
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 862 Session of
2023

INTRODUCED BY KANE, AUGUST 1, 2023

REFERRED TO STATE GOVERNMENT, AUGUST 1, 2023

AN ACT

1 Amending Title 71 (State Government) of the Pennsylvania
2 Consolidated Statutes, in benefits, providing for
3 supplemental annuity commencing 2023.

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

6 Section 1. Title 71 of the Pennsylvania Consolidated
7 Statutes is amended by adding a section to read:

8 § 5708.9. Supplemental annuity commencing 2023.

9 (a) Benefits.--Commencing with the first monthly annuity
10 payment after July 1, 2023, an eligible benefit recipient under
11 this section shall be entitled to receive an additional monthly
12 supplemental annuity from the system. The additional monthly
13 supplemental annuity under this section shall be in addition to
14 the supplemental annuities provided for in sections 5708
15 (relating to supplemental annuities), 5708.1 (relating to
16 additional supplemental annuities), 5708.2 (relating to further
17 additional supplemental annuities), 5708.3 (relating to
18 supplemental annuities commencing 1994), 5708.5 (relating to
19 supplemental annuities commencing 1998), 5708.6 (relating to

1 supplemental annuities commencing 2002) and 5708.7 (relating to
2 supplemental annuities commencing 2003) and the special
3 supplemental postretirement adjustments provided for in sections
4 5708.4 (relating to special supplemental postretirement
5 adjustment) and 5708.8 (relating to special supplemental
6 postretirement adjustment of 2002).

7 (b) Amount of additional supplemental annuity.--The amount
8 of the supplemental annuity payable under this section shall be
9 a percentage of the amount of the monthly annuity payment on
10 July 1, 2023, determined on the basis of the most recent
11 effective date of retirement, as follows:

<u>Most recent effective date of</u> <u>retirement</u>	<u>Percentage factor</u>
<u>July 2, 2000, through July 1, 2001</u>	<u>4.5%</u>
<u>July 2, 1999, through July 1, 2000</u>	<u>4.6%</u>
<u>July 2, 1998, through July 1, 1999</u>	<u>4.7%</u>
<u>July 2, 1997, through July 1, 1998</u>	<u>4.8%</u>
<u>July 2, 1996, through July 1, 1997</u>	<u>5.0%</u>
<u>July 2, 1995, through July 1, 1996</u>	<u>5.2%</u>
<u>July 2, 1994, through July 1, 1995</u>	<u>5.4%</u>
<u>July 2, 1993, through July 1, 1994</u>	<u>5.8%</u>
<u>July 2, 1992, through July 1, 1993</u>	<u>6.2%</u>
<u>July 2, 1991, through July 1, 1992</u>	<u>6.6%</u>
<u>July 2, 1990, through July 1, 1991</u>	<u>7.2%</u>
<u>July 2, 1989, through July 1, 1990</u>	<u>7.8%</u>
<u>July 2, 1988, through July 1, 1989</u>	<u>8.4%</u>
<u>July 2, 1987, through July 1, 1988</u>	<u>9.2%</u>
<u>July 2, 1986, through July 1, 1987</u>	<u>10.0%</u>
<u>July 2, 1985, through July 1, 1986</u>	<u>10.8%</u>
<u>July 2, 1984, through July 1, 1985</u>	<u>11.8%</u>

1	<u>July 2, 1983, through July 1, 1984</u>	<u>12.8%</u>
2	<u>July 2, 1982, through July 1, 1983</u>	<u>13.8%</u>
3	<u>Prior to July 2, 1982</u>	<u>15.0%</u>

4 (c) Payment.--The supplemental annuity provided under this
5 section shall be paid automatically unless the annuitant files a
6 written notice with the board requesting that the additional
7 monthly supplemental annuity not be paid.

8 (d) Conditions.--The supplemental annuity provided under
9 this section shall be payable under the same terms and
10 conditions as provided under the option plan in effect as of
11 July 1, 2023, and shall be subject to any subsequent
12 modification of that option plan.

13 (e) Benefits to beneficiaries or survivors.--No supplemental
14 annuity provided under this section shall be payable to the
15 beneficiary or survivor annuitant of a member who dies before
16 July 1, 2023.

17 (f) Funding.--Notwithstanding any other provision of law,
18 the additional liability for the increase in benefits provided
19 under this section shall be funded in equal dollar annual
20 installments over a period of 10 years beginning July 1, 2024.

21 (g) Eligible benefit recipient.--

22 (1) An eligible benefit recipient is an individual:

23 (i) who is receiving a superannuation, withdrawal or
24 disability annuity on July 1, 2023; and

25 (ii) whose most recent effective date of retirement
26 is prior to July 2, 2001.

27 (2) A supplemental annuity provided under this section
28 shall not be payable to an annuitant receiving a withdrawal
29 annuity prior to the first day of July coincident with or
30 following the annuitant's attainment of superannuation age.

1 (h) Automatic cost of living adjustment.--

2 (1) Notwithstanding any other provision of law,
3 beginning July 1, 2024, and every three years thereafter, the
4 annuity of an individual who is receiving a superannuation,
5 withdrawal or disability annuity, has at least 10 years of
6 credited service and has been receiving an annuity for at
7 least five years shall be increased by a cost-of-living
8 factor which shall be determined by increasing the
9 individual's annuity by the average percentage change in the
10 Consumer Price Index for All Urban Consumers (CPI-U) for the
11 Pennsylvania, New Jersey, Delaware and Maryland area,
12 officially reported by the United States Department of Labor,
13 Bureau of Labor Statistics for the preceding three-year
14 period, immediately prior to the date that the adjustment is
15 due to take effect and calculated on a July 1 cycle for the
16 applicable period.

17 (2) For an individual who becomes eligible for the cost-
18 of-living factor under paragraph (1) after July 1, 2024, the
19 cost-of-living factor shall be applied beginning July 1
20 following the fifth anniversary of the individual's effective
21 date of retirement under section 5702 (relating to maximum
22 single life annuity), and every three years thereafter.

23 (3) The cost-of-living factor under this subsection may
24 never exceed 7% or be less than 1%.

25 (4) If an annuitant's annual payment exceeds the median
26 income of PA wage earners based on data from the 2020 and
27 then most current thereafter Federal decennial census at the
28 time that the cost-of-living factor is being added, the cost-
29 of-living factor may only be added to that portion of the
30 annuity that is below the median income.

1 (5) Notwithstanding any other provision of law, the
2 additional liability for the automatic cost-of-living
3 adjustment shall be funded as part of the employer
4 contribution rate set annually.

5 (6) As used in this subsection, the term "annuity" shall
6 include an individual's initial annuity under section 5702 as
7 well as all prior supplemental annuities and cost-of-living
8 adjustments.

9 Section 2. This act shall take effect immediately.