, CERTIFY, AS A PERCENTAGE OF EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED~~

~~CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO
EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. CERTIFICATIONS
UNDER THIS SUBSECTION SHALL BE REGARDED AS FINAL AND NOT SUBJECT
TO MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL
CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON
BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY
A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
INVESTMENT ACCOUNT.~~

~~(Q) MANAGEMENT FEES.~~

<--

~~(1) AT THE BEGINNING OF THE NEXT FISCAL YEAR AFTER THE
REPORT IN SECTION 5958(B) (5) (RELATING TO PUBLIC PENSION
MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION) IS
DELIVERED TO THE GOVERNOR AND THE GENERAL ASSEMBLY, THE BOARD
SHALL IMPLEMENT A STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT
FEES TO BE WITHIN THE 75% LEAST EXPENSIVE SYSTEMS COMPARED TO
OTHER STATEWIDE PUBLIC PENSION FUNDS PERFORMING IN THE UNITED
STATES BY THE FIFTH FISCAL YEAR, BASED ON BENCHMARKING
ANALYSIS PROVIDED BY A CONSULTANT WITH DATA AND EXPERTISE ON
PENSION FUNDS.~~

~~(2) SUBSEQUENT TO THE FIVE YEAR PERIOD DESCRIBED IN
PARAGRAPH (1), THE BOARD SHALL IMPLEMENT AN ADDITIONAL
STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT FEES TO BE WITHIN
THE 60% LEAST COSTLY STATEWIDE PUBLIC PENSION SYSTEMS
PERFORMING IN THE UNITED STATES BY THE TENTH FISCAL YEAR,
BASED ON BENCHMARKING ANALYSIS PROVIDED BY A CONSULTANT WITH
DATA AND EXPERTISE ON PENSION FUNDS.~~

~~(3) FOR THE PURPOSES OF THIS SECTION, PENSION MANAGEMENT
FEES SHALL MEAN INVESTMENT MANAGEMENT FEES EXPRESSED AS A
PERCENTAGE OF ASSETS UNDER MANAGEMENT.~~

~~§ 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF~~

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)] 415. 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 * * *

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~~

~~OR REVISION REGARDING THE DESIGNATED BENEFICIARY.~~

~~* * *~~

~~§ 5905. DUTIES OF THE BOARD REGARDING APPLICATIONS AND
ELECTIONS OF MEMBERS AND PARTICIPANTS.~~

~~* * *~~

~~(C.1) TERMINATION OF SERVICE BY A MEMBER. IN THE CASE OF
ANY MEMBER TERMINATING STATE SERVICE WHO IS ENTITLED TO AN
ANNUITY AND WHO IS NOT THEN A DISABILITY ANNUITANT, THE BOARD
SHALL ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE
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
TERMINATION OF STATE SERVICE, ONE 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:~~

~~(1) AN APPLICATION FOR THE RETURN OF TOTAL ACCUMULATED
DEDUCTIONS;~~

~~(2) IF ELIGIBLE, AN ELECTION TO VEST HIS RETIREMENT
RIGHTS AND, IF HE IS A JOINT COVERAGE MEMBER AND SO DESIRES,
ELECT TO BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY
WITHIN 30 DAYS OF THE DATE OF TERMINATION OF SERVICE THE LUMP
SUM REQUIRED; OR~~

~~(3) IF ELIGIBLE, AN APPLICATION FOR AN IMMEDIATE ANNUITY
AND, IF HE DESIRES:~~

~~(I) AN ELECTION TO CONVERT HIS MEDICAL, MAJOR
MEDICAL AND HOSPITALIZATION INSURANCE COVERAGE TO THE
PLAN FOR STATE ANNUITANTS; AND~~

~~(II) IF HE IS A JOINT COVERAGE MEMBER, 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.~~

~~(C.2) TERMINATION OF SERVICE BY PARTICIPANT. IN THE CASE OF
A PARTICIPANT TERMINATING STATE SERVICE, THE BOARD SHALL ADVISE
THE PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED TOTAL
DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL
INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE WRITING, ANY
NOTICES REGARDING ROLLOVER OR OTHER MATTERS REQUIRED BY IRC OR
OTHER LAW, THE OBLIGATION OF THE PARTICIPANT TO COMMENCE
DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S REQUIRED
BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART OF THE
VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY
AUTHORIZE OR AS REQUIRED BY LAW.~~

~~* * *~~

~~(E.2) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING
REQUIRED BEGINNING DATE. THE BOARD SHALL NOTIFY IN WRITING EACH
INACTIVE PARTICIPANT WHO HAS TERMINATED STATE SERVICE AND HAS
NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE PARTICIPANT'S
REQUIRED BEGINNING DATE THAT THE INACTIVE PARTICIPANT HAS AN
OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE REQUIRED BEGINNING
DATE IN A FORM AND MANNER REQUIRED BY IRC § 401(A)(9) AND OTHER
APPLICABLE PROVISIONS OF THE IRC.~~

~~* * *~~

~~(F.1) INITIAL PAYMENT TO PARTICIPANTS. THE BOARD SHALL MAKE
THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A
DISTRIBUTION WITHIN 60 DAYS OF THE RECEIPT OF ALL INFORMATION
NECESSARY TO PROCESS THE APPLICATION FOR A DISTRIBUTION.~~

~~(G) DEATH BENEFITS. UPON RECEIPT OF NOTIFICATION FROM THE
HEAD OF A DEPARTMENT OF THE DEATH OF AN ACTIVE MEMBER, A MEMBER
PERFORMING USERRA LEAVE [OR], A MEMBER ON LEAVE WITHOUT PAY, AN
ACTIVE PARTICIPANT, AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY~~

~~OR A FORMER PARTICIPANT PERFORMING USERRA LEAVE, THE BOARD SHALL ADVISE THE DESIGNATED BENEFICIARY OF THE BENEFITS TO WHICH HE IS ENTITLED, AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY WITHIN 60 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER NECESSARY DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF THE MEMBER'S DEATH OR NO NOTICE HAS BEEN FILED WITH THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE MEMBER'S ESTATE, THE BOARD IS AUTHORIZED TO PAY THE BENEFITS TO THE EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR NEXT OF KIN OF THE DECEASED MEMBER, AND PAYMENT PURSUANT [HERETO] TO THIS SUBSECTION SHALL FULLY DISCHARGE THE FUND FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON. IF THE SURVIVING SPOUSE OR NEXT OF KIN OF THE DECEASED MEMBER CANNOT BE FOUND FOR THE PURPOSE OF PAYING THE BENEFITS FOR A PERIOD OF SEVEN YEARS FROM THE DATE OF DEATH OF THE MEMBER, THEN THE BENEFITS SHALL BE ESCHEATED TO THE COMMONWEALTH FOR THE BENEFIT OF THE FUND. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF A PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED WITH THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE PARTICIPANT'S ESTATE, THE BOARD MAY PAY THE BENEFITS AS ESTABLISHED IN THE PLAN DOCUMENT, AND PAYMENT PURSUANT TO THIS SUBSECTION SHALL FULLY DISCHARGE THE TRUST FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON.~~

~~* * *~~

~~SECTION 320. SECTION 5905.1 (A), (B) AND (D) OF TITLE 71 ARE AMENDED TO READ:~~

~~§ 5905.1. INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS.~~

~~(A) GENERAL RULE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, WHENEVER A MEMBER ELECTS TO WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311 (A) (RELATING TO~~

~~ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF TOTAL
ACCUMULATED DEDUCTIONS) OR ELECTS TO RECEIVE A PORTION OF HIS
BENEFIT PAYABLE AS A LUMP SUM PURSUANT TO SECTION 5705(A) (4)
(III) OR (A.1) (RELATING TO MEMBER'S OPTIONS), THE MEMBER MAY
ELECT TO RECEIVE THE AMOUNT IN NOT MORE THAN FOUR INSTALLMENTS.~~

~~(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:~~

~~(1) UPON RECEIPT OF A MEMBER'S APPLICATION TO WITHDRAW
HIS TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION
5311(A) OR 5701 AND UPON RECEIPT OF ALL 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 TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL
NOT BE REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS
AFTER THE FILING OF THE APPLICATION AND THE RECEIPT OF THE
DATA OR THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS
LATER.~~

~~(2) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION
5705(A) (4) (III) OR (A.1) BY A MEMBER TERMINATING SERVICE
WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON
RECEIPT OF ALL 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 TRANSFERRED
TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY
THE FIRST INSTALLMENT PRIOR TO 21 DAYS AFTER THE LATER OF THE~~

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~~
11 ~~DEPARTMENT AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I,~~
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~~
26 ~~HAS NOT FILED HIS APPLICATION PRIOR TO 90 DAYS FOLLOWING HIS~~
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~~

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~~
6 ~~EFFECTIVE DURING THAT PERIOD FOR ANY MEMBERS AND PARTICIPANTS OF~~
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:~~

11 ~~(1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, HE SHALL~~
12 ~~FURNISH THE BOARD WITH THE DATE OF BEGINNING LEAVE AND THE~~
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~~

19 ~~(3) IF THE REMOVAL IS DUE TO TERMINATION OF STATE~~
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~~

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~~
4 ~~NOT THE DUTIES BEING PERFORMED WERE AUTHORIZED AND~~
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~~
11 ~~SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY~~
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~~
16 ~~HIS JOB POSITION OR DUTIES DUE TO THE TRANSFER OF OTHER~~
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 ~~REQUIRE 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 ~~HEAD OF DEPARTMENT SHALL:~~

29 ~~(1) CAUSE TO BE MADE:~~

30 ~~(I) THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS~~

~~ON BEHALF OF A PARTICIPANT;~~

~~(II) THE DEDUCTION OF ANY VOLUNTARY CONTRIBUTIONS
AUTHORIZED BY A PARTICIPANT; AND~~

~~(III) THE EMPLOYER DEFINED CONTRIBUTIONS ON BEHALF
OF A PARTICIPANT.~~

~~(2) NOTIFY THE BOARD AT TIMES AND IN A MANNER PRESCRIBED
BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT TO WHOM
THE LIMITATION UNDER IRC § 401(A)(17) EITHER APPLIES OR IS
EXPECTED TO APPLY AND CAUSE THE PARTICIPANT'S CONTRIBUTIONS
TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER
IRC § 401(A)(17) ON THE PAYROLL DATE IF AND WHEN SUCH LIMIT
SHALL BE REACHED.~~

~~(3) CERTIFY TO THE STATE TREASURER THE AMOUNTS PICKED UP
AND DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING
MADE AND SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND
CONTRIBUTED TOGETHER WITH A DUPLICATE OF THE VOUCHER TO THE
SECRETARY OF THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE
AS ESTABLISHED BY THE BOARD.~~

~~(D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR
PARTICIPATION. UPON THE ASSUMPTION OF DUTIES OF EACH NEW STATE
EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,
THE HEAD OF DEPARTMENT SHALL CAUSE AN APPLICATION FOR MEMBERSHIP
OR PARTICIPATION AND A NOMINATION OF BENEFICIARY TO BE MADE BY
SUCH EMPLOYEE AND FILED WITH THE BOARD AND SHALL MAKE PICKUP
CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FROM
THE EFFECTIVE DATE OF STATE EMPLOYMENT.~~

~~(E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR
PARTICIPATION. THE HEAD OF DEPARTMENT SHALL, UPON THE
EMPLOYMENT OR ENTERING INTO OFFICE OF ANY STATE EMPLOYEE WHOSE
MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE PLAN IS NOT~~

1 ~~MANDATORY, INFORM SUCH EMPLOYEE OF HIS OPPORTUNITY TO BECOME A~~
2 ~~MEMBER OF THE SYSTEM OR A PARTICIPANT IN THE PLAN. IF SUCH~~
3 ~~EMPLOYEE SO ELECTS, THE HEAD OF DEPARTMENT SHALL CAUSE AN~~
4 ~~APPLICATION FOR MEMBERSHIP OR PARTICIPATION AND A NOMINATION OF~~
5 ~~BENEFICIARY TO BE MADE BY HIM AND FILED WITH THE BOARD AND SHALL~~
6 ~~CAUSE PROPER CONTRIBUTIONS TO BE MADE FROM THE EFFECTIVE DATE OF~~
7 ~~MEMBERSHIP OR PARTICIPATION.~~

8 * * *

9 ~~(I) ANNUAL STATEMENT TO MEMBERS. ANNUALLY, UPON RECEIPT~~
10 ~~FROM THE BOARD, THE HEAD OF DEPARTMENT SHALL FURNISH TO EACH~~
11 ~~MEMBER THE STATEMENT SPECIFIED IN SECTION 5903(B) (RELATING TO~~
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~~

~~FORM AND MANNER ESTABLISHED BY THE BOARD ANY PAYMENTS MADE TO A MEMBER FOR OVERTIME SERVICE OR DUTIES FOR POST DECEMBER 2016 SERVICE.~~

~~§ 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES [AND] MEMBERS AND PARTICIPANTS.~~

~~(A) INFORMATION ON NEW EMPLOYEES. UPON HIS ASSUMPTION OF DUTIES EACH NEW STATE EMPLOYEE SHALL FURNISH THE HEAD OF DEPARTMENT WITH A COMPLETE RECORD OF HIS PREVIOUS STATE SERVICE, HIS SCHOOL SERVICE OR CREDITABLE NONSTATE SERVICE, AND PROOF OF HIS DATE OF BIRTH AND CURRENT STATUS IN THE SYSTEM AND THE PLAN AND IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. WILLFUL FAILURE TO PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE UPON ENTRANCE INTO THE SYSTEM SHALL RESULT IN THE FORFEITURE OF THE RIGHT OF THE MEMBER TO SUBSEQUENTLY ASSERT ANY RIGHT TO BENEFITS BASED ON ANY OF THE REQUIRED INFORMATION WHICH HE FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS THAT A MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE INFORMATION, THE TOTAL AMOUNT RECEIVED PREDICATED ON SUCH FALSE INFORMATION TOGETHER WITH STATUTORY INTEREST DOUBLED AND COMPOUNDED SHALL BE DEDUCTED FROM THE PRESENT VALUE OF ANY REMAINING BENEFITS TO WHICH THE MEMBER IS LEGALLY ENTITLED.~~

~~* * *~~

~~(B.1) APPLICATION FOR PARTICIPATION. ON OR AFTER JANUARY 1, 2018, THE FOLLOWING TYPES OF EMPLOYEES SHALL EXECUTE AN APPLICATION FOR PARTICIPATION AND A NOMINATION OF A BENEFICIARY:~~

~~(1) AN EMPLOYEE WHO IS NOT CURRENTLY A PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY.~~

~~(2) AN EMPLOYEE WHOSE PARTICIPATION IS NOT MANDATORY BUT IS PERMITTED AND WHO DESIRES TO BECOME A PARTICIPANT IN THE~~

1 PLAN.

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
6 DESIRES TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
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
11 SUCH CONTRIBUTIONS. UPON MAKING THE PERMITTED MANDATORY PICKUP
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
16 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE
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

~~BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT
PROVIDED UNDER SECTION 5707 OR THE BENEFIT PAYABLE UNDER THE
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 NOMINATIONS MAY BE CHANGED AT
ANY TIME BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH
THE BOARD.~~

~~(E.2) BENEFICIARIES FOR EMPLOYEES WHO ARE MEMBERS AND
PARTICIPANTS. A STATE EMPLOYEE WHO IS BOTH A MEMBER OF THE
SYSTEM AND A PARTICIPANT IN THE PLAN MAY DESIGNATE OR NOMINATE
DIFFERENT PERSONS TO BE BENEFICIARIES, SURVIVOR ANNUITANTS AND
SUCCESSOR PAYEES FOR HIS BENEFITS FROM THE SYSTEM AND THE PLAN.~~

~~(F) TERMINATION OF SERVICE BY MEMBERS. EACH MEMBER WHO
TERMINATES STATE SERVICE AND WHO IS NOT THEN A DISABILITY
ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
SERVICE THE APPROPRIATE APPLICATION, DULY ATTESTED BY THE MEMBER
OR HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO:~~

~~(1) WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS; OR~~

~~(2) IF ELIGIBLE, VEST HIS RETIREMENT RIGHTS; AND IF HE
IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A
FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE
DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED; OR~~

~~(3) IF ELIGIBLE, RECEIVE AN IMMEDIATE ANNUITY AND MAY,~~

~~(I) IF ELIGIBLE, ELECT TO CONVERT HIS MEDICAL, MAJOR
MEDICAL, AND HOSPITALIZATION COVERAGE TO THE PLAN FOR~~

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.~~

~~* * *~~

~~(G.1) DEFERRAL OF RETIREMENT RIGHTS. IF A PARTICIPANT
TERMINATES STATE SERVICE AND DOES NOT COMMENCE RECEIVING A
DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY, AND HE MAY
ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING
DATE, WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED
CONTRIBUTIONS STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM
OF DISTRIBUTION REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.~~

~~(H) VESTES AND SPECIAL VESTES ATTAINING SUPERANNUATION
AGE. UPON ATTAINMENT OF SUPERANNUATION AGE A VESTEE OR SPECIAL
VESTEE SHALL EXECUTE AND FILE AN APPLICATION FOR AN ANNUITY. ANY
SUCH APPLICATION FILED WITHIN 90 DAYS AFTER ATTAINING
SUPERANNUATION AGE SHALL BE EFFECTIVE AS OF THE DATE OF
ATTAINMENT OF SUPERANNUATION AGE. ANY APPLICATION FILED AFTER
SUCH PERIOD SHALL BE EFFECTIVE AS OF THE DATE IT IS FILED WITH
THE BOARD, SUBJECT TO THE PROVISIONS OF SECTION 5905(F)
(RELATING TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND
ELECTIONS OF MEMBERS AND PARTICIPANTS). IF A VESTEE OR SPECIAL
VESTEE DOES NOT FILE AN APPLICATION WITHIN SEVEN YEARS AFTER
ATTAINING SUPERANNUATION AGE, HE SHALL BE DEEMED TO HAVE ELECTED
TO RECEIVE HIS TOTAL ACCUMULATED DEDUCTIONS UPON ATTAINMENT OF
SUPERANNUATION AGE.~~

~~* * *~~

~~SECTION 322. SECTIONS 5931(B), 5932, 5933(A), 5934, 5935,
5936, 5937, 5938, 5939, 5951, 5953, 5953.1, 5953.2, 5953.3 AND~~

~~5953.4(A) OF TITLE 71 ARE AMENDED TO READ:~~

~~§ 5931. MANAGEMENT OF FUND AND ACCOUNTS.~~

~~* * *~~

~~(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 OTHER THAN THE INDIVIDUAL INVESTMENT ACCOUNTS. THE AMOUNT SO ALLOWED SHALL BE CREDITED THERETO BY THE BOARD AND TRANSFERRED FROM THE INTEREST RESERVE ACCOUNT.~~

~~* * *~~

~~§ 5932. STATE EMPLOYEES' RETIREMENT FUND.~~

~~(A) GENERAL RULE. THE FUND SHALL CONSIST OF ALL BALANCES IN THE SEVERAL SEPARATE ACCOUNTS SET APART TO BE USED UNDER THE DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE FUND ALL MONEYS RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING FROM THE CONTRIBUTIONS RELATING TO OR ON BEHALF OF MEMBERS OF THE SYSTEM REQUIRED UNDER THE PROVISIONS OF CHAPTER 55 (RELATING TO CONTRIBUTIONS), AND ANY INCOME EARNED BY THE INVESTMENTS OR MONEYS OF SAID FUND. THERE SHALL BE ESTABLISHED AND MAINTAINED BY THE BOARD THE SEVERAL LEDGER ACCOUNTS SPECIFIED IN SECTIONS 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO 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).~~

~~(B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST. THE INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT~~

~~CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED
CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE
INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED
TO THE FUND BUT SHALL BE PAID TO THE TRUST AND CREDITED TO THE
INDIVIDUAL INVESTMENT ACCOUNTS.~~

~~§ 5933. MEMBERS' SAVINGS ACCOUNT.~~

~~(A) CREDITS TO ACCOUNT. THE MEMBERS' SAVINGS ACCOUNT SHALL
BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF
THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER
EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE
MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501
(RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE),
5501.1 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS [FOR CLASS
A 3 AND CLASS A 4 SERVICE] AND SHARED GAIN ADJUSTMENTS TO
REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO SOCIAL SECURITY
INTEGRATION MEMBER CONTRIBUTIONS), 5503 (RELATING TO JOINT
COVERAGE MEMBER CONTRIBUTIONS), 5504 (RELATING TO MEMBER
CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE
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).~~

~~* * *~~

~~§ 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~~

1 ~~MADE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5507(A) OR (D)~~
2 ~~(RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND~~
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~~
6 ~~APRIL 12, 1951 (P.L.90, NO.21), SHALL BE CREDITED TO THE STATE~~
7 ~~POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT~~
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~~
11 ~~STATE ACCUMULATION ACCOUNT. ALL AMOUNTS TRANSFERRED TO THE FUND~~
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~~
20 ~~BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM AS APPROVED BY~~
21 ~~THE BOARD AND AS PROVIDED IN CHAPTER 57 (RELATING TO BENEFITS)~~
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~~
30 ~~AS PROVIDED FOR IN SECTION 5937 (RELATING TO ENFORCEMENT~~

~~OFFICERS' BENEFIT ACCOUNT) AS THE CASE MAY BE. THE RESERVES
NECESSARY FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES IN EXCESS OF
THOSE RESERVES CREDITED TO THE SUPPLEMENTAL ANNUITY ACCOUNT ON
JUNE 30, 2010, SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION
ACCOUNT TO THE SUPPLEMENTAL ANNUITY ACCOUNT. IN THE EVENT THAT
SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED
AFTER DECEMBER 31, 2009, THE NECESSARY RESERVES SHALL BE
TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE
SUPPLEMENTAL ANNUITY ACCOUNT.~~

~~§ 5935. ANNUITY RESERVE ACCOUNT.~~

~~(A) CREDITS AND CHARGES TO ACCOUNT. THE ANNUITY RESERVE
ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED
THE RESERVES HELD FOR PAYMENT OF ANNUITIES AND DEATH BENEFITS ON
ACCOUNT OF ALL ANNUITANTS EXCEPT IN THE CASE OF MEMBERS WHO ARE
OFFICERS OF THE PENNSYLVANIA STATE POLICE OR ENFORCEMENT
OFFICERS. THE ANNUITY RESERVE ACCOUNT SHALL BE CREDITED WITH
VALUATION INTEREST. AFTER THE TRANSFERS PROVIDED IN SECTIONS
5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO
STATE ACCUMULATION ACCOUNT) AND 5938 (RELATING TO SUPPLEMENTAL
ANNUITY ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS
RESULTING FROM MEMBERSHIP IN THE SYSTEM EXCEPT THOSE PAYABLE TO
ANY MEMBER WHO RETIRES AS AN OFFICER OF THE PENNSYLVANIA STATE
POLICE OR AN ENFORCEMENT OFFICER SHALL BE CHARGED TO THE ANNUITY
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
THE PLAN, 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 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.~~

~~§ 5936. STATE POLICE BENEFIT ACCOUNT.~~

~~(A) CREDITS AND CHARGES TO ACCOUNT. THE STATE POLICE BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS RECEIVED UNDER THE PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), REFERRED TO AS THE FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW, AND ANY ADDITIONAL COMMONWEALTH OR OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN SECTION 5507 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE STATE POLICE BENEFIT ACCOUNT. THE STATE POLICE BENEFIT ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA STATE POLICE, THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE NECESSARY RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE TRANSFERRED TO THE STATE POLICE BENEFIT ACCOUNT. THEREAFTER, THE TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED TO THE STATE POLICE BENEFIT ACCOUNT AND PAID FROM THE FUND.~~

~~(B) TRANSFERS FROM ACCOUNT. SHOULD THE SAID ANNUITANT BE SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN THE PLAN, 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~~

~~1 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY CALCULATED AS IF~~
~~2 HE HAD BEEN A MEMBER OF CLASS A IF HE HAS CLASS A OR CLASS C~~
~~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~~
~~7 THE ANNUITANT HAS CLASS A 5 SERVICE CREDITED, LESS THE AMOUNT~~
~~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~~
~~11 THE PENNSYLVANIA STATE POLICE THE ACTUARIAL RESERVE REMAINING IN~~
~~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~~
~~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 AND THE~~
~~30 NECESSARY RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE~~

1 ~~TRANSFERRED TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.~~
2 ~~THEREAFTER, THE TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED~~
3 ~~TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT AND PAID FROM THE~~
4 ~~FUND.~~

5 ~~(B) TRANSFERS FROM ACCOUNT. SHOULD THE SAID ANNUITANT BE~~
6 ~~SUBSEQUENTLY RESTORED TO ACTIVE SERVICE, THE PRESENT VALUE OF~~
7 ~~THE MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE~~
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~~
11 ~~ANNUITY CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE~~
12 ~~ANNUITANT DOES NOT HAVE ANY CLASS AA, CLASS A 3 [OR], CLASS A 4~~
13 ~~OR CLASS A 5 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF~~
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~~
21 ~~FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT TO THE STATE~~
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~~
25 ~~THE APPROPRIATE RESERVE ACCOUNT.~~

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~~

~~COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE
SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO
SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL
SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL
SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL
ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO SPECIAL
SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 (RELATING TO
SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO
SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 (RELATING TO
SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 (RELATING TO
SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 2002) MADE
BEFORE JULY 1, 2010, THE AMOUNT TRANSFERRED FROM THE STATE
ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES
NECESSARY AS OF JUNE 30, 2010, TO PAY SUCH SUPPLEMENTAL
ANNUITIES AND ADJUSTMENTS, AND THE AMOUNTS TRANSFERRED FROM THE
STATE ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES
NECESSARY AS A RESULT OF SUPPLEMENTAL ANNUITIES ENACTED AFTER
DECEMBER 31, 2009. THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE
CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE
PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM
THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT
AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE
ACCOUNT).~~

~~§ 5939. INTEREST RESERVE ACCOUNT.~~

~~THE INTEREST RESERVE ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
WHICH SHALL BE CREDITED ALL INCOME EARNED BY THE FUND AND TO
WHICH SHALL BE CHARGED ALL ADMINISTRATIVE AND INVESTMENT
EXPENSES INCURRED BY THE FUND. AT THE END OF EACH YEAR THE
REQUIRED INTEREST SHALL BE TRANSFERRED FROM THE INTEREST RESERVE
ACCOUNT TO THE CREDIT OF EACH OF THE ACCOUNTS OF THE FUND IN~~

~~1 ACCORDANCE WITH THE PROVISIONS OF THIS SUBCHAPTER. IN ADDITION,
2 AT THE END OF EACH ACCOUNTING PERIOD, THE INTEREST RESERVE
3 ACCOUNT SHALL BE CREDITED OR CHARGED WITH ALL RECOGNIZED CHANGES
4 IN THE MARKET VALUATION OF THE INVESTMENTS OF THE FUND. THE
5 ADMINISTRATIVE AND INVESTMENT EXPENSES OF THE BOARD RELATING TO
6 THE ADMINISTRATION OF THE SYSTEM AND INVESTMENTS OF THE FUND
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.~~

~~11 THE REQUIRED INTEREST CHARGES PAYABLE, THE MAINTENANCE OF
12 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER
13 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE
14 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND
15 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE
16 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM
17 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART
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~~

~~BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE OF A PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL, ASSIGN, ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE, COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS 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 CASE PROVIDED IN SUBPARAGRAPH (I), AND SHALL BE UNASSIGNABLE EXCEPT:~~

~~(I) TO THE COMMONWEALTH IN THE CASE OF A MEMBER OR PARTICIPANT WHO IS TERMINATING STATE SERVICE AND HAS BEEN DETERMINED TO BE OBLIGATED TO THE COMMONWEALTH FOR THE REPAYMENT OF MONEY OWED ON ACCOUNT OF HIS EMPLOYMENT OR TO THE FUND ON ACCOUNT OF A LOAN FROM A CREDIT UNION TO A MEMBER WHICH HAS BEEN SATISFIED BY THE BOARD FROM THE FUND.~~

~~(II) TO A CREDIT UNION AS SECURITY FOR A LOAN TO A MEMBER NOT TO EXCEED \$750 AND INTEREST NOT TO EXCEED 6% PER ANNUM DISCOUNTED AND/OR FINES THEREON IF THE CREDIT UNION IS NOW OR HEREAFTER ORGANIZED AND INCORPORATED UNDER THE LAWS OF THIS COMMONWEALTH AND THE MEMBERSHIP OF SUCH CREDIT UNION IS LIMITED SOLELY TO OFFICIALS AND EMPLOYEES OF THE COMMONWEALTH AND IF SUCH CREDIT UNION HAS PAID TO THE FUND \$3 FOR EACH SUCH ASSIGNMENT.~~

~~(2) (I) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT, AND BY OR PURSUANT TO SECTION 16(B) OF~~

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 ~~A FORFEITURE OF A PARTICIPANT'S INTEREST IN THE TRUST~~
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.

~~(3) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN AN APPROVED DOMESTIC RELATIONS ORDER.~~

~~(4) EFFECTIVE WITH DISTRIBUTIONS MADE ON OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART TO THE CONTRARY, A DISTRIBUTE 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 PARAGRAPH, A "DISTRIBUTE" INCLUDES A MEMBER [AND], A PARTICIPANT, 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[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE AUTHORIZED UNDER THE IRC AND THE PLAN TERMS APPROVED BY THE BOARD TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(F)(2)(A), AND "ELIGIBLE RETIREMENT PLAN" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A QUALIFIED TRUST SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE DISTRIBUTE'S ELIGIBLE ROLLOVER DISTRIBUTION; HOWEVER, IN THE CASE OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS ARE DEFINED IN IRC § 408(A) AND (B).~~

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~~
12 ~~DISTRIBUTION AND SHALL NOT EXCEED THE AMOUNT OF THE~~
13 ~~DISTRIBUTION.~~

14 ~~(2) IN THE CASE OF A LOAN TO A MEMBER THE AMOUNT OF THE~~
15 ~~LOAN AND ANY FINE OR INTEREST DUE THEREON TO THE CREDIT UNION~~
16 ~~EXCEPT 5% OF THE TOTAL AMOUNT DUE WHICH IS TO BE RETAINED IN~~
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.~~

28 ~~(3) IN THE CASE OF A PARTICIPANT WHOSE FORMER SPOUSE IS~~
29 ~~AN ALTERNATE PAYEE OF AN EQUITABLE DISTRIBUTION OF MARITAL~~
30 ~~ASSETS UNDER AN APPROVED DOMESTIC RELATIONS ORDER, A LUMP SUM~~

~~OF THE ALTERNATE PAYEE'S INTEREST IN THE PARTICIPANT'S
ACCUMULATED TOTAL DEFINED CONTRIBUTIONS. THIS PARAGRAPH SHALL
APPLY WITHOUT REGARD TO WHETHER THE PARTICIPANT HAS NOT
TERMINATED, IS TERMINATING OR HAS TERMINATED STATE SERVICE.~~

~~§ 5953.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.~~

~~(A) CERTIFICATION REGARDING MEMBERS. A DOMESTIC RELATIONS
ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS
AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER
MEETS ALL OF THE FOLLOWING:~~

~~(1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED
UNDER THIS PART.~~

~~(2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE
TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE
RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS
INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE
BASED UPON COST OF LIVING INCREASES OR INCREASES BASED ON
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.~~

~~(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~~

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~~
12 ~~ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE~~
13 ~~PAYEE'S SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART~~
14 ~~AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED~~
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:~~

23 ~~(1) DOES NOT REQUIRE THE PLAN TO PROVIDE A TYPE OR FORM~~
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~~

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~~

~~COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT MAINTAINED BY THE PLAN. AN AUTHORIZATION GRANTED UNDER THIS SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.~~

~~(10) 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.~~

~~(11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.~~

~~(B) DETERMINATION BY SECRETARY. WITHIN A REASONABLE PERIOD AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE SECRETARY OF~~

~~THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE
WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS ORDER AND
NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE PAYEE OF
THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE
PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE BOARD, OR
HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO AN
ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 SUBCH. A
(RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO
THE 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 FROM GOVERNMENT AGENCIES).~~

~~(C) OTHER ORDERS. THE REQUIREMENTS FOR APPROVAL IDENTIFIED
IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) 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
THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS
AS ESTABLISHED BY THE LAWS OF THE UNITED STATES AND THIS
COMMONWEALTH[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER
THAT WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER
STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS
FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST A PARTICIPANT
WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE
ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING
ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD REQUIRE
A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS IN
THE FORM OF AN ANNUITY OR TO REQUIRE THE PURCHASE OF AN ANNUITY.~~

~~(D) OBLIGATION DISCHARGED. ONLY THE REQUIREMENTS OF THIS PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE OBLIGATIONS OF THE SYSTEM OR THE PLAN WITH RESPECT TO SUCH APPROVAL OR DISAPPROVAL SHALL BE DISCHARGED.~~

~~§ 5953.2. IRREVOCABLE BENEFICIARY.~~

~~NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT WITHOUT APPROVAL BY THE COURT.~~

~~§ 5953.3. IRREVOCABLE SURVIVOR ANNUITANT.~~

~~NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A MEMBER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR ANNUITANT. A DOMESTIC RELATIONS ORDER REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN~~

~~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 § 5953.6. IRREVOCABLE SUCCESSOR PAYEE.~~

~~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~~

~~ALTERNATE PAYEE AS A SUCCESSOR PAYEE; AND~~

~~(2) EXCEPT BY OPERATION OF LAW, PROHIBITS THE REMOVAL OR
CHANGE OF THE SUCCESSOR PAYEE WITHOUT APPROVAL OF A COURT OF
COMPETENT JURISDICTION.~~

~~(C) CERTIFICATION. A DOMESTIC RELATIONS ORDER UNDER
SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC
RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS DESIGNATED
REPRESENTATIVE. IF A DOMESTIC RELATIONS ORDER IS CERTIFIED UNDER
THIS SUBSECTION, THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE
COURT SHALL NOT BE CHANGED BY THE PARTICIPANT WITHOUT APPROVAL
BY THE COURT.~~

~~(D) INELIGIBILITY. A PERSON INELIGIBLE TO BE DESIGNATED AS
A SUCCESSOR PAYEE SHALL NOT BE DESIGNATED AS AN IRREVOCABLE
SUCCESSOR PAYEE. A COURT SHALL NOT NAME AN IRREVOCABLE SUCCESSOR
PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM
DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL
PORTION OF THE PENSION BENEFIT.~~

~~SECTION 324. SECTIONS 5954, 5955 AND 5957 OF TITLE 71 ARE
AMENDED TO READ:~~

~~§ 5954. FRAUD AND ADJUSTMENT OF ERRORS.~~

~~(A) PENALTY FOR FRAUD. ANY PERSON WHO SHALL KNOWINGLY MAKE
ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED
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
GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.~~

~~(B) ADJUSTMENT OF ERRORS. SHOULD ANY CHANGE OR MISTAKE IN
RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY [OR],
SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL~~

~~OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR
AFFECTED CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO
FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE
FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL
EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED
SHALL BE PAID. IF THE ERROR AFFECTED CONTRIBUTIONS TO OR
PAYMENTS FROM THE PLAN, THE BOARD SHALL TAKE ACTION AS PROVIDED
FOR IN THE PLAN DOCUMENT.~~

~~§ 5955. CONSTRUCTION OF PART.~~

~~(A) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS. REGARDLESS OF
ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF STATE
EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY
AMENDMENT THERETO[,] OR THE PLAN DOCUMENT ESTABLISHED BY THE
BOARD; AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY
ARBITRATION AWARD BETWEEN THE COMMONWEALTH AND [ITS] OTHER
EMPLOYERS AND THE COMMONWEALTH'S AND OTHER EMPLOYER'S EMPLOYEES
OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL BE
CONSTRUED TO CHANGE ANY OF THE PROVISIONS HEREIN, TO REQUIRE THE
BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH
IN THIS PART OR NOT ESTABLISHED BY THE BOARD IN THE PLAN
DOCUMENT, TO REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF
THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT, OR TO OTHERWISE
REQUIRE ACTION BY ANY OTHER GOVERNMENT BODY PERTAINING TO
PENSION OR RETIREMENT BENEFITS OR RIGHTS OF STATE EMPLOYEES.
NOTWITHSTANDING THE FOREGOING, ANY PENSION OR RETIREMENT
BENEFITS OR RIGHTS PREVIOUSLY SO ESTABLISHED BY OR AS A RESULT
OF AN ARBITRATION AWARD SHALL REMAIN IN EFFECT AFTER THE
EXPIRATION OF THE CURRENT COLLECTIVE BARGAINING AGREEMENT
BETWEEN THE STATE EMPLOYEES SO AFFECTED AND THE COMMONWEALTH~~

~~UNTIL THE EXPIRATION OF EACH OF THE COLLECTIVE BARGAINING
AGREEMENTS IN EFFECT ON JANUARY 1, 2011, AT WHICH TIME THE
CLASSES OF MEMBERSHIP AND RESULTING MEMBER CONTRIBUTION RATES
AND CONTRIBUTIONS FOR CREDITABLE NONSTATE SERVICE, ELIGIBILITY
FOR VESTING, WITHDRAWAL AND SUPERANNUATION ANNUITIES, OPTIONAL
MODIFICATION OF ANNUITIES AND OTHER TERMS AND CONDITIONS RELATED
TO CLASS OF MEMBERSHIP SHALL BE AS DETERMINED BY THIS PART FOR
EMPLOYEES COVERED BY THOSE AND SUCCESSOR COLLECTIVE BARGAINING
AGREEMENTS. FOR PURPOSES OF ADMINISTERING THIS PART, FOR THOSE
STATE EMPLOYEES WHO ARE MEMBERS OF EACH SUCH COLLECTIVE
BARGAINING UNIT, THE DATE JANUARY 1, 2011, CONTAINED IN THIS
PART, EXCEPT IN THIS SECTION, SHALL BE REPLACED WITH THE DATE OF
THE DAY IMMEDIATELY FOLLOWING THE EXPIRATION OF EACH SUCH
COLLECTIVE BARGAINING AGREEMENT. THE PROVISIONS OF THIS PART
INsofar AS THEY ARE THE SAME AS THOSE OF EXISTING LAW ARE
INTENDED AS A CONTINUATION OF SUCH LAWS AND NOT AS NEW
ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT ANY ACT
DONE, LIABILITY INCURRED, RIGHT ACCRUED OR VESTED, OR ANY SUIT
OR PROSECUTION PENDING OR TO BE INSTITUTED TO ENFORCE ANY RIGHT
OR PENALTY OR TO PUNISH ANY OFFENSE UNDER THE AUTHORITY OF ANY
REPEALED LAWS.~~

~~(D) REFERENCES. REFERENCES IN THIS PART TO THE INTERNAL
REVENUE CODE OF 1986 (PUBLIC LAW 99 514, 26 U.S.C. § 1 ET SEQ.)
OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT
OF 1994 (PUBLIC LAW 103 353, 108 STAT. 3149), INCLUDING
ADMINISTRATIVE REGULATIONS PROMULGATED UNDER THE INTERNAL
REVENUE CODE OF 1986 OR THE UNIFORMED SERVICES EMPLOYMENT AND
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 THE ACT OF NOVEMBER 23, 2010 (P.L.1269,
NO.120), 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 POLICEMEN AND FIREMEN COLLECTIVE-
BARGAINING ACT, AND IMPLEMENTED BY THE BOARD, THE PENSION OR
RETIREMENT BENEFITS OR RIGHTS OF A STATE EMPLOYEE WHO IS A
CURRENT OR FORMER STATE POLICE OFFICER OR WHO BECOMES A STATE
POLICE OFFICER AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
SHALL BE AS PROVIDED IN THIS PART AS IF THE BINDING
ARBITRATION AWARD WAS NOT ISSUED, EXCEPT AS PROVIDED UNDER
THIS SUBSECTION.~~

~~(2) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE
POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER
THE EFFECTIVE DATE OF THIS SUBSECTION WHO:~~

~~(I) TERMINATES STATE SERVICE BEFORE JANUARY 1, 2018;~~
~~OR~~

~~(II) TERMINATES STATE SERVICE ON OR AFTER JANUARY 1,
2018, AND DOES NOT HAVE SERVICE CREDITED IN CLASS A-5
SHALL BE ELIGIBLE TO RECEIVE THE MAXIMUM SINGLE LIFE
ANNUITY, BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705
(RELATING TO MEMBER'S OPTIONS), THAT THE STATE EMPLOYEE
WOULD HAVE BEEN ELIGIBLE TO RECEIVE IF PARAGRAPH (1) HAD
NOT BEEN ENACTED.~~

~~(3) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE~~

~~POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER
THE EFFECTIVE DATE OF THIS SUBSECTION WHO HAS SERVICE
CREDITED IN CLASS A 5, HAS 20 OR MORE QUALIFYING ELIGIBILITY
POINTS AND WHO TERMINATES STATE SERVICE ON OR AFTER JANUARY
1, 2018, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM SINGLE LIFE
ANNUITY BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705 EQUAL
TO THE SUM OF:~~

~~(I) THE MAXIMUM SINGLE LIFE ANNUITY THAT THE STATE
EMPLOYEE WOULD HAVE BEEN ELIGIBLE TO RECEIVE WITHOUT
REGARD TO ANY ELIGIBILITY POINTS, SERVICE CREDIT,
COMPENSATION OR CONTRIBUTIONS ATTRIBUTABLE TO CLASS A 5
SERVICE IF PARAGRAPH (1) HAD NOT BEEN ENACTED EXCEPT THAT
SERVICE CREDIT AND ELIGIBILITY POINTS FOR SERVICE OTHER
THAN AS A MEMBER OF CLASS A 5 SHALL BE ADJUSTED FOR ANY
CONCURRENT SERVICE AS A MEMBER OF CLASS A 5; AND~~

~~(II) IF ELIGIBLE, THE MAXIMUM SINGLE LIFE ANNUITY
THAT THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS
PART ATTRIBUTABLE TO CLASS A 5 SERVICE AND, IF A MULTIPLE
SERVICE MEMBER, SERVICE CREDITED IN THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT SYSTEM.~~

~~(4) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE
POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER
THE EFFECTIVE DATE OF THIS SUBSECTION WHO HAS SERVICE
CREDITED IN CLASS A 5, DOES NOT HAVE 20 OR MORE QUALIFYING
ELIGIBILITY POINTS AND WHO TERMINATES STATE SERVICE ON OR
AFTER JANUARY 1, 2018, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM
SINGLE LIFE ANNUITY BEFORE OPTIONAL MODIFICATION UNDER
SECTION 5705 EQUAL TO THE MAXIMUM SINGLE LIFE ANNUITY THAT
THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS PART
ATTRIBUTABLE TO ALL CREDITED SERVICE, COMPENSATION AND~~

1 ~~ELIGIBILITY POINTS.~~

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 ~~SERVICE AS A CLASS A 5 EXEMPT EMPLOYEE THAT WOULD OTHERWISE~~
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 ~~A MEMBER OF THE SYSTEM.~~

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 ~~"QUALIFYING ELIGIBILITY POINTS." ELIGIBILITY POINTS AS A~~
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.~~

~~THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE
IMPLEMENTATION OF SHARED RISK CONTRIBUTIONS UNDER SECTION 5501.1
(RELATING TO SHARED RISK MEMBER CONTRIBUTIONS [FOR CLASS A 3 AND
CLASS A 4 SERVICE] AND SHARED GAIN ADJUSTMENTS TO REGULAR MEMBER
CONTRIBUTIONS) 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.~~

~~SECTION 325. TITLE 71 IS AMENDED BY ADDING A SECTION TO
READ:~~

~~§ 5958. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
COMMISSION.~~

~~(A) ESTABLISHMENT. A PUBLIC PENSION MANAGEMENT AND ASSET
INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL
BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE
FOLLOWING:~~

~~(1) GOVERNOR;~~

~~(2) PRESIDENT PRO TEMPORE OF THE SENATE;~~

~~(3) SENATE MINORITY LEADER;~~

~~(4) SPEAKER OF THE HOUSE OF REPRESENTATIVES;~~

~~(5) HOUSE MINORITY LEADER.~~

~~THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT
ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE
DATE OF THIS SECTION.~~

~~(B) DUTIES. THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND
ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:~~

~~(1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT~~

~~STRATEGIES AND PROCEDURES OF THE SYSTEM, COMPARING REALIZED~~

~~RATES OF RETURN TO ESTABLISHED BENCHMARKS AND CONSIDERING~~

~~ASSOCIATED FEES PAID FOR ACTIVE AND PASSIVE MANAGEMENT.~~

~~(2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND
PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE
INVESTMENT ACTIVITIES OF THE STATE EMPLOYEES' RETIREMENT
SYSTEM.~~

~~(3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH
AVAILABLE ASSETS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM
THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.~~

~~(3.1) THE COMMISSION SHALL EVALUATE AND MAKE
RECOMMENDATIONS ON:~~

~~(I) IMPROVING INVESTMENT FEE TRANSPARENCY ON
ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED
REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED
PARTNERS ASSOCIATION.~~

~~(II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY
OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST
THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF
INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED
RETURN.~~

~~(4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ON LINE,
INCLUDING FINDINGS ABOUT:~~

~~(I) ASSETS;~~

~~(II) RETURNS;~~

~~(III) FINANCIAL MANAGERS;~~

~~(IV) CONSULTANTS;~~

~~(V) REQUESTS FOR PROPOSALS; AND~~

~~(VI) INVESTMENT PERFORMANCE MEASURED AGAINST
BENCHMARKS.~~

~~(5) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE
GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS~~

~~FIRST ORGANIZATIONAL MEETING.~~

~~(C) QUORUM. A MAJORITY OF APPOINTED MEMBERS SHALL
CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE
MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND
ANOTHER TO BE THE VICE CHAIRPERSON.~~

~~(D) TRANSPARENCY AND ETHICS. THE PUBLIC PENSION MANAGEMENT
AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE
FOLLOWING LAWS:~~

~~(1) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN
AS THE STATE ADVERSE INTEREST ACT.~~

~~(2) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN <--
AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS ACT 65 PA.C.S. CH. <--
11 (RELATING TO ETHICS STANDARDS AND FINANCIAL DISCLOSURE).~~

~~(3) THE ACT OF JULY 3, 1986 (P.L.388, NO.84), KNOWN AS <--
THE SUNSHINE ACT 65 PA.C.S. CH. 7 (RELATING TO OPEN <--
MEETINGS).~~

~~(4) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS
THE RIGHT TO KNOW LAW.~~

~~(E) INFORMATION GATHERING. THE PUBLIC PENSION MANAGEMENT
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
REIMBURSED FOR REASONABLE EXPENSES.~~

~~(H) EXPIRATION. THE PUBLIC PENSION MANAGEMENT AND ASSET~~

~~INVESTMENT REVIEW COMMISSION SHALL EXPIRE 60 DAYS AFTER DELIVERY
OF ITS REPORT IN ACCORDANCE WITH SUBSECTION (B) (5). ANY UNSPENT
APPROPRIATION SHALL LAPSE BACK TO THE GENERAL FUND.~~

~~(I) ADMINISTRATIVE COSTS AND PAYMENT. NONE OF THE
ADMINISTRATIVE COSTS AND EXPENSES OF THE PUBLIC PENSION
MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION, INCLUDING,
BUT NOT LIMITED TO, MEMBER AND EMPLOYEE SALARY, WAGES, BENEFITS
AND OTHER FORMS OF COMPENSATION OR REMUNERATION SHALL BE PAID OR
APPROPRIATED FROM THE FUND OR THE TRUST.~~

ARTICLE IV

~~SECTION 401. THE FOLLOWING SHALL APPLY:~~

~~(1) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A
MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, A
PARTICIPANT IN THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION
PLAN OR ANOTHER PERSON CLAIMING AN INTEREST IN THE ACCOUNT OF
A MEMBER OR PARTICIPANT AN EXPRESS OR IMPLIED CONTRACTUAL
RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 24 PA.C.S.
PT. IV, 51 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24
PA.C.S. PT. IV OR 51 PA.C.S.:~~

~~(I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S.
OR 24 PA.C.S. PT. IV IN RELATION TO REQUIREMENTS FOR ANY
OF THE FOLLOWING:~~

~~(A) (RESERVED).~~

~~(B) QUALIFICATION OF THE SCHOOL EMPLOYEES'
DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN
UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
99 514, 26 U.S.C. §§ 401(A) AND 415(B)), OR
COMPLIANCE WITH THE UNIFORMED SERVICES EMPLOYMENT AND
REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103 353,
108 STAT. 3149).~~

1 ~~(C) CONTRIBUTIONS TO, PARTICIPATION IN OR~~
2 ~~BENEFITS FROM THE SCHOOL EMPLOYEES' DEFINED~~
3 ~~CONTRIBUTION PLAN OR SCHOOL EMPLOYEES' DEFINED~~
4 ~~CONTRIBUTION TRUST.~~

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~~
11 ~~EMPLOYEES' DEFINED CONTRIBUTION PLAN OR SCHOOL EMPLOYEES'~~
12 ~~DEFINED CONTRIBUTION TRUST, ESTABLISHED BY STATUTE OR IN~~
13 ~~THE PLAN DOCUMENT OR TRUST DECLARATION.~~

14 ~~(2) THE PROVISIONS OF 24 PA.C.S. PT. IV SHALL REMAIN~~
15 ~~SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE~~
16 ~~UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF~~
17 ~~1994 (PUBLIC LAW 103 353, 108 STAT. 3149), AND REGULATIONS~~
18 ~~UNDER THOSE STATUTES, AND THE GENERAL ASSEMBLY RESERVES TO~~
19 ~~ITSELF THE FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND~~
20 ~~OR SUPPLEMENT THE PROVISIONS AS MAY BE REQUIRED IN ORDER TO~~
21 ~~MAINTAIN THE QUALIFICATION OF THE SYSTEM AS A QUALIFIED~~
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).~~

26 ~~(3) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A~~
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~~

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~~

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 ~~QUALIFICATION OF THE STATE EMPLOYEES' RETIREMENT SYSTEM AND~~
6 ~~THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS QUALIFIED~~
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).~~
11 ~~SECTION 402. THE FOLLOWING SHALL APPLY:~~

12 ~~(1) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT~~
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~~
16 ~~WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR OTHER APPLICABLE~~
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~~

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 ~~2016.~~

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(H) ON EMPLOYER CONTRIBUTIONS~~
11 ~~TO THE STATE EMPLOYEES' RETIREMENT SYSTEM.~~

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 QUALIFY AS A QUALIFIED~~
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.~~

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. §~~
6 ~~415(N)(3)(A)(III)). A CONTRIBUTION MADE BY A MEMBER THAT IS~~
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~~
11 ~~SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE~~
12 ~~MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A~~
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~~
16 ~~BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES'~~
17 ~~RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 24 PA.C.S. PT.~~
18 ~~IV OR OTHER APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE~~
19 ~~CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.) AND~~
20 ~~THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT~~
21 ~~OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149) BEFORE THE~~
22 ~~EFFECTIVE DATE OF THIS SECTION.~~

23 ~~SECTION 406. THE FOLLOWING SHALL APPLY TO CONSTRUCTION~~
24 ~~RELATED TO FEDERAL LAW AS TO THE STATE EMPLOYEES' RETIREMENT~~
25 ~~SYSTEM.~~

26 ~~(1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN A~~
27 ~~MANNER THAT THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE~~
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~~

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~~
9 ~~TO ACCOMPLISH THE PURPOSE OF THIS SECTION.~~

10 ~~(2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO~~
11 ~~IMPLY THAT ANY MEMBER OF CLASS A-5 SHALL BE REQUIRED TO MAKE~~
12 ~~CONTRIBUTIONS TO THE STATE EMPLOYEES' RETIREMENT SYSTEM IN~~
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~~
16 ~~IS DETERMINED TO BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED~~
17 ~~TO THE MEMBER IN A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL~~
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~~
21 ~~MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A~~
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 SEQ.) AND~~
29 ~~THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT~~
30 ~~OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149) BEFORE THE~~

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~~
11 ~~CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL~~
12 ~~CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS~~
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 REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR~~
17 ~~OTHER REQUIREMENT, THE MEMBERS OF THE STATE EMPLOYEES'~~
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~~

~~(2) WERE OR ARE 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.~~

~~SECTION 409. (RESERVED).~~

~~SECTION 410. NO SCHOOL EMPLOYEE OTHERWISE A MEMBER OF,
ELIGIBLE TO BE A MEMBER OF, OR HAVING SCHOOL OR NONSCHOOL
SERVICE CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS T G MAY
CANCEL, DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF
SERVICE IN ORDER TO OBTAIN CLASS T G SERVICE CREDIT, BECOME A
MEMBER OF CLASS T G OR ELECT CLASS T G MEMBERSHIP.~~

~~SECTION 411. NO STATE EMPLOYEE OTHERWISE A MEMBER OF,
ELIGIBLE TO BE A MEMBER OF OR HAVING STATE OR NONSTATE SERVICE
CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS A 5 MAY CANCEL,
DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF SERVICE IN
ORDER TO OBTAIN CLASS A 5 SERVICE CREDIT, BECOME A MEMBER OF
CLASS A 5 OR ELECT CLASS A 5 MEMBERSHIP..~~

<--

~~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.~~

~~SECTION 413. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
THE STATE EMPLOYEES' RETIREMENT BOARD, APPLICATION OR
INTERPRETATION OF 71 PA.C.S. PT. XXV, OR ADMINISTRATIVE PRACTICE
TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS A 5
SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND
BENEFITS BASED UPON ATTAINING A SUPERANNUATION SCORE OF 92 OR~~

~~THE ACCRUAL OF 35 ELIGIBILITY POINTS SHALL BE DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY ACCRUED.~~

~~SECTION 414. IF A PROVISION OF THIS ACT OR ITS APPLICATION TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY SHALL NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS ACT THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION.~~

~~SECTION 415. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S. § 5903(B), THE STATEMENT FOR EACH MEMBER PREPARED BY THE STATE EMPLOYEES' RETIREMENT BOARD FOR THE PERIODS ENDING DECEMBER 31, 2015, AND DECEMBER 31, 2016, AND ANY OTHER STATEMENTS OR ESTIMATES OF BENEFITS PREPARED BY THE BOARD PURSUANT TO THE STATE EMPLOYEES' RETIREMENT CODE FROM THE EFFECTIVE DATE OF THIS SECTION TO DECEMBER 31, 2016, NEED NOT REFLECT THE PROVISIONS OF THIS ACT AND IN THE CASE OF THE STATEMENTS FOR EACH MEMBER FOR THE PERIODS ENDING DECEMBER 31, 2015 AND DECEMBER 31, 2016, NEED NOT INCLUDE A PROJECTION OF THE BENEFIT TO WHICH THE MEMBER IS ENTITLED UPON ATTAINMENT OF SUPERANNUATION AGE.~~

~~SECTION 416. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S. PT. XXV, THE OBLIGATION OF THE STATE EMPLOYEES' RETIREMENT BOARD TO MAKE PAYMENTS WITHIN SPECIFIED TIME PERIODS OF THE RECEIPT OF APPLICATIONS FOR BENEFITS OR OTHER INFORMATION SHALL NOT APPLY FROM THE EFFECTIVE DATE OF THIS SECTION TO DECEMBER 31, 2016.~~

~~SECTION 417. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:~~

~~(1) THE AMENDMENT OF 24 PA.C.S. § 8501(E) AND 71 PA.C.S. § 5901(E) SHALL TAKE EFFECT IN 365 DAYS.~~

~~(2) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IMMEDIATELY:~~

~~(I) THIS SECTION.~~

~~(II) THE REMAINDER OF THIS ACT.~~

SECTION 101. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "BASIC CONTRIBUTION RATE," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSCHOOL SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," "IRREVOCABLE BENEFICIARY," "LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING ORGANIZATION," "MEMBER'S ANNUITY," "MULTIPLE SERVICE," "REEMPLOYED FROM USERRA LEAVE," "REQUIRED BEGINNING DATE," "SALARY DEDUCTIONS," "SHARED RISK CONTRIBUTION RATE," "STANDARD SINGLE LIFE ANNUITY," "SUPERANNUATION OR NORMAL RETIREMENT AGE," "VALUATION INTEREST" AND "VESTEE" IN SECTION 8102 OF TITLE 24 OF THE PENNSYLVANIA CONSOLIDATED STATUTES, AMENDED OR ADDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED AND THE SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:

§ 8102. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS PART SHALL HAVE, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, THE MEANINGS GIVEN TO THEM IN THIS SECTION:

* * *

"ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

"ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR

1 FEES, COSTS 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 ANY
9 AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A DIRECT
10 TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH ANY
11 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS
12 AND EXPENSES CREDITED OR CHARGED THEREON.

13 * * *

14 "ACTIVE MEMBER." A SCHOOL EMPLOYEE FOR WHOM PICKUP
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 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)

1 OR 415).

2 * * *

3 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
4 DEPENDENT OF A MEMBER OR PARTICIPANT 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 OR PARTICIPANT
7 UNDER THIS PART.

8 * * *

9 "BASIC CONTRIBUTION RATE." FOR CLASS T-A, T-B AND T-C
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
12 PROVISION WHO ARE CURRENTLY PAYING 5 1/4% AND ELECT CLASS T-D
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
15 SERVICE FOR MEMBERS WITH LESS THAN 25 ELIGIBILITY POINTS ACCRUED
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.

20 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON
21 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER
22 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON
23 THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR
24 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A PARTICIPANT
25 TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED TOTAL DEFINED
26 CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH OF THE
27 PARTICIPANT.

28 * * *

29 "CLASS OF SERVICE MULTIPLIER."

30 CLASS OF SERVICE MULTIPLIER

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
 14 OTHER REMUNERATION OR OTHER EMOLUMENT RECEIVED BY A SCHOOL
 15 EMPLOYEE DURING HIS SCHOOL SERVICE WHICH IS NOT BASED ON THE
 16 STANDARD SALARY SCHEDULE UNDER WHICH HE IS RENDERING SERVICE,
 17 PAYMENTS FOR UNUSED SICK LEAVE OR VACATION LEAVE, BONUSES OR
 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
 30 ABSENCE), LEAVE GRANTED UNDER SECTION 1178 OF THE ACT OF MARCH

1 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF
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,
5 THAT THE LIMITATION UNDER SECTION 401(A) (17) OF THE INTERNAL
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,
8 INCLUDING REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS,
9 REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO EACH MEMBER WHO
10 FIRST BECAME A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
11 SYSTEM ON OR AFTER JULY 1, 1996, AND WHO BY REASON OF SUCH FACT
12 IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE
13 PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION
14 LIMIT UNDER IRC § 401(A) (17)), AND SHALL APPLY TO EACH
15 PARTICIPANT PERTAINING TO HIS PARTICIPATION IN THE PLAN.

16 * * *

17 "CREDITABLE NONSCHOOL SERVICE." SERVICE [OTHER THAN SERVICE
18 AS A SCHOOL EMPLOYEE] FOR WHICH AN ACTIVE MEMBER MAY OBTAIN
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.

"DATE OF TERMINATION OF SERVICE." THE LATEST OF THE
FOLLOWING DATES:

(1) THE LAST [DATE] DAY OF SERVICE FOR WHICH PICKUP
CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR[,] FOR WHICH
THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE WERE
NOT 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 LIMITATIONS ON CONTRIBUTIONS
APPLICABLE TO A CLASS T-G MEMBER;

(2) IN THE CASE OF AN INACTIVE MEMBER OR AN INACTIVE
PARTICIPANT, THE EFFECTIVE DATE OF HIS RESIGNATION OR THE
DATE HIS EMPLOYMENT IS FORMALLY DISCONTINUED BY HIS EMPLOYER
OR TWO YEARS FOLLOWING THE LAST DAY OF SERVICE FOR WHICH
CONTRIBUTIONS WERE MADE, WHICHEVER IS EARLIEST[.]; OR

(3) THE LAST DAY OF SERVICE FOR WHICH MANDATORY PICKUP
PARTICIPANT CONTRIBUTIONS ARE MADE FOR AN ACTIVE PARTICIPANT.
"DEFINED BENEFIT COMPENSATION LIMIT." FOR FISCAL YEAR 2018-
2019, THE AMOUNT OF \$50,000. FOR EACH SUBSEQUENT FISCAL YEAR,
THIS AMOUNT SHALL BE INCREASED BY 3% PER YEAR, COMPOUNDED
ANNUALLY, ROUNDED TO THE NEAREST \$100.

* * *

"DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S
INTEREST IN EITHER THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND
OR THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH,
WHICH IS PAYABLE UNDER THIS PART.

"DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,
INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED
ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF
COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW

1 WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR
2 FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO
3 RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR
4 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE
5 DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF
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 * * *

11 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS MADE TO AN
12 ACTIVE PARTICIPANT'S ACCOUNT BY AN EMPLOYER TO THE TRUST TO BE
13 CREDITED IN THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT
14 ACCOUNT AS FOLLOWS:

15 (1) FOR PARTICIPANTS WHO HAVE LESS THAN 25 ELIGIBILITY
16 POINTS CREDITED AS A MEMBER OF CLASS T-G, OR IF A MULTIPLE
17 SERVICE MEMBER IN CLASS A-5 OF THE STATE EMPLOYEES'
18 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EQUAL TO 0.5% OF
19 COMPENSATION UP TO THE DEFINED BENEFIT COMPENSATION LIMIT AND
20 4% OF COMPENSATION ABOVE SUCH LIMIT.

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 COMPENSATION.

26 "FINAL AVERAGE SALARY." [THE] AS FOLLOWS:

27 (1) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND
28 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE
29 OTHER THAN CLASS T-G, THE HIGHEST AVERAGE COMPENSATION
30 RECEIVED AS AN ACTIVE MEMBER DURING ANY THREE NONOVERLAPPING

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
15 OTHER THAN CLASS T-G, SHALL BE DETERMINED BY REFERENCE TO
16 COMPENSATION RECEIVED BY HIM AS A SCHOOL EMPLOYEE OR A STATE
17 EMPLOYEE OR BOTH, EXCLUDING COMPENSATION RECEIVED FOR SERVICE
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
21 PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION
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

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
5 CASE OF A MEMBER WITH MULTIPLE SERVICE CREDIT, THE FINAL
6 AVERAGE SALARY, FOR PURPOSES OF CALCULATING ALL ANNUITIES AND
7 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO CLASS T-G SERVICE,
8 SHALL BE DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY
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.

13 (3) FOR ALL MEMBERS, FINAL AVERAGE SALARY SHALL BE
14 DETERMINED BY INCLUDING IN COMPENSATION, PAYMENTS DEEMED TO
15 HAVE BEEN MADE TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO
16 THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN
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 "HOLDING VEHICLE TRUST." THE SCHOOL EMPLOYEES' DEFINED
23 CONTRIBUTION HOLDING VEHICLE TRUST.

24 "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS
25 ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE
26 MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR
27 CURRENT SCHOOL SERVICE ARE NOT BEING MADE SOLELY BY REASON OF
28 ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER
29 SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF 1986
30 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415) OR BECAUSE

1 THE MEMBER IS ON USERRA LEAVE, OR LIMITATIONS ON CONTRIBUTIONS
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
5 AND FOR WHOM CONTRIBUTIONS HAVE BEEN MADE WITHIN THE LAST TWO
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
9 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST,
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 CONTRIBUTIONS STANDING TO HIS CREDIT IN THE TRUST AND WHO HAS
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.

24 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A
25 MEMBER WHO WAS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
26 SYSTEM IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED
27 SERVICES OR FORCES OF THE UNITED STATES IN ORDER TO MEET A DRAFT
28 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH
29 OBLIGATIONAL SERVICE AND WHO BECOMES A SCHOOL EMPLOYEE AND AN
30 ACTIVE MEMBER OF THE SYSTEM WITHIN 90 DAYS OF THE EXPIRATION OF

1 SUCH SERVICE.

2 * * *

3 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
4 DESIGNATED BY A MEMBER OR PARTICIPANT 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 TOTAL DEFINED CONTRIBUTIONS OR LUMP SUM BENEFIT PAYABLE UPON THE
8 DEATH OF SUCH MEMBER OR PARTICIPANT.

9 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY
10 DESIGNATED IN WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS
11 TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO
12 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
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
23 MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE PLAN; THAT
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

1 DEFINED CONTRIBUTIONS, AND OTHER BENEFITS AND SENIORITY.

2 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." EITHER OF THE
3 FOLLOWING:

4 (1) FOR PARTICIPANTS WHO HAVE ACCRUED LESS THAN 25
5 ELIGIBILITY POINTS CREDITED AS A MEMBER OF CLASS T-G OR, IF A
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.

11 (2) FOR PARTICIPANTS WHO HAVE ACCRUED MORE THAN 25
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 EQUAL 7.5% OF
15 COMPENSATION REQUIRED TO BE CREDITED IN THE PLAN.

16 * * *

17 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS
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. A CLASS T-G MEMBER IS ELIGIBLE TO ELECT

1 MULTIPLE SERVICE MEMBERSHIP ONLY FOR SERVICE CREDITED AS CLASS
2 A-5 SERVICE IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

3 * * *

4 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT
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.

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 * * *

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] LATEST DATE
30 BY WHICH DISTRIBUTIONS OF A MEMBER'S INTEREST OR A PARTICIPANT'S

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 * * *

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

10 * * *

11 "SHARED-RISK CONTRIBUTION RATE." THE ADDITIONAL CONTRIBUTION
12 RATE THAT IS ADDED TO THE BASIC CONTRIBUTION RATE FOR CLASS T-E
13 [AND], T-F AND T-G MEMBERS, AS PROVIDED FOR IN SECTION 8321(B)
14 (RELATING TO 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 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 EQUAL TO 2% OF THE FINAL AVERAGE SALARY, MULTIPLIED
30 BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF

1 CREDITED SERVICE OF A MEMBER, EXCEPT THAT SUCH TOTAL NUMBER OF
2 YEARS SHALL NOT EXCEED 25.

3 "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED
4 CONTRIBUTION PLAN FOR STATE EMPLOYEES ESTABLISHED BY 71 PA.C.S.
5 PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND
6 OFFICERS).

7 * * *

8 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN
9 WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO THE BOARD TO
10 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE
11 PARTICIPANT.

12 * * *

13 "SUPERANNUATION OR NORMAL RETIREMENT AGE."

14 CLASS OF SERVICE

AGE

15 T-A

62 OR ANY AGE UPON ACCRUAL OF
35 ELIGIBILITY POINTS

17 T-B

62

18 T-C AND T-D

62 OR AGE 60 PROVIDED THE

MEMBER HAS AT LEAST 30

ELIGIBILITY POINTS OR ANY

AGE UPON ACCRUAL OF 35

ELIGIBILITY POINTS, AND

EXCLUDING ANY ELIGIBILITY

POINTS ACCRUED AS A

MEMBER OF CLASS T-G, AND

IF A MULTIPLE SERVICE

MEMBER, CLASS A-5

28 T-E [AND] AND T-F AND T-G

65 WITH ACCRUAL OF AT LEAST

THREE ELIGIBILITY POINTS

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 CLASS

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 IN A
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 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

INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT
CONTRIBUTIONS BY AN ELIGIBLE ROLLOVER OR DIRECT TRUSTEE-TO-
TRUSTEE TRANSFER.

SECTION 102. SECTION 8103 OF TITLE 24 IS AMENDED BY ADDING
SUBSECTIONS TO READ:

§ 8103. CONSTRUCTION OF PART.

* * *

(F) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF
ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF SCHOOL
EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART, OR THE PLAN
DOCUMENT ESTABLISHED BY THE BOARD, AND NO COLLECTIVE BARGAINING
AGREEMENT NOR ANY ARBITRATION AWARD BETWEEN THE EMPLOYER AND ITS
EMPLOYEES OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL
BE CONSTRUED TO CHANGE ANY OF THE PROVISIONS IN THIS PART, TO
REQUIRE THE BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS
NOT SET FORTH IN THIS PART OR NOT ESTABLISHED BY THE BOARD IN
THE PLAN DOCUMENT, TO REQUIRE THE BOARD TO MODIFY, AMEND OR
CHANGE ANY OF THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT OR
OTHERWISE REQUIRE ACTION BY ANY OTHER GOVERNMENT BODY PERTAINING
TO PENSION OR RETIREMENT BENEFITS OR RIGHTS OF SCHOOL EMPLOYEES.

(G) REFERENCES TO CERTAIN FEDERAL STATUTES.--REFERENCES IN
THIS PART TO THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND
REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT.
3149), INCLUDING ADMINISTRATIVE REGULATIONS PROMULGATED UNDER
THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT
RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS AND REGULATIONS
IN EFFECT ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION.

(H) CONSTRUCTION.--

(1) THIS PART MAY NOT BE CONSTRUED TO MEAN THAT THE
LIMITATIONS ON BENEFITS OR OTHER REQUIREMENTS UNDER IRC §

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.

5 (2) THIS PART MAY NOT BE CONSTRUED TO MEAN THAT AN
6 INTERPRETATION OR APPLICATION OF A PROVISION OF THIS PART OR
7 BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES'
8 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH THE PROVISIONS
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
16 OF THE FIDUCIARY DUTIES OF THE BOARD.

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
21 SERVICE ON OR AFTER JULY 1, 2018, AFTER A TERMINATION OF
22 SCHOOL SERVICE, NOTWITHSTANDING THE FOLLOWING:

23 (I) WHETHER THE TERMINATION OCCURRED BEFORE, ON OR
24 AFTER JULY 1, 2018.

25 (II) WHETHER THE SCHOOL EMPLOYEE WAS AN ANNUITANT,
26 INACTIVE MEMBER OR VESTEE OR WITHDREW ACCUMULATED
27 DEDUCTIONS DURING THE PERIOD OF TERMINATION.

28 (2) A TERMINATED SCHOOL EMPLOYEE WHO RETURNS TO SCHOOL
29 SERVICE ON OR AFTER JULY 1, 2018, IS SUBJECT TO THE
30 PROVISIONS OF THIS PART REGARDING PARTICIPATION IN THE PLAN

OR MEMBERSHIP IN THE SYSTEM THAT ARE IN EFFECT ON THE
EFFECTIVE DATE OF REEMPLOYMENT, INCLUDING, BUT NOT LIMITED
TO, BENEFIT FORMULAS AND ACCRUAL RATES, ELIGIBILITY FOR
ANNUITIES AND DISTRIBUTIONS, CONTRIBUTION RATES, DEFINITIONS,
PURCHASE OF CREDITABLE SCHOOL AND NONSCHOOL SERVICE
PROVISIONS, PURCHASE OF CREDITABLE STATE AND NONSTATE SERVICE
PROVISIONS, AND ACTUARIAL AND FUNDING ASSUMPTIONS.

SECTION 102.1. SECTION 8103.1 OF TITLE 24, ADDED DECEMBER
28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

§ 8103.1. NOTICE TO MEMBERS.

NOTICE BY PUBLICATION, INCLUDING, BUT NOT LIMITED TO,
NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,
MANUALS AND ELECTRONIC NOTICE, INCLUDING, BUT NOT LIMITED TO, E-
MAIL OR PUBLICLY ACCESSIBLE INTERNET WEBSITES, DISTRIBUTED OR
MADE AVAILABLE TO MEMBERS IN A MANNER REASONABLY CALCULATED TO
GIVE ACTUAL NOTICE OF THE PROVISIONS OF THIS PART THAT REQUIRE
NOTICE TO MEMBERS AND PARTICIPANTS SHALL BE DEEMED SUFFICIENT
NOTICE FOR ALL PURPOSES.

SECTION 103. TITLE 24 IS AMENDED BY ADDING A SECTION TO
READ:

§ 8103.2. REFERENCE TO PUBLIC SCHOOL EMPLOYEES' RETIREMENT
SYSTEM.

(A) GENERAL RULE.--UNLESS THE CONTEXT CLEARLY INDICATES
OTHERWISE, A REFERENCE TO 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

1 MAKE CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS
2 MEMBERS IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE
3 CONTRIBUTIONS TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE
4 PLAN.

5 SECTION 104. SECTION 8301 OF TITLE 24 IS AMENDED TO READ:

6 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
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:

11 (1) ANY OFFICER OR EMPLOYEE OF THE [DEPARTMENT OF
12 EDUCATION] DEPARTMENT, STATE-OWNED EDUCATIONAL INSTITUTIONS,
13 COMMUNITY COLLEGES, AREA VOCATIONAL-TECHNICAL SCHOOLS,
14 TECHNICAL INSTITUTES, OR [THE] THE PENNSYLVANIA STATE
15 UNIVERSITY AND WHO IS A MEMBER OF THE STATE EMPLOYEES'
16 RETIREMENT SYSTEM OR A MEMBER OF ANOTHER RETIREMENT PROGRAM
17 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) .

24 (3) ANY OFFICER OR EMPLOYEE OF A GOVERNMENTAL ENTITY WHO
25 SUBSEQUENT TO DECEMBER 22, 1965 AND PRIOR TO JULY 1, 1975
26 ADMINISTERS, SUPERVISES, OR TEACHES CLASSES FINANCED WHOLLY
27 OR IN PART BY THE FEDERAL GOVERNMENT SO LONG AS HE CONTINUES
28 IN SUCH SERVICE.

29 (4) ANY PART-TIME SCHOOL EMPLOYEE WHO HAS AN INDIVIDUAL
30 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.

(B) PROHIBITED MEMBERSHIP IN SYSTEM.--THE SCHOOL EMPLOYEES
CATEGORIZED IN SUBSECTION (A) (1) AND (2) SHALL NOT HAVE THE
RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.

(C) OPTIONAL MEMBERSHIP IN SYSTEM.--THE SCHOOL EMPLOYEES
CATEGORIZED IN SUBSECTION (A) (3) AND, IF OTHERWISE ELIGIBLE,
SUBSECTION (A) (4) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN
THE SYSTEM. ONCE SUCH ELECTION IS EXERCISED, MEMBERSHIP SHALL
COMMENCE FROM THE ORIGINAL DATE OF ELIGIBILITY AND SHALL
CONTINUE UNTIL THE TERMINATION OF SUCH SERVICE.

(D) MANDATORY PARTICIPATION IN PLAN.--THE SCHOOL EMPLOYEES
WHO ARE MANDATORY MEMBERS OF CLASS T-G SHALL BE MANDATORY
PARTICIPANTS IN THE PLAN AS OF THE EFFECTIVE DATE OF MEMBERSHIP
IN THE SYSTEM.

(E) OPTIONAL PARTICIPATION IN PLAN.--THE SCHOOL EMPLOYEES
WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS MEMBERS OF CLASS T-G
SHALL BE OPTIONAL PARTICIPANTS IN THE PLAN. THE SCHOOL EMPLOYEES
WHO ELECT MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS T-G ALSO
ELECT PARTICIPATION IN THE PLAN AS OF THE EFFECTIVE DATE OF
MEMBERSHIP IN THE SYSTEM.

SECTION 105. SECTION 8302 (A), (B) (1) AND (2), (C) AND (D) OF
TITLE 24, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), IS AMENDED
AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:
§ 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

1 YEAR FOR WHICH THE REQUIRED REGULAR MEMBER CONTRIBUTIONS HAVE
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
5 UNDER IRC § 401(A) (17) OR 415 OR LIMITATIONS ON CONTRIBUTIONS
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
8 NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS IN WHICH HE IS
9 EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND, OR
10 WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH LIMITATIONS UNDER
11 THE IRC, OR LIMITATIONS ON CONTRIBUTIONS APPLICABLE TO A CLASS
12 T-G MEMBER FOR AT LEAST 180 FULL-DAY SESSIONS OR 1,100 HOURS OF
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
16 DETERMINED BY THE RATIO OF THE NUMBER OF FULL-DAY SESSIONS OR
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 (B) APPROVED LEAVES OF ABSENCE.--AN ACTIVE MEMBER SHALL
30 RECEIVE CREDIT, AND AN ACTIVE PARTICIPANT SHALL RECEIVE

1 ELIGIBILITY POINTS, FOR AN APPROVED LEAVE OF ABSENCE PROVIDED
2 THAT:

3 (1) THE MEMBER RETURNS FOR A PERIOD AT LEAST EQUAL 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 (2) THE PROPER CONTRIBUTIONS ARE MADE BY THE MEMBER AND
10 THE EMPLOYER AND, FOR CLASS T-G MEMBERS, BY THE ACTIVE
11 PARTICIPANT AND THE EMPLOYER.

12 * * *

13 (C) CANCELLATION OF CREDITED SERVICE.--

14 (1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE
15 [CANCELLED] CANCELED IF A MEMBER WITHDRAWS HIS ACCUMULATED
16 DEDUCTIONS[.] EXCEPT THAT:

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
30 SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM.

(D) CREDIT FOR MILITARY SERVICE.--A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM AS FOLLOWS:

(1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE PERIOD OF MILITARY SERVICE BEGAN, NOTWITHSTANDING IF THE MEMBER IS NOT DEFINED AS AN EMPLOYEE UNDER 51 PA.C.S. § 7301 (RELATING TO DEFINITIONS).

(1.1) SCHOOL EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306(A), (B) AND (C) (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, EXCEPT OTHERWISE PROVIDED UNDER THIS SUBSECTION.

(2) A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY RECEIVE CREDIT AS PROVIDED BY THIS PARAGRAPH.

(I) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN SCHOOL SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY POINTS AS IF THE SCHOOL EMPLOYEE HAD NOT BEEN ON THE USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS, SHARED-RISK MEMBER CONTRIBUTIONS AND ANY OTHER MEMBER

1 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS
2 REQUIRED BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND
3 REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES)
4 AND IRC § 414(U) AS IF THE SCHOOL EMPLOYEE HAD CONTINUED
5 IN HIS SCHOOL OFFICE OR EMPLOYMENT AND PERFORMED SCHOOL
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
12 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE
13 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON
14 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE SCHOOL SERVICE
15 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

16 (II) FOR PURPOSES OF DETERMINING WHETHER A SCHOOL
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
21 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT
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 REQUIRED 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
30 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE

1 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER
2 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP
3 SUM UNDER SECTION 8345(A) (4) (RELATING TO MEMBER'S
4 OPTIONS). FOR THIS PURPOSE, THE EXCLUSION OF CLASS T-E
5 AND CLASS T-F MEMBERS FROM ELECTING A FORM OF PAYMENT
6 UNDER SECTION 8345(A) (4) (III) SHALL BE IGNORED.

7 (III) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM
8 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM 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
28 OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE AS NONINTERVENING
29 MILITARY SERVICE.

30 (4) [A SCHOOL EMPLOYEE] AN ACTIVE OR INACTIVE MEMBER

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.

11 (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THE
12 BENEFICIARIES OR SURVIVOR ANNUITANTS OF THE DECEASED MEMBER
13 SHALL BE ENTITLED TO ANY ADDITIONAL BENEFITS, INCLUDING
14 ELIGIBILITY POINTS, OTHER THAN BENEFIT ACCRUALS RELATING TO
15 THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS
16 PART AS IF THE MEMBER RESUMED AND THEN TERMINATED EMPLOYMENT
17 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
23 EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING THIS
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.

29 (E) MILITARY SERVICE BY PARTICIPANT.--A PARTICIPANT WHO HAS
30 PERFORMED USERRA LEAVE SHALL BE TREATED AND MAY MAKE

1 CONTRIBUTIONS AS FOLLOWS:

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.

1 (3) A PARTICIPANT WHO PERFORMS USERRA LEAVE FROM WHICH
2 THE EMPLOYEE COULD HAVE BEEN REEMPLOYED FROM USERRA LEAVE HAD
3 THE SCHOOL EMPLOYEE RETURNED TO SCHOOL SERVICE IN THE TIME
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
11 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 OR A MILITARY
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 BE, OF THE DECEASED PARTICIPANT ARE ENTITLED TO ANY
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 EMPLOYMENT ON ACCOUNT OF DEATH.

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

SERVICE CREDITS.

* * *

(C) PURCHASE OF PREVIOUS CREDITABLE SERVICE.--[EVERY]
SUBJECT TO THE LIMITATIONS IN SUBSECTION (C.1), AN ACTIVE MEMBER
OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE
MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE
EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND RECEIVE
ELIGIBILITY POINTS:

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

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

(3) AS A MEMBER OF CLASS T-G FOR PREVIOUS CREDITABLE
SCHOOL SERVICE PERFORMED AS A CLASS T-G MEMBER;

UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE
MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE;
EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT
SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.

(C.1) INELIGIBILITY TO PURCHASE PREVIOUS SCHOOL SERVICE
CREDIT.--AN ACTIVE MEMBER OF CLASS T-G, OR A MULTIPLE SERVICE
MEMBER WHO IS AN ACTIVE MEMBER OF CLASS A-5 IN THE STATE
EMPLOYEES' RETIREMENT SYSTEM, SHALL NOT BE ELIGIBLE TO PURCHASE
SERVICE CREDIT FOR PREVIOUS SCHOOL SERVICE, WHETHER OR NOT
PREVIOUSLY CREDITED IN THE SYSTEM, EXCEPT TO REINSTATE
PREVIOUSLY CREDITED CLASS T-G SERVICE CREDIT FOR WHICH
ACCUMULATED DEDUCTIONS WERE WITHDRAWN, AND EXCEPT TO THE EXTENT
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
9 CLASS A-5, SHALL BE ELIGIBLE TO RECEIVE CLASS T-C, CLASS T-E OR
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
16 (RELATING TO CLASSES OF SERVICE), AS SET FORTH IN SUBSECTION (B)
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
30 SERVICE CREDIT FOR CREDITABLE NONSCHOOL SERVICE AS SET FORTH IN

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) AND DOES NOT BECOME A MEMBER OF CLASS T-G
14 PURSUANT TO SUBSECTION (F).

15 (B) OTHER CLASS MEMBERSHIP.--A SCHOOL EMPLOYEE WHO IS A
16 MEMBER OF A CLASS OF SERVICE OTHER THAN CLASS T-C ON THE
17 EFFECTIVE DATE OF THIS PART MAY ELECT TO BECOME A MEMBER OF
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
21 PREVIOUS SCHOOL OR CREDITABLE NONSCHOOL SERVICE. ANY SERVICE
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.--

25 (1) A PERSON WHO BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE
26 MEMBER, OR A PERSON WHO BECOMES A MULTIPLE SERVICE MEMBER WHO
27 IS A STATE EMPLOYEE AND A MEMBER OF THE STATE EMPLOYEES'
28 RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF THIS
29 SUBSECTION SHALL BE CLASSIFIED AS A CLASS T-D MEMBER UPON
30 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS. ANY PRIOR SCHOOL

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).

* * *

(4) (I) SCHOOL SERVICE PERFORMED AS CLASS T-C SERVICE BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION SHALL BE CREDITED AS CLASS T-D SERVICE ONLY UPON COMPLETION OF ALL ACTS NECESSARY FOR THE SCHOOL SERVICE TO BE CREDITED AS CLASS T-C SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED.

(II) A PERSON WHO IS NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE SHALL NOT RECEIVE CLASS T-D SERVICE CREDIT FOR SCHOOL SERVICE PERFORMED BEFORE JULY 1, 2001, UNTIL THE PERSON BECOMES AN ACTIVE MEMBER OR AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM AND A MULTIPLE SERVICE MEMBER AND EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED SCHOOL SERVICE IN A CLASS OTHER THAN CLASS T-G OR STATE SERVICE IN A CLASS OTHER THAN CLASS A-5 AFTER JUNE 30, 2001. THIS SUBPARAGRAPH DOES NOT APPLY TO A DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY.

(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

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
5 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE
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 * * *

27 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS T-D
28 MEMBER SHALL REMAIN IN EFFECT UNTIL THE TERMINATION OF
29 EMPLOYMENT. THOSE MEMBERS WHO, ON THE EFFECTIVE DATE OF THIS
30 SECTION, CONTRIBUTE AT THE RATE OF 5 1/4% SHALL BE DEEMED TO

1 HAVE ACCEPTED THE BASIC CONTRIBUTION RATE OF 6 1/2% FOR ALL
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
5 CONTRIBUTION RATE OF 7 1/2% FOR ALL CLASS T-D SERVICE PERFORMED
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
12 PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART.

13 * * *

14 § 8305.2. ELECTION TO BECOME A CLASS T-F MEMBER.

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
20 SERVICE, REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR
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 * * *

25 SECTION 108.1. TITLE 24 IS AMENDED BY ADDING A SECTION TO
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
30 MEMBER OF CLASS T-G.

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
12 CLASS T-G MEMBERSHIP SHALL RECEIVE CLASS T-G SERVICE CREDIT ON
13 ANY AND ALL FUTURE SERVICE, REGARDLESS OF WHETHER THE MEMBER
14 TERMINATES SERVICE OR HAS A BREAK IN SERVICE.

15 (D) EFFECT OF FAILURE TO MAKE ELECTION.--A MEMBER WHO FAILS
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

1 ELIGIBILITY POINT.

2 (A.1) USERRA LEAVE.--A MEMBER OR PARTICIPANT WHO IS
3 REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA
4 LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE
5 ACCRUED HAD HE CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT
6 INSTEAD OF PERFORMING USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS
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.

11 (B) TRANSITIONAL RULE.--FOR THE PURPOSES OF THE TRANSITION:

12 (1) IN DETERMINING WHETHER A MEMBER, OTHER THAN A
13 DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE
14 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY, WHO IS
15 NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001,
16 AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE, HAS
17 THE FIVE ELIGIBILITY POINTS REQUIRED BY THE DEFINITION OF
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
23 MEMBER OF THE SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS
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

1 OR CLASS A-5, AS DETERMINED UNDER SUBSECTION (A) SHALL BE
2 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 (C) 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
17 POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF
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 REQUIRING
27 ELIGIBILITY POINTS FOR THE DETERMINATION OR PAYMENT OF
28 BENEFITS FROM THE PLAN.

29 § 8307. ELIGIBILITY FOR ANNUITIES.

30 * * *

(B) WITHDRAWAL ANNUITY.--

(1) A VESTEE IN CLASS T-C OR CLASS T-D WITH FIVE OR MORE ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-C OR CLASS T-D MEMBER WHO TERMINATES SCHOOL SERVICE HAVING FIVE OR MORE ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS T-G, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5, SHALL, UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY BASED ON THE SERVICE CREDITED AS A CLASS T-C OR T-D MEMBER.

(2) A VESTEE IN CLASS T-E OR CLASS T-F WITH TEN OR MORE ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-E OR CLASS T-F MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR MORE ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS T-G, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5, SHALL, UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY BASED ON THE SERVICE CREDITED AS A CLASS T-E OR T-F MEMBER.

(3) A VESTEE IN CLASS T-G WITH TEN OR MORE ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-G MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR MORE ELIGIBILITY POINTS CREDITED AS A CLASS T-G MEMBER, OR IF A MULTIPLE SERVICE MEMBER, AS CLASS A-5, SHALL, UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY FROM THE SYSTEM BASED ON THE ELIGIBILITY POINTS CREDITED AS A CLASS T-G OR CLASS A-5 MEMBER.

(4) A MEMBER WHO IS VESTED WITH CLASS T-C, T-D, T-E, T-F OR T-G CREDITED SERVICE, SHALL, UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY BASED ON THE CREDITED SERVICE IN EACH CLASS.

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

1 HAS [CREDIT FOR AT LEAST FIVE YEARS OF SERVICE] FIVE OR MORE
2 ELIGIBILITY POINTS OTHER THAN ELIGIBILITY POINTS RESULTING FROM
3 SERVICE AS A MEMBER OF CLASS T-G, OR HAS FIVE OR MORE
4 ELIGIBILITY POINTS AS A MEMBER OF CLASS T-G, SHALL, UPON FILING
5 OF A PROPER APPLICATION, BE ENTITLED TO A DISABILITY ANNUITY
6 BASED ON SERVICE AND COMPENSATION IN CLASSES OTHER THAN CLASS T-
7 G IF HE IS ELIGIBLE FOR A DISABILITY ANNUITY ON SERVICE AND
8 COMPENSATION OTHER THAN CLASS T-G, AND A DISABILITY ANNUITY
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
14 PROVISIONS OF SECTION 8505(C) (1) (RELATING TO DUTIES OF BOARD
15 REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS).

16 SECTION 108.3. SECTION 8308 OF TITLE 24, AMENDED DECEMBER
17 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

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 TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE SERVICE MEMBER
30 AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT

1 SYSTEM TERMINATES STATE SERVICE, SHALL BE ELIGIBLE TO VEST
2 HIS RETIREMENT BENEFITS IN EACH CLASS IN ACCORDANCE WITH THE
3 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.

14 (A) GENERAL.--REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO
15 THE FUND ON BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE
16 EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF
17 SUCH CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION
18 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
26 THREE YEARS THEREAFTER, THE BOARD SHALL COMPARE THE ACTUAL
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
30 PRIOR TEN-YEAR PERIOD. IF THE ACTUAL INVESTMENT RATE OF RETURN,

1 NET OF FEES, IS LESS THAN THE ANNUAL INTEREST RATE ADOPTED BY
2 THE BOARD BY AN AMOUNT OF 1% OR MORE, THE SHARED-RISK
3 CONTRIBUTION RATE OF CLASS T-E [AND], CLASS T-F AND CLASS T-G
4 MEMBERS WILL INCREASE BY .5%. IF THE ACTUAL INVESTMENT RATE OF
5 RETURN, NET OF FEES, IS EQUAL TO OR EXCEEDS THE ANNUAL INTEREST
6 RATE ADOPTED BY THE BOARD, THE SHARED-RISK CONTRIBUTIONS RATE OF
7 CLASS T-E [AND], CLASS T-F AND CLASS T-G MEMBERS WILL DECREASE
8 BY .5%. CLASS T-E [AND], CLASS T-F AND CLASS T-G MEMBERS WILL
9 CONTRIBUTE AT THE TOTAL MEMBER CONTRIBUTION RATE IN EFFECT WHEN
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
12 TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-F MEMBERS SHALL NOT
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
15 6% NOR MORE THAN 8%. NOTWITHSTANDING THIS SUBSECTION, IF THE
16 SYSTEM'S ACTUARIAL FUNDED STATUS IS 100% OR MORE AS OF THE DATE
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

CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION RATE
UNDER SECTION 8328(H) (RELATING TO ACTUARIAL COST METHOD),
THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-E [AND] T-F
AND T-G MEMBERS SHALL BE PROSPECTIVELY RESET TO THE BASIC
CONTRIBUTION RATE.

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

§ 8322.1. PICKUP CONTRIBUTIONS.

(A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL
CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS
8321 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
SERVICE), 8322 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS)
AND 8305 (RELATING TO CLASSES OF SERVICE), WITH RESPECT TO
CURRENT SCHOOL SERVICE RENDERED BY AN ACTIVE MEMBER ON OR AFTER
JANUARY 1, 1983, SHALL BE PICKED UP BY THE EMPLOYER AND SHALL BE
TREATED AS THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC §
414(H).

* * *

SECTION 108.6. SECTIONS 8323(A), (C) AND (D)(1), 8324(A),
(B), (C) AND (D), 8325.1(A), 8326(A) AND (C) AND 8327 OF TITLE
24 ARE AMENDED TO READ:

§ 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 IN THE SYSTEM FOR
REINSTATEMENT OF [ALL] THE PORTION OF PREVIOUSLY CREDITED SCHOOL
SERVICE, SCHOOL SERVICE NOT PREVIOUSLY CREDITED, SABBATICAL
LEAVE AS IF HE HAD BEEN IN FULL-TIME DAILY ATTENDANCE THAT A

1 MEMBER IS ELIGIBLE TO HAVE CREDITED, OR FULL-COVERAGE MEMBERSHIP
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
5 CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE AT THE RATE OF
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
9 IF THE MEMBER IS A CLASS T-F MEMBER AND HAD SUCH CONTRIBUTIONS
10 BEEN CREDITED WITH STATUTORY INTEREST DURING THE PERIOD THE
11 CONTRIBUTIONS WOULD HAVE BEEN MADE AND DURING ALL PERIODS OF
12 SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER
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
30 AMOUNT REQUIRED IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION

1 (B) AND AN AMOUNT DETERMINED AS THE SUM OF THE MEMBER'S BASIC
2 CONTRIBUTION RATE AND THE NORMAL CONTRIBUTION RATE AS PROVIDED
3 IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) DURING SUCH
4 PERIOD MULTIPLIED BY THE COMPENSATION WHICH WAS RECEIVED OR
5 WHICH WOULD HAVE BEEN RECEIVED DURING SUCH PERIOD AND WITH
6 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND
7 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
14 WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID IN A
15 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR
16 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
17 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH
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
23 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.
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
28 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
29 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
30 TO THE BOARD THE AMOUNTS PAID.

1 * * *

2 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE
3 NONSCHOOL SERVICE AND NONCREDITABLE SCHOOL SERVICE.

4 (A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO
5 PURCHASE CREDIT AS A MEMBER OF CLASS T-C, CLASS T-E [OR], CLASS
6 T-F OR CLASS T-G FOR CREDITABLE NONSCHOOL SERVICE OF AN ACTIVE
7 MEMBER OR AN ELIGIBLE STATE EMPLOYEE SHALL BE PAID EITHER BY THE
8 MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, THE COMMONWEALTH, OR A
9 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
14 MEMBER'S BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION
15 RATE AS PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST
16 METHOD) AT THE TIME OF ENTRY OF THE MEMBER INTO SCHOOL
17 SERVICE SUBSEQUENT TO SUCH MILITARY SERVICE TO ONE-THIRD OF
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

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
5 ANNUAL RATE OF COMPENSATION RECEIVED FOR CLASS T-G SERVICE
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.

16 (3) UPON CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE
17 MADE IN A LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE
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
21 SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD.
22 THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS
23 AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND
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
28 DETERMINES. IN THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS
29 AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM,
30 THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE

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
5 BE CREDITED AS CLASS T-C SERVICE. IN THE EVENT THAT A CLASS
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
14 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,
15 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
16 SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER
17 AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON
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 MILITARY
24 SERVICE.

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

27 (3) SALARY DEDUCTIONS TO THE SYSTEM 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

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
5 OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
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
14 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC
15 CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS
16 PROVIDED IN SECTION 8328 AT THE TIME OF THE MEMBER'S ENTRY
17 INTO SCHOOL SERVICE SUBSEQUENT TO SUCH CREDITABLE NONSCHOOL
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
28 CREDITABLE NONSCHOOL SERVICE) THE MEMBER SHALL PAY ONLY THE
29 EMPLOYEE'S SHARE UNLESS OTHERWISE PROVIDED BY LAW. UPON
30 CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE MADE IN A

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
5 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY
6 DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE
7 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY
8 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE
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
14 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
15 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
16 TO THE BOARD THE AMOUNTS PAID.

17 (2) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E OR CLASS T-F
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
23 BE MADE IN A LUMP SUM WITHIN 90 DAYS OR, IN THE CASE OF AN
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
28 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY
29 THE MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT
30 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF

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
5 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
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 (3) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E OR CLASS T-F
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
13 CAUSED BY THE ADDITIONAL SERVICE CREDITED ON ACCOUNT OF THE
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
16 ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE
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
23 SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE
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'
28 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE
29 REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH
30 SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

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
5 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION
6 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO
7 ACCOUNT FOR BENEFIT PURPOSES UNDER THIS SUBCHAPTER SHALL NOT
8 EXCEED THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JULY
9 1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC
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
16 EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD
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.

25 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE
26 COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE FUND ON BEHALF OF
27 ALL ACTIVE MEMBERS AND PARTICIPANTS, INCLUDING MEMBERS AND
28 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE, IN AN AMOUNT
29 EQUAL TO ONE-HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY
30 TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY

1 RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS
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
5 SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS MEMBERSHIP AN
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.--

11 (1) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE
12 FUND ON BEHALF OF ALL ACTIVE MEMBERS AND PARTICIPANTS,
13 INCLUDING MEMBERS AND PARTICIPANTS ON ACTIVATED MILITARY
14 SERVICE LEAVE, FOR SERVICE PERFORMED AFTER JUNE 30, 1995, IN
15 THE FOLLOWING MANNER:

16 (I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
17 OF EMPLOYERS THAT ARE SCHOOL ENTITIES, NO COMMONWEALTH
18 CONTRIBUTIONS SHALL BE MADE.

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

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

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

30 (II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES

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] TIMING OF PAYMENTS.--

6 (1) FOR PAYMENTS PRIOR TO JUNE 30, 2018, EACH EMPLOYER,
7 INCLUDING THE COMMONWEALTH AS EMPLOYER OF EMPLOYEES OF THE
8 [DEPARTMENT OF EDUCATION] DEPARTMENT, STATE-OWNED COLLEGES
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
14 DETERMINED UNDER SECTION 8328 (RELATING TO ACTUARIAL COST
15 METHOD), APPLIED TO THE TOTAL COMPENSATION DURING THE PAY
16 PERIODS IN THE PRECEDING QUARTER OF ALL ITS EMPLOYEES WHO
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
23 8302(B.1)(3) (RELATING TO CREDITED SCHOOL SERVICE), THE
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

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
14 SERVICE UNDER SECTION 8302(B.1)(3), THE CONTRIBUTIONS MADE BY
15 THE EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH
16 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

17 (B) DEDUCTION FROM APPROPRIATIONS.--

18 (1) TO FACILITATE THE PAYMENT OF AMOUNTS DUE FROM ANY
19 EMPLOYER 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 THE AMOUNT OF ANY MONEYS DUE
24 TO ANY EMPLOYER ON ACCOUNT OF ANY APPROPRIATION FOR SCHOOLS
25 OR OTHER PURPOSES AMOUNTS EQUAL 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
28 UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD OTHERWISE BE
29 PAID TO THE EMPLOYER. SUCH AMOUNT SHALL BE CREDITED TO THE
30 APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST.

1 (2) TO FACILITATE THE PAYMENTS OF AMOUNTS DUE FROM ANY
2 CHARTER SCHOOL, AS DEFINED IN ARTICLE XVII-A OF THE ACT OF
3 MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL
4 CODE OF 1949, TO THE FUND AND THE TRUST THROUGH THE STATE
5 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE
6 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION
7 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID
8 INTO THE FUND AND THE TRUST FROM ANY FUNDS APPROPRIATED TO
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,
14 AS CERTIFIED BY THE BOARD, AND AS REMAINS UNPAID ON THE DATE
15 SUCH APPROPRIATIONS WOULD OTHERWISE BE PAID TO THE CHARTERING
16 SCHOOL DISTRICT OR CHARTER SCHOOL. SUCH AMOUNTS SHALL BE
17 CREDITED TO THE APPROPRIATE ACCOUNTS IN THE FUND AND THE
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
21 PUBLIC SCHOOL CODE OF 1949.

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
30 QUARTER IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER:

1 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT
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 QUARTER OF ALL EMPLOYEES WHO WERE
5 ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE
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, THE
16 AMOUNT COMPUTED UNDER SUBSECTION (A).

17 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN
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
28 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
29 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH
30 VALUATION INTEREST.

1 (D) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 2018.--AFTER JUNE
2 30, 2018, EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER
3 OF EMPLOYEES OF THE DEPARTMENT, STATE-OWNED COLLEGES AND
4 UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY, WESTERN
5 PENNSYLVANIA SCHOOL FOR THE DEAF AND THE PENNSYLVANIA STATE
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
16 EVENT A MEMBER ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE
17 DOES NOT RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES
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
28 SUBSECTION AND SUBSECTION (A), ANY AMOUNT OF COMPENSATION OF
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 TO.--THE 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) CONTRIBUTIONS.--THE 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 LEAVE.--WHEN 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.

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:

§ 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
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).

(B) NORMAL CONTRIBUTION RATE.--[THE]

(1) FOR FISCAL YEARS ENDING BEFORE JULY 1, 2018, THE
NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH
ACTUARIAL VALUATION. UNTIL ALL ACCRUED LIABILITY
CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL CONTRIBUTION
RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL INTEREST
RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED
BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL
PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION OF THE
AVERAGE NEW ACTIVE MEMBER, WHICH PERCENTAGE, IF CONTRIBUTED
ON THE BASIS OF HIS PROSPECTIVE COMPENSATION THROUGH THE

1 ENTIRE PERIOD OF ACTIVE SCHOOL SERVICE, WOULD BE SUFFICIENT
2 TO FUND THE LIABILITY FOR ANY PROSPECTIVE BENEFIT PAYABLE TO
3 HIM, IN EXCESS OF THAT PORTION FUNDED BY HIS PROSPECTIVE
4 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,
15 AND FOR CLASS T-G MEMBERS, AS LIMITED:

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
28 ZERO.

29 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

30 * * *

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
4 BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND AS A LEVEL
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
13 INSTALLMENTS OVER A TEN-YEAR PERIOD). IN THE EVENT THAT THE
14 ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED
15 SUBSEQUENT TO JUNE 30, 2010, BUT BEFORE JULY 1, 2018, SUCH
16 ADDITIONAL LIABILITY SHALL BE FUNDED AS A LEVEL PERCENTAGE OF
17 COMPENSATION OVER A PERIOD OF TEN YEARS FROM THE JULY 1
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
23 ACCRUED LIABILITY IS CHANGED BY LEGISLATION ENACTED
24 SUBSEQUENT TO JUNE 30, 2016, SUCH CHANGE IN LIABILITY SHALL
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 * * *

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 REQUIRED
4 TO PROVIDE FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES AS
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
10 SUPPLEMENTAL ANNUITIES. IN THE EVENT THAT SUPPLEMENTAL
11 ANNUITIES ARE INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO
12 JUNE 30, 2010, [THE] BUT BEFORE JULY 1, 2016, SUCH ADDITIONAL
13 LIABILITY FOR THE INCREASE IN BENEFITS SHALL BE FUNDED AS A
14 LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD OF TEN YEARS
15 FROM THE JULY 1 SECOND SUCCEEDING THE DATE SUCH LEGISLATION
16 IS ENACTED.

17 (3) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2018,
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,
21 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND 8348.7 SHALL BE
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 SUBSEQUENT TO JUNE 30, 2016, THE ADDITIONAL LIABILITY FOR THE
28 INCREASE IN BENEFITS SHALL BE FUNDED AS A LEVEL PERCENTAGE OF
29 COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS
30 OVER A PERIOD OF TEN YEARS FROM THE JULY 1 SECOND SUCCEEDING

1 THE DATE SUCH LEGISLATION IS ENACTED.

2 (E) EXPERIENCE ADJUSTMENT FACTOR.--

3 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED
4 LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING
5 JULY 1, 2011, AND ENDING JUNE 30, 2018, ANY INCREASE OR
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
13 THE TERMS AND CONDITIONS OF THE BENEFITS PROVIDED BY THE
14 SYSTEM BY JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER
15 THAN LEGISLATION, INCLUDING, BUT NOT LIMITED TO,
16 REINTERPRETATION OF THE PROVISIONS OF THIS PART, SHALL BE
17 AMORTIZED AS A LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD
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
23 ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL
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
28 CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE
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
5 ACTUARIAL VALUATION DETERMINING SUCH INCREASES OR DECREASES.

6 * * *

7 (G) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--

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 * * *

14 SECTION 110. SECTION 8330 OF TITLE 24 IS AMENDED TO READ:

15 § 8330. APPROPRIATIONS BY THE COMMONWEALTH.

16 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE
17 AND THROUGH THE GOVERNOR SUBMIT ANNUALLY TO THE GENERAL ASSEMBLY
18 AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS NECESSARY TO BE
19 APPROPRIATED BY THE COMMONWEALTH OUT OF THE GENERAL FUND
20 REQUIRED 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 QUARTER BY THE BOARD.

30 SECTION 110.1. SECTION 8341 OF TITLE 24, AMENDED DECEMBER

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 FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE
5 MAY BE ENTITLED, ELECT TO RECEIVE HIS ACCUMULATED DEDUCTIONS BY
6 HIS REQUIRED BEGINNING DATE.

7 SECTION 111. SECTIONS 8342(A) AND 8344(A), (B) AND (D) OF
8 TITLE 24 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING
9 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
30 AGE BY 1/4%: FURTHER PROVIDED, IN NO EVENT SHALL A CLASS T-E OR

1 CLASS T-F MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF THE
2 EFFECTIVE DATE OF RETIREMENT, GREATER THAN THE MEMBER'S FINAL
3 AVERAGE SALARY ATTRIBUTABLE TO CLASS T-E OR T-F SERVICE:

4 (1) A [STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE]
5 SINGLE LIFE ANNUITY THAT IS THE SUM OF ANNUITIES DETERMINED
6 SEPARATELY FOR EACH 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.

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

19 * * *

20 (D) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
21 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE
22 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,
23 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
24 IN THE PLAN.

25 § 8344. DISABILITY ANNUITIES.

26 (A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION
27 FOR A DISABILITY ANNUITY AS PROVIDED IN SECTION 8507(K)
28 (RELATING TO RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND
29 MEMBERS], MEMBERS AND PARTICIPANTS) AND HAS BEEN FOUND TO BE
30 ELIGIBLE IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 8307(C)

1 (RELATING TO ELIGIBILITY FOR ANNUITIES) AND 8505(C)(1) (RELATING
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
5 DETERMINATION BY THE BOARD THAT THE ANNUITANT IS NO LONGER
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
8 SINGLE LIFE [ANNUITY] ANNUITIES DETERMINED SEPARATELY FOR EACH
9 CLASS OF SERVICE IF THE TOTAL NUMBER OF YEARS OF CREDITED
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
$$Y^*/Y \text{ OR } 16.667/Y$$

14 WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE AND Y* =
15 TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE
16 AS A SCHOOL EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE, OR IF
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).

24 (B) REDUCTION ON ACCOUNT OF EARNED INCOME.--PAYMENTS ON
25 ACCOUNT OF DISABILITY SHALL BE REDUCED BY THAT AMOUNT BY WHICH
26 THE EARNED INCOME OF THE ANNUITANT, AS REPORTED IN ACCORDANCE
27 WITH SECTION 8508(B) (RELATING TO RIGHTS AND DUTIES OF
28 ANNUITANTS) FOR THE PRECEDING YEAR TOGETHER WITH THE DISABILITY
29 ANNUITY PAYMENTS FOR THE YEAR, EXCEEDS THE GREATER OF \$5,000 OR
30 THE LAST YEAR'S SALARY OF THE ANNUITANT AS A [SCHOOL EMPLOYEE]

1 MEMBER OF THE SYSTEM, PROVIDED THAT THE ANNUITANT SHALL NOT
2 RECEIVE LESS THAN HIS MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE
3 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 OR CLASS T-G 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 * * *

18 (F) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
19 OF A DISABILITY ANNUITY UNDER THIS SECTION SHALL BE IN ADDITION
20 TO ANY PAYMENTS A SCHOOL EMPLOYEE MAY BE ENTITLED TO RECEIVE,
21 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
22 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.

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

1 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 8341 (RELATING TO
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
5 PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE
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
16 DISTRIBUTION REQUIREMENTS OR WOULD VIOLATE THE INCIDENTAL DEATH
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

1 CLASS T-G SERVICE EQUAL TO THE PRESENT VALUE OF THE
2 MAXIMUM SINGLE LIFE ANNUITY ATTRIBUTABLE TO CLASS T-G
3 SERVICE ON THE EFFECTIVE DATE OF RETIREMENT WITH THE
4 PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS
5 THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE
6 PAYABLE 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 ONE-
13 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:

19 (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
20 DURING THE LIFETIME OF THE MEMBER.

21 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
22 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
23 THE ANNUITY PAYABLE TO THE MEMBER.

24 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
25 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
26 EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS
27 STANDING TO THE CREDIT OF THE MEMBER. THE BALANCE OF THE
28 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED
29 IN ACCORDANCE WITH SECTION 8342(B) SHALL BE PAID IN THE
30 FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A

1 SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR
2 ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS
3 OF SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH. THIS
4 SUBPARAGRAPH SHALL NOT APPLY TO A CLASS T-E [OR], CLASS
5 T-F OR CLASS T-G MEMBER.

6 * * *

7 § 8346. TERMINATION OF ANNUITIES.

8 (A) GENERAL RULE.--IF AN ANNUITANT RETURNS TO SCHOOL SERVICE
9 OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE
10 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART
11 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL
12 SERVICE OR ENTERING STATE SERVICE WITHOUT REGARD TO WHETHER HE
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
30 STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE SHALL BE

1 INCREASED, ON OR AFTER THE MEMBER ATTAINS SUPERANNUATION AGE, BY
2 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
5 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO
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
8 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM
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
16 AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO
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

1 RECEIVED PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE
2 CERTIFIED BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY
3 THE ACTUARY AND:

4 (1) SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS; OR

5 (2) IN THE CASE OF AN ACTIVE MEMBER, MAY BE AMORTIZED
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
16 TO THE PUBLIC OR IN THE EVENT OF A SHORTAGE OF APPROPRIATE
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.

30 (B.1) RETURN TO SCHOOL SERVICE IN AN EXTRACURRICULAR

1 POSITION.--

2 (1) AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS
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
13 CONTAIN A WAIVER WHEREBY THE ANNUITANT WAIVES ANY POTENTIAL
14 RETIREMENT BENEFITS THAT COULD ARISE FROM THE CONTRACT AND
15 RELEASES THE EMPLOYER AND THE BOARD FROM ANY LIABILITY FOR
16 SUCH BENEFITS. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR
17 PARTICIPANT CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS
18 CREDITABLE SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN,
19 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER
20 DEFINED CONTRIBUTIONS.

21 (2) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO
22 ABRIDGE OR LIMIT ANY RIGHTS PROVIDED UNDER A COLLECTIVE
23 BARGAINING AGREEMENT OR ANY RIGHTS PROVIDED UNDER THE ACT OF
24 JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE
25 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.

1 (B.2) LIMITATION ON RETURN TO SCHOOL SERVICE BY AN ANNUITANT
2 DURING EMERGENCY OR IN AN EXTRACURRICULAR POSITION.--

3 (1) AN ANNUITANT MAY RETURN TO SCHOOL SERVICE UNDER
4 SUBSECTION (B) OR (B.1), PROVIDED THE ANNUITANT OTHERWISE
5 MEETS THE REQUIREMENTS OF SUBSECTION (B) OR (B.1) AND HAS
6 ATTAINED THE AGE SET FORTH IN IRC § 401(A)(36) OR THE
7 APPLICABLE "NORMAL RETIREMENT AGE" IN 26 C.F.R. § 1.401(A)-
8 1(B)(2) (RELATING TO POST-ERISA QUALIFIED PLANS AND QUALIFIED
9 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:

21 (I) WHETHER THE CHANGE IN THE EMPLOYMENT
22 RELATIONSHIP IS MORE THAN A FORMAL OR TECHNICAL CHANGE,
23 REQUIRING THE SEVERING OF THE EMPLOYMENT CONNECTION WITH
24 THE EMPLOYER;

25 (II) WHETHER THERE HAS BEEN A REASONABLE
26 ANTICIPATION OR PREARRANGED AGREEMENT BETWEEN THE MEMBER
27 AND THE EMPLOYER THAT A RETURN TO SCHOOL SERVICE UNDER
28 THIS SECTION SHALL TAKE PLACE;

29 (III) THE AMOUNT OF TIME THAT HAS ELAPSED FROM THE
30 DATE THE MEMBER BECOMES AN ANNUITANT AND THE RETURN TO

SCHOOL SERVICE;

(IV) WHETHER THE SERVICES ARE A CONTINUATION OF THE ANNUITANT'S PREVIOUS SERVICE WITH THE SAME EMPLOYER; AND

(V) SUCH OTHER FACTORS AS THE BOARD MAY DEEM APPROPRIATE.

(C) SUBSEQUENT DISCONTINUANCE OF SERVICE.--UPON SUBSEQUENT DISCONTINUANCE OF SERVICE, SUCH [MEMBER] TERMINATING SCHOOL EMPLOYEE OTHER THAN A FORMER ANNUITANT WHO HAD THE EFFECT OF HIS FROZEN PRESENT VALUE ELIMINATED IN ACCORDANCE WITH SUBSECTION (D) OR A FORMER DISABILITY ANNUITANT SHALL BE ENTITLED TO AN ANNUITY WHICH IS ACTUARIALLY EQUIVALENT TO [THE SUM OF] THE PRESENT VALUE AS DETERMINED UNDER SUBSECTION (A) [AND THE] TO WHICH SHALL BE ADDED, IF THE SERVICE AFTER REEMPLOYMENT WAS AS A MEMBER OF THE SYSTEM:

(1) THE PRESENT VALUE OF A MAXIMUM SINGLE LIFE ANNUITY BASED ON YEARS OF SERVICE CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS T-G SUBSEQUENT TO REENTRY IN THE SYSTEM AND HIS FINAL AVERAGE SALARY COMPUTED BY REFERENCE TO HIS COMPENSATION FOR SERVICE CREDITED IN CLASSES OF SERVICE OTHER 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 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 OF SCHOOL AND STATE SERVICE.

(D) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

(1) AN ANNUITANT WHO RETURNS TO SCHOOL SERVICE AS AN

1 ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY
2 POINTS BY PERFORMING CREDITED SCHOOL SERVICE OR REEMPLOYMENT
3 FROM USERRA LEAVE IN A CLASS OF SERVICE OTHER THAN CLASS T-G
4 FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY
5 UNDER THIS PART, OR AN ANNUITANT WHO ENTERS STATE SERVICE
6 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
13 RECENT PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND
14 WHO HAD THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE
15 WITH SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE
16 FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF
17 RETIREMENT ELIMINATED, PROVIDED THAT ALL PAYMENTS UNDER
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
21 ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE
22 BOARD MAY OTHERWISE DIRECT.

23 (2) UPON SUBSEQUENT DISCONTINUANCE OF SERVICE AND THE
24 FILING OF AN APPLICATION FOR AN ANNUITY, A FORMER ANNUITANT
25 WHO QUALIFIES TO HAVE THE EFFECT OF A FROZEN PRESENT VALUE
26 ELIMINATED UNDER THIS SUBSECTION SHALL BE ENTITLED TO RECEIVE
27 THE HIGHER OF EITHER:

28 (I) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)
29 CALCULATED AS IF THE FREEZING OF THE FORMER ANNUITANT'S
30 ACCOUNT PURSUANT TO SUBSECTION (A) HAD NOT OCCURRED,

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
5 SYSTEM OR A FORMER ANNUITANT OF THE STATE EMPLOYEES'
6 RETIREMENT SYSTEM WHO RETIRED UNDER A PROVISION OF LAW
7 GRANTING ADDITIONAL SERVICE CREDIT IF TERMINATION OF
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

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

20 (3) IN ADDITION TO ANY OTHER ADJUSTMENT TO THE PRESENT
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
28 BASED UPON THE ANNUAL INTEREST RATE ADOPTED FOR THAT SCHOOL
29 YEAR BY THE BOARD FOR THE CALCULATION OF THE NORMAL
30 CONTRIBUTION RATE PURSUANT TO SECTION 8328(B) (RELATING TO

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 * * *

20 (B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF
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
28 ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT ELIGIBLE
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 ANNUITANTS.--IN THE EVENT OF THE DEATH OF AN

1 ANNUITANT[WHO]:

2 (1) WHO HAS ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE
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 * * *

17 SECTION 113.1. SECTION 8349(A) AND (B) OF TITLE 24, AMENDED
18 DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ:

19 § 8349. PAYMENT OF BENEFITS.

20 (A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF
21 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY
22 INSTALLMENTS COMMENCING BY THE REQUIRED BEGINNING DATE.

23 (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT
24 PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION
25 8347 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF
26 OPTION 1 OF SECTION 8345(A) (1) (RELATING TO MEMBER'S OPTIONS) IS
27 \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT
28 ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

29 (1) A LUMP SUM PAYMENT.

30 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT

PAYABLE.

(3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

* * *

SECTION 114. TITLE 24 IS AMENDED BY ADDING A CHAPTER TO READ:

CHAPTER 84

SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN

SEC.

8401. ESTABLISHMENT.

8402. PLAN DOCUMENT.

8403. INDIVIDUAL INVESTMENT ACCOUNTS.

8404. PARTICIPANT CONTRIBUTIONS.

8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

8406. EMPLOYER DEFINED CONTRIBUTIONS.

8406.1. USE OF PLAN SAVINGS.

8407. ELIGIBILITY FOR BENEFITS.

8408. DEATH BENEFITS.

8409. VESTING.

8410. TERMINATION OF DISTRIBUTIONS.

8411. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER

ORGANIZATIONS.

8412. POWERS AND DUTIES OF BOARD.

8413. RESPONSIBILITY FOR INVESTMENT LOSS.

8414. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT ALLOCATION

CHOICES.

8415. EXPENSES.

8416. TAX QUALIFICATION.

8417. ESTABLISHMENT OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION

1 HOLDING VEHICLE TRUST.

2 § 8401. ESTABLISHMENT.

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 TRUST.--THE
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 TRUST.--ALL 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

1 THEIR BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN
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
5 ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.

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
12 MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE
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
18 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS
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 THE BOARD:

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 § 8404. PARTICIPANT CONTRIBUTIONS.

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 CONTRIBUTIONS.--A 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

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

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 § 8406.1. USE OF PLAN SAVINGS.

26 (A) DETERMINATION.--THE 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.

1 (2) THE CURRENT PLAN EXPENDITURES AND THE PLAN
2 EXPENDITURES THAT WOULD HAVE BEEN REQUIRED BY ACT 120 OF
3 2010.

4 (B) UTILIZATION.--ANY 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) INTENT.--IT 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) DEFINITION.--AS 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

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 § 8407. ELIGIBILITY FOR BENEFITS.

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 DISTRIBUTIONS.--ALL 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.

1 (C) PROHIBITED DISTRIBUTIONS.--A 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) LOANS.--LOANS 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 ACCOUNTS.--A 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 PROVIDED IN IRC § 401(A)(31).

16 § 8408. DEATH BENEFITS.

17 (A) GENERAL RULE.--IN 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 DISTRIBUTIONS.--IN 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) CONTRACTS.--THE 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 § 8409. VESTING.

8 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT 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 INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED
26 BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST
27 RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS.

28 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN
29 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
30 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER

1 THIS SECTION FOR THE SCHOOL SERVICE THAT WOULD HAVE BEEN
2 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.
3 § 8410. TERMINATION OF DISTRIBUTIONS.

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

PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD SHALL NOT
EXCEED FIVE YEARS.

§ 8411. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER
ORGANIZATIONS.

(A) WRITTEN AGREEMENT.--TO ESTABLISH AND ADMINISTER THE
PLAN, THE BOARD SHALL ENTER INTO A WRITTEN AGREEMENT WITH ONE OR
MORE FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS
TO ADMINISTER THE PLAN AND THE INVESTMENT OF FUNDS HELD PURSUANT
TO THE PLAN. THE ADMINISTRATOR SHALL BE SELECTED IN ACCORDANCE
WITH THE FOLLOWING:

(1) THE BOARD SHALL SOLICIT PROPOSALS FROM FINANCIAL
INSTITUTIONS AND PENSION MANAGEMENT ORGANIZATIONS.

(2) THE BOARD SHALL PUBLISH THE SOLICITATION IN THE
PENNSYLVANIA BULLETIN.

(3) PROPOSALS RECEIVED SHALL BE EVALUATED BASED ON
SPECIFIC CRITERIA ADOPTED BY THE BOARD. THE CRITERIA SHALL
INCLUDE EXPERIENCE, CUSTOMER SERVICE HISTORY AND OTHER
CRITERIA.

(B) REBID.--A CONTRACT TO ADMINISTER THE PLAN UNDER
SUBSECTION (A) SHALL BE REBID AT LEAST ONCE EVERY TEN YEARS.

§ 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES'
DEFINED CONTRIBUTION PLAN TO PROVIDERS OF 403(B)
PLANS.

(A) GENERAL RULE.--A FINANCIAL INSTITUTION OR PENSION
MANAGEMENT ORGANIZATION ENTERING INTO A WRITTEN AGREEMENT
PURSUANT TO SECTION 8411 (RELATING TO AGREEMENTS WITH FINANCIAL
INSTITUTIONS AND OTHER ORGANIZATIONS) MAY OFFER OR PROVIDE
SERVICES TO ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL
DISTRICT UNDER IRC § 403(B) OR 457 IF THE WRITTEN AGREEMENT FOR
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 OR MAINTAINS A PLAN UNDER IRC § 403(B) OR 457 SHALL SELECT A
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 COMMERCIALY 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
30 THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF

1 THE PLAN.

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 § 8414. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT
21 ALLOCATION CHOICES.

22 (A) INVESTMENT BY PARTICIPANT.--ALL 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

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 § 8415. EXPENSES.

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 § 8416. TAX QUALIFICATION.

25 (A) REQUIRED DISTRIBUTIONS.--ALL 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 IRC § 401(A).

29 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

30 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND

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 § 414(D).

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

1 ACCOUNTS AND ALL ASSETS AND MONEYS IN THOSE ACCOUNTS FROM JULY
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
6 TRUSTEES OF THE HOLDING VEHICLE TRUST, WHICH SHALL BE HELD IN A
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
12 MEANING OF AND IN CONFORMITY WITH IRC § 401(A) SUBJECT TO THE
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
30 CONTRIBUTIONS THAT WILL BE REQUIRED UNDER SECTIONS 8404

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.

1 (F) DEATH BENEFITS.--IN 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) INTEREST.--UPON 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 OPPORTUNITY.--THE
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 TRUST.--AFTER 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
30 VEHICLE TRUST SHALL BE CLOSED.

1 (J) EXPIRATION.--THE BOARD SHALL PUBLISH THE CERTIFICATION
2 UNDER SUBSECTION (I) IN THE PENNSYLVANIA BULLETIN. SUBSECTIONS
3 (A), (B), (C), (D), (E), (F), (G) AND (I) AND THIS SUBSECTION
4 SHALL EXPIRE ON THE DATE OF PUBLICATION OF THE CERTIFICATION.

5 SECTION 115. SECTION 8501(A), (C), (D) AND (E) OF TITLE 24
6 ARE AMENDED TO READ:

7 § 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD.

8 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN
9 INDEPENDENT ADMINISTRATIVE BOARD AND SHALL CONSIST OF 15
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
21 TO BE ELECTED BY THE ACTIVE NONPROFESSIONAL MEMBERS OF THE
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
30 SENATE AND SHALL CONSIST OF ONE MEMBER FROM THE MAJORITY AND ONE

1 MEMBER FROM THE MINORITY. THE MEMBERS FROM THE HOUSE OF
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
5 MEMBERS SHALL SERVE ON THE BOARD FOR THE DURATION OF THEIR
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
12 BOARD AND EACH LEGISLATIVE MEMBER OF THE BOARD MAY APPOINT A
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
16 RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL DISTRIBUTION OF THE
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
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 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 OR PARTICIPANTS IN THE PLAN SHALL

1 SERVE WITHOUT COMPENSATION. MEMBERS OF THE BOARD WHO ARE MEMBERS
2 OF THE SYSTEM OR PARTICIPANTS IN THE PLAN 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
5 EMPLOYER OF ANY MEMBER OF THE BOARD WHO IS AN ACTIVE
6 PROFESSIONAL OR NONPROFESSIONAL MEMBER OF THE SYSTEM OR ACTIVE
7 PROFESSIONAL OR NONPROFESSIONAL PARTICIPANT IN THE PLAN, MAY
8 REIMBURSE SUCH EMPLOYER FOR THE SALARY OR WAGES OF THE MEMBER OR
9 PARTICIPANT, OR FOR THE COST OF EMPLOYING A SUBSTITUTE FOR SUCH
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,
16 WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO
17 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS
18 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES
19 ARE NOT EXECUTED.

20 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF
21 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A
22 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE
23 THE LEGAL ADVISOR OF THE BOARD.] LEGAL COUNSEL TO THE BOARD
24 SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF GENERAL
25 COUNSEL, THE ATTORNEY GENERAL AND THE GENERAL ASSEMBLY.

26 SECTION 116. SECTION 8502(B), (C), (E), (H), (I), (J), (K),
27 (N) AND (O) OF TITLE 24 ARE AMENDED AND THE SECTION IS AMENDED
28 BY ADDING A SUBSECTION TO READ:

29 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

30 * * *

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 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 BUDGET 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 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 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.

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
5 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL
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 PARTICIPANTS, RESPECTIVELY.

10 * * *

11 (E) RECORDS.--

12 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
13 WHICH SHALL BE [OPEN TO INSPECTION BY] ACCESSIBLE TO THE
14 PUBLIC, EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER
15 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] FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE
22 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE
23 BOARD, THE [INSPECTION] ACCESS WOULD:

24 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR
25 ALTERNATIVE INVESTMENT VEHICLE INVOLVE THE RELEASE OF
26 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO
27 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT
28 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY
29 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

30 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE

PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL
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 OR TRUST, 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] ACCESS UNDER
PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED
FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS 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] ACCESS UNDER
PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED
FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
RIGHT-TO-KNOW LAW ONCE:

(A) THE [INSPECTION] ACCESS NO LONGER CAUSES
SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM
THE INFORMATION WAS RECEIVED; OR

(B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
IS LIQUIDATED;

WHICHEVER IS LATER.

(III) THE SENSITIVE INVESTMENT OR FINANCIAL
INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED
FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC

1 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
2 RIGHT-TO-KNOW LAW ONCE:

3 (A) THE [INSPECTION] ACCESS NO LONGER HAS A
4 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN
5 INVESTMENT OF THE FUND OR TRUST 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.

11 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
12 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
13 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
14 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
15 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
16 TO PUBLIC [INSPECTION] ACCESS 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] ACCESS 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 ALTERNATIVE
24 INVESTMENT VEHICLE.

25 (III) THE DOLLAR AMOUNT OF THE COMMITMENT MADE BY
26 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE.

27 (IV) THE DOLLAR AMOUNT OF CASH CONTRIBUTIONS MADE BY
28 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE
29 SINCE INCEPTION.

30 (V) THE DOLLAR AMOUNT OF CASH DISTRIBUTIONS RECEIVED

1 BY THE SYSTEM OR PLAN FROM THE ALTERNATIVE INVESTMENT
2 VEHICLE SINCE INCEPTION.

3 (VI) THE NET INTERNAL RATE OF RETURN OF THE
4 ALTERNATIVE INVESTMENT VEHICLE SINCE INCEPTION, PROVIDED
5 THAT THE SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE
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
15 SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE THE
16 VALUE UNDER CIRCUMSTANCES IN WHICH, BECAUSE OF THE
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 FEES
23 AND COSTS PAID TO THE ALTERNATIVE INVESTMENT VEHICLE BY
24 THE 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:

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

1 FORMER ACT OF JUNE 21, 1957 (P.L.390, NO.212),
2 REFERRED TO AS THE RIGHT-TO-KNOW LAW, OR THE ACT OF
3 FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE RIGHT-
4 TO-KNOW LAW.

5 * * *

6 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
7 ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND
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
14 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND
15 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS
16 ARE ADOPTED AND PUBLISHED PURSUANT TO SUBSECTION (J) AS
17 NECESSARY FOR THE CALCULATION OF ANNUITIES AND OTHER BENEFITS,
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.

23 (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA
24 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL
25 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE
26 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH FISCAL YEAR.
27 THE BOARD SHALL HAVE FINAL AUTHORITY OVER THE MEANS BY WHICH
28 DATA IS COLLECTED, MAINTAINED AND STORED AND IN SO DOING SHALL
29 PROTECT THE RIGHTS OF ITS MEMBERSHIP AS TO PRIVACY AND
30 CONFIDENTIALITY.

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
5 THEREAFTER, THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN
6 ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON
7 DATA INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION
8 EXPERIENCE PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING
9 FIVE YEARS CONCERNING THE MEMBERS AND BENEFICIARIES OF THE
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
14 30 DAYS OF THEIR ADOPTION, THE SECRETARY OF THE BOARD SHALL
15 CAUSE THOSE TABLES WHICH RELATE TO THE CALCULATION OF ANNUITIES
16 AND OTHER BENEFITS TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN
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.

27 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO THE FUND.--
28 THE BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
29 REQUIRED UNDER SECTION 8330 (RELATING TO APPROPRIATIONS BY THE
30 COMMONWEALTH), CERTIFY TO THE EMPLOYERS AND THE COMMONWEALTH THE

1 EMPLOYER CONTRIBUTION RATE EXPRESSED AS A PERCENTAGE OF MEMBERS'
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
5 PURSUANT TO SECTION 8328(B) (RELATING TO ACTUARIAL COST METHOD),
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
30 AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF KNOWLEDGE

1 CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY THIS PART.
2 THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT] STATEMENTS TO
3 THE GOVERNOR AND SHALL MAKE COPIES AVAILABLE TO THE EMPLOYERS
4 FOR THE USE OF THE SCHOOL EMPLOYEES AND THE PUBLIC.

5 (O) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR
6 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY AN
7 INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM, WHICH [AUDIT]
8 AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND EXPENDITURE OF
9 DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME INDEPENDENT
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 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
24 INVESTMENT ACCOUNT.

25 SECTION 117. SECTION 8502.2 (A) OF TITLE 24 IS AMENDED TO
26 READ:

27 § 8502.2. HEALTH INSURANCE.

28 (A) AUTHORITY.--THE BOARD MAY SPONSOR A PARTICIPANT-FUNDED
29 GROUP HEALTH INSURANCE PROGRAM FOR ANNUITANTS, PARTICIPANTS
30 RECEIVING DISTRIBUTIONS, SPOUSES OF ANNUITANTS AND PARTICIPANTS

1 RECEIVING DISTRIBUTIONS, SURVIVOR ANNUITANTS AND THEIR
2 DEPENDENTS. THE BOARD MAY PROMULGATE REGULATIONS REGARDING THE
3 PRUDENT AND EFFICIENT OPERATION OF THE PROGRAM, INCLUDING, BUT
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.

8 (3) DETERMINATION OF ENROLLMENT PROCEDURES.

9 (4) ESTABLISHMENT OF PREMIUM RATES SUFFICIENT TO FULLY
10 FUND THE PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES.

11 (5) CONTRACTING FOR GOODS, EQUIPMENT, SERVICES,
12 CONSULTANTS AND OTHER PROFESSIONAL PERSONNEL AS NEEDED TO
13 OPERATE THE PROGRAM.

14 * * *

15 SECTION 117.1. SECTION 8503 HEADING OF TITLE 24 IS AMENDED
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 * * *

SECTION 118. SECTION 8505 HEADING, (H) AND (I) OF TITLE 24,
AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), IS AMENDED AND THE
SECTION IS AMENDED BY ADDING A SUBSECTIONS TO READ:

§ 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF
MEMBERS AND PARTICIPANTS.

* * *

(E.1) CERTIFICATION TO PARTICIPANTS TERMINATING SERVICE.--IN
THE CASE OF A PARTICIPANT TERMINATING SERVICE, THE BOARD SHALL
CERTIFY TO A PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED
TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE
WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER MATTERS
REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE PARTICIPANT
TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S
REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART
OF THE VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY
AUTHORIZE OR AS REQUIRED BY LAW.

* * *

(F.1) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING
REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY EACH INACTIVE
PARTICIPANT WHO HAS TERMINATED SCHOOL SERVICE AND FOR WHOM
DISTRIBUTION HAS NOT COMMENCED BY 90 DAYS BEFORE THE
PARTICIPANT'S REQUIRED BEGINNING DATE, IN WRITING, THAT THE
INACTIVE PARTICIPANT HAS AN OBLIGATION TO COMMENCE DISTRIBUTIONS
BY THE REQUIRED BEGINNING DATE IN A FORM AND MANNER REQUIRED BY
IRC § 401(A) (9) AND OTHER APPLICABLE PROVISIONS OF IRC.

* * *

(G.1) INITIAL PAYMENT TO PARTICIPANTS.--THE BOARD SHALL MAKE
THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A

1 DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION AND
2 RECEIPT OF THE REQUIRED DATA FROM THE EMPLOYER OF THE
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
23 INSURANCE PROGRAM APPROVED BY THE BOARD THAT AN ANNUITANT WHO
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
30 INSURANCE PROGRAM, THE BOARD MAY DEDUCT FROM THE ANNUITY

1 PAYMENTS, FROM PAYMENTS TO A PARTICIPANT RECEIVING
2 DISTRIBUTIONS, OR FROM A SUCCESSOR PAYEE 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 AND PARTICIPANTS.--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 OR PARTICIPANT 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;

20 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER
21 EMPLOYER, THE FORMER EMPLOYER SHALL FURNISH SUCH EMPLOYER AND
22 THE BOARD WITH A COMPLETE SCHOOL SERVICE RECORD, INCLUDING
23 CREDITED OR CREDITABLE NONSCHOOL SERVICE; OR

24 (3) IF THE REMOVAL IS DUE TO TERMINATION OF SCHOOL
25 SERVICE, THE EMPLOYER SHALL FURNISH THE BOARD WITH A COMPLETE
26 SCHOOL SERVICE RECORD INCLUDING CREDITED OR CREDITABLE
27 NONSCHOOL SERVICE AND IN THE CASE OF DEATH OF THE MEMBER OR
28 PARTICIPANT THE EMPLOYER SHALL SO NOTIFY THE BOARD.

29 * * *

30 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE

1 EMPLOYER SHALL CAUSE THE MANDATORY PICKUP PARTICIPANT
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
9 PAYROLL TO CEASE AT THE LIMITATION UNDER IRC § 401(A) (17) ON THE
10 PAYROLL DATE IF AND WHEN SUCH LIMIT SHALL BE REACHED. THE
11 EMPLOYER SHALL CERTIFY TO THE BOARD THE AMOUNTS PICKED UP AND
12 DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING MADE AND
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.

17 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR
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

1 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE
2 PLAN IS NOT MANDATORY OF HIS OPPORTUNITY TO BECOME A MEMBER OF
3 THE SYSTEM OR A PARTICIPANT IN THE PLAN PROVIDED THAT HE ELECTS
4 TO PURCHASE CREDIT FOR ALL SUCH CONTINUOUS CREDITABLE SERVICE.
5 IF SUCH EMPLOYEE SO ELECTS, THE EMPLOYER SHALL NO LATER THAN 30
6 DAYS THEREAFTER CAUSE AN APPLICATION FOR MEMBERSHIP OR
7 PARTICIPATION WHICH APPLICATION SHALL INCLUDE THE EMPLOYEE'S
8 HOME ADDRESS, BIRTHDATE CERTIFIED BY THE EMPLOYER, PREVIOUS
9 SCHOOL OR STATE SERVICE AND ANY OTHER INFORMATION REQUESTED BY
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 * * *

14 (G) FORMER STATE EMPLOYEE CONTRIBUTORS.--THE EMPLOYER SHALL,
15 UPON THE EMPLOYMENT OF A FORMER MEMBER OF THE STATE EMPLOYEES'
16 RETIREMENT SYSTEM WHO IS NOT AN ANNUITANT OF THE STATE
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
26 SCHOOL SERVICE TO DATE OF REPAYMENT. THE EMPLOYER SHALL ADVISE
27 THE BOARD OF SUCH ELECTION.

28 (H) FORMER STATE EMPLOYEE ANNUITANTS.--THE EMPLOYER SHALL,
29 UPON THE EMPLOYMENT OF AN ANNUITANT OF THE STATE EMPLOYEES'
30 RETIREMENT SYSTEM WHO APPLIES FOR MEMBERSHIP IN THE SYSTEM,

1 ADVISE SUCH EMPLOYEE [THAT] IF HE MAY ELECT MULTIPLE SERVICE
2 MEMBERSHIP WITHIN 365 DAYS OF ENTRY INTO THE SYSTEM OR, FOR A
3 MEMBER OF CLASS T-G, IF HE HAS A RIGHT TO ELECT WITHIN 45 DAYS
4 OF ENTRY INTO THE SYSTEM AND THAT IF HE SO ELECTS HIS ANNUITY
5 FROM THE STATE EMPLOYEES' RETIREMENT SYSTEM WILL BE DISCONTINUED
6 EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL SERVICE AND,
7 UPON TERMINATION OF SCHOOL SERVICE AND APPLICATION FOR AN
8 ANNUITY, THE ANNUITY WILL BE ADJUSTED IN ACCORDANCE WITH SECTION
9 8346 (RELATING TO TERMINATION OF ANNUITIES). THE EMPLOYER SHALL
10 ADVISE THE BOARD OF SUCH ELECTION.

11 (I) TERMINATION OF SERVICE.--THE EMPLOYER SHALL, IN THE CASE
12 OF ANY MEMBER TERMINATING SCHOOL SERVICE, ADVISE SUCH MEMBER IN
13 WRITING OF ANY BENEFITS TO WHICH HE MAY BE ENTITLED UNDER THE
14 PROVISIONS OF THIS PART AND SHALL HAVE THE MEMBER PREPARE, ON OR
15 BEFORE THE DATE OF TERMINATION OF SCHOOL SERVICE, ONE OR MORE OF
16 THE FOLLOWING THREE FORMS, A COPY OF WHICH SHALL BE GIVEN TO THE
17 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 ELIGIBLE, 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.

25 (3) AN APPLICATION FOR AN IMMEDIATE ANNUITY, IF
26 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO
27 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
28 AGREEMENT TO PAY WITHIN 30 DAYS OF DATE OF TERMINATION OF
29 SERVICE THE LUMP SUM REQUIRED.

30 * * *

1 (K) SCHOOL EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED
2 LEAVE OF ABSENCE.--THE EMPLOYER SHALL REPORT TO THE BOARD ALL OF
3 THE FOLLOWING:

4 (1) ANY SCHOOL EMPLOYEE WHO:

5 (I) CEASES TO BE AN ACTIVE MEMBER OR ACTIVE
6 PARTICIPANT 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 OF
13 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 MEMBERS AND PARTICIPANTS.

29 (A) INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF
30 DUTIES, EACH NEW SCHOOL EMPLOYEE SHALL FURNISH HIS EMPLOYER WITH

1 A COMPLETE RECORD OF HIS PREVIOUS SCHOOL OR STATE SERVICE, OR
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
5 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND SUCH OTHER INFORMATION
6 AS THE BOARD MAY REQUIRE. WILLFUL FAILURE TO PROVIDE THE
7 INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE
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
16 DEDUCTED FROM THE PRESENT VALUE OF ANY REMAINING BENEFITS TO
17 WHICH THE MEMBER IS LEGALLY ENTITLED AND SUCH REMAINING BENEFITS
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] SCHOOL EMPLOYEE WHO IS AN ACTIVE
27 MEMBER IN A CLASS OF SERVICE OTHER THAN CLASS T-G AND WHO WAS
28 FORMERLY AN ACTIVE MEMBER IN THE STATE EMPLOYEES' RETIREMENT
29 SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS A-5 MAY ELECT
30 TO BECOME A MULTIPLE SERVICE MEMBER. SUCH ELECTION FOR A

1 MEMBER IN OTHER THAN CLASS T-G SHALL OCCUR NO LATER THAN 365
2 DAYS AFTER BECOMING AN ACTIVE MEMBER IN A CLASS OF SERVICE
3 OTHER THAN CLASS T-G IN THIS SYSTEM.

4 (2) ANY SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF CLASS
5 T-G AND WHO WAS FORMERLY AN ACTIVE MEMBER IN THE STATE
6 EMPLOYEES' RETIREMENT SYSTEM IN CLASS A-5 MAY ELECT TO BECOME
7 A MULTIPLE SERVICE MEMBER. SUCH ELECTION SHALL OCCUR NO LATER
8 THAN 45 DAYS AFTER BECOMING AN ACTIVE MEMBER OF CLASS T-G.

9 (3) 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 IF A MEMBER OF CLASS T-G, 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 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS
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 DEFINED CONTRIBUTIONS AT THE SAME TIME.

27 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY
28 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE
29 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE
30 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND

1 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY
2 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND
3 OTHER APPLICABLE LAW.

4 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY
5 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED
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
9 DESIGNATION FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A
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
16 SECTION 8347 (RELATING TO DEATH BENEFITS). A PARTICIPANT MAY
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.

25 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO
26 TERMINATES SCHOOL SERVICE AND WHO IS NOT THEN A DISABILITY
27 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
28 SERVICE A WRITTEN APPLICATION, DULY ATTESTED BY THE MEMBER OR
29 HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO DO ONE OR
30 MORE OF THE FOLLOWING:

(1) WITHDRAW HIS ACCUMULATED DEDUCTIONS, IF ELIGIBLE.

(2) VEST HIS RETIREMENT RIGHTS, IF ELIGIBLE, AND IF HE IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

(3) RECEIVE AN IMMEDIATE ANNUITY, IF ELIGIBLE, AND MAY, 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.

* * *

(G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT TERMINATES SCHOOL SERVICE AND DOES NOT COMMENCE RECEIVING A DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED WITH THE BOARD, AND HE MAY ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING DATE, WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.

* * *

SECTION 119. SECTIONS 8521(B), 8522, 8524, 8525 AND 8531 OF TITLE 24 ARE AMENDED TO READ:

§ 8521. MANAGEMENT OF FUND AND ACCOUNTS.

* * *

(B) CREDITING OF INTEREST.--THE BOARD ANNUALLY SHALL ALLOW STATUTORY INTEREST, EXCLUDING THE INDIVIDUAL INVESTMENT ACCOUNTS, TO THE CREDIT OF THE MEMBERS' SAVINGS ACCOUNT ON THE MEAN AMOUNT OF THE ACCUMULATED DEDUCTIONS OF ALL MEMBERS FOR WHOM INTEREST IS PAYABLE FOR THE PRECEDING YEAR AND VALUATION INTEREST ON THE MEAN AMOUNT OF THE ANNUITY RESERVE ACCOUNT FOR THE PRECEDING YEAR TO THE CREDIT OF THAT ACCOUNT. THE BOARD

1 ANNUALLY SHALL ALLOW VALUATION INTEREST CALCULATED ON THE MEAN
2 AMOUNT FOR THE PRECEDING YEAR OF THE BALANCE IN THE STATE
3 ACCUMULATION ACCOUNT EXCLUDING ANY EARNINGS OF THE FUND CREDITED
4 TO THE ACCOUNT DURING THAT YEAR. IN THE EVENT THE TOTAL EARNINGS
5 FOR THE YEAR DO NOT EXCEED 5 1/2% OF THE MEAN AMOUNT FOR THE
6 PRECEDING YEAR OF THE TOTAL ASSETS OF THE FUND LESS EARNINGS
7 CREDITED TO THE FUND DURING THAT YEAR PLUS THE ADMINISTRATIVE
8 EXPENSES OF THE BOARD, THE DIFFERENCE REQUIRED TO BE
9 APPROPRIATED FROM THE GENERAL FUND SHALL BE CREDITED TO THE
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
16 OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE
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

1 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE
2 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED
3 TO THE FUND BUT INSTEAD SHALL BE PAID TO THE TRUST AND CREDITED
4 TO THE INDIVIDUAL INVESTMENT ACCOUNTS.

5 § 8524. STATE ACCUMULATION ACCOUNT.

6 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
7 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH
8 AND OTHER EMPLOYERS AS WELL AS THE EARNINGS OF THE FUND, EXCEPT
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
16 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE ANNUITY
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
23 PARTICIPANT'S VOLUNTARY CONTRIBUTIONS, TOGETHER WITH ANY INCOME
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

1 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM ON ACCOUNT OF
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
5 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348 (RELATING TO
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'
16 SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION
17 ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE
18 CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND.

19 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT BE
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 REGARDING THE SYSTEM.

30 STATUTORY INTEREST CHARGES PAYABLE, THE MAINTENANCE OF

1 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER
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
5 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM
6 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART
7 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE
8 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE
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.

14 (A) GENERAL RULE.--EXCEPT AS PROVIDED IN SUBSECTIONS (B),
15 (C) AND (D), THE RIGHT OF A PERSON TO A MEMBER'S ANNUITY, A
16 STATE ANNUITY, OR RETIREMENT ALLOWANCE, TO THE RETURN OF
17 CONTRIBUTIONS, ANY BENEFIT OR RIGHT ACCRUED OR ACCRUING TO ANY
18 PERSON UNDER THE PROVISIONS OF THIS PART, AND THE MONEYS IN THE
19 FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR MUNICIPAL
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

1 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE
2 PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A
3 PARTICIPANT.

4 (B) FORFEITURE.--

5 (1) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
6 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,
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
13 PENNSYLVANIA, THE ACT OF JULY 8, 1978 (P.L.752, NO.140),
14 KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT AND 42
15 PA.C.S. § 3352 (RELATING TO PENSION RIGHTS), THE ACCUMULATED
16 MANDATORY PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
17 CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT SHALL
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 EQUITABLE 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
28 42 PA.C.S. § 3352. ANY ACCUMULATED EMPLOYER DEFINED
29 CONTRIBUTIONS FORFEITED AS A RESULT OF THIS SUBSECTION OR
30 OTHER LAW SHALL BE RETAINED BY THE BOARD AND USED FOR THE

1 PAYMENT OF EXPENSES OF THE PLAN.

2 * * *

3 (D) DIRECT ROLLOVER.--EFFECTIVE WITH DISTRIBUTIONS MADE ON
4 OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER
5 PROVISION OF THIS PART TO THE CONTRARY, A DISTRIBUTE MAY ELECT,
6 AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE
7 ANY PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY
8 TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
9 PURPOSES OF THIS SUBSECTION, A "DISTRIBUTE" INCLUDES A MEMBER
10 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A
11 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO IS
12 AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER[.]
13 AND A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE PAYEE
14 UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE
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
21 TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A QUALIFIED TRUST SHALL
22 BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE
23 DISTRIBUTE'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
26 ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS
27 ARE DEFINED IN IRC § 408(A) AND (B).

28 SECTION 121. SECTIONS 8533.1, 8533.2, 8533.3 AND 8533.4(A)
29 OF TITLE 24 ARE AMENDED TO READ:

30 § 8533.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

1 (A) CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS
2 ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS
3 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
4 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF [SUCH] THE
5 ORDER MEETS ALL OF THE FOLLOWING:

6 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
7 BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS 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.

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

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.

5 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC
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 REQUIRE 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
16 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC
17 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS
18 DESIGNATED REPRESENTATIVE.

19 (3) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
20 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE
21 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE
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
28 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF
29 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION
30 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

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 INDIVIDUAL INVESTMENT ACCOUNT.

2 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD
3 OF TIME AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE
4 SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL
5 DETERMINE WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS
6 ORDER AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE
7 PAYEE OF THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION
8 OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR
9 ALTERNATE PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE
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
14 REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT APPEALS
15 FROM GOVERNMENT AGENCIES).

16 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED
17 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO
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
29 IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME SUCH
30 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING

1 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD
2 OTHERWISE REQUIRE A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED
3 CONTRIBUTIONS IN THE FORM OF AN ANNUITY OR TO REQUIRE THE
4 PURCHASE OF AN ANNUITY.

5 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS
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
26 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED
27 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT
28 WITHOUT APPROVAL BY THE COURT.

29 § 8533.3. IRREVOCABLE SURVIVOR ANNUITANT.

30 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC

1 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR
2 ANNUITANT PERTAINING TO A MEMBER. A DOMESTIC RELATIONS ORDER
3 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT
4 SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN
5 ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE
6 REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF
7 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.
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
13 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AN
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 OR PARTICIPANT 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 § 8533.5. IRREVOCABLE SUCCESSOR PAYEE.

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.

1 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE
2 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO
3 BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS
4 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN
5 ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE
6 REMOVAL OR CHANGE OF THAT SUCCESSOR PAYEE WITHOUT APPROVAL OF A
7 COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.

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
12 ORDERED BY THE COURT CANNOT BE CHANGED BY THE PARTICIPANT
13 WITHOUT APPROVAL BY THE COURT.

14 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS
15 A SUCCESSOR PAYEE MAY NOT BE DESIGNATED AS AN IRREVOCABLE
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
26 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE
27 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

28 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN
29 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY, [OR],
30 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM

1 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
2 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
3 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
4 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR
5 AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO
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.

13 FOR EACH SCHOOL YEAR BEGINNING WITH THE 1995-1996 SCHOOL YEAR
14 AND ENDING WITH THE 2017-2018 SCHOOL YEAR, EACH SCHOOL ENTITY
15 SHALL BE PAID BY THE COMMONWEALTH FOR CONTRIBUTIONS BASED UPON
16 SCHOOL SERVICE OF ACTIVE MEMBERS OF THE SYSTEM AFTER JUNE 30,
17 1995, AS FOLLOWS:

18 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
19 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
20 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,
21 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHOSE
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 EQUAL 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
30 WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD),

1 MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF THE SCHOOL
2 ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY RECEIVE
3 LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET
4 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF
5 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
8 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,
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'
13 CONTRIBUTIONS, RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES,
14 SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS
15 PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328.

16 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER
17 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S
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
23 PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED BECAUSE OF
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

1 CONTRIBUTIONS BASED UPON SCHOOL SERVICE OF ACTIVE MEMBERS OF THE
2 SYSTEM AND ACTIVE PARTICIPANTS OF THE PLAN AFTER JUNE 30, 2018,
3 AS FOLLOWS:

4 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
5 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL
6 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,
7 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED OR USERRA
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 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL
24 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,
25 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED MILITARY
26 SERVICE LEAVE, AND ACTIVE PARTICIPANTS OF THE PLAN WHO ARE
27 NOT DESCRIBED IN PARAGRAPH (1) ONE-HALF OF THE AMOUNT
28 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH
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 ACCORDANCE WITH SECTION 8328.

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 PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE
9 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED
10 BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY
11 THE SCHOOL ENTITIES.

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 § 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS
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 § 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE
21 PARTICIPANTS.

22 SECTION 125. SECTION 8702(A) OF TITLE 24 IS AMENDED TO READ:

23 § 8702. DEFINITIONS.

24 (A) GENERAL RULE.--SUBJECT TO ADDITIONAL DEFINITIONS
25 CONTAINED IN SUBSEQUENT PROVISIONS OF THIS PART WHICH ARE
26 APPLICABLE TO SPECIFIC PROVISIONS OF THIS PART, THE FOLLOWING
27 WORDS AND PHRASES WHEN USED IN THIS PART SHALL HAVE THE MEANINGS
28 GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY
29 INDICATES OTHERWISE:

30 "ELIGIBLE PERSON." AN INDIVIDUAL WHO IS:

1 ENTITLED TO EXERCISE ANY ONE OF THE FOLLOWING OPTIONS IN REGARD
2 THERETO:

3 * * *

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 TIME THE EMPLOYEE IS GRANTED A MILITARY LEAVE OF ABSENCE
8 SHALL BE ENTITLED TO MAKE CONTRIBUTIONS TO THE PUBLIC SCHOOL
9 EMPLOYEES' DEFINED CONTRIBUTION TRUST FOR THE LEAVE AS
10 PROVIDED IN 24 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR
11 SCHOOL EMPLOYEES).

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 CONTRIBUTIONS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION
17 TRUST FOR THE LEAVE AS PROVIDED IN 71 PA.C.S. PT. XXV
18 (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS).

19 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 * * *

1 SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE
2 PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF
3 SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE
4 SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"
5 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE
6 SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE,"
7 "IRREVOCABLE BENEFICIARY," "MEMBER'S ANNUITY," "REEMPLOYED FROM
8 USERRA LEAVE," "REGULAR MEMBERSHIP CONTRIBUTIONS," "REQUIRED
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,"
13 "VALUATION INTEREST" AND "VESTEE" IN SECTION 5102 OF TITLE 71,
14 AMENDED OR ADDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED
15 AND THE SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:

16 § 5102. DEFINITIONS.

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 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF
22 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON
23 ACCOUNT OF A PARTICIPANT'S STATE SERVICE, TOGETHER WITH ANY
24 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS
25 AND EXPENSES CREDITED OR CHARGED THEREON.

26 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL
27 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE
28 TRUST ON ACCOUNT OF A PARTICIPANT'S STATE SERVICE, TOGETHER WITH
29 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,
30 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

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
5 CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN
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
16 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER
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
30 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415).

1 * * *

2 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
3 DEPENDENT OF A MEMBER OR PARTICIPANT 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 OR PARTICIPANT
6 UNDER THIS PART.

7 * * *

8 "AVERAGE NONCOVERED SALARY." THE AVERAGE OF THE AMOUNTS OF
9 COMPENSATION RECEIVED BY AN ACTIVE MEMBER, OTHER THAN
10 COMPENSATION ATTRIBUTABLE TO SERVICE AS A CLASS A-5 MEMBER, EACH
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.] (42 U.S.C. § 301 ET
14 SEQ.), 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] IN THE CASE OF THE SYSTEM, THE 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. IN THE CASE OF THE PLAN, THE PERSON OR
22 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY THE
23 PARTICIPANT TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED
24 TOTAL DEFINED CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH
25 OF THE PARTICIPANT.

26 * * *

27 "CLASS A-5 ACCUMULATED DEDUCTIONS." THE SUM OF THE REGULAR
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

IN CLASS A-5 TOGETHER WITH ALL STATUTORY INTEREST CREDITED
THEREON UNTIL THE DATE OF TERMINATION OF SERVICE. IN THE CASE OF
A VESTEE, STATUTORY INTEREST SHALL BE CREDITED UNTIL THE
EFFECTIVE DATE OF RETIREMENT. A MEMBER'S ACCOUNT SHALL NOT BE
CREDITED WITH STATUTORY INTEREST FOR MORE THAN TWO YEARS DURING
A LEAVE WITHOUT PAY.

"CLASS A-5 ANNUAL COMPENSATION LIMIT." FOR CALENDAR YEAR
2018, THE AMOUNT OF \$50,000. FOR EACH SUBSEQUENT CALENDAR YEAR,
THE LIMIT SHALL BE 3% GREATER THAN THE PREVIOUS YEAR'S AMOUNT,
ROUNDED TO THE NEAREST HUNDRED DOLLARS.

"CLASS A-5 EXEMPT EMPLOYEE." A SWORN POLICE OFFICER.

"CLASS OF SERVICE MULTIPLIER."

CLASS OF SERVICE	MULTIPLIER
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A	1
---	---

AA	FOR ALL PURPOSES
----	------------------

EXCEPT

CALCULATING

REGULAR MEMBER

CONTRIBUTIONS ON

COMPENSATION

PAID PRIOR TO

JANUARY 1, 2002	1.25
-----------------	------

AA	FOR PURPOSES OF
----	-----------------

CALCULATING

REGULAR MEMBER

CONTRIBUTIONS

ON COMPENSATION

PAID PRIOR TO

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>	<u>FOR ALL PURPOSES</u>	
30		<u>EXCEPT THE</u>	

1 CALCULATION OF
2 REGULAR MEMBER
3 CONTRIBUTIONS 1
4 A-5 FOR PURPOSES OF
5 CALCULATING
6 REGULAR MEMBER
7 CONTRIBUTIONS ON
8 COMPENSATION UP
9 TO THE CLASS A-5
10 ANNUAL
11 COMPENSATION
12 LIMIT FOR
13 MEMBERS WHO HAVE
14 LESS THAN 25
15 ELIGIBILITY
16 POINTS CREDITED
17 AS A MEMBER OF
18 CLASS A-5 OR, IF
19 A MULTIPLE
20 SERVICE MEMBER,
21 AS A MEMBER OF
22 CLASS T-G IN THE
23 PUBLIC SCHOOL
24 EMPLOYEES'
25 RETIREMENT
26 SYSTEM 1.2
27
28
29 A-5 FOR PURPOSES OF
30 CALCULATING

1		<u>REGULAR MEMBER</u>	
2		<u>CONTRIBUTIONS ON</u>	
3		<u>COMPENSATION</u>	
4		<u>OVER THE CLASS</u>	
5		<u>A-5 ANNUAL</u>	
6		<u>COMPENSATION</u>	
7		<u>LIMIT OR FOR</u>	
8		<u>MEMBERS WHO HAVE</u>	
9		<u>25 OR MORE</u>	
10		<u>ELIGIBILITY</u>	
11		<u>POINTS CREDITED</u>	
12		<u>AS A MEMBER OF</u>	
13		<u>CLASS A-5 OR, IF</u>	
14		<u>A MULTIPLE</u>	
15		<u>SERVICE MEMBER,</u>	
16		<u>AS A MEMBER OF</u>	
17		<u>CLASS T-G IN THE</u>	
18		<u>PUBLIC SCHOOL</u>	
19		<u>EMPLOYEES'</u>	
20		<u>RETIREMENT</u>	
21		<u>SYSTEM</u>	<u>0</u>
22			
23	B		.625
24			
25	C		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				

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	H		0.500
8	I		0.625
9	J		0.714
10			
11	K		0.834
12	L		1.000
13	M		1.100
14	N		1.250
15	T-C (PUBLIC SCHOOL		1
16	EMPLOYEES '		
17	RETIREMENT CODE)		
18	T-E (PUBLIC SCHOOL		1
19	EMPLOYEES '		
20	RETIREMENT CODE)		
21	T-F (PUBLIC SCHOOL		1
22	EMPLOYEES '		
23	RETIREMENT CODE)		
24	<u>T-G (PUBLIC SCHOOL</u>		<u>1</u>
25	<u>EMPLOYEES ' RETIREMENT</u>		
26	<u>CODE)</u>		
27	* * *		
28	"COMPENSATION." PICKUP CONTRIBUTIONS <u>AND MANDATORY PICKUP</u>		
29	<u>PARTICIPANT CONTRIBUTIONS</u> PLUS REMUNERATION ACTUALLY RECEIVED AS		
30	A STATE EMPLOYEE EXCLUDING REFUNDS FOR EXPENSES, CONTINGENCY AND		

1 ACCOUNTABLE EXPENSE ALLOWANCES; EXCLUDING ANY SEVERANCE PAYMENTS
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
5 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
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
9 OF LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS
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
12 AFTER JANUARY 1, 2018, EXCLUDING REMUNERATION RECEIVED IN ANY
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
17 AWARD ISSUED BEFORE JULY 1, 1989, UNDER THE ACT OF JUNE 24, 1968
18 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN
19 COLLECTIVE BARGAINING ACT, AND IMPLEMENTED BY THE BOARD:
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
27 REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS AND SOCIAL
28 SECURITY INTEGRATION CONTRIBUTIONS, REGARDLESS OF CLASS OF
29 SERVICE, SHALL APPLY TO EACH MEMBER WHO FIRST BECAME A MEMBER OF
30 THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER JANUARY 1,

1 1996, AND WHO BY REASON OF SUCH FACT IS A NONELIGIBLE MEMBER
2 SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION
3 5506.1(A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC §
4 401(A)(17)) AND SHALL APPLY TO EACH PARTICIPANT PERTAINING TO
5 HIS PARTICIPATION IN THE PLAN.

6 * * *

7 "CREDITABLE NONSTATE SERVICE." SERVICE FOR WHICH AN ACTIVE
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].

17 "CREDITED SERVICE." STATE OR CREDITABLE NONSTATE SERVICE FOR
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.

"DATE OF TERMINATION OF SERVICE." THE LATEST OF THE
FOLLOWING DATES:

(1) THE LAST DAY OF SERVICE FOR WHICH PICKUP
CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR FOR WHICH THE
CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE WERE NOT
MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER
OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY
INTEGRATION MEMBER CONTRIBUTIONS) OR 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 LIMITATIONS ON
CONTRIBUTIONS TO THE SYSTEM APPLICABLE TO A CLASS A-5 MEMBER;

(2) THE LAST DAY OF SERVICE FOR WHICH MANDATORY PICKUP
PARTICIPANT CONTRIBUTIONS ARE MADE FOR AN ACTIVE PARTICIPANT;
OR

(3) IN THE CASE OF AN INACTIVE MEMBER ON LEAVE WITHOUT
PAY OR AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY, THE DATE
OF HIS RESIGNATION OR THE DATE HIS EMPLOYMENT IS FORMALLY
DISCONTINUED BY HIS EMPLOYER.

* * *

"DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S
INTEREST IN EITHER THE STATE EMPLOYEES' RETIREMENT FUND OR THE
STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH, WHICH IS
PAYABLE UNDER THIS PART.

"DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,
INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED
ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF
COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW
WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR
FORMER SPOUSE OF A MEMBER OR PARTICIPANT, 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
3 DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF
4 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING
5 TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS
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
22 AS SET FORTH IN PARAGRAPH (1).

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
27 OTHER THAN CLASS A-5, THE HIGHEST AVERAGE COMPENSATION
28 RECEIVED AS A MEMBER DURING ANY THREE NONOVERLAPPING PERIODS
29 OF FOUR CONSECUTIVE CALENDAR QUARTERS DURING WHICH THE MEMBER
30 WAS A STATE EMPLOYEE, EXCLUDING COMPENSATION RECEIVED FROM

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
5 CLASSES OF SERVICE OTHER THAN CLASS A-5 FOR THREE
6 NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR QUARTERS,
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
10 NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR QUARTERS
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
14 FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE OTHER THAN
15 CLASS A-5 SHALL BE DETERMINED ON THE BASIS OF THE
16 COMPENSATION RECEIVED BY HIM AS A [STATE EMPLOYEE] MEMBER OF
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-
21 3 OR CLASS A-4 SERVICE AND SERVICE IN ONE OR MORE OTHER
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

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
5 OF CALCULATING ALL ANNUITIES AND BENEFITS FROM THE SYSTEM
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
16 BECAME A MEMBER ON OR AFTER JANUARY 1, 1996, THE FINAL
17 AVERAGE SALARY SHALL BE DETERMINED AS HEREINABOVE PROVIDED
18 BUT SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION
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
23 CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN SECTION 5302(F)
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 CONTRIBUTION HOLDING VEHICLE TRUST.

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 REQUIRED FOR
4 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF
5 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER
6 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
7 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE
8 LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL
9 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)
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.

16 "INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY
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

1 AND INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

2 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A
3 MEMBER WHO WAS A STATE EMPLOYEE AND ACTIVE MEMBER OF THE SYSTEM
4 IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED SERVICES OR
5 FORCES OF THE UNITED STATES IN ORDER TO MEET A MILITARY
6 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH SERVICE AND
7 WHO BECOMES A STATE EMPLOYEE WITHIN 90 DAYS OF THE EXPIRATION OF
8 SUCH SERVICE.

9 * * *

10 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
11 DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE STATE
12 EMPLOYEES' RETIREMENT BOARD PURSUANT TO AN APPROVED DOMESTIC
13 RELATIONS ORDER TO RECEIVE ALL OR A PORTION OF THE ACCUMULATED
14 DEDUCTIONS, VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR
15 LUMP SUM BENEFIT PAYABLE UPON THE DEATH OF SUCH MEMBER OR
16 PARTICIPANT.

17 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY
18 DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING
19 TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO
20 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
21 OF SUCH PARTICIPANT.

22 * * *

23 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." CONTRIBUTIONS
24 THAT ARE MADE BY THE COMMONWEALTH OR OTHER EMPLOYER FOR ACTIVE
25 PARTICIPANTS FOR STATE SERVICE REQUIRED TO BE CREDITED IN THE
26 PLAN AS FOLLOWS:

27 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2),
28 CONTRIBUTIONS EQUAL TO 7.5% OF COMPENSATION.

29 (2) FOR PARTICIPANTS WHO HAVE LESS THAN 25 ELIGIBILITY
30 POINTS CREDITED AS A MEMBER OF CLASS A-5 OR, IF A MULTIPLE

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 REQUIRED TO BE
4 CREDITED IN THE PLAN UP TO THE CLASS A-5 ANNUAL COMPENSATION
5 LIMIT AND FOR OTHER COMPENSATION CONTRIBUTIONS AS SET FORTH
6 IN PARAGRAPH (1).

7 * * *

8 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS
9 ACTUARIALLY EQUIVALENT, AT THE EFFECTIVE DATE OF RETIREMENT AND
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,
14 SHARED-RISK ACCUMULATED DEDUCTIONS, THE ADDITIONAL ACCUMULATED
15 DEDUCTIONS AND THE SOCIAL SECURITY INTEGRATION ACCUMULATED
16 DEDUCTIONS STANDING TO THE MEMBER'S CREDIT IN THE MEMBERS'
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
30 SECTION 5802 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS

1 AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD
2 REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF
3 THE PLAN AND TRUST.

4 * * *

5 "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE
6 MEMBERSHIP OR ACTIVE PARTICIPATION AS A STATE EMPLOYEE AFTER A
7 PERIOD OF USERRA LEAVE, PROVIDED, HOWEVER, THAT THE RESUMPTION
8 OF ACTIVE MEMBERSHIP OR ACTIVE PARTICIPATION WAS WITHIN THE TIME
9 PERIOD AND UNDER CONDITIONS AND CIRCUMSTANCES SUCH THAT THE
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 OR A PARTICIPANT'S INTEREST
19 IN HIS INDIVIDUAL INVESTMENT ACCOUNT 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 OR STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN EMPLOYEE
24 WHOSE DUTY IT SHALL BE TO ADVISE EACH EMPLOYEE OF HIS RIGHTS AND
25 DUTIES AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT OF THE
26 PLAN.

27 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,
28 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE
29 PARTICIPANT, OR THE SCHOOL SERVICE COMPENSATION OF A MULTIPLE
30 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL

1 EMPLOYEES' RETIREMENT SYSTEM, AND PAID INTO THE FUND OR TRUST.

2 "SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED
3 CONTRIBUTION PLAN FOR SCHOOL EMPLOYEES ESTABLISHED UNDER 24
4 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES).

5 * * *

6 "SHARED-RISK MEMBER CONTRIBUTIONS." THE PRODUCT OF THE
7 APPLICABLE SHARED-RISK CONTRIBUTION RATE AND THE COMPENSATION OF
8 A MEMBER FOR SERVICE CREDITED AS CLASS A-3 OR CLASS A-4 OR THE
9 COMPENSATION OF A MEMBER UP TO THE CLASS A-5 ANNUAL COMPENSATION
10 LIMIT FOR SERVICE CREDITED AS CLASS A-5.

11 * * *

12 "SPECIAL VESTEE." AN EMPLOYEE OF THE PENNSYLVANIA STATE
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
17 TRANSFER OF HIS JOB POSITION OR DUTIES TO A CONTROLLED
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:

23 (1) SUBSEQUENT TO TERMINATION OF STATE SERVICE AS AN
24 EMPLOYEE OF THE PENNSYLVANIA STATE UNIVERSITY, THE MEMBER HAS
25 NOT RETURNED TO STATE SERVICE IN ANY OTHER CAPACITY OR
26 POSITION AS A STATE EMPLOYEE;

27 (2) THE PENNSYLVANIA STATE UNIVERSITY CERTIFIES TO THE
28 BOARD THAT THE MEMBER IS ELIGIBLE TO BE A SPECIAL VESTEE;

29 (3) THE MEMBER FILES AN APPLICATION TO VEST THE MEMBER'S
30 RETIREMENT RIGHTS UNDER SECTION 5907(F) (RELATING TO RIGHTS

1 AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND
2 PARTICIPANTS) 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 IN EACH CLASS SERVICE, LIMITED IN THE CASE OF CLASS A-5
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
24 EMPLOYEE IN THE COLLEGE OF AGRICULTURE WHO IS PAID WHOLLY
25 FROM FEDERAL FUNDS OR AN EMPLOYEE WHO IS PARTICIPATING IN
26 THE FEDERAL CIVIL SERVICE RETIREMENT SYSTEM. THE
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) .

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
5 BUILDING AUTHORITY, THE GENERAL STATE AUTHORITY, THE STATE
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
14 AND EMPLOYEES WITHOUT ANY LIABILITY ON THE PART OF THE
15 COMMONWEALTH TO MAKE APPROPRIATIONS FOR SUCH PURPOSES, AND
16 PROVIDED IN THE CASE OF EMPLOYEES OF THE INTERSTATE
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
23 SUCH PUBLIC CORPORATION, AND PROVIDED THAT SUCH OFFICER OR
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
28 TRUST, FROM TIME TO TIME, THE MONEYS REQUIRED TO BUILD UP THE
29 RESERVES NECESSARY FOR THE PAYMENT OF THE ANNUITIES OR OTHER
30 BENEFITS OF SUCH OFFICERS AND EMPLOYEES WITHOUT ANY LIABILITY

ON THE PART OF THE COMMONWEALTH TO MAKE APPROPRIATIONS FOR
SUCH PURPOSES.

* * *

"SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN
WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO
RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE
PARTICIPANT.

"SUPERANNUATION AGE." FOR CLASSES OF SERVICE IN THE SYSTEM
OTHER THAN CLASS A-3 [AND] CLASS A-4 AND CLASS A-5, ANY AGE
UPON ACCRUAL OF 35 ELIGIBILITY POINTS OR AGE 60, EXCEPT FOR A
MEMBER OF THE GENERAL ASSEMBLY, AN ENFORCEMENT OFFICER, A
CORRECTION OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE
RIVER PORT AUTHORITY POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA
STATE 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, AGE 55 UPON ACCRUAL OF 20 ELIGIBILITY POINTS. FOR CLASS
A-3 [AND] CLASS A-4 AND CLASS A-5 SERVICE, ANY AGE UPON
ATTAINMENT OF A SUPERANNUATION SCORE OF 92 , PROVIDED THE MEMBER
HAS ACCRUED 35 ELIGIBILITY POINTS, OR AGE 65, OR FOR PARK
RANGERS OR CAPITOL POLICE OFFICERS, AGE 55 WITH 20 YEARS OF
SERVICE AS A PARK RANGER OR CAPITOL POLICE OFFICER IN CLASSES OF
SERVICE OTHER THAN CLASS A-5, EXCEPT FOR A MEMBER OF THE GENERAL
ASSEMBLY, AN ENFORCEMENT OFFICER, A CORRECTION OFFICER, A
PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY
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
CREDIT ATTAINS SUPERANNUATION AGE ON THE BIRTHDAY THE VESTEE
ATTAINS THE AGE RESULTING IN A SUPERANNUATION SCORE OF 92,
PROVIDED THAT THE VESTEE HAS AT LEAST 35 ELIGIBILITY POINTS, OR
ATTAINS ANOTHER APPLICABLE SUPERANNUATION AGE, WHICHEVER OCCURS

1 FIRST.

2 * * *

3 "SUPERANNUATION SCORE." THE SUM OF THE MEMBER'S AGE IN WHOLE
4 YEARS ON HIS LAST BIRTHDAY AND THE AMOUNT OF THE MEMBER'S TOTAL
5 ELIGIBILITY POINTS, OTHER THAN ELIGIBILITY POINTS RESULTING FROM
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 EMPLOYED AND SERVING AS AN OFFICER OF THE PENNSYLVANIA STATE
13 POLICE.

14 * * *

15 "TOTAL ACCUMULATED DEDUCTIONS." THE SUM OF THE REGULAR
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 "TRUST." THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST
29 ESTABLISHED UNDER CHAPTER 58 (RELATING TO STATE EMPLOYEES'
30 DEFINED CONTRIBUTION PLAN).

1 * * *

2 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM
3 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND
4 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

5 "VESTEE." ANY OF THE FOLLOWING:

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
9 OR CLASS T-E [OR], CLASS T-F OR CLASS T-G IN THE PUBLIC
10 SCHOOL EMPLOYEES' RETIREMENT SYSTEM[, A MEMBER WITH];

11 (II) CLASS G, CLASS H, CLASS I, CLASS J, CLASS K,
12 CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE
13 ELIGIBILITY POINTS [, OR A MEMBER WITH] IN CLASSES OF
14 SERVICE OTHER THAN CLASS A-5 OR CLASS T-G IN THE PUBLIC
15 SCHOOL EMPLOYEES' RETIREMENT SYSTEM; OR

16 (III) CLASS A-3 OR CLASS A-4 SERVICE WITH TEN OR
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

20 (IV) CLASS A-5 SERVICE WITH TEN OR MORE ELIGIBILITY
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
30 CONTRIBUTIONS BY AN ELIGIBLE ROLLOVER OR DIRECT TRUSTEE-TO-

1 TRUSTEE TRANSFER.

2 SECTION 303. SECTION 5103 OF TITLE 71 IS AMENDED TO READ:

3 § 5103. NOTICE TO MEMBERS AND PARTICIPANTS.

4 NOTICE BY PUBLICATION, INCLUDING, WITHOUT BEING LIMITED TO,
5 NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,
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
9 MADE AVAILABLE TO MEMBERS AND PARTICIPANTS IN A MANNER
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.

14 SECTION 304. TITLE 71 IS AMENDED BY ADDING A SECTION TO
15 READ:

16 § 5104. REFERENCE TO STATE EMPLOYEES' RETIREMENT SYSTEM.

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.

SECTION 305. SECTION 5301(A), (B), (C) AND (D) OF TITLE 71
ARE AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO
READ:

§ 5301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
PARTICIPATION IN THE PLAN.

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

- (1) GOVERNOR.
- (2) LIEUTENANT GOVERNOR.
- (3) MEMBERS OF THE GENERAL ASSEMBLY.
- (4) HEADS OR DEPUTY HEADS OF ADMINISTRATIVE DEPARTMENTS.
- (5) MEMBERS OF ANY INDEPENDENT ADMINISTRATIVE BOARD OR
COMMISSION.
- (6) MEMBERS OF ANY DEPARTMENTAL BOARD OR COMMISSION.
- (7) MEMBERS OF ANY ADVISORY BOARD OR COMMISSION.
- (8) SECRETARY TO THE GOVERNOR.
- (9) BUDGET SECRETARY.
- (10) LEGISLATIVE EMPLOYEES.
- (11) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN THE
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.
- (12) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN AN
INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE EMPLOYER,
PROVIDED THAT IN NO CASE, EXCEPT AS HEREINAFTER PROVIDED,
SHALL THE EMPLOYER CONTRIBUTE ON ACCOUNT OF SUCH ELECTED
MEMBERSHIP AT A RATE GREATER THAN THE EMPLOYER NORMAL
CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) (RELATING
TO ACTUARIAL COST METHOD). FOR THE FISCAL YEAR 1986-1987 AN
EMPLOYER MAY CONTRIBUTE ON ACCOUNT OF SUCH ELECTED MEMBERSHIP
AT A RATE WHICH IS THE GREATER OF 7% OR THE EMPLOYER NORMAL

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%.

(13) PERSONS WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN THE RETIREMENT SYSTEM OF THE POLITICAL SUBDIVISION BY WHICH THEY WERE EMPLOYED PRIOR TO BECOMING ELIGIBLE FOR MEMBERSHIP IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

(14) PERSONS WHO ARE NOT MEMBERS OF THE SYSTEM AND ARE EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR LESS THAN 100 DAYS OR 750 HOURS IN A [12-MONTH PERIOD] CALENDAR YEAR.

(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 WHO, BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH, WERE TRANSFERRED FROM THE STATE SYSTEM OF HIGHER EDUCATION TO THE JUVENILE COURT JUDGES' COMMISSION AS A RESULT OF AN INTERAGENCY TRANSFER OF STAFF APPROVED BY THE OFFICE OF ADMINISTRATION AND WHO, WHILE EMPLOYEES OF THE STATE SYSTEM OF HIGHER EDUCATION, HAD ELECTED MEMBERSHIP IN AN INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE EMPLOYER.

(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 SHALL BE A MANDATORY PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE.

(B) OPTIONAL MEMBERSHIP IN THE SYSTEM.--THE STATE EMPLOYEES

1 LISTED IN SUBSECTION (A) (1) THROUGH [(11)] (10) WHOSE FIRST
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
5 SERVICE, WHICHEVER OCCURS FIRST. THE STATE EMPLOYEES LISTED IN
6 SUBSECTION (A) (1) THROUGH (10) WHO FIRST BECOME STATE EMPLOYEES
7 ON OR AFTER JANUARY 1, 2018, SHALL BE MEMBERS OF THE SYSTEM
8 EFFECTIVE AS OF THE DATE OF THEIR EMPLOYMENT UNLESS THEY ELECT
9 NOT TO BE MEMBERS WITHIN 30 DAYS AFTER BEGINNING STATE SERVICE.
10 ONCE SUCH ELECTIONS ARE EXERCISED, MEMBERSHIP OR NONMEMBERSHIP,
11 AS THE CASE MAY BE, SHALL CONTINUE UNTIL THE TERMINATION OF
12 STATE SERVICE. THE STATE EMPLOYEES LISTED UNDER SUBSECTION (A)
13 (11) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.
14 ONCE THE ELECTION IS EXERCISED, MEMBERSHIP SHALL CONTINUE UNTIL
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
18 CLASS A-5 ALSO ARE OPTIONAL PARTICIPANTS IN THE PLAN. THE STATE
19 EMPLOYEES WHO ELECT MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS
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.--

1 (1) AN ANNUITANT WHO RETURNS TO SERVICE AS A STATE
2 EMPLOYEE BEFORE JANUARY 1, 2018, OR AS A CLASS A-5 EXEMPT
3 EMPLOYEE AFTER DECEMBER 31, 2017, SHALL RESUME ACTIVE
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
14 SECTION 5706(A), REGARDLESS OF THE OPTIONAL MEMBERSHIP OR
15 PARTICIPATION CATEGORY OF THE POSITION.

16 * * *

17 SECTION 306. SECTION 5302(A), (B), (E) AND (F) OF TITLE 71,
18 AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ:
19 § 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
30 415, OR LIMITATIONS ON CONTRIBUTIONS APPLICABLE TO A CLASS A-5

1 MEMBER, EXCEPT AS OTHERWISE PROVIDED IN THIS PART, BUT IN NO
2 CASE SHALL HE RECEIVE MORE THAN ONE YEAR'S CREDIT FOR ANY 12
3 CONSECUTIVE MONTHS OR 26 CONSECUTIVE BIWEEKLY PAY PERIODS. A PER
4 DIEM OR HOURLY STATE EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED
5 SERVICE FOR EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS
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
8 BEEN MADE TO THE FUND BUT FOR SUCH WAIVER UNDER SECTION 5502.1
9 OR LIMITATIONS UNDER THE IRC OR LIMITATIONS ON CONTRIBUTIONS
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
12 CONTRIBUTIONS WERE MADE TO THE FUND FOR LESS THAN 220 DAYS OR
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
16 CASE MAY BE. A PART-TIME SALARIED EMPLOYEE SHALL BE CREDITED
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.--

27 (1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER
28 A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO
29 IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE
30 WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL

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
5 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
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
13 HE IS NOT ENTITLED TO RETIREMENT BENEFITS FOR SUCH SERVICE
14 UNDER A RETIREMENT SYSTEM ADMINISTERED BY ANY OTHER
15 GOVERNMENTAL AGENCY.

16 (2) AN ACTIVE MEMBER OR ACTIVE PARTICIPANT ON PAID LEAVE
17 GRANTED BY AN EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED
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
23 ACT, AND UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN
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
28 UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE
29 ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT
30 STATE CORRECTIONAL INSTITUTIONS NO MORE THAN THREE

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
5 IF HE WERE IN FULL-TIME ACTIVE SERVICE; AND THAT THE
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
14 COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN
15 ACCORDANCE WITH [SECTION 5507] SECTIONS 5507, 5804, 5805 AND
16 5806.

17 * * *

18 (E) CANCELLATION OF CREDITED SERVICE.--

19 (1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE
20 CANCELLED IF A MEMBER WITHDRAWS HIS TOTAL ACCUMULATED
21 DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS, EXCEPT THAT:

22 (I) A MEMBER WITH CLASS A-3 OR CLASS A-4 SERVICE
23 CREDIT AND ONE OR MORE OTHER CLASSES OF SERVICE CREDIT
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
30 RESULTING FROM [CLASS A-3 AND CLASS A-4] MORE THAN ONE

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
5 CLASS A-5 CANCELED WHEN THE MEMBER RECEIVES A LUMP SUM
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) .

14 (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL
15 DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER
16 SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM.

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:

20 (1) 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
28 PERIOD OF MILITARY SERVICE BEGAN, EVEN IF NOT DEFINED AS AN
29 EMPLOYEE PURSUANT TO 51 PA.C.S. § 7301 (RELATING TO
30 DEFINITIONS).

1 (1.1) STATE EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT IN
2 THE SYSTEM 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 IN THE SYSTEM AS PROVIDED BY THIS PARAGRAPH.
12 THE FOLLOWING SHALL APPLY:

13 (I) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA
14 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED
15 AS NOT HAVING INCURRED A BREAK IN STATE SERVICE BY REASON
16 OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY
17 POINTS AS IF THE STATE EMPLOYEE HAD NOT BEEN ON THE
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,
21 ADDITIONAL MEMBER CONTRIBUTIONS, SOCIAL SECURITY
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
28 EMPLOYMENT AND PERFORMED STATE SERVICE AND WAS
29 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE
30 STATE EMPLOYEE SHALL BE GRANTED STATE SERVICE CREDIT FOR

1 THE PERIOD OF USERRA LEAVE. THE STATE EMPLOYEE SHALL HAVE
2 THE STATE EMPLOYEE'S BENEFITS, RIGHTS AND OBLIGATIONS
3 DETERMINED UNDER THIS PART AS IF THE STATE EMPLOYEE WAS
4 AN ACTIVE MEMBER WHO PERFORMED CREDITABLE STATE SERVICE
5 DURING THE USERRA LEAVE IN THE JOB POSITION THAT THE
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
12 STATE SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE WHO
13 IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF
14 THE SYSTEM TERMINATES STATE SERVICE OR DIES IN STATE
15 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT
16 PERIOD, THEN STATE SERVICE CREDIT FOR THE USERRA LEAVE
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
21 SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS). UPON A
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 AS AN ACTIVE MEMBER OF THE SYSTEM WHO DOES NOT MAKE

1 THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES ONLY PART OF
2 THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE ALLOWED
3 PAYMENT PERIOD SHALL NOT BE GRANTED CREDITED SERVICE FOR
4 THE PERIOD OF USERRA LEAVE FOR WHICH THE REQUIRED MEMBER
5 CONTRIBUTIONS WERE NOT TIMELY MADE, SHALL NOT BE ELIGIBLE
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 REQUIRED 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
17 PERIODS REQUIRED BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS
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.

1 (II) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
2 LEAVE WHO DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT
3 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP
4 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT
5 PERIOD SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP
6 PARTICIPANT CONTRIBUTIONS AT A LATER DATE FOR THE PERIOD
7 OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP
8 PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

9 (3) A STATE EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND
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
14 TO RECEIVE CREDITABLE NONSTATE SERVICE AS NONINTERVENING
15 MILITARY SERVICE FOR THE PERIOD OF USERRA LEAVE SHOULD THE
16 EMPLOYEE LATER RETURN TO STATE SERVICE AS AN ACTIVE MEMBER OF
17 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE
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 (4) [A STATE EMPLOYEE] AN ACTIVE MEMBER OR INACTIVE
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

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 AS AN
5 ACTIVE MEMBER OF THE SYSTEM AND IS OTHERWISE ELIGIBLE TO
6 PURCHASE THE SERVICE AS NONINTERVENING MILITARY SERVICE.

7 (4.1) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON
8 LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE DATE OF THIS
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,
16 STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER PAYMENTS FROM
17 HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING ANY PROVISION
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

1 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT
2 OF DEATH.

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
8 ABSENCE, EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING
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:

17 § 5303. RETENTION AND REINSTATEMENT OF SERVICE CREDITS.

18 * * *

19 (B) ELIGIBILITY POINTS FOR PROSPECTIVE CREDITED SERVICE.--

20 (1) [EVERY] SUBJECT TO THE LIMITATIONS IN SUBSECTION
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
23 SCHOOL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE EFFECTIVE
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
28 CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1 (RELATING TO
29 SHARED-RISK CONTRIBUTIONS FOR CLASS A-3 [AND], CLASS A-4 AND
30 CLASS A-5 SERVICE), 5504 (RELATING TO MEMBER CONTRIBUTIONS

1 FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO
2 BECOME A FULL COVERAGE MEMBER), 5505 (RELATING TO
3 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
4 NONSTATE SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER
5 CONTRIBUTIONS) OR 5506 (RELATING TO INCOMPLETE PAYMENTS) .
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,
15 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER OF THE
16 GENERAL ASSEMBLY AND:

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

21 (II) IS CREDITED WITH CLASS A-4 SERVICE FOR SUCH
22 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-4 SERVICE
23 FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1,
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 SUBSECTION (I) AND 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

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).

8 (1.2) EVERY MEMBER OF THE SYSTEM WHO ELECTS TO CONVERT
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
14 CONVERTED SCHOOL SERVICE SHALL BE DETERMINED IN ACCORDANCE
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
23 HIS ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311 (RELATING
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
28 ELIGIBLE TO BE AN ANNUITANT VESTEE OR INACTIVE MEMBER WITHOUT
29 REGARD TO PREVIOUS STATUS AS A SPECIAL VESTEE AND WITHOUT
30 REGARD TO THE PROVISIONS OF THIS PART PROVIDING FOR SPECIAL

1 VESTEES.

2 (3) A SPECIAL VESTEE OR PERSON OTHERWISE ELIGIBLE TO BE
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
8 SUBSEQUENT TERMINATION OF SCHOOL SERVICE SHALL ONLY BE
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.--

16 (1) ANY PERSON WHO WAS AN EMPLOYEE OF ANY COUNTY IN THIS
17 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT
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
23 JUDGE SUBSEQUENT TO THE DATE OF THE TRANSFER UNLESS
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
28 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM TRANSFERRED TO
29 THE SYSTEM AND DEEMED TO BE STATE SERVICE FOR ALL PURPOSES
30 UNDER THIS PART. HOWEVER, FOR THOSE EMPLOYEES WHO WERE IN

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
13 MEMBER RECEIVED FROM THE COUNTY OR MUNICIPAL PENSION PLAN OR
14 RETIREMENT SYSTEM OR THE AMOUNT DUE UNDER SECTION 5504, IF
15 LESS. IN THE CASE OF A TRANSFER BY THE MEMBER, THE TRANSFER
16 SHALL OCCUR BY DECEMBER 31, 1987, IN ORDER FOR THE MEMBER TO
17 RECEIVE CREDIT FOR THE PRIOR SERVICE. IN THE CASE OF A
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
23 IN THE MEMBER'S ACCOUNT IF THE EMPLOYEE HAD BEEN A MEMBER OF
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
28 ELECTED TO TRANSFER CREDITS UNDER THE PROVISIONS OF THIS
29 SUBSECTION, THE COUNTY OR OTHER MUNICIPAL PENSION PLANS OR
30 RETIREMENT SYSTEMS SHALL BE REQUIRED TO TRANSFER TO THE

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
5 OF SYSTEM ACTUARIAL VALUE OF ASSETS FOR ACTIVE MEMBERS TO THE
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 CREDIT.--AN ACTIVE MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE
14 MEMBER WHO IS AN ACTIVE MEMBER OF CLASS T-G IN THE PUBLIC SCHOOL
15 EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO PURCHASE
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 REQUIRES OR ALLOWS ANY PERIOD OF LEAVE TO BE CREDITED AS STATE
22 SERVICE AFTER THE MEMBER RETURNS FROM THE LEAVE TO STATE
23 SERVICE.

24 SECTION 308. SECTIONS 5303.2(A) AND 5304(A) AND (B) OF TITLE
25 71 ARE AMENDED TO READ:

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,

1 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, AND WHO ON
2 THE EFFECTIVE DATE OF THAT TRANSFER DID NOT PARTICIPATE IN AN
3 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE DEPARTMENT OF
4 EDUCATION UNDER 24 PA.C.S. § 8301(A)(1) (RELATING TO MANDATORY
5 AND OPTIONAL MEMBERSHIP) OR SECTION 5301(A)(12) (RELATING TO
6 MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
7 PARTICIPATION IN THE PLAN), NOTWITHSTANDING ANY OTHER PROVISION
8 OF LAW OR ANY COLLECTIVE BARGAINING AGREEMENT, ARBITRATION
9 AWARD, CONTRACT OR TERM OR CONDITIONS OF ANY RETIREMENT SYSTEM
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
14 IN THE MEMBERS' SAVINGS ACCOUNT IN THE PUBLIC SCHOOL EMPLOYEES'
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
30 SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS T-G SHALL BE

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
5 ENTERING INTO MILITARY SERVICE AND FOR WHICH HE MAKES THE
6 REQUIRED CONTRIBUTIONS TO THE FUND AND EXCEPT THAT A MULTIPLE
7 SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER
8 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT
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
14 OF A CLASS OF SERVICE OTHER THAN CLASS A-5, OR A MULTIPLE
15 SERVICE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER ON OR AFTER
16 JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER
17 OF THE GENERAL ASSEMBLY, [AND WHO] IS A SCHOOL EMPLOYEE AND
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
23 SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE FOR WHICH
24 THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY
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
28 EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO
29 PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE SET
30 FORTH IN SUBSECTION (C) (5) .

1 (3) AN ACTIVE MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE
2 MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
3 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS A MEMBER OF
4 CLASS T-G SHALL BE ELIGIBLE FOR CLASS A-5 SERVICE CREDIT FOR
5 CREDITABLE NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B)
6 AND (C) (2) FOR WHICH THE MEMBER MAKES THE REQUIRED
7 CONTRIBUTIONS TO THE FUND.

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
15 EMPLOYEES' RETIREMENT SYSTEM AND IS NOT ENTITLED TO RECEIVE,
16 ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE, OR IS RECEIVING
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
26 PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE).

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:

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
5 CREDIT OR IS RECEIVING A BENEFIT ON ACCOUNT OF SOCIAL SECURITY
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:

17 (1) CONTINUES SUBSEQUENT TO MARCH 1, 1974 AS AN ACTIVE
18 MEMBER IN EITHER THE [STATE OR SCHOOL SYSTEM;] SYSTEM IN A
19 CLASS OF SERVICE OTHER THAN CLASS A-5 OR, IF A MULTIPLE
20 SERVICE MEMBER, AS AN ACTIVE MEMBER IN THE PUBLIC SCHOOL
21 EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OF SERVICE OTHER THAN
22 CLASS T-G;

23 (2) TERMINATES SUCH CONTINUOUS SERVICE IN THE [STATE OR
24 SCHOOL] SYSTEM OR THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
25 SYSTEM AND RETURNS TO ACTIVE MEMBERSHIP IN THE [STATE] SYSTEM
26 WITHIN SIX MONTHS IN A CLASS OF SERVICE OTHER THAN CLASS A-5;
27 OR

28 (3) TERMINATES HIS STATUS AS A VESTEE OR AN ANNUITANT
29 AND RETURNS TO STATE SERVICE AS AN ACTIVE MEMBER OF THE
30 SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS A-5.

1 * * *

2 (E) CLASS A-5 SERVICE INELIGIBLE FOR CREDIT.--NO SOCIAL
3 SECURITY INTEGRATION CREDITS SHALL ACCRUE FOR ANY SERVICE
4 PERFORMED OR CREDITED AS CLASS A-5 SERVICE.

5 SECTION 310. SECTION 5305.1 OF TITLE 71 IS AMENDED TO READ:
6 § 5305.1. ELIGIBILITY FOR ACTUARIAL INCREASE FACTOR.

7 A PERSON WHO HAS CREDIT FOR A CLASS OF SERVICE OTHER THAN
8 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.--

26 (1) A STATE EMPLOYEE WHO IS A MEMBER OF CLASS A ON THE
27 EFFECTIVE DATE OF THIS PART OR WHO FIRST BECOMES A MEMBER OF
28 THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART AND
29 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
30 MEMBER OF THE GENERAL ASSEMBLY, SHALL BE CLASSIFIED AS A

1 CLASS A MEMBER AND RECEIVE CREDIT FOR CLASS A SERVICE UPON
2 PAYMENT OF REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS FOR
3 CLASS A SERVICE, PROVIDED THAT THE STATE EMPLOYEE DOES NOT
4 BECOME A MEMBER OF CLASS AA PURSUANT TO SUBSECTION (A.1) OR A
5 MEMBER OF CLASS D-4 PURSUANT TO SUBSECTION (A.2) OR A MEMBER
6 OF CLASS A-5.

7 (2) A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE
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
10 CLASS A-5 EXEMPT EMPLOYEE, BEFORE JANUARY 1, 2018, SHALL BE
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
15 CLASS A-4 PURSUANT TO SUBSECTION (A.3) OR A MEMBER OF CLASS
16 A-5, EXCEPT THAT A MEMBER OF THE JUDICIARY SHALL BE
17 CLASSIFIED AS A MEMBER OF SUCH OTHER CLASS OF SERVICE FOR
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
28 ARBITRATION AWARD ISSUED BEFORE JULY 1, 1989, UNDER THE ACT
29 OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE
30 POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, AND

1 IMPLEMENTED BY THE BOARD, FOR A MEMBER WHO FIRST BECOMES AN
2 OFFICER OF THE PENNSYLVANIA STATE POLICE ON OR AFTER JANUARY
3 1, 2018, OTHER SERVICE PERFORMED BEFORE OR AFTER SERVICE AS A
4 STATE POLICE OFFICER SHALL BE CREDITED IN THE CLASS OF
5 SERVICE AS PROVIDED UNDER THIS PART.

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
14 AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON
15 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE
16 AND, SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7)
17 AND SECTION 5303(I) (RELATING TO RETENTION AND REINSTATEMENT
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
23 OR COULD HAVE BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

24 (2) A PERSON WHO IS A STATE EMPLOYEE ON JUNE 30, 2001,
25 AND JULY 1, 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM
26 BECAUSE MEMBERSHIP IN THE SYSTEM IS OPTIONAL OR PROHIBITED
27 PURSUANT TO SECTION 5301 (RELATING TO MANDATORY AND OPTIONAL
28 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN) AND
29 WHO FIRST BECOMES AN ACTIVE MEMBER AFTER JUNE 30, 2001, AND
30 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A

1 MEMBER OF THE GENERAL ASSEMBLY, AND WHO IS NOT A STATE POLICE
2 OFFICER AND NOT EMPLOYED IN A POSITION FOR WHICH A CLASS OF
3 SERVICE OTHER THAN CLASS A IS CREDITED OR COULD BE ELECTED
4 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT
5 FOR CLASS AA STATE SERVICE UPON PAYMENT OF REGULAR MEMBER
6 CONTRIBUTIONS FOR CLASS AA SERVICE AND, SUBJECT TO THE
7 LIMITATIONS CONTAINED IN PARAGRAPH (7) AND SECTION 5303(I),
8 IF PREVIOUSLY A MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A
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

23 (II) AN INACTIVE MEMBER ON A LEAVE WITHOUT PAY FROM
24 A POSITION IN WHICH THE STATE EMPLOYEE WOULD BE A CLASS A
25 ACTIVE MEMBER IF THE EMPLOYEE WAS NOT ON LEAVE WITHOUT
26 PAY, OTHER THAN A POSITION IN WHICH THE STATE EMPLOYEE
27 COULD ELECT MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1
28 OR CLASS E-2;

29 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE
30 CREDIT FOR CLASS AA STATE SERVICE PERFORMED AFTER JUNE 30,

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
5 STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR AS A
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
14 SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
15 RETIREMENT SYSTEM, SUBJECT TO THE LIMITATIONS CONTAINED IN
16 PARAGRAPH (7) AND SECTION 5303(I), SHALL RECEIVE CLASS AA
17 SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER THAN
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
21 CLASS A, PERFORMED BEFORE JULY 1, 2001.

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
30 SERVICE OTHER THAN STATE SERVICE PERFORMED AS A STATE

1 EMPLOYEE IN A POSITION IN WHICH THE FORMER STATE EMPLOYEE
2 COULD HAVE ELECTED A CLASS OF SERVICE OTHER THAN CLASS A.

3 (6) A STATE EMPLOYEE WHO AFTER JUNE 30, 2001, BECOMES A
4 STATE POLICE OFFICER OR WHO IS EMPLOYED IN A POSITION IN
5 WHICH THE MEMBER COULD ELECT MEMBERSHIP IN THE SYSTEM IN A
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
13 SYSTEM BEFORE JANUARY 1, 2018, OR IF HE FIRST BECAME A MEMBER
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
16 THAN AS A MEMBER OF THE JUDICIARY AND OTHER THAN SERVICE AS A
17 CLASS A-5 EXEMPT EMPLOYEE BEFORE JANUARY 1, 2018, AND HE
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.

21 (7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE
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
30 PROVIDED IN SECTION 5504 (RELATING TO MEMBER

CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS
STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER).

(II) A PERSON WHO IS NOT A STATE EMPLOYEE OR A
SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND
WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY
ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30,
2001, UPON TERMINATION OF THE DISABILITY ANNUITY) SHALL
NOT RECEIVE CLASS AA SERVICE CREDIT FOR STATE SERVICE
PERFORMED BEFORE JULY 1, 2001, UNTIL SUCH PERSON BECOMES
AN ACTIVE MEMBER, OR AN ACTIVE MEMBER OF THE PUBLIC
SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND A MULTIPLE
SERVICE MEMBER, AND EARNS THREE ELIGIBILITY POINTS BY
PERFORMING CREDITED STATE SERVICE IN A CLASS OF SERVICE
OTHER THAN CLASS A-5 OR CREDITED SCHOOL SERVICE IN A
CLASS OF SERVICE OTHER THAN CLASS T-G AFTER JUNE 30,
2001.

(III) NOTHING IN THIS PARAGRAPH SHALL BE CONSTRUED
TO AUTHORIZE A MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE
MEMBER WHO IS A MEMBER OF CLASS T-G IN THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT SYSTEM TO REINSTATE OR PURCHASE
CREDIT FOR PREVIOUSLY CREDITED OR UNCREDITED STATE
SERVICE OTHER THAN AS ALLOWED UNDER SECTION 5303(I).

(A.2) CLASS OF MEMBERSHIP FOR MEMBERS OF THE GENERAL
ASSEMBLY.--

(1) A PERSON WHO:

(I) BECOMES A MEMBER OF THE GENERAL ASSEMBLY AND AN
ACTIVE MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND
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

1 MEMBERSHIP IN THE SYSTEM IS OPTIONAL PURSUANT TO SECTION
2 5301 AND WHO BECOMES AN ACTIVE MEMBER AFTER JUNE 30,
3 2001, AND BEFORE DECEMBER 1, 2010;
4 AND WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1,
5 1989, SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND UNLESS HE
6 LATER BECOMES A MEMBER OF CLASS A-5 RECEIVE CREDIT AS A CLASS
7 D-4 MEMBER FOR ALL STATE SERVICE AS A MEMBER OF THE SYSTEM
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
14 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS
15 A STATE POLICE OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER
16 THAN CLASS A OR CLASS D-4 WAS OR COULD HAVE BEEN ELECTED OR
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
30 IN PARAGRAPH (A.1) (7), SHALL RECEIVE CLASS AA SERVICE CREDIT

1 FOR ALL CLASS A STATE SERVICE, OTHER THAN STATE SERVICE
2 PERFORMED AS A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN
3 A POSITION IN WHICH THE MEMBER COULD HAVE ELECTED A CLASS OF
4 SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.

5 (3) A MEMBER OF THE GENERAL ASSEMBLY WHO AFTER JUNE 30,
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
14 OR AFTER JANUARY 1, 2018.

15 (4) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,
16 NO SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY PERFORMED
17 BEFORE DECEMBER 1, 2010, THAT IS NOT CREDITED AS CLASS D-4
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
28 BECOME A CLASS A-4 MEMBER IS MADE PURSUANT TO SECTION 5306.3
29 (RELATING TO ELECTION TO BECOME A CLASS A-4 MEMBER), A STATE
30 EMPLOYEE WHO OTHERWISE WOULD BE A MEMBER OF CLASS A-3 SHALL BE

1 CLASSIFIED AS A CLASS A-4 MEMBER AND RECEIVE CLASS A-4 CREDIT
2 FOR ALL CREDITABLE STATE SERVICE PERFORMED AFTER THE EFFECTIVE
3 DATE OF MEMBERSHIP IN THE SYSTEM, EXCEPT AS A MEMBER OF THE
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
8 POSITION OTHER THAN A CLASS A-5 EXEMPT EMPLOYEE AND ELECTS TO BE
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
16 CLASS OF SERVICE THAT THE EMPLOYEE WOULD HAVE BEEN A MEMBER
17 OF OR BENEFITS THAT THE MEMBER WOULD HAVE BEEN ELIGIBLE TO
18 ACCRUE AND RECEIVE BUT FOR THIS SUBSECTION AND SHALL RECEIVE
19 CREDIT FOR CLASS A-5 SERVICE UPON PAYMENT OF REGULAR MEMBER
20 CONTRIBUTIONS FOR CLASS A-5 SERVICE.

21 (2) THE PROVISIONS OF THIS PART REGARDING THE
22 ESTABLISHMENT OF AND MEMBERSHIP IN CLASS A-5 SHALL APPLY TO
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 5306.4 WHO RETURNS TO STATE SERVICE ON OR AFTER JANUARY 1,

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
5 DISTRIBUTIONS, CONTRIBUTION RATES, DEFINITIONS, PURCHASE OF
6 CREDITABLE SCHOOL, NONSCHOOL, STATE AND NONSTATE SERVICE
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
15 CLASS A-5 AS A RESULT OF SUCH STATE SERVICE.

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.

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
20 ACT OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS
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

1 SHALL RETAIN HIS MEMBERSHIP IN THAT CLASS UNTIL SUCH SERVICE
2 IS DISCONTINUED; ANY SERVICE THEREAFTER SHALL BE CREDITED AS
3 CLASS A SERVICE, CLASS AA SERVICE, CLASS A-5 OR CLASS D-4
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
17 UNTIL THE TERMINATION OF STATE SERVICE. THIS CLASS OF SERVICE
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 * * *

25 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS AA
26 MEMBER SHALL BECOME EFFECTIVE THE LATER OF JULY 1, 2001, OR THE
27 DATE WHEN THE ELECTION IS FILED WITH THE BOARD AND SHALL REMAIN
28 IN EFFECT UNTIL THE TERMINATION OF EMPLOYMENT. UPON TERMINATION
29 AND A SUBSEQUENT REEMPLOYMENT THAT OCCURS BEFORE JANUARY 1,
30 2018, THE MEMBER'S CLASS OF SERVICE SHALL BE CREDITED IN THE

1 CLASS OF SERVICE OTHERWISE PROVIDED FOR IN THIS PART. IF THE
2 REEMPLOYMENT OCCURS ON OR AFTER JANUARY 1, 2018, THE STATE
3 EMPLOYEE'S ELIGIBILITY FOR MEMBERSHIP AND CLASS OF SERVICE IN
4 THE SYSTEM OR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN
5 THIS PART.

6 * * *

7 § 5306.2. ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY.

8 * * *

9 (B) EFFECT OF ELECTION.--MEMBERSHIP AS A CLASS D-4 MEMBER
10 SHALL BECOME EFFECTIVE ON JULY 1, 2001, AND SHALL REMAIN IN
11 EFFECT UNTIL THE TERMINATION OF SERVICE AS A MEMBER OF THE
12 GENERAL ASSEMBLY. UPON TERMINATION AND A SUBSEQUENT REEMPLOYMENT
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
19 AS PROVIDED IN THIS PART.

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
30 TERMINATION OF STATE SERVICE AND A REEMPLOYMENT WHEN THE

1 REEMPLOYMENT OCCURS ON OR AFTER JANUARY 1, 2018, AND THE MEMBER
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
5 A-4 STATE SERVICE PERFORMED PRIOR TO THE ELECTION OF CLASS A-4
6 MEMBERSHIP SHALL BE MADE IN A FORM, MANNER AND TIME DETERMINED
7 BY THE BOARD. UPON TERMINATION OF STATE SERVICE AND A SUBSEQUENT
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
14 OF SERVICE; PROVIDED THAT THE MEMBER DOES NOT ELECT TO BE A
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
23 CREDITING AS CLASS A-4 SERVICE. UPON TERMINATION AND SUBSEQUENT
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
26 A CLASS A-4 MEMBER FOR EITHER PAST OR FUTURE STATE SERVICE.

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.

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 ELECTION.--AN 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,

1 REGARDLESS OF TERMINATION OF EMPLOYMENT, TERMINATION OF
2 MEMBERSHIP OR PARTICIPATION BY WITHDRAWAL OF TOTAL ACCUMULATED
3 DEDUCTIONS, CLASS A-5 ACCUMULATED DEDUCTIONS OR DISTRIBUTION OF
4 ALL OR PART OF ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR STATUS
5 AS AN ANNUITANT, VESTEE, INACTIVE MEMBER, PARTICIPANT RECEIVING
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
12 OTHERWISE PROVIDED FOR UNDER THIS PART AND NOT SUBJECT TO
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
26 ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 CREDITED SERVICE.
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.

30 (A.1) USERRA LEAVE.--A MEMBER OF THE SYSTEM OR PARTICIPANT

1 IN THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES
2 WHILE PERFORMING USERRA LEAVE SHALL BE GRANTED THE ELIGIBILITY
3 POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS STATE
4 OFFICE OR EMPLOYMENT INSTEAD OF PERFORMING USERRA LEAVE. IN THE
5 EVENT THAT A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE
6 MAKES THE MEMBER CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT
7 CONTRIBUTIONS TO BE GRANTED STATE SERVICE CREDIT FOR THE USERRA
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
16 DEFINITIONS), 5308(B) (RELATING TO ELIGIBILITY FOR
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.

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 OF THE
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 A-5 OR CLASS T-G AS DETERMINED PURSUANT TO SUBSECTION
11 (A) .

12 (C) TRANSITIONAL RULE FOR MEMBERS WITH CLASS A-5 SERVICE
13 CREDIT.--

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 A-5, OR IF A MULTIPLE SERVICE MEMBER, AS A MEMBER OF CLASS T-
30 G IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, SHALL BE

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
5 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

6 § 5308. ELIGIBILITY FOR ANNUITIES.

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
15 ELIGIBILITY POINTS EARNED IN CLASSES OF SERVICE OTHER THAN CLASS
16 A-5 OR, IF A MULTIPLE SERVICE MEMBER, IN CLASS T-G SHALL BE USED
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.--

26 (1) ANY VESTEE OR ANY ACTIVE MEMBER OR INACTIVE MEMBER
27 ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE HAVING FIVE
28 OR MORE ELIGIBILITY POINTS AND WHO DOES NOT HAVE CLASS A-3
29 [OR], CLASS A-4 OR CLASS A-5 SERVICE CREDIT OR CLASS T-E
30 [OR], CLASS T-F OR CLASS T-G SERVICE CREDIT IN THE PUBLIC

1 SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR WHO HAS CLASS G,
2 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS
3 N SERVICE AND TERMINATES STATE SERVICE HAVING FIVE OR MORE
4 ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION 5907(F), (G)
5 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
9 T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
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
15 COMPENSATION IN CLASSES OF SERVICE OTHER THAN CLASS A-5 OR
16 CLASS T-G.

17 (3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON
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
21 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND ALSO HAS
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
28 A-3 [OR], CLASS A-4 OR CLASS A-5, PROVIDED THAT THE MEMBER
29 HAS FIVE OR MORE ELIGIBILITY POINTS RESULTING FROM SERVICE IN
30 CLASSES OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 OR

1 CLASS T-E [OR], CLASS T-F OR CLASS T-G SERVICE IN THE PUBLIC
2 SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

3 (4) IN ADDITION TO ANY WITHDRAWAL ANNUITY PAYABLE UNDER
4 PARAGRAPH (2) OR (3), ANY VESTEE, ACTIVE MEMBER OR INACTIVE
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
8 SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
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 (C) DISABILITY ANNUITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER
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

1 COMPENSATION AS A MEMBER OF CLASS A-5 IF HE BECOMES MENTALLY OR
2 PHYSICALLY INCAPABLE OF CONTINUING TO PERFORM THE DUTIES FOR
3 WHICH HE IS EMPLOYED AND QUALIFIES IN ACCORDANCE WITH THE
4 PROVISIONS OF SECTION 5905(C) (1) (RELATING TO DUTIES OF THE
5 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,
16 1991, AN ACTIVE MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST
17 53 YEARS AND HAS ACCRUED AT LEAST 30 ELIGIBILITY POINTS SHALL
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

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
5 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES
6 SCHOOL SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS, OR ANY
7 MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K,
8 CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE
9 ELIGIBILITY POINTS, SHALL BE ELIGIBLE UNTIL HIS REQUIRED
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
13 T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
14 SYSTEM AND TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE
15 MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
16 RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, WITH TEN OR MORE
17 ELIGIBILITY POINTS SHALL BE ELIGIBLE UNTIL HIS REQUIRED
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
23 SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE AND HAS FIVE
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
28 SYSTEM TERMINATES SCHOOL SERVICE, SHALL BE ELIGIBLE UNTIL HIS
29 REQUIRED BEGINNING DATE TO VEST HIS RETIREMENT BENEFITS
30 CALCULATED ON HIS SERVICE CREDITED IN CLASSES OF SERVICE

1 OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 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
9 SERVICE, OR, IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE
10 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM,
11 TERMINATES SCHOOL SERVICE WITH TEN OR MORE ELIGIBILITY POINTS
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
17 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES
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 REQUIRED OR
21 ELIGIBLE TO VEST HIS RETIREMENT BENEFITS BASED ON CLASS A-5
22 SERVICE UNDER PARAGRAPH (4) DISREGARDING ALL CLASSES OF
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.

SECTION 312.6. SECTION 5310 OF TITLE 71 IS AMENDED TO READ:
§ 5310. ELIGIBILITY FOR DEATH BENEFITS.

IN THE EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY IN ACCORDANCE WITH SECTION 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES), HIS BENEFICIARY SHALL BE ENTITLED TO A DEATH BENEFIT. FOR PURPOSES OF THIS SECTION, A MEMBER WITH TEN OR MORE BUT LESS THAN 25 ELIGIBILITY POINTS RESULTING FROM CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-G SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE CONSIDERED ELIGIBLE FOR AN ANNUITY BASED ON CLASS A-5 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 FROM THE SYSTEM TO WHICH HE IS ENTITLED.

(B) SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS.--ANY ACTIVE MEMBER AT ANY TIME AFTER THE ATTAINMENT OF NORMAL RETIREMENT AGE MAY ELECT TO RECEIVE HIS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS AND THEREBY TO HAVE ALL HIS SOCIAL SECURITY INTEGRATION CREDITS AND BENEFITS THEREFOR CANCELLED, AND SHALL NOT BE ENTITLED TO ACCRUE ANY FURTHER SOCIAL SECURITY INTEGRATION CREDITS OR BENEFITS; EXCEPT THAT A DISABILITY ANNUITANT WHO RETURNS TO STATE SERVICE IN A CLASS OF SERVICE OTHER THAN CLASS A-5 SHALL HAVE THE RIGHT TO REINSTATE HIS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS AND CREDITS THEREFOR.

§ 5501. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

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 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR 415 OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM APPLICABLE TO A CLASS A-5 MEMBER WHO IS MAKING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO THE TRUST.

SECTION 313. SECTION 5501.1(A) AND (B)(1) AND (7) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

§ 5501.1. SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5 SERVICE.

(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 OR CLASS A-5 FOR CURRENT SERVICE CREDITED AS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 AS PROVIDED UNDER THIS SECTION, EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF THE CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR 415 OR ANY PROVISION OF THIS PART LIMITING CONTRIBUTIONS APPLICABLE TO A CLASS A-5 MEMBER. SHARED-RISK MEMBER

CONTRIBUTIONS SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT.

(B) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE[.--] FOR CLASS A-3 AND CLASS A-4 SERVICE.--THE SHARED-RISK CONTRIBUTION FOR CLASS A-3 AND CLASS A-4 SERVICE SHALL BE DETERMINED AS FOLLOWS:

1 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
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 * * *

5 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL
6 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER
7 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)
8 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH
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
16 A-5 SERVICE.--THE SHARED RISK CONTRIBUTION FOR CLASS A-5 SERVICE
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.

21 (2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023,
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
28 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL
29 BE ZERO.

30 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED-

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

1 DUTIES OF THE BOARD).

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

1 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO
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
5 SECURITY INTEGRATION COVERAGE. THE AMOUNT OF SUCH CONTRIBUTIONS
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
8 PROVISIONS OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. §
9 301 ET SEQ.), IN ADDITION TO THE REGULAR MEMBER CONTRIBUTIONS
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 * * *

22 (B) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO ANY
23 MEMBER WHO HAS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE
24 CREDIT.

25 * * *

26 § 5503.1. PICKUP CONTRIBUTIONS.

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

FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5 SERVICE), 5502
(RELATING TO SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS),
5503 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND
[SECTION] 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS),
WITH RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE
MEMBER ON OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE
COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE
EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

* * *

SECTION 314.2. SECTION 5504 OF TITLE 71, AMENDED DECEMBER
28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

§ 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE
MEMBER.

(A) AMOUNT OF CONTRIBUTIONS FOR SERVICE IN OTHER THAN CLASS
G THROUGH N.--

(1) THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR
ELIGIBLE SCHOOL EMPLOYEE FOR CREDIT [FOR] IN THE SYSTEM FOR
THE PORTION OF TOTAL PREVIOUS STATE SERVICE OTHER THAN
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
CREDITED OR TO BECOME A FULL COVERAGE MEMBER SHALL BE
SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE REGULAR AND
ADDITIONAL ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN
STANDING TO THE CREDIT OF THE MEMBER FOR SUCH SERVICE HAD
REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS BEEN MADE WITH
FULL COVERAGE IN THE CLASS OF SERVICE AND AT THE RATE OF
CONTRIBUTION APPLICABLE DURING SUCH PERIOD OF PREVIOUS
SERVICE AND HAD HIS REGULAR AND ADDITIONAL ACCUMULATED
DEDUCTIONS BEEN CREDITED WITH STATUTORY INTEREST DURING ALL

1 PERIODS OF SUBSEQUENT STATE SERVICE AS AN ACTIVE MEMBER OR
2 INACTIVE MEMBER ON LEAVE WITHOUT PAY AND SCHOOL SERVICE AS AN
3 ACTIVE MEMBER OR INACTIVE MEMBER OF THE PUBLIC SCHOOL
4 EMPLOYEES' RETIREMENT SYSTEM UP TO THE DATE OF PURCHASE.

5 (2) NOTWITHSTANDING PARAGRAPH (1), ACTIVE MEMBERS [WITH]
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
13 SERVICE HAD THE STATE EMPLOYEE BEEN A MEMBER OF THE SYSTEM AT
14 THE TIME THE SERVICE WAS PERFORMED UNLESS IT WAS MANDATORY
15 THAT THE STATE EMPLOYEE BE AN ACTIVE MEMBER OF THE SYSTEM AND
16 THE PREVIOUS STATE SERVICE IS BEING CREDITED AS THE RESULT OF
17 A MANDATORY ACTIVE MEMBERSHIP REQUIREMENT.

18 (A.1) CONVERTED COUNTY SERVICE.--NO CONTRIBUTIONS SHALL BE
19 REQUIRED 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

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
5 AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY
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
14 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
15 TO THE BOARD THE AMOUNTS PAID.

16 (2) NO PAYMENTS FOR SERVICE OR COVERAGE SHALL BE ALLOWED
17 FOR WHICH THE REQUIRED CONTRIBUTIONS WOULD CAUSE A VIOLATION
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
28 5506.1(A) OF TITLE 71 ARE AMENDED TO READ:

29 § 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
30 NONSTATE SERVICE.

* * *

(B) NONINTERVENING MILITARY SERVICE.--

(1) (I) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE BY A MEMBER WHO IS ELIGIBLE TO MAKE THE PURCHASE UNDER SECTION 5304(A) (1) OR (2) (RELATING TO CREDITABLE NONSTATE 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, EXCLUDING COMPENSATION RECEIVED FOR CLASS A-5 SERVICE, OVER THE FIRST THREE YEARS OF SUCH SUBSEQUENT STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON LEAVE WITHOUT PAY AND SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TO DATE OF PURCHASE.

(II) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE BY A MEMBER WHO IS ELIGIBLE TO MAKE THE PURCHASE UNDER SECTION 5304(A) (3) SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE, PLUS THE COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF THE

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,
15 PAYMENT SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN
16 THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE
17 WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
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
30 SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'

1 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
2 BOARD THE AMOUNTS PAID. APPLICATION MAY BE FILED FOR ALL
3 SUCH MILITARY SERVICE CREDIT UPON COMPLETION OF THREE
4 YEARS OF SUBSEQUENT STATE SERVICE AND SHALL BE CREDITED
5 AS CLASS A SERVICE.

6 * * *

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 SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER
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 TO THE SYSTEM 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.

1 THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND
2 THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND
3 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR
4 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO
5 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS
6 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
7 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER
8 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
9 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL
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
16 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY SHALL BE
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
28 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TO THE DATE OF
29 PURCHASE. UPON APPLICATION FOR CREDIT FOR SUCH SERVICE PAYMENT
30 SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN

1 ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE
2 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY
3 BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS
4 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE
5 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY
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
9 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS
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
30 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT

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
5 DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE SCHOOL
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 * * *

12 § 5506.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).

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
16 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO
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
30 OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION,

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 RULE.--THE 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 TO THE SYSTEM BY THE COMMONWEALTH AND
27 OTHER EMPLOYERS.

28 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE
29 COMMONWEALTH AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF
30 THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS

1 TO THE FUND ON BEHALF OF ALL ACTIVE MEMBERS IN SUCH AMOUNTS AS
2 SHALL BE CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE,
3 TOGETHER WITH THE MEMBERS' TOTAL ACCUMULATED DEDUCTIONS AND
4 CLASS A-5 ACCUMULATED DEDUCTIONS, ANNUITY RESERVES ON ACCOUNT OF
5 PROSPECTIVE ANNUITIES OTHER THAN THOSE PROVIDED IN SECTIONS 5708
6 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO
7 ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER
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
16 SECTION 5508(A), (B), (C), (D) AND (F) (RELATING TO ACTUARIAL
17 COST METHOD).

18 (B) CONTRIBUTIONS ON BEHALF OF ANNUITANTS.--THE COMMONWEALTH
19 AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM OR
20 PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS ON BEHALF OF
21 ANNUITANTS IN SUCH AMOUNTS AS SHALL BE CERTIFIED BY THE BOARD AS
22 NECESSARY TO FUND THE LIABILITIES FOR SUPPLEMENTAL ANNUITIES IN
23 ACCORDANCE WITH THE ACTUARIAL COST METHOD PROVIDED IN SECTION
24 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 A PERCENTAGE OF:

28 (I) THE COMPENSATION OF ACTIVE MEMBERS IN CLASSES OF
29 SERVICE OTHER THAN CLASS A-5; AND

30 (II) THE COMPENSATION OF ACTIVE MEMBERS OF CLASS A-5

1 WHO HAVE 25 OR FEWER ELIGIBILITY POINTS RESULTING FROM
2 CLASS A-5 SERVICE OR, IF A MULTIPLE SERVICE MEMBER, CLASS
3 T-G SERVICE UP TO EACH EMPLOYEE'S CLASS A-5 ANNUAL
4 COMPENSATION LIMIT.

5 (2) PAYMENT OF ACCRUED LIABILITY CONTRIBUTIONS AS
6 MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTOR SHALL BE AS A
7 PERCENTAGE OF COMPENSATION OF ACTIVE MEMBERS AND ACTIVE
8 PARTICIPANTS.

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
16 SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE WITH SECTION
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
21 MEMBERS OF THE SYSTEM SHALL MAKE CONTRIBUTIONS AS CERTIFIED BY
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 * * *

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:

§ 5508. ACTUARIAL COST METHOD.

(A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE
MEMBERS.--THE AMOUNT OF THE COMMONWEALTH AND OTHER EMPLOYER
CONTRIBUTIONS ON BEHALF OF ALL ACTIVE MEMBERS SHALL BE COMPUTED
BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL
ACTIVE MEMBERS AND PARTICIPANTS, SUBJECT TO THE LIMITATIONS IN
SECTION 5507(B.1) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY
THE COMMONWEALTH AND OTHER EMPLOYEES), DURING THE PERIOD FOR
WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE
BOARD. THE ACTUARIALLY REQUIRED CONTRIBUTION RATE ON BEHALF OF
ALL ACTIVE MEMBERS SHALL CONSIST OF THE EMPLOYER NORMAL
CONTRIBUTION RATE, AS DEFINED IN SUBSECTION (B), AND THE ACCRUED
LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C). THE
ACTUARIALLY REQUIRED CONTRIBUTION RATE ON BEHALF OF ALL ACTIVE
MEMBERS SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTOR AS
CALCULATED IN SUBSECTION (F).

(B) EMPLOYER NORMAL CONTRIBUTION RATE.--THE EMPLOYER NORMAL
CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH ACTUARIAL
VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE AND SUCH
MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED BY THE BOARD IN
ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. THE
EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AS A LEVEL
PERCENTAGE OF THE COMPENSATION OF THE AVERAGE NEW ACTIVE MEMBER
ON WHICH EMPLOYER NORMAL CONTRIBUTIONS ARE MADE UNDER SECTION
5507(B.1), WHICH PERCENTAGE, IF CONTRIBUTED ON THE BASIS OF HIS
PROSPECTIVE COMPENSATION ON WHICH EMPLOYER NORMAL CONTRIBUTIONS
ARE MADE UNDER SECTION 5507(B.1) THROUGH HIS ENTIRE PERIOD OF

1 ACTIVE STATE SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY
2 FOR ANY PROSPECTIVE BENEFIT PAYABLE TO HIM IN EXCESS OF THAT
3 PORTION FUNDED BY HIS PROSPECTIVE MEMBER CONTRIBUTIONS,
4 EXCLUDING SHARED-RISK MEMBER CONTRIBUTIONS. IN NO CASE SHALL THE
5 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
13 BENEFITS, EXCEPT FOR THE SUPPLEMENTAL BENEFITS AS PROVIDED IN
14 SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1
15 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2
16 (RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES),
17 5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994),
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

PURSUANT TO SECTION 5507(C) (RELATING TO CONTRIBUTIONS TO THE
SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS). THE AMOUNT
OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION SHALL BE EQUAL
TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE FISCAL YEAR
BEGINNING JULY 1, 2002, EXCEPT THAT, IF THE ACCRUED LIABILITY
IS INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO JUNE 30,
2002, BUT BEFORE JULY 1, 2003, SUCH ADDITIONAL LIABILITY
SHALL BE FUNDED OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY
OF JULY, COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE
OF THE INCREASE. THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY
CONTRIBUTION FOR SUCH ADDITIONAL LEGISLATIVE LIABILITIES
SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE
FIRST ANNUAL PAYMENT.

* * *

(3) FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, THE
ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE
RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL
BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND IN EQUAL
DOLLAR INSTALLMENTS OVER A PERIOD OF 30 YEARS FROM JULY 1,
2010, THE PRESENT VALUE OF THE LIABILITIES FOR ALL
PROSPECTIVE BENEFITS CALCULATED AS OF THE IMMEDIATELY PRIOR
VALUATION DATE, INCLUDING THE SUPPLEMENTAL BENEFITS AS
PROVIDED IN SECTIONS 5708, 5708.1, 5708.2, 5708.3, 5708.4,
5708.5, 5708.6, 5708.7 AND 5708.8, BUT EXCLUDING THE BENEFITS
PAYABLE FROM THE RETIREMENT BENEFIT PLAN ESTABLISHED PURSUANT
TO SECTION 5941 (RELATING TO BENEFITS COMPLETION PLAN), IN
EXCESS OF THE ACTUARIALLY CALCULATED ASSETS IN THE FUND
(CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED
INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL
INSTALLMENTS OVER FIVE YEARS), INCLUDING THE BALANCE IN THE

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
13 PROVIDED FOR UNDER PARAGRAPH (3), EXCEPT THAT THE RATE SHALL
14 BE COMPUTED AS A RATE OF TOTAL COMPENSATION OF ALL ACTIVE
15 MEMBERS AND ACTIVE PARTICIPANTS. IN ADDITION TO ANY EMPLOYER
16 DEFINED CONTRIBUTIONS MADE TO THE TRUST, THE COMMONWEALTH AND
17 OTHER EMPLOYERS OF PARTICIPANTS SHALL MAKE THE ACCRUED
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 EQUAL 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 * * *

(E) SUPPLEMENTAL ANNUITY CONTRIBUTION RATE.--

* * *

(2) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2010, CONTRIBUTIONS FROM THE COMMONWEALTH AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM REQUIRED TO PROVIDE FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES AS PROVIDED IN SECTIONS 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7 AND 5708.8 SHALL BE PAID AS PART OF THE ACCRUED LIABILITY CONTRIBUTION RATE AS PROVIDED FOR IN SUBSECTION (C) (3), AND THERE SHALL NOT BE A SEPARATE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE ATTRIBUTABLE TO THOSE SUPPLEMENTAL ANNUITIES. IN THE EVENT THAT SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO DECEMBER 31, 2009, THE ADDITIONAL LIABILITY FOR THE INCREASE IN BENEFITS SHALL BE FUNDED IN EQUAL DOLLAR INSTALLMENTS AS A PERCENTAGE OF COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY FOLLOWING THE VALUATION DATE COINCIDENT WITH OR NEXT FOLLOWING THE DATE SUCH LEGISLATION IS ENACTED.

(F) EXPERIENCE ADJUSTMENT FACTOR.--

(1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED LIABILITY AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND FUNDING FOR SUPPLEMENTAL ANNUITIES, DUE TO ACTUAL EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE (RECOGNIZING ALL REALIZED AND UNREALIZED INVESTMENT GAINS AND LOSSES OVER A FIVE-YEAR PERIOD), CHANGES IN CONTRIBUTIONS CAUSED BY THE FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY

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
5 PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT LIMITED
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

1 COMPENSATION OF ALL ACTIVE MEMBERS. OTHERWISE, AND FOR ALL
2 SUBSEQUENT FISCAL YEARS, THE COLLARED CONTRIBUTION RATE SHALL
3 NOT BE APPLICABLE. IN NO CASE SHALL THE COLLARED CONTRIBUTION
4 RATE BE LESS THAN 4% OF TOTAL COMPENSATION OF ALL ACTIVE
5 MEMBERS.

6 * * *

7 SECTION 318. SECTION 5509 OF TITLE 71 IS AMENDED TO READ:
8 § 5509. APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH.

9 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE
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
23 ACTIVE MEMBERS WHO ARE OFFICERS OF THE PENNSYLVANIA STATE POLICE
24 SHALL BE CHARGED TO THE GENERAL FUND AND TO THE MOTOR LICENSE
25 FUND IN THE SAME RATIOS AS USED TO APPORTION THE APPROPRIATIONS
26 FOR SALARIES OF MEMBERS OF THE PENNSYLVANIA STATE POLICE. THE
27 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH ON BEHALF OF
28 ACTIVE MEMBERS WHO ARE ENFORCEMENT OFFICERS AND INVESTIGATORS OF
29 THE PENNSYLVANIA LIQUOR CONTROL BOARD SHALL BE CHARGED TO THE
30 GENERAL FUND AND TO THE STATE STORES FUND.

1 (C) CONTRIBUTIONS FROM FUNDS OTHER THAN GENERAL FUND.--THE
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
5 EMPLOYERS INTO THE FUND OR TRUST, AS THE CASE MAY BE, IN
6 ACCORDANCE WITH REQUISITIONS PRESENTED BY THE BOARD. THE GENERAL
7 FUND OF THE COMMONWEALTH SHALL NOT BE HELD LIABLE TO APPROPRIATE
8 THE MONEYS REQUIRED TO BUILD UP THE RESERVES IN THE FUND
9 NECESSARY FOR THE PAYMENT OF BENEFITS FROM THE SYSTEM TO
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
14 FOR SUCH PERIOD FOR WHICH MONEY IS NOT SO PROVIDED SHALL BE
15 CREDITED AND PICKUP CONTRIBUTIONS WITH RESPECT TO SUCH MEMBERS
16 SHALL CONTINUE TO BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT.
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
23 EMPLOYER TO MAKE CONTRIBUTIONS REQUIRED FOR A PERIOD OF USERRA
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.

28 ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL
29 BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE
30 MAY BE ENTITLED, ELECT TO RECEIVE HIS TOTAL ACCUMULATED

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 IN THE SYSTEM AND PARTICIPATION IN THE PLAN), 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
21 A SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
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 EQUAL TO THE SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES
26 BEGINNING AT THE EFFECTIVE DATE OF RETIREMENT:

27 (1) A SINGLE LIFE ANNUITY THAT IS THE SUM OF THE
28 STANDARD SINGLE LIFE [ANNUITY MULTIPLIED BY THE SUM OF THE
29 PRODUCTS,] ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF
30 SERVICE[, OBTAINED BY MULTIPLYING] MULTIPLIED BY THE

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
8 THE PRODUCT DETERMINED FOR THAT SERVICE. THE CLASS OF SERVICE
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
14 MULTIPLIER TO BE USED FOR CALCULATING BENEFITS FOR THAT CLASS
15 SHALL BE THE AVERAGE OF THE TWO MULTIPLIERS WEIGHTED BY THE
16 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH MULTIPLIER
17 DURING THE THREE YEARS OF HIGHEST ANNUAL COMPENSATION IN THAT
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
23 THE JUDICIAL CLASS OF SERVICE MULTIPLIERS EFFECTIVE PRIOR TO
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
28 AVERAGE OF THE TWO CALCULATED MULTIPLIERS WEIGHTED BY THE
29 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH OF THE
30 CALCULATED MULTIPLIERS DURING THE THREE YEARS OF HIGHEST

1 ANNUAL COMPENSATION IN THAT CLASS OF SERVICE.] SEPARATE
2 STANDARD SINGLE LIFE ANNUITIES SHALL BE CALCULATED FOR THE
3 PORTION OF SERVICE IN SUCH CLASS APPLICABLE TO EACH CLASS OF
4 SERVICE MULTIPLIER.

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.

12 (3) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS
13 ACTUARIALLY EQUIVALENT TO THE REGULAR AND ADDITIONAL
14 ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO CONTRIBUTIONS AS A
15 MEMBER OF CLASS C, BUT NOT LESS THAN SUCH ANNUITY DETERMINED
16 AS IF THE MEMBER WERE AGE 60 ON THE EFFECTIVE DATE OF
17 RETIREMENT, ACTUARIALLY REDUCED IN THE EVENT THE MEMBER IS
18 UNDER SUPERANNUATION AGE ON THE EFFECTIVE DATE OF RETIREMENT.

19 (4) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS
20 ACTUARIALLY EQUIVALENT 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
28 MEMBER CONTRIBUTIONS WERE MADE. [THIS PARAGRAPH SHALL NOT
29 APPLY TO ANY MEMBER WITH STATE SERVICE CREDITED AS CLASS A-3
30 OR CLASS A-4.]

(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).

(6) IF ELIGIBLE, A SINGLE LIFE ANNUITY SUFFICIENT TOGETHER WITH THE ANNUITY PROVIDED FOR IN PARAGRAPH (1) AS A CLASS A, CLASS AA, CLASS A-3 AND CLASS A-4 MEMBER AND THE HIGHEST ANNUITY PROVIDED FOR IN PARAGRAPH (2) TO WHICH HE IS ENTITLED, OR AT HIS OPTION COULD HAVE BEEN ENTITLED, TO PRODUCE THAT PERCENTAGE OF [A] THE SUMS OF THE STANDARD SINGLE LIFE [ANNUITY] ANNUITIES ADJUSTED BY THE APPLICATION OF THE CLASS OF SERVICE MULTIPLIER FOR CLASS A, CLASS AA, CLASS A-3 OR CLASS A-4 AS SET FORTH IN PARAGRAPH (1) IN THE 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 RETIREMENT AS DETERMINED BY HIS TOTAL YEARS OF CREDITED SERVICE AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 AND CLASS A-4 AND BY THE FOLLOWING TABLE:

TOTAL YEARS OF CREDITED SERVICE AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 AND CLASS A-4	PERCENTAGE OF <u>SUMS OF</u> STANDARD SINGLE LIFE [ANNUITY] <u>ANNUITIES</u> ADJUSTED FOR CLASS A, CLASS AA, CLASS A-3 AND CLASS A-4 CLASS OF SERVICE MULTIPLIERS
35-40	100%
41	102%

1	42	104%
2		
3	43	106%
4		
5	44	108%
6	45 OR MORE	110%

(A.1) RULE FOR TERMINATIONS AFTER ATTAINING AGE 70.--

(1) ANY FULL COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT TO THE PROVISIONS OF SECTION 5308(A) WHO TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES SCHOOL SERVICE, ON OR AFTER ATTAINING AGE 70 AND WHO APPLIES FOR A SUPERANNUATION ANNUITY TO BE EFFECTIVE THE DAY AFTER THE TERMINATION OF STATE SERVICE OR SCHOOL SERVICE, AS THE CASE MAY BE, SHALL BE ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE ANNUITY AS OF A DETERMINATION DATE THAT IS EQUAL TO THE GREATER OF SUBPARAGRAPH (I) OR (II), PLUS ANY ANNUITY HE MAY BE ELIGIBLE TO RECEIVE ATTRIBUTABLE TO CLASS A-5 SERVICE CREDIT:

(I) THE SUM OF THE ANNUITIES PROVIDED IN SUBSECTION (A) (1) THROUGH (6) CALCULATED WITHOUT INCLUDING ANY ANNUITY ATTRIBUTABLE TO CLASS A-5 SERVICE CREDIT AS OF THE DETERMINATION DATE; AND

(II) THE GREATER OF CLAUSE (A) OR (B):

(A) THE SUM OF THE ANNUITIES PROVIDED IN SUBSECTION (A) (1), (3), (4) AND (6) AS OF THE PRECEDING DETERMINATION DATE WITHOUT INCLUDING ANY ANNUITY ATTRIBUTABLE TO CLASS A-5 SERVICE CREDIT ADJUSTED BY THE ACTUARIAL INCREASE FACTOR, PLUS THE

1 ANNUITIES PROVIDED IN SUBSECTION (A) (2) AND (5) AS OF
2 THE DETERMINATION DATE; AND

3 (B) THE MAXIMUM SINGLE LIFE ANNUITY CALCULATED
4 WITHOUT INCLUDING ANY ANNUITY ATTRIBUTABLE TO CLASS
5 A-5 SERVICE CREDIT AS OF THE PRECEDING DETERMINATION
6 DATE ADJUSTED BY THE ACTUARIAL INCREASE FACTOR.

7 THE MAXIMUM SINGLE LIFE ANNUITY CALCULATED WITHOUT
8 INCLUDING ANY ANNUITY ATTRIBUTABLE TO CLASS A-5 SERVICE
9 CREDIT SHALL BE CALCULATED FOR EACH DETERMINATION DATE.

10 (2) FOR PURPOSES OF THIS SUBSECTION, THE DETERMINATION
11 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.

21 (3) IN THE EVENT AN ACTIVE MEMBER, AN INACTIVE MEMBER ON
22 LEAVE WITHOUT PAY OR A MULTIPLE SERVICE MEMBER WHO IS A
23 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
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
30 MEMBER'S NEXT BIRTHDAY AFTER THE EFFECTIVE DATE OF THIS

1 SUBSECTION, ENTRY INTO STATE SERVICE, OR SCHOOL SERVICE.
2 NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO PROVIDE AN
3 ACTUARIAL INCREASE FACTOR FOR ANY PERIOD OF SERVICE PRIOR TO THE
4 EFFECTIVE DATE OF THIS SUBSECTION.

5 (B) PRESENT VALUE OF ANNUITY.--THE PRESENT VALUE OF THE
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
16 COMMONWEALTH) OR 5703 (RELATING TO REDUCTION OF ANNUITIES ON
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

1 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,
2 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
3 IN THE PLAN.

4 § 5704. DISABILITY ANNUITIES.

5 (A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION
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
9 MEMBERS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM THE
10 EFFECTIVE DATE OF DISABILITY AS DETERMINED BY THE BOARD AND
11 CONTINUED UNTIL A SUBSEQUENT DETERMINATION BY THE BOARD THAT THE
12 ANNUITANT IS NO LONGER ENTITLED TO A DISABILITY ANNUITY. [THE]
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
$$MY^*/Y \text{ OR } 16.667/Y$$

26 WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE, Y* = TOTAL
27 YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE AS A
28 STATE EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE AS APPLICABLE
29 TO THAT CLASS OF SERVICE AT THE TIME OF DISABILITY, OR IF THE
30 MEMBER HAS ATTAINED SUPERANNUATION AGE, AS APPLICABLE TO THAT

1 CLASS OF SERVICE AT THE TIME OF DISABILITY, THEN THE NUMBER OF
2 YEARS OF CREDITED SERVICE AND M = THE CLASS OF SERVICE
3 MULTIPLIER AS APPLICABLE TO THAT CLASS OF SERVICE AT THE
4 EFFECTIVE DATE OF DISABILITY. A MEMBER OF CLASS C SHALL RECEIVE,
5 IN ADDITION, ANY ANNUITY TO WHICH HE MAY BE ELIGIBLE UNDER
6 SECTION 5702(A)(3) (RELATING TO MAXIMUM SINGLE LIFE ANNUITY).
7 THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A JOINT AND
8 SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY ANNUITY TO
9 WHICH HE IS ENTITLED UNDER SECTION 5702.

10 * * *

11 (C) REDUCTION ON ACCOUNT OF EARNED INCOME.--SUBSEQUENT TO
12 JANUARY 1, 1972, PAYMENTS ON ACCOUNT OF DISABILITY SHALL BE
13 REDUCED BY THAT AMOUNT BY WHICH THE EARNED INCOME OF THE
14 ANNUITANT, AS REPORTED IN ACCORDANCE WITH SECTION 5908(B)
15 (RELATING TO RIGHTS AND DUTIES OF ANNUITANTS), FOR THE PRECEDING
16 CALENDAR YEAR TOGETHER WITH THE DISABILITY ANNUITY PAYMENTS
17 PROVIDED IN THIS SECTION OTHER THAN SUBSECTION (B), FOR THE
18 YEAR, EXCEEDS THE PRODUCT OF:

19 [(I)] (1) THE LAST YEAR'S SALARY OF THE ANNUITANT AS A
20 [STATE EMPLOYEE] MEMBER OF THE SYSTEM; AND

21 [(II)] (2) THE RATIO OF THE CURRENT MONTHLY PAYMENT TO
22 THE MONTHLY PAYMENT AT THE EFFECTIVE DATE OF DISABILITY;
23 PROVIDED, THAT THE ANNUITANT SHALL NOT RECEIVE LESS THAN HIS
24 MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE MAY BE ENTITLED UNDER
25 SECTION 5702 WHICHEVER IS GREATER.

26 * * *

27 (E) TERMINATION OF STATE SERVICE.--UPON TERMINATION OF
28 DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED
29 IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO:

30 (1) DOES NOT HAVE CLASS A-3 [OR], CLASS A-4 OR CLASS A-5

SERVICE CREDIT; OR

(2) HAS CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 SERVICE
CREDIT AND FEWER THAN TEN ELIGIBILITY POINTS;

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
SUM OF THE SHARED-RISK ACCUMULATED DEDUCTIONS PLUS THE REGULAR
AND ADDITIONAL ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT AT
THE EFFECTIVE DATE OF DISABILITY OVER ONE-THIRD OF THE TOTAL
DISABILITY ANNUITY PAYMENTS RECEIVED. IF THE ANNUITANT ON THE
DATE OF TERMINATION OF SERVICE WAS ELIGIBLE FOR AN ANNUITY AS
PROVIDED IN SECTION 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR
ANNUITIES), HE MAY FILE AN APPLICATION WITH THE BOARD FOR AN
ELECTION OF AN OPTIONAL MODIFICATION OF HIS ANNUITY.

(F) SUPPLEMENT FOR SERVICE CONNECTED DISABILITY.--

(1) IF A MEMBER HAS BEEN FOUND TO BE ELIGIBLE FOR A
DISABILITY ANNUITY AND IF THE DISABILITY HAS BEEN FOUND TO BE
A SERVICE CONNECTED DISABILITY AND IF THE MEMBER IS RECEIVING
WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN MEDICAL
BENEFITS, SUCH MEMBER SHALL RECEIVE A SUPPLEMENT EQUAL TO
[70% OF HIS FINAL AVERAGE SALARY] THE AMOUNT DETERMINED UNDER
PARAGRAPH (2) LESS THE SUM OF THE ANNUITY AS DETERMINED UNDER
SUBSECTION (A) AND ANY PAYMENTS PAID OR PAYABLE ON ACCOUNT OF
SUCH DISABILITY UNDER THE ACT OF JUNE 2, 1915 (P.L.736,
NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT, THE ACT OF
JUNE 21, 1939 (P.L.566, NO.284), KNOWN AS THE PENNSYLVANIA
OCCUPATIONAL DISEASE ACT, AND THE SOCIAL SECURITY ACT (49
STAT. 620, 42 U.S.C. § 301 ET SEQ.). SUCH SUPPLEMENT SHALL
CONTINUE AS LONG AS HE IS DETERMINED TO BE DISABLED AND IS
RECEIVING WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN
MEDICAL BENEFITS ON ACCOUNT OF HIS SERVICE CONNECTED

1 DISABILITY IN ACCORDANCE WITH THE WORKERS' COMPENSATION ACT
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
5 AND CALCULATION OF THE SERVICE CONNECTED DISABILITY
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
10 HAS ONLY CLASS A-5 SERVICE, THE AMOUNT TO BE USED TO
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:

$$A = 0.7 \left[(FAS^{A-5} \text{ MULTIPLIED BY } Y^{A-5}/Y^T) + \right. \\ \left. (FAS^W \text{ MULTIPLIED BY } Y^W/Y^T) \right].$$

19 (3) THE FOLLOWING APPLY TO THE FORMULA IN PARAGRAPH (2):

20 (I) A EQUALS THE AMOUNT USED TO DETERMINE THE
21 SUPPLEMENT;

22 (II) Y^T EQUALS TOTAL YEARS OF CREDITED SERVICE;

23 (III) Y^W EQUALS YEARS OF SERVICE CREDITED IN CLASSES
24 OF SERVICE OTHER THAN CLASS A-5;

25 (IV) FAS^W 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.

1 * * *

2 (H) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
3 OF A DISABILITY ANNUITY UNDER THIS SECTION IS IN ADDITION TO ANY
4 PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE, HAS RECEIVED OR IS
5 RECEIVING AS A RESULT OF BEING A PARTICIPANT IN THE PLAN.

6 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.

9 (A) GENERAL RULE.--ANY SPECIAL VESTEE [WHO HAS ATTAINED
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,
16 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING
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
30 PAYABLE TO ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE

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 AND NO MEMBER MAY ELECT
5 A PAYMENT OPTION THAT WOULD PROVIDE BENEFITS THAT DO NOT SATISFY
6 THE MINIMUM DISTRIBUTION REQUIREMENTS OR WOULD VIOLATE THE
7 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
11 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY
12 ATTRIBUTABLE TO ALL CLASSES OF SERVICE OTHER THAN CLASS
13 A-5 ON THE EFFECTIVE DATE OF RETIREMENT WITH THE
14 PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS
15 THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE
16 PAYABLE TO HIS BENEFICIARY[.]; AND

17 (II) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO
18 CLASS A-5 SERVICE EQUAL TO THE PRESENT VALUE OF THE
19 MAXIMUM SINGLE LIFE ANNUITY ATTRIBUTABLE TO CLASS A-5
20 SERVICE ON THE EFFECTIVE DATE OF RETIREMENT WITH THE
21 PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS
22 THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE
23 PAYABLE TO HIS BENEFICIARY.

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

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

1 ANNUITANT, IF LIVING AT HIS DEATH.

2 (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE
3 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
4 MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
5 RESTRICTIONS:

6 (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
7 DURING THE LIFETIME OF THE MEMBER;

8 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
9 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
10 ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER;
11 AND

12 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
13 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
14 EXCEED AN AMOUNT EQUAL TO THE TOTAL ACCUMULATED
15 DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER THAT ARE
16 NOT THE RESULT OF CONTRIBUTIONS AND STATUTORY INTEREST
17 MADE OR CREDITED AS A RESULT OF CLASS A-3 OR CLASS A-4
18 SERVICE. THE BALANCE OF THE PRESENT VALUE OF THE MAXIMUM
19 SINGLE LIFE ANNUITY ADJUSTED IN ACCORDANCE WITH SECTION
20 5702(B) SHALL BE PAID IN THE FORM OF AN ANNUITY WITH A
21 GUARANTEED TOTAL PAYMENT, A SINGLE LIFE ANNUITY, OR A
22 JOINT AND SURVIVOR ANNUITY OR ANY COMBINATION THEREOF BUT
23 SUBJECT TO THE RESTRICTIONS OF SUBPARAGRAPHS (I) AND (II)
24 UNDER THIS OPTION.

25 * * *

26 SECTION 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 AND CLASS A-5 SERVICE.

30 ANY SUPERANNUATION OR WITHDRAWAL ANNUITANT WHO:

(1) HAS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE CREDIT;

(2) HAS SERVICE CREDITED IN ONE OR MORE CLASSES OF SERVICE; AND

(3) BECAUSE HE HAS FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON HIS CLASS A-3 [OR], CLASS A-4 AND CLASS A-5 SERVICE SHALL RECEIVE IN A LUMP SUM AT THE TIME OF HIS RETIREMENT, IN ADDITION TO ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A-3 OR CLASS A-4 SERVICE CREDIT. PAYMENT OF THESE ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [OR], CLASS A-4 AND CLASS A-5 SERVICE CREDIT SHALL NOT BE ELIGIBLE FOR INSTALLMENT PAYMENTS PURSUANT TO SECTION 5905.1 (RELATING TO INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS) BUT SHALL BE CONSIDERED A LUMP SUM PAYMENT FOR PURPOSES OF SECTION 5905.1(D).

SECTION 320.2 SECTION 5706(A), (A.1), (A.2), (B) AND (C) (1) OF TITLE 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ:

§ 5706. TERMINATION OF ANNUITIES.

(A) GENERAL RULE.--

(1) IF THE ANNUITANT RETURNS TO STATE SERVICE OR ENTERS OR HAS ENTERED SCHOOL SERVICE AND ELECTS MULTIPLE SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE SERVICE OR ENTERING SCHOOL SERVICE WITHOUT REGARD TO WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER, WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR PARTICIPANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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
5 BACK CONTRIBUTIONS FOR FULL COVERAGE, SHALL BE FROZEN AS OF
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
13 INCREASE ENACTED DECEMBER 18, 1979 OCCURRED DURING THE PERIOD
14 OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE
15 SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS
16 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT
17 RETURNED TO SERVICE.

18 (2) THIS SUBSECTION SHALL NOT APPLY IN THE CASE OF ANY
19 ANNUITANT WHO:

20 (I) MAY RENDER SERVICES TO THE COMMONWEALTH IN THE
21 CAPACITY OF AN INDEPENDENT CONTRACTOR; OR

22 (II) IS OVER NORMAL RETIREMENT AGE OR WHO HAS BEEN
23 AN ANNUITANT FOR MORE THAN ONE YEAR AND WHO MAY RENDER
24 SERVICE TO THE COMMONWEALTH:

25 (A) AS A MEMBER OF AN INDEPENDENT BOARD OR
26 COMMISSION OR AS A MEMBER OF A DEPARTMENTAL
27 ADMINISTRATIVE OR ADVISORY BOARD OR COMMISSION WHEN
28 SUCH MEMBERS OF INDEPENDENT OR DEPARTMENTAL BOARDS OR
29 COMMISSIONS ARE COMPENSATED ON A PER DIEM BASIS FOR
30 NOT MORE THAN 150 DAYS PER CALENDAR YEAR; OR

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 SUCH SERVICE SHALL NOT BE ELIGIBLE FOR PARTICIPATION IN THE
9 PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER
10 DEFINED CONTRIBUTIONS.

11 (A.1) RETURN TO STATE SERVICE DURING EMERGENCY.--WHEN, IN
12 THE JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE
13 IN THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF
14 SERVICE TO THE PUBLIC, AN ANNUITANT WHO IS OVER NORMAL
15 RETIREMENT AGE OR WHO HAS BEEN AN ANNUITANT FOR MORE THAN ONE
16 YEAR MAY BE RETURNED TO STATE SERVICE FOR A PERIOD NOT TO EXCEED
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
21 COMMISSIONS UNDER THE GOVERNOR'S JURISDICTION, THE APPROVAL OF
22 THE GOVERNOR THAT AN EMERGENCY EXISTS SHALL BE REQUIRED BEFORE
23 AN ANNUITANT MAY BE RETURNED TO STATE SERVICE HIS SERVICE SHALL
24 NOT BE SUBJECT TO MEMBER CONTRIBUTIONS OR BE ELIGIBLE FOR
25 QUALIFICATION 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 FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES
30 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO

1 SECTION 5705 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE
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
5 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS
6 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN
7 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR SCHOOL EMPLOYEE
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
16 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS
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 * * *

23 (B) SUBSEQUENT DISCONTINUANCE OF SERVICE.--UPON SUBSEQUENT
24 DISCONTINUANCE OF SERVICE, SUCH MEMBER OTHER THAN A FORMER
25 ANNUITANT WHO HAD THE EFFECT OF HIS FROZEN PRESENT VALUE
26 ELIMINATED IN ACCORDANCE WITH SUBSECTION (C) OR A FORMER
27 DISABILITY ANNUITANT SHALL BE ENTITLED TO AN ANNUITY WHICH IS
28 ACTUARIALLY EQUIVALENT TO THE SUM OF:

29 (1) THE PRESENT VALUE AS DETERMINED UNDER SUBSECTION (A)
30 [AND];

1 (2) THE PRESENT VALUE OF A MAXIMUM SINGLE LIFE ANNUITY
2 BASED ON YEARS OF SERVICE CREDITED IN CLASSES OF SERVICE
3 OTHER THAN CLASS A-5 SUBSEQUENT TO REENTRY IN THE SYSTEM AND
4 HIS FINAL AVERAGE SALARY COMPUTED BY REFERENCE TO HIS
5 COMPENSATION FOR SERVICE CREDITED IN CLASSES OF SERVICE OTHER
6 THAN CLASS A-5 AND CLASS T-G DURING HIS ENTIRE PERIOD OF
7 STATE AND SCHOOL SERVICE[.]; AND

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.--

15 (1) AN ANNUITANT WHO RETURNS TO STATE SERVICE AS AN
16 ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY
17 POINTS BY PERFORMING CREDITED STATE SERVICE IN A CLASS OF
18 SERVICE OTHER THAN CLASS A-5 FOLLOWING THE MOST RECENT PERIOD
19 OF RECEIPT OF AN ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO
20 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
25 OTHER THAN CLASS A-5 OR CLASS T-G FOLLOWING THE MOST RECENT
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
30 RETIREMENT ELIMINATED, PROVIDED THAT ALL PAYMENTS UNDER

OPTION 4 AND ANNUITY PAYMENTS PAYABLE DURING PREVIOUS PERIODS
OF RETIREMENT PLUS INTEREST AS SET FORTH IN PARAGRAPH (3)
SHALL BE RETURNED TO THE FUND IN THE FORM OF AN ACTUARIAL
ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE
BOARD MAY OTHERWISE DIRECT.

* * *

SECTION 321. SECTION 5707(B), (E) AND (F) OF TITLE 71 ARE
AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
READ:

§ 5707. DEATH BENEFITS.

* * *

(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 AND
CLASS A-5 ACCUMULATED DEDUCTIONS.

(B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF
SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE.--IN THE
EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY
BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND
INELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES
OF SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED
ON THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN
ADDITION TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED
DEDUCTIONS ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT
ELIGIBLE FOR AN ANNUITY.

* * *

(E) ANNUITANTS ELECTING MAXIMUM SINGLE LIFE ANNUITY.--

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 BASED ON HIS SERVICE
4 CREDITED IN CLASSES OTHER THAN CLASS A-5 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 HIS DESIGNATED BENEFICIARY.

15 (F) MEMBERS SUBJECT TO LIMITATIONS UNDER SECTION 5702(C).--
16 SUBJECT TO THE LIMITATIONS CONTAINED IN SECTION 401(A)(9) OF THE
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
26 PAYMENT OF BENEFITS FROM THE SYSTEM).

27 * * *

28 SECTION 321.1. SECTION 5709(A) OF TITLE 71 IS AMENDED TO
29 READ:
30 § 5709. PAYMENT OF BENEFITS FROM THE SYSTEM.

(A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY INSTALLMENTS.

(B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION 5707 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF OPTION 1 OF SECTION 5705(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:

(1) A LUMP SUM PAYMENT;

(2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE; OR

(3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

* * *

SECTION 322. TITLE 71 IS AMENDED BY ADDING A CHAPTER TO READ:

CHAPTER 58

STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN

SEC.

5801. ESTABLISHMENT.

5802. PLAN DOCUMENT.

5803. INDIVIDUAL INVESTMENT ACCOUNTS.

5804. PARTICIPANT CONTRIBUTIONS.

5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

5806. EMPLOYER DEFINED CONTRIBUTIONS.

5806.1. USE OF PLAN SAVINGS.

5807. ELIGIBILITY FOR BENEFITS.

5808. DEATH BENEFITS.

1 5809. VESTING.
2 5810. TERMINATION OF DISTRIBUTIONS.
3 5811. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER
4 ORGANIZATIONS.
5 5812. POWERS AND DUTIES OF BOARD.
6 5813. RESPONSIBILITY FOR INVESTMENT LOSS.
7 5814. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT ALLOCATION
8 CHOICES.
9 5815. EXPENSES.
10 5816. (RESERVED).
11 5817. TAX QUALIFICATION.
12 5818. STATE EMPLOYEES' DEFINED CONTRIBUTION HOLDING VEHICLE
13 TRUST.
14 \$ 5801. ESTABLISHMENT.
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
17 ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.

18 (D) NAME FOR TRANSACTING BUSINESS.--ALL OF THE BUSINESS OF
19 THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL
20 REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS
21 CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME
22 OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN."
23 NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY
24 ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF
25 REGISTERING SECURITIES IN ORDER TO FACILITATE THE PURCHASE, SALE
26 OR OTHER DISPOSITION OF SECURITIES PURSUANT TO THE PROVISIONS OF
27 THIS PART.

28 § 5802. PLAN DOCUMENT.

29 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE
30 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS

OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED
IN THE PENNSYLVANIA BULLETIN. THE CREATION OF THE DOCUMENT
CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE TRUST
DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND PROVISIONS OF
THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY REGULATION OR
FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE ACT OF JULY
31, 1968 (P.L.769, NO.240), REFERRED TO AS THE COMMONWEALTH
DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER LAW TO THE PLAN
SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE CONTEXT CLEARLY
INDICATES OTHERWISE.

§ 5803. INDIVIDUAL INVESTMENT ACCOUNTS.

THE BOARD SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON BEHALF
OF A PARTICIPANT SHALL BE CREDITED TO THE PARTICIPANT'S
INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH ALL INTEREST AND
INVESTMENT EARNINGS AND LOSSES. INVESTMENT AND ADMINISTRATIVE
FEES, COSTS AND EXPENSES SHALL BE CHARGED TO THE PARTICIPANTS'
INDIVIDUAL INVESTMENT ACCOUNTS. EMPLOYER DEFINED CONTRIBUTIONS
SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY FROM PARTICIPANT
CONTRIBUTIONS, BUT ALL INTEREST, INVESTMENT EARNINGS AND LOSSES,
AND INVESTMENT AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL
BE ALLOCATED PROPORTIONATELY.

§ 5804. PARTICIPANT CONTRIBUTIONS.

(A) MANDATORY CONTRIBUTIONS.--A PARTICIPANT SHALL MAKE
MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL
DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
FOR STATE SERVICE REQUIRED TO BE CREDITED IN THE PLAN. THE
EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE REQUIRED TO
BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM EACH

1 PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.

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
12 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
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
19 CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION
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
30 SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE

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 LEAVE.--WHEN 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.

1 § 5806.1. USE OF PLAN SAVINGS.

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 2010.

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) INTENT.--IT 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) DEFINITION.--AS 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

ANNUITIES COMMENCING 2003, FOR SPECIAL SUPPLEMENTAL
POSTRETIREMENT ADJUSTMENT OF 2002, FOR ADMINISTRATIVE DUTIES OF
THE BOARD, FOR DUTIES OF BOARD TO ADVISE AND REPORT TO HEADS OF
DEPARTMENTS AND MEMBERS, FOR DUTIES OF BOARD REGARDING
APPLICATIONS AND ELECTIONS OF MEMBERS, FOR INSTALLMENT PAYMENTS
OF ACCUMULATED DEDUCTIONS, FOR RIGHTS AND DUTIES OF STATE
EMPLOYEES AND MEMBERS, FOR MEMBERS' SAVINGS ACCOUNT, FOR STATE
ACCUMULATION ACCOUNT, FOR STATE POLICE BENEFIT ACCOUNT, FOR
ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, FOR SUPPLEMENTAL ANNUITY
ACCOUNT AND FOR CONSTRUCTION OF PART; AND PROVIDING FOR
INDEPENDENT FISCAL OFFICE STUDY, FOR RETIREMENT ELIGIBILITY OF
PENNSYLVANIA STATE POLICE OFFICERS OR MEMBERS, FOR A PROHIBITION
ON THE ISSUANCE OF PENSION OBLIGATION BONDS, FOR HOLDING CERTAIN
PUBLIC OFFICIALS HARMLESS, FOR CONSTRUCTION OF CALCULATION OR
ACTUARIAL METHOD, FOR APPLICABILITY AND FOR CERTAIN OPERATIONAL
PROVISIONS."

§ 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
ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A
PARTICIPANT WHO WITHDRAWS HIS VESTED ACCUMULATED TOTAL DEFINED
CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
NOTWITHSTANDING THAT THE FORMER STATE EMPLOYEE MAY CONTINUE TO
BE A MEMBER OF THE SYSTEM WITH CLASS A-5 SERVICE CREDIT OR MAY
HAVE CONTRACTED TO RECEIVE AN ANNUITY OR OTHER FORM OF PAYMENT
FROM A PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.

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 DISTRIBUTIONS.--A 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) LOANS.--LOANS 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 ACCOUNTS.--A 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 PROVIDED IN IRC § 401(A)(31).

22 § 5808. DEATH BENEFITS.

23 (A) GENERAL RULE.--IN 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 DISTRIBUTIONS.--IN THE
30 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE

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) CONTRACTS.--THE 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 § 5809. VESTING.

15 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT 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 SECTION 5307(C) (3) (RELATING TO ELIGIBILITY POINTS) SHALL BE
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
5 INTEREST AND INVESTMENT GAINS AND LOSSES ON THE NONVESTED
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
16 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

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.--

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 AGREEMENT.--TO 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

1 INCLUDE EXPERIENCE, CUSTOMER SERVICE HISTORY AND OTHER
2 CRITERIA.

3 (B) REBID.--A CONTRACT TO ADMINISTER THE PLAN UNDER
4 SUBSECTION (A) SHALL BE REBID AT LEAST ONCE EVERY TEN YEARS.
5 § 5812. POWERS AND DUTIES OF BOARD.

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

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 COMMERCIALY 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.

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 § 5814. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT
15 ALLOCATION CHOICES.

16 (A) INVESTMENT BY PARTICIPANT.--ALL 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 § 5815. EXPENSES.

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 § 5816. (RESERVED).

19 § 5817. TAX QUALIFICATION.

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 IRC § 401(A).

24 (B) LIMITATIONS.--THE 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.

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) ESTABLISHMENT.--THE 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

1 THE BOARD SHALL BE THE TRUSTEES OF THE HOLDING VEHICLE TRUST,
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 REQUIREMENTS 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
12 PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE
13 WITH THIS PART SHALL BE HELD IN TRUST AS PERMITTED BY THE
14 APPLICABLE PROVISIONS OF THE IRC FOR THE EXCLUSIVE BENEFIT OF
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
26 PARTICIPANT CONTRIBUTIONS), 5805 (RELATING TO MANDATORY PICKUP
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
30 SHALL BE MADE TO THE HOLDING VEHICLE TRUST PRIOR TO THE DATE THE

BOARD CERTIFIES THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.
THE EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE
REQUIRED TO BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM
EACH PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD AND
SUCH PARTICIPANT CONTRIBUTIONS SHALL BE PICKED UP BY THE
COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE
EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). ON AND
AFTER THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING
A PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY
PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF
THE PARTICIPANT. NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY
CONTRIBUTIONS TO THE HOLDING VEHICLE TRUST.

(D) TREATMENT FOR OTHER PURPOSES.--FOR ALL PURPOSES OTHER
THAN THE IRC, THE 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.

(E) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE
ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER
BY THE BOARD.

(F) DEATH BENEFITS.--IN THE EVENT OF THE DEATH OF AN ACTIVE
PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM.

(G) INTEREST.--UPON THE DISBURSEMENT OF A RETURN OF CLASS A-

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 OPPORTUNITY.--THE
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 TRUST.--AFTER 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 MEMBERSHIP.--THE BOARD SHALL BE AN

1 INDEPENDENT ADMINISTRATIVE BOARD AND CONSIST OF 11 MEMBERS: THE
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
5 PARTICIPANT IN THE PLAN WHO HAS TERMINATED STATE SERVICE AND IS
6 RECEIVING OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, FOR TERMS OF
7 FOUR YEARS, SUBJECT TO CONFIRMATION BY THE SENATE. AT LEAST FIVE
8 BOARD MEMBERS SHALL BE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE
9 PARTICIPANTS IN THE PLAN, AND AT LEAST TWO SHALL HAVE TEN OR
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 REMAINDER OF HIS TERM.

21 * * *

22 (C) OATH OF OFFICE.--EACH MEMBER OF THE BOARD SHALL TAKE AN
23 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,
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
30 SECRETARY OF THE COMMONWEALTH.

1 (D) COMPENSATION AND EXPENSES.--THE MEMBERS OF THE BOARD WHO
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
5 WHO ARE NOT MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN
6 SHALL RECEIVE \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD
7 MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER,
8 WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO
9 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS
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
16 TO BE AN INDEPENDENT AGENCY UNDER THE ACT OF OCTOBER 15, 1980
17 (P.L.950, NO.164), KNOWN AS THE COMMONWEALTH ATTORNEYS ACT.
18 LEGAL COUNSEL TO THE BOARD SHALL SERVE INDEPENDENTLY FROM THE
19 GOVERNOR'S OFFICE OF GENERAL COUNSEL, THE ATTORNEY GENERAL AND
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 * * *

28 (2) NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW, THE
29 COMPENSATION OF INVESTMENT PROFESSIONALS AND LEGAL COUNSEL
30 SHALL BE ESTABLISHED BY THE BOARD. THE COMPENSATION OF ALL

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.

5 (A.1) SECRETARY.--THE SECRETARY SHALL ACT AS CHIEF
6 ADMINISTRATIVE OFFICER FOR THE BOARD WITH RESPECT TO BOTH THE
7 SYSTEM AND THE PLAN. IN ADDITION TO OTHER POWERS AND DUTIES
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 OR THE PLAN AND
19 PRESENT FINDINGS TO THE BOARD, LEGISLATIVE COMMITTEES, AND
20 OTHER INTERESTED GROUPS OR INDIVIDUALS.

21 (4) DIRECT THE MAINTENANCE OF FILES AND RECORDS AND
22 PREPARATION OF PERIODIC REPORTS REQUIRED FOR ACTUARIAL
23 EVALUATION STUDIES.

24 (5) RECEIVE INQUIRIES AND REQUESTS FOR INFORMATION
25 CONCERNING THE SYSTEM OR THE PLAN FROM THE PRESS,
26 COMMONWEALTH OFFICIALS, STATE EMPLOYEES, THE GENERAL PUBLIC,
27 RESEARCH ORGANIZATIONS, AND OFFICIALS AND ORGANIZATIONS FROM
28 OTHER STATES, AND PROVIDE INFORMATION AS AUTHORIZED BY THE
29 BOARD.

30 (6) (I) SUPERVISE A STAFF OF ADMINISTRATIVE, TECHNICAL,

1 AND CLERICAL EMPLOYEES ENGAGED IN RECORD-KEEPING AND
2 CLERICAL PROCESSING ACTIVITIES FOR BOTH THE SYSTEM AND
3 THE PLAN IN MAINTAINING FILES OF MEMBERS AND
4 PARTICIPANTS, ACCOUNTING FOR CONTRIBUTIONS, PROCESSING
5 PAYMENTS TO ANNUITANTS AND TERMINATED PARTICIPANTS,
6 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 APPROPRIATE.

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 SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE
28 PLAN WHICH BUDGETS SHALL INCLUDE THOSE EXPENSES NECESSARY TO
29 ESTABLISH THE PLAN AND TRUST.

30 (2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE

1 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
2 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
5 APPROVED BY THE GENERAL ASSEMBLY IN AN APPROPRIATION BILL
6 SHALL BE PAID FROM THE GENERAL FUND. FOR FISCAL YEARS
7 BEGINNING ON OR AFTER JULY 1, 2019, SUCH EXPENSES OF THE PLAN
8 AND THE HOLDING VEHICLE TRUST AS APPROVED BY THE GENERAL
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
16 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A
17 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY
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.--

26 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
27 WHICH SHALL BE OPEN TO [INSPECTION] ACCESS BY THE PUBLIC,
28 EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER LAW.

29 (2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
30 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT

1 PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT
2 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]
3 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),
4 REFERRED TO AS THE RIGHT-TO-KNOW LAW] FEBRUARY 14, 2008
5 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW, IF, IN THE
6 REASONABLE JUDGMENT OF THE BOARD, THE [INSPECTION] ACCESS
7 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 OR TRUST 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

17 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE
18 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED
19 OF BY THE FUND OR TRUST OR WOULD CAUSE A BREACH OF THE
20 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS
21 PART.

22 (3) (I) THE SENSITIVE INVESTMENT OR FINANCIAL
23 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
24 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED
25 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
26 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
27 RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY
28 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

29 (II) THE SENSITIVE INVESTMENT OR FINANCIAL
30 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER

1 PARAGRAPH(2) (II), 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 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.

11 (III) THE SENSITIVE INVESTMENT OR FINANCIAL
12 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
13 PARAGRAPH(2) (III), 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] ACCESS NO LONGER HAS A
18 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN
19 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A
20 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET
21 FORTH IN THIS PART; OR

22 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
23 IS LIQUIDATED;

24 WHICHEVER IS LATER.

25 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
26 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
27 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
28 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
29 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
30 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

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 RETURN.

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

1 FIDUCIARY DUTIES.

2 (II) THIS PARAGRAPH SHALL APPLY TO A RECORD,
3 MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
4 ANY OF THE FOLLOWING:

5 (A) WHETHER THE RECORD, MATERIAL OR DATA WAS
6 CREATED, GENERATED OR STORED BEFORE THE EFFECTIVE
7 DATE 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
15 ADVICE OF THE ATTORNEY GENERAL, LEGAL COUNSEL AND THE ACTUARY,
16 ADOPT AND PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM
17 ADMINISTRATION OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN
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
28 OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS FOR
29 DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM MANNER.

30 (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 OF THE FUND CAN BE
COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH CALENDAR YEAR.

(J) ACTUARIAL INVESTIGATION AND VALUATION.--THE BOARD SHALL
HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS
ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH
CALENDAR YEAR. IN THE YEAR 1975 AND IN EVERY FIFTH YEAR
THEREAFTER THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN ACTUARIAL
INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON DATA
INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE
PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING FIVE YEARS
CONCERNING THE MEMBERS AND BENEFICIARIES OF THE SYSTEM. THE
BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE NECESSARY FOR
THE ACTUARIAL VALUATION OF THE FUND AND CALCULATION OF
CONTRIBUTIONS, ANNUITIES AND OTHER BENEFITS BASED ON THE REPORTS
AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR
ADOPTION, THE SECRETARY OF THE BOARD SHALL CAUSE THOSE TABLES
WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS
TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN IN ACCORDANCE WITH
THE PROVISIONS OF 45 PA.C.S. § 725(A) (RELATING TO ADDITIONAL
CONTENTS OF PENNSYLVANIA BULLETIN) AND, UNLESS THE BOARD
SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH TABLES SHALL
BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD SHALL INCLUDE A
REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS AND DATA
DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND
EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT
PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (M) FOR THE
FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE
CONCLUDED.

(K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND.--THE

1 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
2 REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND
3 ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE OF
4 THE MEMBERS' PAYROLL, THE SHARED-RISK CONTRIBUTION RATE, THE
5 EMPLOYERS' CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508
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
16 BE PAID TO THE FUND AND CREDITED TO THE APPROPRIATE ACCOUNTS.
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,
20 SUPERANNUATION AGE, FINAL AVERAGE SALARY CALCULATION,
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

REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE
SECRETARY OF THE BUDGET.

* * *

(M) ANNUAL FINANCIAL STATEMENT.--THE BOARD SHALL PREPARE AND
HAVE PUBLISHED, ON OR BEFORE JULY 1 OF EACH YEAR, [A FINANCIAL
STATEMENT] FINANCIAL STATEMENTS AS OF THE CALENDAR YEAR ENDING
DECEMBER 31 OF THE PREVIOUS YEAR SHOWING THE CONDITION OF THE
FUND, THE TRUST AND THE VARIOUS ACCOUNTS, INCLUDING, BUT NOT
LIMITED TO, THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED
COMMISSIONS, AND SETTING FORTH SUCH OTHER FACTS,
RECOMMENDATIONS, AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF
KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY
THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT]
STATEMENTS TO THE GOVERNOR AND SHALL FILE COPIES WITH THE HEAD
OF EACH DEPARTMENT FOR THE USE OF THE STATE EMPLOYEES AND THE
PUBLIC.

(N) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR
[AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY
[AN] INDEPENDENT CERTIFIED PUBLIC [ACCOUNTANT] ACCOUNTANTS,
WHICH [AUDIT] AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND
EXPENDITURE OF DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE AUDITS OF BOTH
THE SYSTEM AND THE PLAN.

* * *

(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

1 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE
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
5 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY
6 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
7 INVESTMENT ACCOUNT.

8 § 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF
9 DEPARTMENTS [AND], MEMBERS AND PARTICIPANTS.

10 * * *

11 (B) MEMBER STATUS STATEMENTS AND CERTIFICATIONS.--THE BOARD
12 SHALL FURNISH ANNUALLY TO THE HEAD OF EACH DEPARTMENT ON OR
13 BEFORE APRIL 1, A STATEMENT FOR EACH MEMBER EMPLOYED IN SUCH
14 DEPARTMENT SHOWING THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-
15 5 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT AS OF DECEMBER
16 31 OF THE PREVIOUS YEAR AND REQUESTING THE MEMBER TO MAKE ANY
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
26 IS ENTITLED UPON THE ATTAINMENT OF SUPERANNUATION AGE.

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

1 CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, THE
2 NATURE AND TYPE OF INVESTMENTS AND THE INVESTMENT ALLOCATION OF
3 FUTURE CONTRIBUTIONS AS OF DECEMBER 31 OF THE PREVIOUS YEAR AND
4 REQUESTING THE PARTICIPANT TO MAKE ANY NECESSARY CORRECTION OR
5 REVISION REGARDING HIS DESIGNATED BENEFICIARY.

6 * * *

7 SECTION 325. SECTION 5904(C) OF TITLE 71 IS AMENDED TO READ:
8 § 5904. DUTIES OF THE BOARD TO REPORT TO THE PUBLIC SCHOOL
9 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' RETIREMENT
19 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

24 (II) THE ANNUITY OR BENEFIT TO WHICH THE MEMBER OR
25 HIS BENEFICIARY IS ENTITLED AS MODIFIED ACCORDING TO THE
26 OPTION SELECTED; AND

27 (2) TRANSFER TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
28 FUND THE TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5
29 ACCUMULATED DEDUCTIONS STANDING TO SUCH MEMBER'S CREDIT AND
30 THE ACTUARIAL RESERVE REQUIRED ON ACCOUNT OF YEARS OF

1 CREDITED SERVICE IN THE STATE SYSTEM, FINAL AVERAGE SALARY
2 DETERMINED ON THE BASIS OF HIS COMPENSATION IN BOTH SYSTEMS
3 AND THE AVERAGE NONCOVERED SALARY TO BE CHARGED TO THE STATE
4 ACCUMULATION ACCOUNT, THE STATE POLICE BENEFIT ACCOUNT OR THE
5 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, AS EACH CASE MAY
6 REQUIRE.

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 AND PARTICIPANTS.

13 * * *

14 (B) SCHOOL EMPLOYEES ELECTING MULTIPLE SERVICE STATUS.--UPON
15 RECEIPT OF NOTIFICATION FROM THE PUBLIC SCHOOL EMPLOYEES'
16 RETIREMENT BOARD THAT A FORMER STATE EMPLOYEE HAS BECOME AN
17 ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
18 AND HAS ELECTED TO BECOME A MEMBER WITH MULTIPLE SERVICE STATUS
19 THE BOARD SHALL:

20 (1) IN CASE OF A MEMBER RECEIVING AN ANNUITY FROM THE
21 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
30 IN THE MEMBERS' SAVINGS ACCOUNT, FROM THE ANNUITY RESERVE

ACCOUNT TO THE MEMBERS' SAVINGS ACCOUNT AND RESUME
CREDITING OF STATUTORY INTEREST ON THE AMOUNT RESTORED TO
HIS CREDIT;

(II) TRANSFER THE BALANCE OF THE PRESENT VALUE OF
THE TOTAL ANNUITY, 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 STATE ACCUMULATION
ACCOUNT, FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE
ACCUMULATION ACCOUNT; AND

(III) CERTIFY TO THE MEMBER THE AMOUNT OF LUMP SUM
AND ANNUITY PAYMENTS WITH STATUTORY INTEREST THE MEMBER
IS TO RETURN TO THE BOARD AND, OF THOSE AMOUNTS, WHICH
AMOUNT SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT
AND CREDITED WITH STATUTORY INTEREST AS SUCH PAYMENTS ARE
RETURNED AND WHICH AMOUNT SHALL BE CREDITED TO THE STATE
ACCUMULATION ACCOUNT; OR

(2) IN CASE OF A MEMBER WHO IS NOT RECEIVING AN ANNUITY
AND HAS NOT WITHDRAWN HIS TOTAL ACCUMULATED DEDUCTIONS OR
CLASS A-5 ACCUMULATED DEDUCTIONS, CONTINUE OR RESUME THE
CREDITING OF STATUTORY INTEREST ON HIS TOTAL ACCUMULATED
DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS DURING THE
PERIOD HIS TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5
ACCUMULATED DEDUCTIONS 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 OR CLASS A-5 ACCUMULATED DEDUCTIONS
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

1 AND SCHOOL SERVICE TO THE DATE OF REPAYMENT AND THE AMOUNT OF
2 SUCH TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED
3 DEDUCTION HE IS ELIGIBLE TO RESTORE. SUCH AMOUNT SHALL BE
4 RESTORED BY HIM AND SHALL BE CREDITED WITH STATUTORY INTEREST
5 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
14 FORMS, A COPY OF WHICH SHALL BE GIVEN TO THE MEMBER AND THE
15 ORIGINAL OF WHICH SHALL BE FILED WITH THE BOARD:

16 (1) AN APPLICATION FOR THE RETURN OF TOTAL ACCUMULATED
17 DEDUCTIONS AND IF ELIGIBLE, FOR THE RETURN OF CLASS A-5
18 ACCUMULATED DEDUCTIONS;

19 (2) IF ELIGIBLE, 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) IF ELIGIBLE, 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

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
5 ADVISE THE PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED
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 REQUIRED 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 REQUIRED 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 REQUIRED 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
27 FOR AN ANNUITY OR, IN THE CASE OF A VESTEE OR SPECIAL VESTEE WHO
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

1 REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT AND, IF THE MEMBER
2 HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS
3 M OR CLASS N SERVICE, ANY DATA REQUIRED FROM THE COUNTY
4 RETIREMENT SYSTEM OR PENSION PLAN TO WHICH THE MEMBER WAS A
5 CONTRIBUTOR BEFORE BEING A STATE EMPLOYEE. CONCURRENTLY, THE
6 BOARD SHALL CERTIFY TO SUCH MEMBER:

7 (1) THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5
8 ACCUMULATED DEDUCTIONS 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 YEAR
13 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

17 (4) THE TOTAL ANNUITY PAYABLE UNDER THE OPTION ELECTED
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
23 DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION.

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
28 OR A FORMER PARTICIPANT PERFORMING USERRA LEAVE, THE BOARD SHALL
29 ADVISE THE DESIGNATED BENEFICIARY OF THE BENEFITS TO WHICH HE IS
30 ENTITLED, AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY

1 WITHIN 60 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER
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
5 ESTATE, THE BOARD IS AUTHORIZED TO PAY THE BENEFITS TO THE
6 EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR NEXT OF KIN OF THE
7 DECEASED MEMBER, AND PAYMENT PURSUANT [HERETO] TO THIS SECTION
8 SHALL FULLY DISCHARGE THE FUND FROM ANY FURTHER LIABILITY TO
9 MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON. IF NO
10 BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF A
11 PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED WITH THE BOARD
12 TO PAY THE AMOUNT OF THE BENEFITS TO THE PARTICIPANT'S ESTATE,
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
16 DISCHARGE THE FUND FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF
17 SUCH BENEFITS TO ANY OTHER PERSON.

18 * * *

19 SECTION 327. SECTION 5905.1(A), (B) AND (D) OF TITLE 71 ARE
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.

1 (B) PAYMENT OF FIRST INSTALLMENT.--THE PAYMENT OF THE FIRST
2 INSTALLMENT SHALL BE MADE IN THE AMOUNT AND WITHIN SEVEN DAYS OF
3 THE DATE SPECIFIED BY THE MEMBER, EXCEPT AS FOLLOWS:

4 (1) UPON RECEIPT OF A MEMBER'S APPLICATION TO WITHDRAW
5 HIS TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED
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
13 THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER THE FILING OF
14 THE APPLICATION AND THE RECEIPT OF THE DATA OR THE DATE OF
15 TERMINATION OF SERVICE, WHICHEVER IS LATER.

16 (2) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION
17 5705(A)(4)(III) BY A MEMBER TERMINATING SERVICE WITHIN 60
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
21 L, CLASS M OR CLASS N SERVICE, ANY DATA REQUIRED FROM THE
22 COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO WHICH THE MEMBER
23 WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED TO STATE
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
28 MEMBER, THE PAYMENT SHALL BE MADE NO LATER THAN 45 DAYS AFTER
29 THE FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR
30 THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS LATER.

(3) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION 5705(A)(4)(III) BY A MEMBER WHO IS NOT TERMINATING SERVICE WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON RECEIPT OF ALL 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 TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER THE FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS LATER.

* * *

(D) STATUTORY INTEREST.--ANY LUMP SUM, INCLUDING A LUMP SUM PAYABLE PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM [CLASS A-3 AND CLASS A-4] MORE THAN ONE CLASS OF SERVICE), OR INSTALLMENT PAYABLE SHALL INCLUDE STATUTORY INTEREST CREDITED TO THE DATE OF PAYMENT, EXCEPT IN THE CASE OF A MEMBER, OTHER THAN A VESTEE OR SPECIAL VESTEE, WHO HAS NOT FILED HIS APPLICATION PRIOR TO 90 DAYS FOLLOWING HIS TERMINATION OF SERVICE.

SECTION 328. SECTION 5906(A), (B), (D), (E), (G), (H), (I), (J) AND (L) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

§ 5906. DUTIES OF HEADS OF DEPARTMENTS.

(A) STATUS OF MEMBERS AND PARTICIPANTS.--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 AND PARTICIPANTS OF THE DEPARTMENT, THE DATE OF ALL REMOVALS FROM THE PAYROLL, AND

1 THE TYPE OF LEAVE OF ANY MEMBERS AND PARTICIPANTS OF THE
2 DEPARTMENT WHO HAVE BEEN REMOVED FROM THE PAYROLL FOR ANY TIME
3 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 OR
17 PARTICIPANT, 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
22 THE DISABLEMENT OF THE MEMBER AND SUBMIT IN WRITING TO
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
30 BOARD ALL SUCH OTHER INFORMATION AS MAY BE RELATED TO THE

MEMBER'S DISABLEMENT;

(III) IN THE CASE OF A MEMBER TERMINATING FROM THE PENNSYLVANIA STATE UNIVERSITY WHO IS A MEMBER OF THE SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY POINTS AND WHO HAS TERMINATED STATE SERVICE ON JUNE 30, 1997, BECAUSE OF THE TRANSFER OF HIS JOB POSITION OR DUTIES TO A CONTROLLED ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM OR BECAUSE OF THE ELIMINATION OF HIS JOB POSITION OR DUTIES DUE TO THE TRANSFER OF OTHER JOB POSITIONS OR DUTIES TO A CONTROLLED ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM, THE HEAD OF THE 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 OR A PARTICIPANT, 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.

* * *

(C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE HEAD OF DEPARTMENT SHALL:

(1) CAUSE THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE.

(2) CAUSE THE EMPLOYER DEFINED CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE.

(3) NOTIFY THE BOARD AT TIMES AND IN A MANNER PRESCRIBED BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT TO WHOM THE LIMITATION UNDER IRC § 401(A)(17) EITHER APPLIES OR IS EXPECTED TO APPLY AND CAUSE THE PARTICIPANT'S CONTRIBUTIONS TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER

1 IRC § 401(A)(17) ON THE PAYROLL DATE IF AND WHEN SUCH LIMIT
2 SHALL BE REACHED.

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 SECRETARY OF THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE
8 AS ESTABLISHED BY THE BOARD.

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
15 CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FROM
16 THE EFFECTIVE DATE OF STATE EMPLOYMENT.

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

1 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO IS NOT AN
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,
5 IF HE HAS A RIGHT TO ELECT WITHIN 45 DAYS OF ENTRY INTO THE
6 SYSTEM, TO BECOME A MULTIPLE SERVICE MEMBER, AND IN THE CASE OF
7 ANY SUCH EMPLOYEE WHO SO ELECTS AND HAS WITHDRAWN HIS
8 ACCUMULATED DEDUCTIONS, REQUIRE HIM TO REINSTATE HIS CREDIT IN
9 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM. THE HEAD OF THE
10 DEPARTMENT SHALL ADVISE THE BOARD OF SUCH ELECTION.

11 (H) FORMER SCHOOL EMPLOYEE ANNUITANTS.--THE HEAD OF
12 DEPARTMENT SHALL, UPON THE EMPLOYMENT OF AN ANNUITANT OF THE
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
17 ELECT MULTIPLE SERVICE WITHIN 45 DAYS OF ENTRY INTO THE SYSTEM,
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.

24 (I) ANNUAL STATEMENT TO MEMBERS.--ANNUALLY, UPON RECEIPT
25 FROM THE BOARD, THE HEAD OF DEPARTMENT SHALL FURNISH TO EACH
26 MEMBER THE STATEMENT SPECIFIED IN SECTION 5903(B) (RELATING TO
27 DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF DEPARTMENTS
28 [AND], MEMBERS AND PARTICIPANTS).

29 (J) TERMINATION OF SERVICE.--THE HEAD OF DEPARTMENT SHALL,
30 IN THE CASE OF ANY MEMBER TERMINATING STATE SERVICE WHO IS

1 INELIGIBLE FOR AN ANNUITY BEFORE ATTAINMENT OF SUPERANNUATION
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
6 ACCUMULATED DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS OR,
7 ON OR BEFORE SEPTEMBER 30, 1997, AN APPLICATION TO BE VESTED AS
8 A SPECIAL VESTEE, IF ELIGIBLE.

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
14 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES
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
21 ABSENCE, IF THE EVENT OCCURS, AND ANY OTHER INFORMATION THE
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

1 DUTIES EACH NEW STATE EMPLOYEE SHALL FURNISH THE HEAD OF
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
5 AND IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE
6 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. WILLFUL FAILURE TO
7 PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE
8 EXTENT AVAILABLE UPON ENTRANCE INTO THE SYSTEM SHALL RESULT IN
9 THE FORFEITURE OF THE RIGHT OF THE MEMBER TO SUBSEQUENTLY ASSERT
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
16 REMAINING BENEFITS TO WHICH THE MEMBER IS LEGALLY ENTITLED.

17 * * *

18 (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JANUARY 1,
19 2018, IN THE CASE OF AN EMPLOYEE WHO IS NOT CURRENTLY A
20 PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY, OR
21 IN THE CASE OF AN EMPLOYEE WHOSE PARTICIPATION IS NOT MANDATORY
22 BUT IS PERMITTED AND WHO DESIRES TO BECOME A PARTICIPANT IN THE
23 PLAN, THE NEW EMPLOYEE SHALL EXECUTE AN APPLICATION FOR
24 PARTICIPATION AND A NOMINATION OF A BENEFICIARY.

25 (C) MULTIPLE SERVICE MEMBERSHIP.--ANY [ACTIVE MEMBER] STATE
26 EMPLOYEE WHO IS AN ACTIVE MEMBER IN A CLASS OF SERVICE OTHER
27 THAN CLASS A-5 WHO WAS FORMERLY AN ACTIVE MEMBER IN THE PUBLIC
28 SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OF SERVICE OTHER
29 THAN CLASS T-G MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER.
30 SUCH ELECTION SHALL OCCUR NO LATER THAN 365 DAYS AFTER BECOMING

1 AN ACTIVE MEMBER IN A CLASS OF SERVICE OTHER THAN CLASS A-5 IN
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
5 MULTIPLE SERVICE MEMBER. SUCH ELECTION SHALL OCCUR NO LATER THAN
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
8 MEMBER WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD
9 WITHOUT HAVING ELECTED MULTIPLE SERVICE MEMBERSHIP MAY MAKE THE
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
14 DESIRES TO RECEIVE CREDIT FOR THE PORTION OF HIS TOTAL PREVIOUS
15 STATE SERVICE OR CREDITABLE NONSTATE SERVICE TO WHICH HE IS
16 ENTITLED, OR A JOINT COVERAGE MEMBER WHO DESIRES TO BECOME A
17 FULL COVERAGE MEMBER, SHALL SO NOTIFY THE BOARD AND UPON WRITTEN
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 S
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)

1 AND IRC § 414(U) OF HIS DESIRE TO MAKE SUCH CONTRIBUTIONS. UPON
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
16 TO DUTIES OF HEADS OF DEPARTMENTS) TO RECEIVE THE DEATH BENEFIT
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).

25 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM THE PLAN.--EVERY
26 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION
27 FILED WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) TO
28 RECEIVE THE DEATH BENEFIT PAYABLE UNDER SECTION 5808 (RELATING
29 TO DEATH BENEFITS). A PARTICIPANT MAY ALSO NOMINATE A CONTINGENT
30 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT

1 PROVIDED UNDER SECTION 5808. SUCH NOMINATION MAY BE CHANGED AT
2 ANY TIME BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH
3 THE BOARD.

4 (E.2) BENEFICIARIES FOR EMPLOYEES WHO ARE MEMBERS AND
5 PARTICIPANTS.--A STATE EMPLOYEE WHO IS BOTH A MEMBER OF THE
6 SYSTEM AND A PARTICIPANT IN THE PLAN MAY DESIGNATE OR NOMINATE
7 DIFFERENT PERSONS TO BE BENEFICIARIES, SURVIVOR ANNUITANTS AND
8 SUCCESSOR PAYEES FOR HIS BENEFITS FROM THE SYSTEM AND THE PLAN.

9 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO
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:

15 (1) WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS AND IF
16 ELIGIBLE WITHDRAW HIS CLASS A-5 ACCUMULATED DEDUCTIONS; OR

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 REQUIRED; 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

25 (II) IF HE IS A JOINT COVERAGE MEMBER, ELECT TO
26 BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30
27 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP SUM
28 REQUIRED.

29 * * *

30 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT

1 TERMINATES STATE SERVICE AND DOES NOT COMMENCE RECEIVING A
2 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY, AND HE MAY
3 ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING
4 DATE, WITHDRAW THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS
5 STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION
6 REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.

7 * * *

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 OTHER THAN THE INDIVIDUAL
15 INVESTMENT ACCOUNTS. 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

1 STATE ACCUMULATION ACCOUNT), 5935 (RELATING TO ANNUITY RESERVE
2 ACCOUNT), 5936 (RELATING TO STATE POLICE BENEFIT ACCOUNT), 5937
3 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT ACCOUNT), 5938
4 (RELATING TO SUPPLEMENTAL ANNUITY ACCOUNT) AND 5939 (RELATING TO
5 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 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED
10 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE
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.

15 (A) CREDITS TO ACCOUNT.--THE MEMBERS' SAVINGS ACCOUNT SHALL
16 BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF
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'
30 SAVINGS ACCOUNT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT

1 SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5303.2
2 (RELATING TO ELECTION TO CONVERT SCHOOL SERVICE TO STATE
3 SERVICE) .

4 (B) INTEREST AND TRANSFERS FROM ACCOUNT.--THE MEMBERS'
5 SAVINGS ACCOUNT IN TOTAL AND THE INDIVIDUAL MEMBER ACCOUNTS
6 SHALL BE CREDITED WITH STATUTORY INTEREST. THE TOTAL ACCUMULATED
7 DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS CREDITED TO A
8 MEMBER WHOSE APPLICATION FOR AN ANNUITY HAS BEEN APPROVED SHALL
9 BE TRANSFERRED FROM THE MEMBERS' SAVINGS ACCOUNT TO THE ANNUITY
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
16 PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE BENEFIT
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.

20 (C) CHARGES TO ACCOUNT.--UPON THE ELECTION OF A MEMBER TO
21 WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5
22 ACCUMULATED DEDUCTIONS OR UPON THE TRANSFER OF ACCUMULATED
23 DEDUCTIONS PURSUANT TO SECTION 5701.1 (RELATING TO TRANSFER OF
24 ACCUMULATED DEDUCTIONS), THE PAYMENT OF SUCH AMOUNT SHALL BE
25 CHARGED TO THE MEMBERS' SAVINGS ACCOUNT.

26 § 5934. STATE ACCUMULATION ACCOUNT.

27 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
28 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH OR
29 OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM AND
30 MADE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5507(A) OR (D)

1 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND
2 OTHER EMPLOYERS) EXCEPT THAT THE AMOUNTS RECEIVED UNDER THE
3 PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), AND THE
4 AMOUNTS RECEIVED UNDER THE PROVISIONS OF THE LIQUOR CODE, ACT OF
5 APRIL 12, 1951 (P.L.90, NO.21), SHALL BE CREDITED TO THE STATE
6 POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT
7 ACCOUNT AS THE CASE MAY BE. ALL AMOUNTS TRANSFERRED TO THE FUND
8 BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS IN ACCORDANCE WITH
9 THE PROVISIONS OF SECTION 5507(C) ALSO SHALL BE CREDITED TO THE
10 STATE ACCUMULATION ACCOUNT. ALL AMOUNTS TRANSFERRED TO THE FUND
11 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE
12 WITH SECTION 5303.2(E) (RELATING TO ELECTION TO CONVERT SCHOOL
13 SERVICE TO STATE SERVICE), EXCEPT AMOUNTS CREDITED TO THE
14 MEMBERS' SAVINGS ACCOUNT, AND ALL AMOUNTS PAID BY THE DEPARTMENT
15 OF CORRECTIONS IN ACCORDANCE WITH SECTION 5303.2(F) ALSO SHALL
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
19 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM AS APPROVED BY
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
30 OFFICERS' BENEFIT ACCOUNT) AS THE CASE MAY BE. THE RESERVES

1 NECESSARY FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES IN EXCESS OF
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
5 SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED
6 AFTER DECEMBER 31, 2009, THE NECESSARY RESERVES SHALL BE
7 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE
8 SUPPLEMENTAL ANNUITY ACCOUNT.

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
16 VALUATION INTEREST. AFTER THE TRANSFERS PROVIDED IN SECTIONS
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.

24 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT OTHER THAN
25 A MEMBER WHO WAS RETIRED AS AN OFFICER OF THE PENNSYLVANIA STATE
26 POLICE OR AN ENFORCEMENT OFFICER BE SUBSEQUENTLY RESTORED TO
27 ACTIVE SERVICE AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN
28 THE PLAN, THE PRESENT VALUE OF HIS MEMBER'S ANNUITY AT THE TIME
29 OF REENTRY INTO STATE SERVICE SHALL BE TRANSFERRED FROM THE
30 ANNUITY RESERVE ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN

1 THE MEMBERS' SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE
2 FOR HIS ANNUITY LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'
3 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE
4 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
9 ACT OF MAY 12, 1943 (P.L.259, NO.120), AND ANY ADDITIONAL
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.

24 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE
25 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE
26 SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE
27 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL
28 BE TRANSFERRED FROM THE STATE POLICE BENEFIT ACCOUNT AND PLACED
29 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN
30 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 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
5 SERVICE CREDITED, LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'
6 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE STATE POLICE
7 BENEFIT ACCOUNT TO THE STATE ACCUMULATION ACCOUNT. UPON
8 SUBSEQUENT RETIREMENT OTHER THAN AS AN OFFICER OF THE
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
16 OFFICERS' RETIREMENT ACCOUNT IN THE STATE STORES FUND ACCORDING
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
30 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT. THEREAFTER, THE TOTAL

1 ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED TO THE ENFORCEMENT
2 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
5 SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE
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
9 ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY
10 CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE
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
16 THE ANNUITANT HAS CLASS A-4 SERVICE CREDITED, LESS THE AMOUNT
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
21 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT SHALL BE TRANSFERRED TO
22 THE APPROPRIATE RESERVE ACCOUNT.

23 § 5938. SUPPLEMENTAL ANNUITY ACCOUNT.

24 THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE THE LEDGER ACCOUNT
25 TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS FROM THE
26 COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE WITH SECTION
27 5507(B) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE
28 COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE
29 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO
30 SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL

1 SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL
2 SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL
3 ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO SPECIAL
4 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 (RELATING TO
5 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO
6 SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 (RELATING TO
7 SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 (RELATING TO
8 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 2002) MADE
9 BEFORE JULY 1, 2010, THE AMOUNT TRANSFERRED FROM THE STATE
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
16 CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE
17 PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM
18 THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT
19 AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE
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

1 IN THE MARKET VALUATION OF THE INVESTMENTS OF THE FUND. THE
2 ADMINISTRATIVE AND INVESTMENT EXPENSES OF THE BOARD RELATING TO
3 THE ADMINISTRATION OF THE SYSTEM AND INVESTMENTS OF THE FUND
4 SHALL BE PAID FROM THE FUND OUT OF EARNINGS. ANY SURPLUS OR
5 DEFICIT IN THE INTEREST RESERVE ACCOUNT AT THE END OF EACH YEAR
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 FROM THE SYSTEM 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 OF THE SYSTEM AUTHORIZED BY THIS PART
15 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE
16 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE
17 PLAN OR TRUST.

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
30 BENEFICIARY, SUCCESSOR PAYEE, OR ALTERNATE PAYEE OF A

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
5 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER
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
8 PARTICIPANT EXCEPT FOR A SET-OFF BY THE COMMONWEALTH IN THE
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.

14 (2) (I) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
15 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,
16 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT,
17 AND BY OR PURSUANT TO SECTION 16(B) OF ARTICLE V OF THE
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
28 CONTRIBUTIONS AND ACCUMULATED VOLUNTARY CONTRIBUTIONS
29 STANDING TO THE CREDIT OF A PARTICIPANT SHALL NOT BE
30 FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES AND

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 EQUITABLE DISTRIBUTION OF MARITAL
4 PROPERTY AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER
5 ENTERED BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT
6 OR OTHER TRIBUNAL RESULTING IN A FORFEITURE OF A
7 PARTICIPANT'S INTEREST IN THE TRUST SHALL NOT BE SUBJECT
8 TO THE PROVISIONS OF SECTION 16(B) OF ARTICLE V OF THE
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
14 POWERS AND DUTIES OF BOARD), 5815 (RELATING TO EXPENSES)
15 AND 5902(C) (RELATING TO ADMINISTRATIVE DUTIES OF THE
16 BOARD) USED FOR THE PAYMENT OF EXPENSES OF THE PLAN.

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
21 JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF
22 THIS PART TO THE CONTRARY, A DISTRIBUTE 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 "DISTRIBUTE" INCLUDES A MEMBER
27 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A
28 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO
29 IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS
30 ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE

PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE
ELSE AUTHORIZED UNDER THE IRC AND THE PLAN TERMS APPROVED BY
THE BOARD TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID
DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT
ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE
ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC
§ 402(F)(2)(A), AND "ELIGIBLE RETIREMENT PLAN" HAS THE
MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A
QUALIFIED TRUST SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT
PLAN ONLY IF IT ACCEPTS THE DISTRIBUTEES' ELIGIBLE ROLLOVER
DISTRIBUTION; HOWEVER, IN THE CASE OF AN ELIGIBLE ROLLOVER
DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE RETIREMENT
PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL
RETIREMENT ANNUITY" AS THOSE TERMS ARE DEFINED IN IRC §
408(A) AND (B).

(B) AUTHORIZED PAYMENTS FROM FUND.--THE BOARD SHALL BE
AUTHORIZED TO PAY FROM THE FUND [IN]:

(1) IN THE CASE OF A MEMBER OR PARTICIPANT WHO IS
TERMINATING SERVICE, THE AMOUNT DETERMINED AFTER
CERTIFICATION BY THE HEAD OF THE DEPARTMENT THAT THE MEMBER
OR PARTICIPANT IS SO OBLIGATED, AND AFTER REVIEW AND APPROVAL
BY THE DEPARTMENT OR AGENCY'S LEGAL REPRESENTATIVE OR UPON
RECEIPT OF AN ASSIGNMENT FROM THE MEMBER OR PARTICIPANT IN
THE AMOUNT SO CERTIFIED[.], EXCEPT THAT NO PAYMENT SHALL BE
MADE FROM THE INDIVIDUAL INVESTMENT ACCOUNT OF A PARTICIPANT
UNTIL THE PARTICIPANT OTHERWISE APPLIES FOR AND RECEIVES A
DISTRIBUTION AND SHALL NOT EXCEED THE AMOUNT OF THE
DISTRIBUTION.

(2) IN THE CASE OF A PARTICIPANT WHOSE FORMER SPOUSE IS
AN ALTERNATE PAYEE OF AN EQUITABLE DISTRIBUTION OF MARITAL

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 APPLY WITHOUT REGARD TO WHETHER THE PARTICIPANT HAS NOT
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 REGARDING MEMBERS.--A DOMESTIC RELATIONS
10 ORDER PERTAINING TO A MEMBER OF THE SYSTEM 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 APPLICABLE TO MEMBERS 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.

23 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
24 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
25 PAYEE OR THE MANNER IN WHICH SUCH AMOUNT OR PERCENTAGE IS TO
26 BE DETERMINED.

27 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
28 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY
29 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON
30 RETIREMENT.

1 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
2 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
3 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND
4 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE
5 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 DESIGNATED REPRESENTATIVE.

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

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
5 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S
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
16 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE
17 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE
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.

3 (10) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
4 RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
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 AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
9 AS OF THE DATE THE ORDER IS APPROVED.

10 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD
11 AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE SECRETARY OF
12 THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE
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,
16 THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE
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
21 THE COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO
22 JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT
23 APPEALS FROM GOVERNMENT AGENCIES) .

24 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED
25 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO
26 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS
27 THE TERM IS DEFINED AT 23 PA.C.S. § 4302 (RELATING TO
28 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS
29 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
30 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT

1 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS
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
5 STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS
6 FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST A PARTICIPANT
7 WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE
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
16 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE
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
30 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC

1 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
2 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH
3 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED
4 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT
5 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
16 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS
17 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE
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
21 AN IRREVOCABLE SURVIVOR ANNUITANT.

22 § 5953.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

23 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE
24 ALTERNATE PAYEE PREDECEASES THE MEMBER OR THE PARTICIPANT AND
25 THERE ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE
26 COURT MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO
27 SUBSTITUTE A PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE
28 ANY BENEFITS PAYABLE TO THE DECEASED ALTERNATE PAYEE.

29 * * *

30 SECTION 330. TITLE 71 IS AMENDED BY ADDING A SECTION TO

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 REQUIRING 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
12 ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE
13 REMOVAL OR CHANGE OF THE SUCCESSOR PAYEE WITHOUT APPROVAL OF A
14 COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.

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
18 REPRESENTATIVE. IF A DOMESTIC RELATIONS ORDER IS CERTIFIED UNDER
19 THIS SUBSECTION, THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE
20 COURT SHALL NOT BE CHANGED BY THE PARTICIPANT WITHOUT APPROVAL
21 BY THE COURT.

22 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS
23 A SUCCESSOR PAYEE SHALL NOT BE DESIGNATED AS AN IRREVOCABLE
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.

28 SECTION 331. SECTIONS 5954, 5955 AND 5957 OF TITLE 71 ARE
29 AMENDED TO READ:

30 § 5954. FRAUD AND ADJUSTMENT OF ERRORS.

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 OR PLAN IN ANY ATTEMPT TO
4 DEFRAUD THE SYSTEM OR PLAN 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, PARTICIPANT, BENEFICIARY [OR],
8 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
9 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
10 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
11 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
12 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR
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
19 THE PLAN DOCUMENT.

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
30 ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH IN THIS

1 PART OR NOT ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, TO
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
5 BENEFITS OR RIGHTS OF STATE EMPLOYEES. NOTWITHSTANDING THE
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,
12 2011, AT WHICH TIME THE CLASSES OF MEMBERSHIP AND RESULTING
13 MEMBER CONTRIBUTION RATES AND CONTRIBUTIONS FOR CREDITABLE
14 NONSTATE SERVICE, ELIGIBILITY FOR VESTING, WITHDRAWAL AND
15 SUPERANNUATION ANNUITIES, OPTIONAL MODIFICATION OF ANNUITIES AND
16 OTHER TERMS AND CONDITIONS RELATED TO CLASS OF MEMBERSHIP SHALL
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
26 AS NEW ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT
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.

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) APPLICABILITY.--A 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) FURLOUGHS.--FOR 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

1 IMPLEMENTATION OF SHARED-RISK CONTRIBUTIONS UNDER SECTION 5501.1
2 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3
3 [AND], CLASS A-4 AND CLASS A-5 SERVICE) AND ITS IMPACT ON THE
4 SYSTEM. THE STUDY SHALL BE COMPLETED BY DECEMBER 31, 2015, AND
5 SHALL BE TRANSMITTED TO THE APPROPRIATIONS COMMITTEE AND THE
6 FINANCE COMMITTEE OF THE SENATE, THE APPROPRIATIONS COMMITTEE
7 AND THE FINANCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND TO
8 THE GOVERNOR.

9 ARTICLE IV

10 SECTION 401. THE FOLLOWING WORDS AND PHRASES WHEN USED IN
11 THIS ARTICLE SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
12 SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

13 "SCHOOL RETIREMENT BOARD." THE PUBLIC SCHOOL EMPLOYEES'
14 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:

23 (I) THE FOLLOWING PROVISIONS SHALL NOT CREATE AN
24 EXPRESS OR IMPLIED CONTRACTUAL RIGHT IN A MEMBER OF THE
25 SCHOOL SYSTEM, A PARTICIPANT IN THE SCHOOL EMPLOYEES'
26 DEFINED CONTRIBUTION PLAN OR ANOTHER PERSON CLAIMING AN
27 INTEREST IN THE ACCOUNT OF A MEMBER OR PARTICIPANT:

28 (A) A PROVISION OF THIS ACT WHICH AMENDS 24
29 PA.C.S. PT. IV OR 51 PA.C.S. CH. 77, IN RELATION TO
30 REQUIREMENTS FOR ANY OF THE FOLLOWING:

1 (I) QUALIFICATION OF THE SCHOOL EMPLOYEES'
2 DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION
3 PLAN UNDER SECTIONS 401(A) AND 415(B) OF THE
4 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,
5 26 U.S.C. §§ 401(A) AND 415(B)).

6 (II) COMPLIANCE WITH THE UNIFORMED SERVICES
7 EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994
8 (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.

12 (B) (RESERVED).

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:

28 (I) THE FOLLOWING PROVISIONS SHALL NOT CREATE AN
29 EXPRESS OR IMPLIED CONTRACTUAL RIGHT IN A MEMBER OF THE
30 STATE SYSTEM, A PARTICIPANT IN THE STATE EMPLOYEES'

1 DEFINED CONTRIBUTION PLAN OR ANOTHER PERSON CLAIMING AN
2 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 REQUIREMENTS 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 SERVICES
12 EMPLOYMENT 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) (REERVED) .

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 QUALIFICATION OF THE STATE
26 SYSTEM AS A QUALIFIED PENSION PLAN UNDER SECTION 401(A)
27 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 401)
28 AND OTHER APPLICABLE PROVISIONS OF THE INTERNAL REVENUE
29 CODE OF 1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND
30 REEMPLOYMENT RIGHTS ACT OF 1994.

SECTION 403. NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN
THAT:

(1) A CALCULATION OR ACTUARIAL METHOD USED BY THE SCHOOL
RETIREMENT BOARD, ITS ACTUARIES OR THE SCHOOL SYSTEM WAS NOT
IN ACCORDANCE WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR
OTHER APPLICABLE LAW PRIOR TO THE EFFECTIVE DATE OF THIS
PARAGRAPH; OR

(2) A CALCULATION OR ACTUARIAL METHOD USED BY THE STATE
RETIREMENT BOARD, ITS ACTUARIES OR THE STATE SYSTEM WAS NOT
IN ACCORDANCE WITH THE PROVISIONS OF 71 PA.C.S. PT. XXV OR
OTHER APPLICABLE LAW PRIOR TO THE EFFECTIVE DATE OF THIS
PARAGRAPH.

SECTION 404. THE FOLLOWING APPLY TO ACCRUED LIABILITY:

(1) IN REGARD TO THE SCHOOL SYSTEM:

(I) (RESERVED).

(II) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED
LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO
LIMITS IMPOSED UNDER THIS ACT ON EMPLOYER CONTRIBUTIONS
TO THE SCHOOL SYSTEM.

(III) FOR PURPOSES OF 24 PA.C.S. §§ 8326, 8327 AND
8328, CHANGES UNDER THIS PARAGRAPH SHALL NOT BE
CONSIDERED TO BE COSTS ADDED BY LEGISLATION.

(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.

(II) (RESERVED).

(III) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED

1 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO
2 LIMITS IMPOSED UNDER THIS ACT ON EMPLOYER CONTRIBUTIONS
3 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 CONSTRUCTION
8 RELATED TO FEDERAL LAW:

9 (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
12 EMPLOYEES' DEFINED CONTRIBUTION PLAN SATISFY THE
13 REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED PENSION
14 PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE CODE OF
15 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER
16 APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF
17 1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND
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
21 DOCUMENT AND TRUST DECLARATION ADOPTED BY THE SCHOOL
22 RETIREMENT BOARD MAY INCLUDE PROVISIONS NECESSARY TO
23 ACCOMPLISH THE PURPOSE OF THIS SUBPARAGRAPH.

24 (II) NOTHING IN THIS ACT SHALL BE CONSTRUED TO
25 REQUIRE A MEMBER OF CLASS T-G TO MAKE CONTRIBUTIONS TO
26 THE SCHOOL SYSTEM IN EXCESS OF THE LIMITS ESTABLISHED BY
27 SECTION 415(N) (3) (A) (III) OF THE INTERNAL REVENUE CODE OF
28 1986 (26 U.S.C. § 415(N) (3) (A) (III)). A CONTRIBUTION MADE
29 BY A MEMBER OF CLASS T-G WHICH IS DETERMINED TO BE IN
30 EXCESS OF THE LIMITS SHALL BE REFUNDED TO THE MEMBER IN A

1 LUMP SUM SUBJECT TO WITHHOLDING FOR ALL APPLICABLE TAXES
2 AND PENALTIES AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER
3 THE DETERMINATION IS MADE. A REFUND UNDER THIS
4 SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE
5 MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A
6 WITHDRAWAL 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
12 SECTION 401(A) OF THE INTERNAL REVENUE CODE OF 1986 (26
13 U.S.C. § 401(A)), OTHER APPLICABLE PROVISIONS OF THE
14 INTERNAL REVENUE CODE OF 1986 AND THE UNIFORMED SERVICES
15 EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994. THE
16 REGULATIONS PROMULGATED BY THE STATE RETIREMENT BOARD AND
17 THE TERMS AND CONDITIONS OF THE PLAN DOCUMENT AND TRUST
18 DECLARATION ADOPTED BY THE STATE RETIREMENT BOARD MAY
19 INCLUDE PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF
20 THIS SUBPARAGRAPH.

21 (II) NOTHING IN THIS ACT SHALL BE CONSTRUED OR
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. §
26 415(N)(3)(A)(III)). A CONTRIBUTION MADE BY A MEMBER OF
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
30 PENALTIES AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER THE

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.

5 (III) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN
6 THAT AN INTERPRETATION OR APPLICATION OF 71 PA.C.S. PT.
7 XXV OR BENEFITS AVAILABLE TO MEMBERS OF THE STATE SYSTEM
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,
16 FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR
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
23 CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS
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

1 STANDARD, AS AN INDIVIDUAL, IN AN OFFICIAL CAPACITY OR AS A
2 GOVERNMENTAL OR CORPORATE ENTITY, FOR AN ACTION OR
3 CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL
4 CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS
5 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AS
6 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. §
13 8501(E), THE GOVERNOR'S OFFICE OF GENERAL COUNSEL SHALL CONTINUE
14 TO PROVIDE LEGAL COUNSEL AND LEGAL SERVICES TO THE BOARD UNTIL
15 SUCH TIME AS THE BOARD APPOINTS A CHIEF COUNSEL AND SUCH OTHER
16 COUNSEL AS IT DEEMS NECESSARY TO PROVIDE IT WITH LEGAL SERVICES.

17 SECTION 409. NOTHING IN THIS ACT SHALL BE DEEMED TO PERMIT
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

21 (2) THE SUBJECT OF AN ORDER OF FORFEITURE UNDER THE ACT
22 OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE PUBLIC
23 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.