

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2497 Session of
2010

INTRODUCED BY D. EVANS, BRIGGS, PARKER, WILLIAMS, GALLOWAY,
DePASQUALE, KORTZ, W. KELLER, MYERS, SHAPIRO AND SIPTROTH,
MAY 11, 2010

SENATOR CORMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, OCTOBER 13, 2010

AN ACT

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

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

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

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

42 § 8102. Definitions.

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

46 * * *

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

7 * * *

8 "Class of service multiplier."

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

16 * * *

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

27 * * *

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



1 CONTRIBUTIONS AND STATUTORY INTEREST CREDITED ON THE DEDUCTIONS
2 AND CONTRIBUTIONS STANDING TO THE MEMBER'S CREDIT IN THE
3 MEMBERS' SAVINGS ACCOUNT.

4 * * *

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

9 * * *

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

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

28 * * *

29 "Superannuation or normal retirement age."

30 Class of service Age

1 T-A 62 or any age upon accrual of
2 35 eligibility points
3 T-B 62
4 T-C and T-D 62 or age 60 provided the
5 member has at least 30
6 eligibility points or any
7 age upon accrual of 35
8 eligibility points
9 ~~T-E and T-F~~ ~~65 with accrual of at least~~ ←
10 ~~=~~ ~~three eligibility points~~
11 ~~=~~ ~~or any age upon accrual~~
12 ~~=~~ ~~of 35 eligibility points~~
13 T-E and T-F 65 WITH ACCRUAL OF AT LEAST ←
14 - THREE ELIGIBILITY POINTS
15 - OR A COMBINATION OF AGE
16 - AND ELIGIBILITY POINTS
17 - TOTALING 92, PROVIDED THE
18 - MEMBER HAS ACCRUED AT
19 - LEAST 35 ELIGIBILITY
20 - POINTS

21 * * *

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

24 * * *

25 "Vestee." A member with five 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. For Class T-E and Class T-F members,
29 a member with ten or more eligibility points who has terminated
30 school service, has left his accumulated deductions in the fund

1 and is deferring filing of an application for receipt of an
2 annuity.

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

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

7 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP.

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 * * *

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

18 * * *

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

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

23 * * *

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

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

1 service; or

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

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

21 SECTION 2.1. SECTION 8304(A) OF TITLE 24 IS AMENDED TO READ:
22 § 8304. Creditable nonschool service.

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

1 (relating to election to become a Class T-F member) or 8305
2 (relating to classes of service), as set forth in subsection (b)
3 provided that he is not entitled to receive, eligible to receive
4 now or in the future, or is receiving retirement benefits for
5 such service under a retirement system administered and wholly
6 or partially paid for by any other governmental agency or by any
7 private employer, or a retirement program approved by the
8 employer in accordance with section 8301(a)(1) (relating to
9 mandatory and optional membership), and further provided that
10 such service is certified by the previous employer and the
11 manner of payment of the amount due is agreed upon by the
12 member, the employer, and the board.

13 * * *

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

16 § 8305. Classes of service.

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 shall be classified as a Class T-E member upon
24 payment of regular member contributions AND THE SHARED RISK ←
25 CONTRIBUTIONS.

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

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

8 Section 4. Title 24 is amended by adding a section to read:
9 § 8305.2. Election to become a Class T-F member.

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

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

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

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

1 break in service.

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

7 SECTION 5. SECTIONS 8307(B), 8308, 8321, 8323(A), (C) AND ←
8 (C.1), 8324 HEADING, (A), (B), (D), (E) AND (F), 8326(A),
9 8327(A) AND (C), 8328, 8342(A), 8344(D), 8345(A), 8348.1(F),
10 8348.2(F), 8348.3(F), 8348.5(F), 8348.6(F), 8348.7(F) AND
11 8502(K) OF TITLE 24 ARE AMENDED TO READ:

12 § 8307. Eligibility for annuities.

13 * * *

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

24 * * *

25 § 8308. Eligibility for vesting.

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

1 shall be entitled to vest his retirement benefits until
2 attainment of superannuation age.

3 § 8321. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE. ←

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

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

1 THE SYSTEM'S ACTUARIAL FUNDED STATUS IS 100% OR MORE AS OF THE
2 DATE USED FOR THE COMPARISON REQUIRED UNDER THIS SUBSECTION, AS
3 DETERMINED IN THE CURRENT ANNUAL ACTUARIAL VALUATION, THE SHARED
4 RISK CONTRIBUTION RATE SHALL BE ZERO. IN THE EVENT THAT THE
5 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF
6 THE NORMAL CONTRIBUTION RATE IS CHANGED DURING THE PERIOD USED
7 TO DETERMINE THE SHARED RISK CONTRIBUTION RATE, THE BOARD, WITH
8 THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE APPLICABLE RATE
9 DURING THE ENTIRE PERIOD, EXPRESSED AS AN ANNUAL RATE.

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

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

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

24 § 8323. Member contributions for creditable school service.

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

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

12 * * *

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

1 period and with statutory interest during all periods of
2 subsequent school and State service up to the date of purchase.

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

21 * * *

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

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

30 (b) Nonintervening military service.--The amount due for the

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

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

6 * * *

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

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

9 NONCREDITABLE SCHOOL SERVICE.--

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

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

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

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

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

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

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

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

25 § 8326. Contributions by the Commonwealth.

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

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

10 * * *

11 § 8327. Payments by employers.

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

1 the employer.

2 * * *

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

12 (1) For an employer that is a school entity, the amount
13 shall be the sum of the percentages as determined under
14 section 8328 applied to the total compensation during the pay
15 periods in the preceding quarter of all employees who were
16 active members of the system during such period, including
17 members on activated military service leave. In the event a
18 member on activated military service leave does not return to
19 service for the necessary time or receives an undesirable,
20 bad conduct or dishonorable discharge or does not elect to
21 receive credit for activated military service under section
22 8302(b.1)(3), the contribution made by the employer on behalf
23 of such member shall be returned with valuation interest upon
24 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 contributions
2 have not been made by reason of the limitation under IRC §
3 401(a)(17). Any amount of contribution to the fund paid by
4 the employer on behalf of a noneligible member on the basis
5 of compensation which was subject to exclusion from total
6 compensation in accordance with the provisions of this
7 paragraph shall, upon the board's determination or upon
8 application by the employer, be returned to the employer with
9 valuation interest.

10 § 8328. Actuarial cost method.

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

29 (b) Normal contribution rate.--The normal contribution rate
30 shall be determined after each actuarial valuation. †Until all



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

22 (c) Accrued liability contribution rate.--

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

1 supplemental annuities), 8348.1 (relating to additional
2 supplemental annuities), 8348.2 (relating to further
3 additional supplemental annuities), 8348.3 (relating to
4 supplemental annuities commencing 1994), 8348.4 (relating to
5 special supplemental postretirement adjustment), 8348.5
6 (relating to supplemental annuities commencing 1998), 8348.6
7 (relating to supplemental annuities commencing 2002) and
8 8348.7 (relating to supplemental annuities commencing 2003),
9 in excess of the total assets in the fund (calculated by
10 recognizing the actuarially expected investment return
11 immediately and recognizing the difference between the actual
12 investment return and the actuarially expected investment
13 return over a five-year period), excluding the balance in the
14 annuity reserve account, and of the present value of normal
15 contributions and of member contributions payable with
16 respect to all active members on July 1, 2002, during the
17 remainder of their active service.

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

30 (3) Notwithstanding any other provision of law,

1 beginning July 1, 2004, and ending June 30, 2011, the
2 outstanding balance of the increase in accrued liability due
3 to the change in benefits enacted in 2001 and the outstanding
4 balance of the net actuarial loss incurred in fiscal year
5 2000-2001 shall be amortized in equal dollar annual
6 contributions over a period that ends 30 years after July 1,
7 2002, and the outstanding balance of the net actuarial loss
8 incurred in fiscal year 2001-2002 shall be amortized in equal
9 dollar annual contributions over a period that ends 30 years
10 after July 1, 2003. For fiscal years beginning on or after
11 July 1, 2004, if the accrued liability is increased by
12 legislation enacted subsequent to June 30, 2003, such
13 additional liability shall be funded in equal dollar annual
14 contributions over a period of ten years from the first day
15 of July coincident with or next following the effective date
16 of the increase.

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

1 subsequent to June 30, 2010, such additional liability shall
2 be funded as a level percentage of compensation over a period
3 of ten years from the July 1 second succeeding the date such
4 legislation is enacted.

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

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

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

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

8 (e) Experience adjustment factor.--

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

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

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

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

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

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

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

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

8 (h) Final contribution rate.--

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

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

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

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

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

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

30 (3) the supplemental annuity contribution rate as

1 calculated in subsection (d);
2 (4) the experience adjustment factor as calculated in
3 subsection (e); and
4 (5) any costs added by legislation enacted prior to the
5 last actuarial valuation.

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

17 § 8342. Maximum single life annuity.

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

1 Provided however, That on or after July 1, 1976, in the case of
2 any ~~Class T-C, T-D, T-E or T-F~~ member who has attained age 55 ←
3 and has 25 or more eligibility points such sum of single life
4 annuities shall be reduced by a percentage determined by
5 multiplying the number of months, including a fraction of a
6 month as a full month, by which the effective date of retirement
7 precedes superannuation age by 1/4%: FURTHER PROVIDED, IN NO ←
8 EVENT SHALL A CLASS T-E OR CLASS T-F MEMBER RECEIVE AN ANNUAL
9 BENEFIT, CALCULATED AS OF THE EFFECTIVE DATE OF RETIREMENT,
10 GREATER THAN THE MEMBER'S FINAL AVERAGE SALARY:

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

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

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

25 * * *

26 § 8344. Disability annuities.

27 * * *

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

1 annuitant who:

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

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

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

11 * * *

12 § 8345. Member's options.

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

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

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

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

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

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

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

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

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

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

9 * * *

10 § 8348.1. Additional supplemental annuities.

11 * * *

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

1 * * *

2 § 8348.2. Further additional supplemental annuities.

3 * * *

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

23 * * *

24 § 8348.3. Supplemental annuities commencing 1994.

25 * * *

26 (f) Funding.--[The]

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

1 beginning July 1, 2002.

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

6 * * *

7 § 8348.5. Supplemental annuities commencing 1998.

8 * * *

9 (f) Funding.--[The]

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

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

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

25 * * *

26 § 8348.6. Supplemental annuities commencing 2002.

27 * * *

28 (f) Funding.--[The]

29 (1) For the period beginning July 1, 2002, and ending
30 June 30, 2011, the additional liability for the increase in

1 benefits provided in this section shall be funded in equal
2 dollar annual installments over a period of ten years
3 beginning July 1, 2003.

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

8 * * *

9 § 8348.7. Supplemental annuities commencing 2003.

10 * * *

11 (f) Funding.--[The]

12 (1) For the period beginning July 1, 2002, and ending
13 June 30, 2011, the additional liability for the increase in
14 benefits provided in this section shall be funded in equal
15 dollar annual installments over a period of ten years
16 beginning July 1, 2004.

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

21 * * *

22 § 8502. Administrative duties of board.

23 * * *

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

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

19 * * *

20 Section 6. Section 8505 of Title 24 is amended by adding a
21 subsection to read:

22 § 8505. Duties of board regarding applications and elections of
23 members.

24 * * *

25 (1) Notification of Class T-F membership.--The board shall
26 inform any eligible school employee of the right to elect Class
27 T-F membership.

28 Section 7 6.1. Sections 8507(f) and (g) and 8535(3) of Title ←
29 24 are amended to read:

30 § 8507. Rights and duties of school employees and members.

1 * * *

2 (f) Termination of service.--Each member who terminates
3 school service and who is not then a disability annuitant shall
4 execute on or before the date of termination of service a
5 written application, duly attested by the member or his legally
6 constituted representative, electing to do one of the following:

7 (1) Withdraw his accumulated deductions.

8 (2) Vest his retirement rights and if he is a joint
9 coverage member, and so desires, elect to become a full
10 coverage member and agree to pay within 30 days of the date
11 of termination of service the lump sum required.

12 (3) Receive an immediate annuity, if eligible, and may,
13 if he is a joint coverage member, elect to become a full
14 coverage member and agree to pay within 30 days of date of
15 termination of service the lump sum required.

16 (g) Vesting of retirement rights.--If a member elects to
17 vest his retirement rights, he shall nominate a beneficiary by
18 written designation filed with the board and he may anytime
19 thereafter withdraw the accumulated deductions standing to his
20 credit or[, if he has five or more eligibility points,] apply
21 for an annuity if eligible as provided in section 8307(a) or (b)
22 (relating to eligibility for annuitants).

23 * * *

24 § 8535. Payments to school entities by Commonwealth.

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

29 * * *

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

1 receipt of the Commonwealth's portion of the employer's
2 liability to make payment to the Public School Employees'
3 Retirement Fund. School entities are expected to make the
4 full payment to the Public School Employees' Retirement Fund
5 in accordance with section 8327 (relating to payments by
6 employers) in the event the receipt of the Commonwealth's
7 portion of the employer's liability is delayed because of
8 delinquent salary reporting or other conduct by the school
9 entities.

10 SECTION 7 6.2. TITLE 24 IS AMENDED BY ADDING A SECTION TO
11 READ: ←

12 § 8536. INDEPENDENT FISCAL OFFICE STUDY.

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

21 SECTION 7. TITLE 71 IS AMENDED BY ADDING A PART TO READ: ←

22 PART V

23 BOARDS AND OFFICES

24 CHAPTER

25 41. INDEPENDENT FISCAL OFFICE

26 CHAPTER 41

27 INDEPENDENT FISCAL OFFICE

28 4101. SCOPE.

29 4102. DEFINITIONS.

30 4103. OFFICE ESTABLISHED.

- 1 4104. DUTIES OF OFFICE.
- 2 4105. REVENUE ESTIMATES.
- 3 4106. BUDGET INFORMATION.
- 4 4107. EXPENDITURES.
- 5 4108. REVENUE CONFERENCE.
- 6 4109. ACCESS TO INFORMATION.
- 7 4110. SELECTION AND ORGANIZATION COMMITTEE.
- 8 4111. APPOINTMENT.
- 9 4112. POWERS AND DUTIES OF DIRECTOR.
- 10 4113. RECORDS.
- 11 4114. REPEAL.
- 12 § 4101. SCOPE.

13 THIS CHAPTER RELATES TO INDEPENDENT FISCAL ESTIMATES.

14 § 4102. DEFINITIONS.

15 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
16 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
17 CONTEXT CLEARLY INDICATES OTHERWISE:

18 "COMMITTEE." THE INDEPENDENT FISCAL OFFICE SELECTION AND
19 ORGANIZATION COMMITTEE.

20 "COMMONWEALTH AGENCY." ANY OFFICE, DEPARTMENT, AUTHORITY,
21 BOARD, MULTISTATE AGENCY OR COMMISSION OF THE EXECUTIVE BRANCH.

22 THE TERM INCLUDES:

23 (1) THE OFFICE OF THE GOVERNOR.

24 (2) THE OFFICE OF ATTORNEY GENERAL, THE DEPARTMENT OF
25 THE AUDITOR GENERAL AND THE TREASURY DEPARTMENT.

26 (3) AN INDEPENDENT AGENCY AS DEFINED IN 62 PA.C.S. § 103
27 (RELATING TO DEFINITIONS).

28 (4) A STATE-AFFILIATED ENTITY AS DEFINED IN 62 PA.C.S. §
29 103 (RELATING TO DEFINITIONS).

30 (5) THE GENERAL ASSEMBLY.

1 (6) THE JUDICIARY.
2 "DIRECTOR." THE DIRECTOR OF THE INDEPENDENT FISCAL OFFICE.
3 "OFFICE." THE INDEPENDENT FISCAL OFFICE ESTABLISHED IN
4 SECTION 4103 (RELATING TO OFFICE ESTABLISHED).

5 § 4103. OFFICE ESTABLISHED.

6 THERE IS ESTABLISHED A NONPARTISAN INDEPENDENT FISCAL OFFICE
7 AS AN INDEPENDENT AGENCY.

8 § 4104. DUTIES OF OFFICE.

9 (A) MANDATORY.--THE OFFICE SHALL:

10 (1) PREPARE REVENUE ESTIMATES TO INCLUDE FEDERAL FUNDS,
11 STATE REVENUES AND FUNDS FROM OTHER RESOURCES, INCLUDING ANY
12 PROJECTED REVENUE SURPLUS OR DEFICIT FOR A GIVEN FISCAL YEAR,
13 AS PROVIDED UNDER SECTION 4105 (RELATING TO REVENUE
14 ESTIMATES).

15 (2) BY NOVEMBER 15 OF EACH YEAR, PROVIDE AN ASSESSMENT
16 OF THE STATE'S CURRENT FISCAL CONDITION AND A PROJECTION OF
17 WHAT THE FISCAL CONDITION WILL BE DURING THE NEXT FIVE YEARS.
18 THE ASSESSMENT SHALL TAKE INTO ACCOUNT THE STATE OF THE
19 ECONOMY, DEMOGRAPHICS, REVENUES AND EXPENDITURES.

20 (3) DEVELOP PERFORMANCE MEASURES FOR EXECUTIVE LEVEL
21 PROGRAMS AND DEPARTMENTS AND EVALUATE PERFORMANCE MEASURES
22 AND RESULTS AS PROMULGATED AND REPORTED BY EXECUTIVE LEVEL
23 DEPARTMENTS. PERFORMANCE MEASUREMENTS SHALL BE OUTCOME-BASED
24 AND INCLUDE, BUT NOT BE LIMITED TO, ACTIVITY COST ANALYSIS,
25 MEASURES OF STATUS IMPROVEMENT OF RECIPIENT POPULATIONS,
26 ECONOMIC OUTCOMES AND PERFORMANCE BENCHMARKS AGAINST SIMILAR
27 STATE PROGRAMS.

28 (4) PROVIDE AN ANALYSIS, INCLUDING ECONOMIC IMPACT, OF
29 ALL TAX AND REVENUE PROPOSALS SUBMITTED BY THE GOVERNOR OR
30 THE OFFICE OF THE BUDGET.

1 (5) STUDY AND ANALYZE THE EXISTING SALES AND USE TAX LAW
2 AND PROPOSE RECOMMENDATIONS TO THE GOVERNOR AND THE GENERAL
3 ASSEMBLY FOR AMENDING THE TAX TO:

4 (I) ELIMINATE OBSOLETE AND UNNECESSARY PROVISIONS;

5 (II) EXPAND THE TAX BASE AS NECESSARY;

6 (III) ENSURE A COMPETITIVE ECONOMIC MARKET IN THIS
7 COMMONWEALTH; AND

8 (IV) PROTECT THE STABILITY OF THE COMMONWEALTH'S
9 BUDGET.

10 (6) ESTABLISH AN INTERNET WEBSITE.

11 (7) STUDY AND ANALYZE THE IMPACT OF SHARED RISK
12 CONTRIBUTIONS UNDER 24 PA.C.S. § 8321(B) (RELATING TO REGULAR
13 MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) AND SECTION 5501.1
14 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS A-3
15 AND CLASS A-4 SERVICE).

16 (B) DISCRETIONARY.--THE OFFICE MAY:

17 (1) DEVELOP AND USE ECONOMETRIC MODELS TO ANNUALLY
18 FORECAST STATE REVENUES AND UPDATE THE MODELS. THE OFFICE
19 SHALL MAKE THE EQUATIONS OF A MODEL AND ANY HISTORIC
20 DATABASES RELATED THERETO AVAILABLE TO THE CHAIRMAN AND
21 MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE
22 SENATE, THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
23 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES, THE
24 MAJORITY LEADER AND MINORITY LEADER OF THE SENATE AND THE
25 MAJORITY LEADER AND MINORITY LEADER OF THE HOUSE OF
26 REPRESENTATIVES.

27 (2) PROVIDE AN ANALYSIS OF THE EXECUTIVE BUDGET,
28 INCLUDING BUDGETARY PROJECTIONS, ECONOMIC OUTLOOK AND
29 ECONOMIC IMPACT. THE BUDGET ANALYSIS MAY INCLUDE PERFORMANCE
30 RECOMMENDATIONS TO SECURE GREATER EFFICIENCY AND ECONOMY.

1 (3) PROVIDE AN ASSESSMENT OF THE PENNSYLVANIA ECONOMY
2 AND THE NATIONAL ECONOMY AND THE IMPACT OF THE EXISTING OR
3 EMERGING STATE OR NATIONAL ECONOMIC TRENDS ON REVENUE
4 PERFORMANCE FOR THE CURRENT YEAR AND THE FORECASTED OR
5 PROJECTED REVENUE COLLECTIONS FOR THE BUDGET YEAR AND THE
6 SUCCEEDING YEAR.

7 § 4105. REVENUE ESTIMATES.

8 (A) INITIAL REVENUE ESTIMATE.--BY MAY 1, THE OFFICE SHALL
9 SUBMIT TO THE GENERAL ASSEMBLY AN INITIAL REVENUE ESTIMATE FOR
10 THE NEXT FISCAL YEAR.

11 (B) OFFICIAL REVENUE ESTIMATE.--

12 (1) BY JUNE 15 OF EACH YEAR THE OFFICE SHALL SUBMIT AN
13 OFFICIAL REVENUE ESTIMATE FOR THE NEXT FISCAL YEAR.

14 (2) A REVENUE ESTIMATE SUBMITTED UNDER THIS SECTION
15 SHALL BE CONSIDERED BY THE GOVERNOR AND THE GENERAL ASSEMBLY
16 AS THE AMOUNT OF REVENUE WHICH MAY BE CONSIDERED FOR THE
17 GENERAL APPROPRIATION ACT FOR THE ENSUING FISCAL YEAR UNLESS
18 THE GENERAL ASSEMBLY OR THE GOVERNOR DETERMINES THAT REVENUES
19 ARE GREATER THAN OR LESS THAN THE ESTIMATE PROVIDED UNDER
20 THIS SECTION. THE OFFICE MAY AMEND THE REVENUE ESTIMATE UNDER
21 THIS SECTION IF CHANGES IN LAW AFFECTING REVENUES AND
22 RECEIPTS ARE ENACTED OR PROPOSED TO BE ENACTED WITH THE
23 ANNUAL STATE BUDGET OR UNLESS SIGNIFICANT CHANGES IN ECONOMIC
24 ASSUMPTIONS OCCUR PRIOR TO JUNE 30. THE OFFICE SHALL SUBMIT
25 THE AMENDED REVENUE ESTIMATE TO THE GENERAL ASSEMBLY WITHIN
26 TEN DAYS OF THE CHANGE.

27 (3) THE OFFICE SHALL PUBLISH THE METHODOLOGY USED TO
28 DEVELOP REVENUE ESTIMATES.

29 (C) INFORMATION.--THE OFFICE SHALL PROVIDE THE CHAIRMAN AND
30 MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE SENATE,

1 THE CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS
2 COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE SECRETARY OF
3 THE BUDGET ALL DATA, ASSUMPTIONS OR ECONOMETRIC MODELS USED TO
4 DEVELOP PROJECTIONS AND REVENUE ESTIMATES.

5 (D) REQUIRED INFORMATION.--

6 (1) A REVENUE ESTIMATE SUBMITTED BY THE OFFICE UNDER
7 SUBSECTION (B) SHALL INCLUDE:

8 (I) PROJECTED REVENUE COLLECTIONS BY SPECIFIC TAX OR
9 REVENUE SOURCE, INCLUDING FEDERAL FUNDS, THE GENERAL
10 FUND, THE LOTTERY FUND AND THE MOTOR LICENSE FUND.

11 (II) ALL DATA, ASSUMPTIONS AND ECONOMETRIC MODELS
12 USED TO DEVELOP A REVENUE ESTIMATE.

13 (III) ANY PROJECTED REVENUE SURPLUS OR DEFICIT FOR
14 THE CURRENT FISCAL YEAR.

15 (2) A REVENUE ESTIMATE SHALL BE BASED ON EXISTING LAW
16 AND TAX POLICY AND EXISTING OR EMERGING STATE OR NATIONAL
17 ECONOMIC TRENDS.

18 (E) PROPOSED CHANGE IN LAW.--THE OFFICE SHALL PREPARE A
19 REVENUE ESTIMATE OF ANY CHANGE IN LAW AFFECTING REVENUES AND
20 RECEIPTS, INCLUDING INCREASES IN REGULATORY FEES, PROPOSED OR
21 CONSIDERED AS PART OF THE ANNUAL STATE BUDGET. IF THE PROPOSED
22 CHANGE IN LAW WILL HAVE A FISCAL IMPACT IN EXCESS OF \$10,000,000
23 IN ANY FISCAL YEAR, THE ESTIMATE SHALL BE PREPARED ON THE BASIS
24 OF ASSUMPTIONS THAT ESTIMATE THE PROBABLE BEHAVIORAL RESPONSES
25 OF TAXPAYERS, BUSINESSES AND OTHER PERSONS TO THE PROPOSED
26 CHANGES AND SHALL INCLUDE A STATEMENT IDENTIFYING THOSE
27 ASSUMPTIONS. THE INFORMATION MAY BE USED TO REVISE THE REVENUE
28 ESTIMATE UNDER SUBSECTION (A).

29 (F) DEPARTMENT OF REVENUE.--THE DEPARTMENT OF REVENUE IN
30 CONJUNCTION WITH THE SECRETARY OF THE BUDGET SHALL MAKE REVENUE

1 ESTIMATES FOR THE USE OF THE GOVERNOR IN PREPARING THE BUDGET.

2 (G) GOVERNOR.--THE GOVERNOR SHALL CERTIFY THAT ANY
3 APPROPRIATION BILL DOES NOT CAUSE TOTAL APPROPRIATIONS TO EXCEED
4 REVENUES PLUS ANY UNAPPROPRIATED SURPLUS AS PROVIDED IN SECTION
5 618 OF THE ACT OF APRIL 9, 1929 (P.L.177, NO.175), KNOWN AS THE
6 ADMINISTRATIVE CODE OF 1929.

7 § 4106. BUDGET INFORMATION.

8 THE OFFICE SHALL BE NOTIFIED AND SHALL ATTEND ANY BRIEFINGS
9 PROVIDED BY THE GOVERNOR OR THE SECRETARY OF THE BUDGET UNDER
10 SECTION 619 OF THE ACT OF APRIL 9, 1929 (P.L.177, NO.175), KNOWN
11 AS THE ADMINISTRATIVE CODE OF 1929.

12 § 4107. EXPENDITURES.

13 (A) EXPENDITURE REPORTS.--COMMONWEALTH AGENCIES SHALL MAKE
14 MONTHLY EXPENDITURE DATA AVAILABLE TO THE OFFICE. THE DATA SHALL
15 BE PROVIDED WITHIN SEVEN DAYS AFTER THE END OF EACH MONTH. THE
16 MONTHLY DATA SHALL INCLUDE A SUMMARY OF THE LAST MONTHLY
17 SUBMISSION. THE DATA SHALL BE PROVIDED IN FINISHED REPORTS OR
18 ELECTRONICALLY, AS PROVIDED IN THE ACT OF APRIL 9, 1929
19 (P.L.177, NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929. THE
20 DATA SHALL BE PROVIDED BY FUND, BY APPROPRIATION, BY DEPARTMENT
21 AND BY ORGANIZATION WITHIN EACH DEPARTMENT AND SHALL INCLUDE:

22 (1) NUMBER OF FILLED PERSONNEL POSITIONS AND THEIR COST.

23 (2) ITEMIZED PERSONNEL VACANCIES AND THEIR COST.

24 (3) NEW POSITIONS CREATED AND THEIR COST.

25 (4) WAGE AND OVERTIME COSTS.

26 (5) ALLOTMENTS AND EXPENDITURES FOR ITEMIZED PERSONNEL
27 EXPENSES.

28 (6) ALLOTMENTS AND EXPENDITURES FOR ITEMIZED OPERATING
29 EXPENSES.

30 (7) ALLOTMENT AND EXPENDITURES FOR ITEMIZED FIXED

1 ASSETS.

2 (8) THE RATE OF EXPENDITURES IN APPROPRIATIONS FOR MAJOR
3 SUBSIDY AND GRANT PROGRAMS DURING THE MONTH.

4 (B) REVENUE REPORTS.--THE GOVERNOR SHALL DIRECT THAT MONTHLY
5 REVENUE REPORTS BE SUBMITTED TO THE OFFICE. THE REVENUE REPORTS
6 SHALL SHOW THE ACTUAL COLLECTION OF REVENUE ITEMIZED BY SOURCE
7 AND A COMPARISON OF THE ACTUAL COLLECTIONS WITH ESTIMATED
8 COLLECTIONS FOR EACH MONTH. THE COMPARISON SHALL INCLUDE AN
9 ANALYSIS OF ANY CHANGE IN COLLECTION PATTERNS WHICH WILL CAUSE A
10 SHORTFALL OR OVERRUN ON ANNUAL ESTIMATES OF MORE THAN 1%.

11 (C) OTHER REVENUE DATA.--COMMONWEALTH AGENCIES SHALL CAUSE
12 TO BE PREPARED ANY OTHER REVENUE DATA AS MAY BE REQUESTED FROM
13 TIME TO TIME BY THE OFFICE.

14 (D) ELECTRONIC ACCESS.--EXCEPT FOR INFORMATION THAT IS
15 CONFIDENTIAL PURSUANT TO STATUTE, THE OFFICE SHALL HAVE ACCESS
16 TO ALL INFORMATION AVAILABLE UNDER THIS SECTION ON INQUIRY-ONLY
17 SCREENS THROUGH AN INTEGRATED CENTRAL COMPUTER SYSTEM.

18 § 4108. REVENUE CONFERENCE.

19 BY JANUARY 31 OF EACH YEAR, THE OFFICE SHALL CONVENE A
20 MEETING WITH THE SECRETARY OF THE BUDGET, THE SECRETARY OF
21 REVENUE AND THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
22 APPROPRIATIONS COMMITTEE OF THE SENATE AND THE CHAIRMAN AND
23 MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE
24 OF REPRESENTATIVES TO DISCUSS THE FOLLOWING:

25 (1) THE PENNSYLVANIA ECONOMY AND THE NATIONAL ECONOMY
26 AND THE IMPACT OF THE ECONOMIC TRENDS ON REVENUE PERFORMANCE
27 FOR THE BUDGET YEAR AND THE SUCCEEDING YEAR.

28 (2) CURRENT YEAR-TO-DATE REVENUE COLLECTIONS BY SPECIFIC
29 TAX OR REVENUE SOURCE, INCLUDING FEDERAL FUNDS, THE GENERAL
30 FUND, THE LOTTERY FUND AND THE MOTOR LICENSE FUND AND

1 VARIATIONS THAT MAY BE OCCURRING IN THE REVENUE ESTIMATE
2 SUBMITTED UNDER SECTION 4105(A) (RELATING TO REVENUE
3 ESTIMATES).

4 (3) ANY STATUTORY OR TAX POLICY CHANGES THAT MAY BE
5 RECOMMENDED BY THE GOVERNOR OR THE GENERAL ASSEMBLY FOR THE
6 NEXT SUCCEEDING FISCAL YEAR.

7 § 4109. ACCESS TO INFORMATION.

8 (A) AGENCIES.--THE DIRECTOR IS AUTHORIZED TO SECURE
9 INFORMATION, DATA, EXPENSE INFORMATION, ESTIMATES AND STATISTICS
10 DIRECTLY FROM A COMMONWEALTH AGENCY OR A POLITICAL SUBDIVISION.
11 ALL COMMONWEALTH AGENCIES AND POLITICAL SUBDIVISIONS SHALL
12 FURNISH THE DIRECTOR WITH ALL REPORTS OF EXPENDITURE FOR EACH
13 AGENCY AND ANY OTHER AVAILABLE MATERIAL OR DATA WHICH THE
14 DIRECTOR DETERMINES TO BE NECESSARY IN THE PERFORMANCE OF THE
15 DUTIES OF THE OFFICE, OTHER THAN MATERIAL THE DISCLOSURE OF
16 WHICH WOULD BE A VIOLATION OF LAW. THE DIRECTOR IS ALSO
17 AUTHORIZED, UPON AGREEMENT WITH THE HEAD OF ANY COMMONWEALTH
18 AGENCY OR POLITICAL SUBDIVISION, TO UTILIZE THE SERVICES,
19 FACILITIES AND PERSONNEL OF THE AGENCY WITH OR WITHOUT
20 REIMBURSEMENT.

21 (B) OFFICE OF THE BUDGET.--IN CARRYING OUT THE DUTIES AND
22 FUNCTIONS OF THE OFFICE, THE DIRECTOR IS AUTHORIZED TO OBTAIN
23 INFORMATION, DATA, ESTIMATES AND STATISTICS DEVELOPED BY THE
24 OFFICE OF THE BUDGET AND ALL COMMONWEALTH AGENCIES. THE OFFICE
25 OF THE BUDGET SHALL SUBMIT TO THE OFFICE COPIES OF FINAL AGENCY
26 BUDGET REQUESTS AT THE SAME TIME THEY ARE SUBMITTED TO THE
27 GENERAL ASSEMBLY UNDER THE ACT OF APRIL 9, 1929 (P.L.177,
28 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929.

29 (C) COMPUTER DATABASE.--IN ORDER TO CARRY OUT ITS DUTIES
30 UNDER THIS CHAPTER, THE OFFICE SHALL HAVE ACCESS TO ANY

1 COMPUTERIZED DATABASE OF A STATE AGENCY THAT IS REQUIRED TO AID
2 THE OFFICE IN THE PERFORMANCE OF ITS DUTIES, EXCEPT THAT ANY
3 STATUTORY REQUIREMENTS REGARDING PRIVACY OF INDIVIDUALS' RECORDS
4 SHALL BE OBSERVED IN PROVIDING ACCESS.

5 (D) DAILY REVENUE DATA.--

6 (1) THE SECRETARY OF REVENUE AND THE SECRETARY OF THE
7 BUDGET SHALL POST REVENUE COLLECTION DATA FOR EACH DEPOSIT
8 DAY AND MAKE THE INFORMATION AVAILABLE TO THE OFFICE AND THE
9 CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS
10 COMMITTEE OF THE SENATE AND THE CHAIRMAN AND MINORITY
11 CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF
12 REPRESENTATIVES.

13 (2) THE GOVERNOR, THE ATTORNEY GENERAL, THE AUDITOR
14 GENERAL AND THE STATE TREASURER SHALL CAUSE TO BE PREPARED
15 ANY OTHER REVENUE DATA AS MAY BE REQUESTED BY THE OFFICE.

16 (E) TAX INFORMATION.--FOR THE PURPOSES OF CARRYING OUT ITS
17 OFFICIAL DUTIES UNDER SECTION 4105 (RELATING TO REVENUE
18 ESTIMATES) AND NOTWITHSTANDING ANY OTHER LAW OF THIS
19 COMMONWEALTH, THE OFFICE SHALL BE AUTHORIZED TO ACCESS ANY
20 INFORMATION IN THE POSSESSION OF THE DEPARTMENT OF REVENUE THAT
21 IS OBTAINED FROM TAX PAYMENTS, RETURNS OR REPORTS, INCLUDING
22 ADJUSTMENTS OR CORRECTIONS MADE BY THE DEPARTMENT. THE
23 INFORMATION ACCESSED UNDER THIS SECTION SHALL BE CONFIDENTIAL
24 EXCEPT FOR OFFICIAL PURPOSES AND ANY PERSON DIVULGING THE
25 INFORMATION SHALL BE SUBJECT TO SECTION 731 OF THE ACT OF APRIL
26 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

27 (F) CIVIL ACTION.--IF INFORMATION IS NOT MADE AVAILABLE BY A
28 COMMONWEALTH AGENCY OR POLITICAL SUBDIVISION WITHIN A REASONABLE
29 TIME, THE DIRECTOR MAY MAKE A WRITTEN REQUEST TO THE AGENCY
30 HEAD, STATING THE AUTHORITY TO RECEIVE THE INFORMATION. THE

1 AGENCY HEAD SHALL HAVE 15 DAYS TO RESPOND. IF THE INFORMATION IS
2 NOT PROVIDED WITHIN 15 DAYS OF THE RECEIPT OF THE DIRECTOR'S
3 REQUEST, THE DIRECTOR MAY BRING A CIVIL ACTION TO REQUIRE THE
4 AGENCY HEAD TO PROVIDE THE INFORMATION.

5 § 4110. SELECTION AND ORGANIZATION COMMITTEE.

6 (A) SELECTION AND ORGANIZATION COMMITTEE.--THE INDEPENDENT
7 FISCAL OFFICE SELECTION AND ORGANIZATION COMMITTEE IS
8 ESTABLISHED TO ORGANIZE THE OFFICE AND SELECT THE DIRECTOR OF
9 THE OFFICE. THE COMMITTEE SHALL CONSIST OF THE FOLLOWING:

10 (1) THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
11 APPROPRIATIONS COMMITTEE OF THE SENATE AND THE CHAIRMAN AND
12 MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE
13 HOUSE OF REPRESENTATIVES.

14 (2) THE MAJORITY LEADER AND THE MINORITY LEADER OF THE
15 SENATE AND THE MAJORITY LEADER AND THE MINORITY LEADER OF THE
16 HOUSE OF REPRESENTATIVES.

17 (3) THE PRESIDENT PRO TEMPORE OF THE SENATE AND THE
18 SPEAKER OF THE HOUSE OF REPRESENTATIVES.

19 (B) DUTIES OF COMMITTEE.--BY JANUARY 15, 2011, THE SELECTION
20 AND ORGANIZATION COMMITTEE SHALL DELIBERATE THE FOLLOWING:

21 (1) THE PROCEDURES TO BE ADOPTED TO SELECT THE DIRECTOR
22 OF THE OFFICE.

23 (2) THE OPERATIONAL BUDGET FOR THE OFFICE.

24 § 4111. APPOINTMENT.

25 (A) DIRECTOR.--THE OFFICE SHALL BE HEADED BY A DIRECTOR
26 APPOINTED BY THE SELECTION AND ORGANIZATION COMMITTEE BY MAY 30,
27 2011. THE APPOINTMENT SHALL BE MADE WITHOUT REGARD TO POLITICAL
28 AFFILIATION AND SOLELY ON THE BASIS OF FITNESS TO PERFORM THE
29 DUTIES OF THE OFFICE BASED ON QUALIFICATIONS PUBLISHED BY THE
30 SELECTION AND ORGANIZATION COMMITTEE.

1 (B) DEPUTY DIRECTOR.--THE DIRECTOR SHALL APPOINT A DEPUTY
2 DIRECTOR WHO SHALL PERFORM SUCH DUTIES AS ASSIGNED BY THE
3 DIRECTOR AND WHO SHALL DURING THE ABSENCE OR INCAPACITY OF THE
4 DIRECTOR OR A VACANCY ACT AS THE DIRECTOR.

5 (C) TERM.--THE TERM OF OFFICE OF THE DIRECTOR SHALL BE SIX
6 YEARS. AN INDIVIDUAL APPOINTED AS DIRECTOR TO FILL A VACANCY
7 PRIOR TO THE EXPIRATION OF A TERM SHALL SERVE ONLY FOR THE
8 UNEXPIRED PORTION OF THAT TERM. AN INDIVIDUAL SERVING AS
9 DIRECTOR AT THE EXPIRATION OF A TERM MAY CONTINUE TO SERVE UNTIL
10 A SUCCESSOR IS APPOINTED.

11 (D) REMOVAL.--THE DIRECTOR MAY BE REMOVED BY A CONCURRENT
12 RESOLUTION PASSED BY THE SENATE AND THE HOUSE OF
13 REPRESENTATIVES.

14 § 4112. POWERS AND DUTIES OF DIRECTOR.

15 (A) PERSONNEL.--THE DIRECTOR SHALL APPOINT AND FIX THE
16 COMPENSATION OF PERSONNEL AS NECESSARY TO CARRY OUT THE DUTIES
17 AND FUNCTIONS OF THE OFFICE. ALL PERSONNEL OF THE OFFICE SHALL
18 BE APPOINTED WITHOUT REGARD TO POLITICAL AFFILIATION AND SOLELY
19 ON THE BASIS OF THEIR FITNESS TO PERFORM THEIR DUTIES.

20 (B) EXPERTS AND CONSULTANTS.--IN CARRYING OUT THE DUTIES AND
21 FUNCTIONS OF THE OFFICE, THE DIRECTOR MAY PROCURE THE TEMPORARY
22 OR INTERMITTENT SERVICES OF ATTORNEYS, EXPERTS OR CONSULTANTS OR
23 ORGANIZATION THEREOF BY CONTRACT.

24 § 4113. RECORDS.

25 THE OFFICE SHALL BE A LEGISLATIVE AGENCY FOR PURPOSE OF THE
26 ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-
27 KNOW LAW.

28 § 4114. REPEAL.

29 (A) INTENT.--THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL
30 UNDER SUBSECTION (B) IS NECESSARY TO EFFECTUATE THE PURPOSES OF

1 THIS CHAPTER.

2 (B) PROVISION.--SECTION 618 OF THE ACT OF APRIL 9, 1929
3 (P.L.177, NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, IS
4 REPEALED TO THE EXTENT IT IS INCONSISTENT WITH THIS CHAPTER.

5 Section 7.1. The definitions of "class of service
6 multiplier," "final average salary," "~~superannuation age~~" ←
7 "MEMBER'S ANNUITY," "PICKUP CONTRIBUTIONS," "SUPERANNUATION ←
8 AGE," "TOTAL ACCUMULATED DEDUCTIONS" and "vestee" in section
9 5102 of Title 71 are amended AND THE SECTION IS AMENDED BY ←
10 ADDING DEFINITIONS to read:

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 * * *

16 "Class of service multiplier."

17	Class of Service		Multiplier
18	A		1
19	AA	for all purposes	1.25
20		except	
21		calculating	
22		regular member	
23		contributions on	
24		compensation	
25		paid prior to	
26		January 1, 2002	
27	AA	for purposes of	
28		calculating	
29		regular member	
30		contributions	

1		on compensation	
2		paid prior to	
3		January 1, 2002	1
4	<u>A-3</u>	<u>for all purposes</u>	
5		<u>except the</u>	
6		<u>calculation of</u>	
7		<u>regular member</u>	
8		<u>contributions</u>	
9		<u>and</u>	
10		<u>contributions</u>	
11		<u>for creditable</u>	
12		<u>nonstate service</u>	<u>1</u>
13	<u>A-3</u>	<u>for purposes of</u>	
14		<u>calculating</u>	
15		<u>regular member</u>	
16		<u>contributions</u>	
17		<u>and</u>	
18		<u>contributions</u>	
19		<u>for creditable</u>	
20		<u>nonstate service</u>	<u>1.25</u>
21	<u>A-4</u>	<u>for all purposes</u>	
22		<u>except the</u>	
23		<u>calculation of</u>	
24		<u>regular member</u>	
25		<u>contributions</u>	<u>1.25</u>
26	<u>A-4</u>	<u>for purposes of</u>	
27		<u>calculating</u>	
28		<u>regular member</u>	
29		<u>contributions</u>	<u>1.86</u>
30	B		.625

1	C		1	
2	D		1.25	
3	D-1	prior to January		
4		1, 1973	1.875	
5	D-1	on and		
6		subsequent to		
7		January 1, 1973	1.731	
8	D-2	prior to January		
9		1, 1973	2.5	
10	D-2	on and		
11		subsequent to		
12		January 1, 1973	1.731	
13	D-3	prior to January		
14		1, 1973	3.75	
15	D-3	on and		except prior to
16		subsequent to		December 1, 1974
17		January 1, 1973	1.731	as applied to
18				any additional
19				legislative
20				compensation as
21				an officer of
22				the General
23				Assembly
24			3.75	
25	D-4	for all purposes		
26		except		
27		calculating		
28		regular member		
29		contributions		
30		on compensation		

1		paid prior to		
2		July 1, 2001	1.5	
3	D-4	for purposes of		
4		calculating		
5		regular member		
6		contributions on		
7		compensation		
8		paid prior to		
9		July 1, 2001	1	
10	E, E-1	prior to January		for each of the
11		1, 1973	2	first ten years
12				of judicial
13				service, and
14			1.5	for each
15				subsequent year
16				of judicial
17				service
18	E, E-1	on and		for each of the
19		subsequent to		first ten years
20		January 1, 1973	1.50	of judicial
21				service and
22	E-2	prior to		
23		September 1 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	1
7	School	
8	Employees'	
9	Retirement Code)	
10	<u>T-E (Public</u>	<u>1</u>
11	<u>School</u>	
12	<u>Employees'</u>	
13	<u>Retirement Code)</u>	
14	<u>T-F (Public</u>	<u>1</u>
15	<u>School</u>	
16	<u>Employees'</u>	
17	<u>Retirement Code)</u>	

18 * * *

19 "Final average salary." The highest average compensation
20 received as a member during any three nonoverlapping periods of
21 four consecutive calendar quarters during which the member was a
22 State employee, with the compensation for part-time service
23 being annualized on the basis of the fractional portion of the
24 year for which credit is received; except if the employee was
25 not a member for three nonoverlapping periods of four
26 consecutive calendar quarters, the total compensation received
27 as a member, annualized in the case of part-time service,
28 divided by the number of nonoverlapping periods of four
29 consecutive calendar quarters of membership; in the case of a
30 member with multiple service, the final average salary shall be

1 determined on the basis of the compensation received by him as a
2 State employee or as a school employee, or both; in the case of
3 a member with Class A-3 or Class A-4 service and service in one
4 or more other classes of service, the final average salary shall
5 be determined on the basis of the compensation received by him
6 in all classes of State service; and, in the case of a member
7 who first became a member on or after January 1, 1996, the final
8 average salary shall be determined as hereinabove provided but
9 subject to the application of the provisions of section
10 5506.1(a) (relating to annual compensation limit under IRC §
11 401(a)(17)).

12 * * *

13 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS ←
14 ACTUARIALLY EQUIVALENT, AT THE EFFECTIVE DATE OF RETIREMENT, TO
15 THE SUM OF THE REGULAR ACCUMULATED DEDUCTIONS, SHARED RISK
16 ACCUMULATED DEDUCTIONS, THE ADDITIONAL ACCUMULATED DEDUCTIONS
17 AND THE SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS
18 STANDING TO THE MEMBER'S CREDIT IN THE MEMBERS' SAVINGS ACCOUNT.

19 * * *

20 "PICKUP CONTRIBUTIONS." REGULAR OR JOINT COVERAGE MEMBER
21 CONTRIBUTIONS, SHARED RISK MEMBER CONTRIBUTIONS, SOCIAL SECURITY
22 INTEGRATION CONTRIBUTIONS AND ADDITIONAL MEMBER CONTRIBUTIONS
23 WHICH ARE MADE BY THE COMMONWEALTH OR OTHER EMPLOYER FOR ACTIVE
24 MEMBERS FOR CURRENT SERVICE ON AND AFTER JANUARY 1, 1982.

25 * * *

26 "SHARED RISK ACCUMULATED DEDUCTIONS." THE TOTAL OF THE
27 SHARED RISK MEMBER CONTRIBUTIONS PAID INTO THE FUND ON ACCOUNT
28 OF CURRENT SERVICE OR PREVIOUS STATE SERVICE OR CREDITABLE
29 NONSTATE SERVICE, TOGETHER WITH THE STATUTORY INTEREST CREDITED
30 ON THE CONTRIBUTIONS UNTIL THE DATE OF TERMINATION OF SERVICE.

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

5 "SHARED RISK MEMBER CONTRIBUTIONS." THE PRODUCT OF THE
6 SHARED RISK CONTRIBUTION RATE AND THE COMPENSATION OF A MEMBER
7 FOR SERVICE CREDITED AS CLASS A-3 OR CLASS A-4.

8 * * *

9 "Superannuation age." [Any] For classes of service other
10 than Class A-3 and Class A-4, any age upon accrual of 35
11 eligibility points or age 60, except for a member of the General
12 Assembly, an enforcement officer, a correction officer, a
13 psychiatric security aide, a Delaware River Port Authority
14 policeman or an officer of the Pennsylvania State Police, age
15 50, and, except for a member with Class G, Class H, Class I,
16 Class J, Class K, Class L, Class M or Class N service, age 55
17 upon accrual of 20 eligibility points. For Class A-3 and Class
18 A-4 service, any age upon accrual of 35 eligibility points ←

19 ATTAINMENT OF A SUPERANNUATION SCORE OF 92, PROVIDED THE MEMBER ←
20 HAS ACCRUED 35 ELIGIBILITY POINTS, or age 65, or for park ←

21 rangers or capitol police officers, age 55 with 20 years of
22 service as a park ranger or capitol police officer, except for a
23 member of the General Assembly, an enforcement officer, a
24 correction officer, a psychiatric security aide, a Delaware
25 River Port Authority policeman or an officer of the Pennsylvania
26 State Police, age 55. A VESTEE WITH CLASS A-3 OR CLASS A-4 ←

27 SERVICE CREDIT ATTAINS SUPERANNUATION AGE ON THE BIRTHDAY THE
28 VESTEE ATTAINS THE AGE RESULTING IN A SUPERANNUATION SCORE OF
29 92, PROVIDED THE VESTEE HAS AT LEAST 35 ELIGIBILITY POINTS, OR
30 ATTAINS ANOTHER APPLICABLE SUPERANNUATION AGE, WHICHEVER OCCURS

1 FIRST.

2 "SUPERANNUATION SCORE." THE SUM OF THE MEMBER'S AGE IN WHOLE
3 YEARS ON HIS LAST BIRTHDAY AND THE AMOUNT OF THE MEMBER'S TOTAL
4 ELIGIBILITY POINTS ON THE MEMBER'S EFFECTIVE DATE OF RETIREMENT,
5 EXPRESSED IN WHOLE YEARS AND WHOLE ELIGIBILITY POINTS AND
6 DISREGARDING FRACTIONS OF A YEAR AND FRACTIONS OF TOTAL
7 ELIGIBILITY POINTS.

8 * * *

9 "TOTAL ACCUMULATED DEDUCTIONS." THE SUM OF THE REGULAR
10 ACCUMULATED DEDUCTIONS, ADDITIONAL ACCUMULATED DEDUCTIONS, THE
11 SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS, SHARED RISK
12 MEMBER CONTRIBUTIONS AND ALL OTHER CONTRIBUTIONS PAID INTO THE
13 FUND FOR THE PURCHASE, TRANSFER OR CONVERSION OF CREDIT FOR
14 SERVICE OR OTHER COVERAGE TOGETHER WITH ALL STATUTORY INTEREST
15 CREDITED THEREON UNTIL THE DATE OF TERMINATION OF SERVICE. IN
16 THE CASE OF A VESTEE OR A SPECIAL VESTEE, STATUTORY INTEREST
17 SHALL BE CREDITED UNTIL THE EFFECTIVE DATE OF RETIREMENT. A
18 MEMBER'S ACCOUNT SHALL NOT BE CREDITED WITH STATUTORY INTEREST
19 FOR MORE THAN TWO YEARS DURING A LEAVE WITHOUT PAY.

20 * * *

21 "Vestee." A member with five or more eligibility points[,
22 or] in a class of service other than Class A-3 or Class A-4 or
23 Class T-E or Class T-F in the Public School Employees'
24 Retirement System, a member with Class G, Class H, Class I,
25 Class J, Class K, Class L, Class M or Class N service with five
26 or more eligibility points, or a member with Class A-3 or Class
27 A-4 service with ten or more eligibility points who has
28 terminated State service and has elected to leave his total
29 accumulated deductions in the fund and to defer receipt of an
30 annuity.

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

3 § 5302. Credited State service.

4 * * *

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

6 (1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER
7 A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO
8 IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE
9 WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL
10 GOVERNMENT UNDER THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970,
11 5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772, SHALL BE
12 ELIGIBLE FOR CREDIT FOR SUCH SERVICE: PROVIDED, THAT
13 CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501
14 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
15 SERVICE), 5501.1 (RELATING TO SHARED RISK MEMBER
16 CONTRIBUTIONS), 5505.1 (RELATING TO ADDITIONAL MEMBER
17 CONTRIBUTIONS) AND 5507 (RELATING TO CONTRIBUTIONS BY THE
18 COMMONWEALTH AND OTHER EMPLOYERS), THE MEMBER RETURNS FROM
19 LEAVE WITHOUT PAY TO ACTIVE STATE SERVICE FOR A PERIOD OF AT
20 LEAST ONE YEAR, AND HE IS NOT ENTITLED TO RETIREMENT BENEFITS
21 FOR SUCH SERVICE UNDER A RETIREMENT SYSTEM ADMINISTERED BY
22 ANY OTHER GOVERNMENTAL AGENCY.

23 (2) AN ACTIVE MEMBER ON PAID LEAVE GRANTED BY AN
24 EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED FULL-TIME
25 OFFICER FOR A STATEWIDE EMPLOYEE ORGANIZATION WHICH IS A
26 COLLECTIVE BARGAINING REPRESENTATIVE UNDER THE ACT OF JUNE
27 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND
28 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, INCLUDING, BUT NOT LIMITED TO,
10 SALARY, WAGES, PENSION AND RETIREMENT CONTRIBUTIONS AND
11 BENEFITS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN
12 FULL-TIME ACTIVE SERVICE; AND THAT THE STATEWIDE EMPLOYEE
13 ORGANIZATION SHALL FULLY REIMBURSE THE EMPLOYER FOR ALL
14 EXPENSES AND COSTS OF SUCH PAID LEAVE, INCLUDING, BUT NOT
15 LIMITED TO, CONTRIBUTIONS AND PAYMENT IN ACCORDANCE WITH
16 SECTIONS 5501, 5501.1, 5505.1 AND 5507, IF THE EMPLOYEE
17 ORGANIZATION EITHER DIRECTLY PAYS, OR REIMBURSES THE
18 COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN
19 ACCORDANCE WITH SECTION 5507.

20 * * *

21 (e) Cancellation of credited service.--All credited service
22 shall be cancelled if a member withdraws his total accumulated
23 deductions except that a member with Class A-3 or Class A-4
24 service credit and one or more other classes of service credit
25 shall not have his service CREDIT as a member of any classes of ←
26 service other than as a member of Class A-3 or Class A-4
27 cancelled when the member receives a lump sum payment of
28 accumulated deductions resulting from Class A-3 or Class A-4
29 service pursuant to section 5705.1 (relating to payment of
30 accumulated deductions resulting from Class A-3 and Class A-4

1 service).

2 § 5303. Retention and reinstatement of service credits.

3 * * *

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

5 (1) Every active member of the system or a multiple
6 service member who is a school employee and a member of the
7 Public School Employees' Retirement System on or after the
8 effective date of this part shall receive eligibility points
9 in accordance with section 5307 for current State service,
10 previous State service, or creditable nonstate service upon
11 compliance with sections 5501 (relating to regular member
12 contributions for current service), 5501.1 (RELATING TO ←
13 SHARED RISK CONTRIBUTIONS), 5504 (relating to member
14 contributions for the purchase of credit for previous State
15 service or to become a full coverage member), 5505 (relating
16 to contributions for the purchase of credit for creditable
17 nonstate service), 5505.1 (relating to additional member
18 contributions) or 5506 (relating to incomplete payments).
19 Subject to the limitations in sections 5306.1 (relating to
20 election to become a Class AA member) and 5306.2 (relating to
21 elections by members of the General Assembly), the class or
22 classes of service in which the member may be credited for
23 previous State service prior to the effective date of this
24 part shall be the class or classes in which he was or could
25 have at any time elected to be credited for such service,
26 except that a State employee who first becomes a member of
27 the system on or after January 1, 2011, or on or after
28 December 1, 2010, as a member of the General Assembly and:
29 (i) is credited with Class A-3 service for such
30 membership, shall be credited only with Class A-3 service

1 for previous State service performed before January 1,
2 2011, that was not previously credited in the system; or
3 (ii) is credited with Class A-4 service for such
4 membership, shall be credited only with Class A-3 A-4 ←
5 service for previous State service performed before
6 January 1, 2011, that was not previously credited in the
7 system. The class of service in which a member shall be ←
8 credited for

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

13 * * *

14 § 5304. Creditable nonstate service.

15 (a) Eligibility.--

16 (1) An active member who first becomes an active member
17 before January 1, 2011, or before December 1, 2010, as a
18 member of the General Assembly, or a multiple service member
19 who first becomes an active member before January 1, 2011, or
20 before December 1, 2010, as a member of the General Assembly,
21 and who is a school employee and an active member of the
22 Public School Employees' Retirement System shall be eligible
23 for Class A service credit for creditable nonstate service as
24 set forth in subsections (b) and (c) except that intervening
25 military service shall be credited in the class of service
26 for which the member was eligible at the time of entering
27 into military service and for which he makes the required
28 contributions and except that a multiple service member who
29 is a school employee and an active member of the Public
30 School Employees' Retirement System shall not be eligible to

1 purchase service credit for creditable nonstate service set
2 forth in subsection (c) (5).

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

20 * * *

21 Section 7.3. Section 5306(a), (a.1) (1), (2), (5) and (6) and
22 (a.2) of Title 71 are amended and the section is amended by
23 adding a 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).

6 (2) A State employee who first becomes a member of the
7 system on or after January 1, 2011, or on or after December
8 1, 2010, as a member of the General Assembly, shall be
9 classified as a Class A-3 member and receive credit for Class
10 A-3 service upon payment of regular member contributions AND ←
11 SHARED RISK MEMBER CONTRIBUTIONS for Class A-3 service
12 provided that the State employee does not become a member of
13 Class A-4 pursuant to subsection (a.3), except that a member
14 of the judiciary shall be classified as a member of such
15 other class of service for which the member of the judiciary
16 is eligible, shall elect, and make regular member
17 contributions.

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

19 (1) A person who becomes a State employee and an active
20 member of the system after June 30, 2001, and who first
21 became an active member before January 1, 2011, or before
22 December 1, 2010, as a member of the General Assembly, and
23 who is not a State police officer and not employed in a
24 position for which a class of service other than Class A is
25 credited or could be elected shall be classified as a Class
26 AA member and receive credit for Class AA State service upon
27 payment of regular member contributions for Class AA service
28 and, subject to the limitations contained in paragraph (7),
29 if previously a member of Class A or previously employed in a
30 position for which Class A service could have been earned,

1 shall have all Class A State service (other than State
2 service performed as a State police officer or for which a
3 class of service other than Class A was earned or could have
4 been elected) classified as Class AA service.

5 (2) A person who is a State employee on June 30, 2001,
6 and July 1, 2001, but is not an active member of the system
7 because membership in the system is optional or prohibited
8 pursuant to section 5301 (relating to mandatory and optional
9 membership) and who first becomes an active member after June
10 30, 2001, and before January 1, 2011, or before December 1,
11 2010, as a member of the General Assembly, and who is not a
12 State police officer and not employed in a position for which
13 a class of service other than Class A is credited or could be
14 elected shall be classified as a Class AA member and receive
15 credit for Class AA State service upon payment of regular
16 member contributions for Class AA service and, subject to the
17 limitations contained in paragraph (7), if previously a
18 member of Class A or previously employed in a position for
19 which Class A service could have been earned, shall have all
20 Class A State service (other than State service performed as
21 a State Police officer or for which a class of service other
22 than Class A was earned or could have been elected)
23 classified as Class AA service.

24 * * *

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

1 limitations contained in paragraph (7), shall receive Class
2 AA service credit for all Class A State service other than
3 State service performed as a State employee in a position in
4 which the former State employee could have elected a class of
5 service other than Class A.

6 (6) A State employee who after June 30, 2001, becomes a
7 State police officer or who is employed in a position in
8 which the member could elect membership in a class of service
9 other than Class AA or Class D-4 shall retain any Class AA
10 service credited prior to becoming a State police officer or
11 being so employed but shall be ineligible to receive Class AA
12 credit thereafter and instead shall receive Class A credit
13 for service as a member of the judiciary or if he first
14 became a member before January 1, 2011, or December 1, 2010,
15 as a member of the General Assembly, or Class A-3 credit for
16 service other than as a member of the judiciary and he first
17 became a member on or after January 1, 2011, or December 1,
18 2010, as a member of the General Assembly, unless a class of
19 membership other than Class A is elected.

20 * * *

21 (a.2) Class of membership for members of the General
22 Assembly.--

23 (1) A person who:

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

27 (ii) is a member of the General Assembly on July 1,
28 2001, but is not an active member of the system because
29 membership in the system is optional pursuant to section
30 5301 and who becomes an active member after June 30,

1 2001, and before December 1, 2010;
2 and who was not a State police officer on or after July 1,
3 1989, shall be classified as a Class D-4 member and receive
4 credit as a Class D-4 member for all State service as a
5 member of the General Assembly upon payment of regular member
6 contributions for Class D-4 service and, subject to the
7 limitations contained in subsection (a.1)(7), if previously a
8 member of Class A or employed in a position for which Class A
9 service could have been earned, shall receive Class AA
10 service credit for all Class A State service, other than
11 State service performed as a State police officer or for
12 which a class of service other than Class A or Class D-4 was
13 or could have been elected or credited.

14 (2) Provided an election to become a Class D-4 member is
15 made pursuant to section 5306.2 (relating to elections by
16 members of the General Assembly), a State employee who was
17 not a State police officer on or after July 1, 1989, who on
18 July 1, 2001, is a member of the General Assembly and an
19 active member of the system and not a member of Class D-3
20 shall be classified as a Class D-4 member and receive credit
21 as a Class D-4 member for all State service performed as a
22 member of the General Assembly not credited as another class
23 other than Class A upon payment of regular member
24 contributions for Class D-4 service and, subject to the
25 limitations contained in paragraph (a.1)(7), shall receive
26 Class AA service credit for all Class A State service, other
27 than State service performed as a State police officer or as
28 a State employee in a position in which the member could have
29 elected a class of service other than Class A, performed
30 before July 1, 2001.

1 (3) A member of the General Assembly who after June 30,
2 2001, becomes a State police officer shall retain any Class
3 AA service or Class D-4 service credited prior to becoming a
4 State police officer or being so employed but shall be
5 ineligible to receive Class AA or Class D-4 credit thereafter
6 and instead shall receive Class A credit or Class A-3 credit
7 if he first becomes a member of the system on or after
8 January 1, 2011.

9 (4) Notwithstanding the provisions of this subsection,
10 no service as a member of the General Assembly performed
11 before December 1, 2010, that is not credited as Class D-4
12 service on November 30, 2010, shall be credited as Class D-4
13 service, unless such service was previously credited in the
14 system as Class D-4 service and the member withdrew his total
15 accumulated deductions as provided in section 5311 (relating
16 to eligibility for refunds) or 5701 (relating to return of
17 total accumulated deductions). No service as a member of the
18 General Assembly performed on or after December 1, 2010,
19 shall be credited as Class D-4 service unless the member
20 previously was credited with Class D-4 service credits.

21 (a.3) Class A-4 membership.--Provided that an election to
22 become a Class A-4 member is made pursuant to section 5306.3
23 (relating to election to become a Class A-4 member), a State
24 employee who otherwise would be a member of Class A-3 shall be
25 classified as a Class A-4 member and receive CLASS A-4 credit ←
26 for all creditable State service performed after the effective
27 date of membership in the system, except as a member of the
28 judiciary, upon payment of regular member contributions AND ←
29 SHARED RISK MEMBER CONTRIBUTIONS for Class A-4 service.

30 * * *

1 Section 7.4. Title 71 is amended by adding a section to
2 read:

3 § 5306.3. Election to become a class CLASS A-4 member. ←

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

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

13 (c) Effect of election.--An election to become a Class A-4
14 member shall be irrevocable and shall become effective on the
15 effective date of membership in the system and shall remain in
16 effect for all future creditable State service, other than
17 service performed as a member of the judiciary. Payment of
18 regular member contributions for Class A-4 State service
19 performed prior to the election of Class A-4 service MEMBERSHIP ←
20 shall be made in a form, manner and time determined by the
21 board. Upon termination and subsequent reemployment, a member
22 who elected Class A-4 membership shall be credited as a Class
23 A-4 member for creditable State service performed after
24 reemployment, except as a member of the judiciary, regardless of
25 termination of employment, termination of membership by
26 withdrawal of accumulated deductions or status as an annuitant,
27 vestee or inactive member after the termination of service.

28 (d) Effect of failure to make election.--Failure to elect to
29 become a Class A-4 member within the election period set forth
30 in subsection (b) shall result in all of the member's State

1 service, other than service performed as a member of the
2 judiciary, being credited as Class A-3 service and not subject
3 to further election or crediting as Class A-4 service. Upon
4 termination and subsequent employment, a member who failed to
5 elect to become a Class A-4 member shall not be eligible to make
6 another election to become a Class A-4 member for either past or
7 future State service.

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

10 § 5308. Eligibility for annuities.

11 * * *

12 (b) Withdrawal annuity.--

13 (1) Any vestee or any active member or inactive member
14 on leave without pay who terminates State service having five
15 or more eligibility points and who does not have Class A-3 or
16 Class A-4 service credit or Class T-E or Class T-F service
17 credit in the Public School Employees' Retirement System, or
18 who has Class G, Class H, Class I, Class J, Class K, Class L,
19 Class M or Class N service and terminates State service
20 having five or more eligibility points, upon compliance with
21 section 5907(f), (g) or (h) shall be entitled to receive an
22 annuity.

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

30 (3) Any vestee, active member or inactive member on

1 leave without pay who has either Class A-3 or Class A-4
2 service credit or Class T-E or Class T-F service credit in
3 the Public School Employees' Retirement System and also has
4 service credited in the system in one or more other classes
5 of service who has five or more, but fewer than ten,
6 eligibility points, upon compliance with section 5907(f), (g)
7 or (h) shall be eligible to receive an annuity calculated on
8 his service credited in classes of service other than Class
9 A-3 or Class A-4, provided that the member has five or more
10 eligibility points resulting from service in classes other
11 than Class A-3 or Class A-4 or Class T-E or Class T-F service
12 in the Public School Employees' Retirement System.

13 * * *

14 § 5309. Eligibility for vesting.

15 Any member who:

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

24 (2) Has Class A-3 or Class A-4 service credit or Class
25 T-E or Class T-F service credit in the Public School
26 Employees' Retirement System and terminates State service
27 with ten or more eligibility points shall be eligible until
28 attainment of superannuation age to vest his retirement
29 benefits.

30 (3) Has either Class A-3 or Class A-4 service credit or

1 Class T-E or Class T-F service credit in the Public School
2 Employees' Retirement System, also has service credited in
3 the system in one or more other classes of service and has
4 five or more, but fewer than ten, eligibility points shall be
5 eligible until the attainment of superannuation age to vest
6 his retirement benefits calculated on his service credited in
7 classes of service other than Class A-3 or Class A-4 and to
8 be credited with statutory interest on total accumulated
9 deductions, regardless of whether or not any part of his
10 accumulated deductions are a result of Class A-3 or Class A-4
11 service credit.

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

14 § 5501.1. SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 AND ←
15 CLASS A-4 SERVICE.

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

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

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

28 (2) FOR THE PERIOD FROM JULY 1, 2014, TO JUNE 30, 2017,
29 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE
30 DURING THE PERIOD FROM JANUARY 1, 2011, TO DECEMBER 31, 2013,

1 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE
2 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,
3 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
4 PERIOD, THE SHARED RISK CONTRIBUTION RATE SHALL BE .5%. IN
5 ALL OTHER SITUATIONS, THE SHARED RISK CONTRIBUTION RATE SHALL
6 BE ZERO.

7 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED
8 RISK CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE
9 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
10 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
11 CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL
12 RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND
13 BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED RISK
14 CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL
15 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
16 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
17 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF
18 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON
19 MARKET VALUE OVER THAT PERIOD.

20 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED
21 RISK CONTRIBUTION RATE SHALL NOT BE LESS THAN ZERO AND SHALL
22 NOT BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING
23 FROM INVESTMENT GAINS OR LOSSES IN EFFECT ON THE FIRST DAY
24 WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED AS A PERCENTAGE
25 OF MEMBER COMPENSATION AND SHALL NOT BE MORE THAN 2%. FOR THE
26 DETERMINATION OF THE SHARED RISK CONTRIBUTION RATE TO BE
27 EFFECTIVE JULY 1, 2017, THE DETERMINATION PERIOD SHALL BE
28 JANUARY 1, 2011, THROUGH DECEMBER 31, 2016. FOR THE
29 DETERMINATION OF THE SHARED RISK CONTRIBUTION RATE TO BE
30 EFFECTIVE JULY 1, 2020, THE DETERMINATION PERIOD SHALL BE

1 JANUARY 1, 2011, THROUGH DECEMBER 31, 2019.

2 (5) THE SHARED RISK CONTRIBUTION RATE AND THE FACTORS
3 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE
4 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL
5 INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY
6 FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE
7 DUTIES OF THE BOARD).

8 (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED
9 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD
10 USED TO DETERMINE THE SHARED RISK CONTRIBUTION RATE, THE
11 BOARD WITH THE ADVICE OF THE ACTUARY SHALL DETERMINE THE
12 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN
13 ANNUAL RATE.

14 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL
15 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER
16 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)
17 (RELATING TO CONTRIBUTIONS BY THE COMMONWEALTH AND OTHER
18 EMPLOYERS), THE PROSPECTIVE SHARED RISK CONTRIBUTION RATE FOR
19 THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT MAKING THE
20 CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE ZERO AND
21 SHALL NOT SUBSEQUENTLY BE INCREASED EXCEPT AS OTHERWISE
22 PROVIDED IN THIS SECTION.

23 (8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY
24 CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL
25 COST METHOD PROVIDED IN SECTION 5508(B) (RELATING TO
26 ACTUARIAL COST METHOD), AS ADJUSTED BY THE EXPERIENCE
27 ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE SHARED RISK
28 CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL BE ZERO AND
29 SHALL NOT SUBSEQUENTLY BE INCREASED EXCEPT AS OTHERWISE
30 PROVIDED IN THIS SECTION.

1 ~~§ 5501.1~~ 5501.2. Definitions. ←

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

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

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

19 ~~Section 9. Sections 5502.1, 5504(a), 5505(b) and (d), 5507,~~ ←
20 ~~5508, 5702(a) (4) and (6), 5704(e) and 5705(a) of Title 71 are~~
21 ~~amended to read:~~

22 SECTION 9. SECTIONS 5502.1, 5503.1(A), 5504(A), 5505, 5507, ←
23 5508, 5702(A) (4) AND (6), 5704(E) AND 5705(A) OF TITLE 71 ARE
24 AMENDED TO READ:

25 § 5502.1. Waiver of regular member contributions and Social
26 Security integration member contributions.

27 (a) General rule.--Notwithstanding the provisions of
28 sections 5501 (relating to regular member contributions for
29 current service) and 5502 (relating to Social Security
30 integration member contributions), no regular member

1 contributions or Social Security integration member
2 contributions shall be made by an active member for the period
3 from July 1 to the following June 30 if the maximum single life
4 annuity to which the member would have been entitled to receive
5 had the member retired with an effective date of retirement on
6 the preceding January 1 is greater than 110% of the highest
7 calendar year compensation of the member, provided the member
8 files a written election as prescribed by the board.

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

11 § 5503.1. PICKUP CONTRIBUTIONS. 

12 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL
13 CONTRIBUTIONS REQUIRED TO BE MADE UNDER SECTIONS 5501 (RELATING
14 TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1
15 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS), 5502 (RELATING
16 TO SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503
17 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND SECTION
18 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS), WITH
19 RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE MEMBER ON
20 OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE COMMONWEALTH
21 OR OTHER EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
22 CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

23 * * *

24 § 5504. Member contributions for the purchase of credit for
25 previous State service or to become a full coverage
26 member.

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

29 (1) The contributions to be paid by an active member or
30 eligible school employee for credit for total previous State

1 service other than service in Class G, Class H, Class I,
2 Class J, Class K, Class L, Class M and Class N or to become a
3 full coverage member shall be sufficient to provide an amount
4 equal to the regular and additional accumulated deductions
5 which would have been standing to the credit of the member
6 for such service had regular and additional member
7 contributions been made with full coverage in the class of
8 service and at the rate of contribution applicable during
9 such period of previous service and had his regular and
10 additional accumulated deductions been credited with
11 statutory interest during all periods of subsequent State and
12 school service up to the date of purchase.

13 (2) Notwithstanding paragraph (1), members with Class
14 A-3 State service shall make contributions and receive credit
15 as if the previous State service was Class A-3 service, and
16 members with Class A-4 State service shall make contributions
17 and receive credit as if the previous State service was Class
18 A-4 service, even if it would have been credited as a
19 different class of service had the State employee been a
20 member of the system at the time the service was performed
21 unless it was mandatory that the State employee be an active
22 member of the system and the previous State service is being
23 credited as the result of a mandatory active membership
24 requirement.

25 * * *

26 § 5505. Contributions for the purchase of credit for creditable
27 nonstate service.

28 * * *

29 (A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO
30 PURCHASE CREDIT FOR CREDITABLE NONSTATE SERVICE OF AN ACTIVE



1 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE SHALL BE PAID EITHER BY THE
2 MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, OR BY SOME AGREED UPON
3 COMBINATION OF THE MEMBER, HIS PREVIOUS EMPLOYER, AND, IF
4 SPECIFICALLY PROVIDED, THE COMMONWEALTH.

5 (b) Nonintervening military service.--

6 (1) The amount due for the purchase of credit for
7 military service other than intervening military service BY ←
8 STATE EMPLOYEES WHO FIRST BECOME MEMBERS OF THE SYSTEM BEFORE
9 JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A MEMBER OF
10 THE GENERAL ASSEMBLY shall be determined by applying the
11 ~~product of the~~ member's basic contribution rate ~~and the class~~ ←
12 ~~of service multiplier applicable to contributions for the~~
13 ~~class of service to which the military service will be~~
14 ~~credited~~, the additional contribution rate plus the
15 Commonwealth normal contribution rate for active members at
16 the time of entry, subsequent to such military service, of
17 the member into State service to his average annual rate of
18 compensation over the first three years of such subsequent
19 State service and multiplying the result by the number of
20 years and fractional part of a year of creditable
21 nonintervening military service being purchased together with
22 statutory interest during all periods of subsequent State and
23 school service to date of purchase. Upon application for
24 credit for such service, payment shall be made in a lump sum
25 within 30 days or in the case of an active member or eligible
26 school employee who is an active member of the Public School
27 Employees' Retirement System it may be amortized with
28 statutory interest through salary deductions in amounts
29 agreed upon by the member and the board. The salary deduction
30 amortization plans agreed to by members and the board may

1 include a deferral of payment amounts and statutory interest
2 until the termination of school service or State service as
3 the board in its sole discretion decides to allow. The board
4 may limit salary deduction amortization plans to such terms
5 as the board in its sole discretion determines. In the case
6 of an eligible school employee who is an active member of the
7 Public School Employees' Retirement System, the agreed upon
8 salary deductions shall be remitted to the Public School
9 Employees' Retirement Board, which shall certify and transfer
10 to the board the amounts paid. Application may be filed for
11 all such military service credit upon completion of three
12 years of subsequent State service and shall be credited ~~as~~ ←
13 ~~Class A-3 service for State employees who first become~~
14 ~~members of the system on or after January 1, 2011, or on or~~
15 ~~after December 1, 2010, as a member of the General Assembly,~~
16 ~~and~~ as Class A service ~~for all other members.~~ ←

- 17 (2) Applicants may purchase credit as follows:
- 18 (i) one purchase of the total amount of creditable
19 nonintervening military service; or
- 20 (ii) one purchase per 12-month period of a portion
21 of creditable nonintervening military service.

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

24 * * *

25 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT ←
26 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED ←
27 BY THE MEMBER'S REGULAR CONTRIBUTION RATE, SHARED RISK
28 CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION
29 RATE, THE ADDITIONAL CONTRIBUTION RATE WHICH SHALL BE APPLIED
30 ONLY TO THOSE MEMBERS WHO BEGAN SERVICE ON OR AFTER THE

1 EFFECTIVE DATE OF THIS AMENDATORY ACT AND COMPENSATION AT THE
2 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,
3 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
4 SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF PURCHASE. UPON
5 APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN
6 THE CASE OF EACH MEMBER BY THE BOARD IN ACCORDANCE WITH METHODS
7 APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY:

8 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY
9 SERVICE; OR

10 (2) A LUMP SUM PAYMENT WITHIN 30 DAYS OF CERTIFICATION;
11 OR

12 (3) SALARY DEDUCTIONS IN AMOUNTS AGREED UPON BY THE
13 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF
14 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE BOARD.
15 THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND
16 THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND
17 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR
18 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO
19 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS
20 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
21 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER
22 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
23 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL
24 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO
25 THE BOARD THE AMOUNTS PAID.

26 (d) Nonmilitary and nonmagisterial service.--Contributions
27 on account of credit for creditable nonstate service other than
28 military and magisterial service BY STATE EMPLOYEES WHO FIRST
29 BECOME MEMBERS OF THE SYSTEM BEFORE JANUARY 1, 2011, OR BEFORE
30 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY shall be



1 determined by applying the ~~product of the~~ member's basic ←
2 contribution rate ~~and the class of service multiplier applicable~~ ←
3 ~~to contributions for the class of service to which such nonstate~~
4 ~~service will be credited~~, the additional contribution rate plus
5 the Commonwealth normal contribution rate for active members at
6 the time of entry subsequent to such creditable nonstate service
7 of the member into State service to his compensation at the time
8 of entry into State service and multiplying the result by the
9 number of years and fractional part of a year of creditable
10 nonstate service being purchased together with statutory
11 interest during all periods of subsequent State and school
12 service to the date of purchase. Upon application for credit for
13 such service payment shall be made in a lump sum within 30 days
14 or in the case of an active member or eligible school employee
15 who is an active member of the Public School Employees'
16 Retirement System it may be amortized with statutory interest
17 through salary deductions in amounts agreed upon by the member
18 and the board. The salary deduction amortization plans agreed to
19 by members and the board may include a deferral of payment
20 amounts and statutory interest until the termination of school
21 service or State service as the board in its sole discretion
22 decides to allow. The board may limit salary deduction
23 amortization plans to such terms as the board in its sole
24 discretion determines. In the case of an eligible school
25 employee who is an active member of the Public School Employees'
26 Retirement System, the agreed upon salary deduction shall be
27 remitted to the Public School Employees' Retirement Board, which
28 shall certify and transfer to the board the amounts paid.

29 * * *

30 (E) PHILADELPHIA MAGISTERIAL SERVICE.--CONTRIBUTIONS ON ←

1 ACCOUNT OF CREDIT FOR SERVICE AS A MAGISTRATE OF THE CITY OF
2 PHILADELPHIA SHALL BE DETERMINED BY THE BOARD TO BE EQUAL TO THE
3 AMOUNT HE WOULD HAVE PAID AS EMPLOYEE CONTRIBUTIONS TOGETHER
4 WITH STATUTORY INTEREST TO DATE OF PURCHASE HAD HE BEEN A STATE
5 EMPLOYEE DURING HIS PERIOD OF SERVICE AS A MAGISTRATE OF THE
6 CITY OF PHILADELPHIA. THE AMOUNT SO DETERMINED BY THE STATE
7 EMPLOYEES' RETIREMENT BOARD TO BE PAID INTO THE STATE EMPLOYEES'
8 RETIREMENT SYSTEM SHALL BE THE OBLIGATION OF THE JUDGE WHO
9 REQUESTED CREDIT FOR PREVIOUS SERVICE AS A MAGISTRATE OF THE
10 CITY OF PHILADELPHIA; IN NO EVENT SHALL SUCH AMOUNT BE AN
11 OBLIGATION OF THE CITY OF PHILADELPHIA OR THE CITY OF
12 PHILADELPHIA RETIREMENT SYSTEM.

13 (F) TEMPORARY FEDERAL SERVICE.--CONTRIBUTIONS ON ACCOUNT OF
14 CREDIT FOR SERVICE AS A TEMPORARY FEDERAL EMPLOYEE ASSIGNED TO
15 AN AIR QUALITY CONTROL COMPLEMENT FOR THE DEPARTMENT OF
16 ENVIRONMENTAL RESOURCES DURING THE PERIOD OF 1970 THROUGH 1975,
17 AS AUTHORIZED IN SECTION 5304(C) (5) (RELATING TO CREDITABLE
18 NONSTATE SERVICE), SHALL BE EQUAL TO THE FULL ACTUARIAL COST OF
19 THE INCREASED BENEFIT OBTAINED BY VIRTUE OF THE PURCHASE. THE
20 INCREASED BENEFIT ATTRIBUTABLE TO THE PURCHASED SERVICE SHALL BE
21 THE DIFFERENCE BETWEEN:

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

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

29 THE EARLIEST POSSIBLE SUPERANNUATION AGE SHALL BE THE AGE AT
30 WHICH THE MEMBER BECOMES FIRST ELIGIBLE FOR SUPERANNUATION

1 RETIREMENT ASSUMING CONTINUED FULL-TIME SERVICE AND CREDIT FOR
2 THE AMOUNT OF SERVICE WHICH THE MEMBER HAS ELECTED TO PURCHASE,
3 OR THE CURRENT ATTAINED AGE OF THE MEMBER, WHICHEVER IS LATER.
4 THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT ATTRIBUTABLE TO
5 THE PURCHASED SERVICE SHALL BE THE ACTUARIAL PRESENT VALUE OF A
6 DEFERRED ANNUITY EQUAL TO THE AMOUNT OF THE INCREASED BENEFIT
7 DETERMINED ABOVE, BEGINNING AT THE EARLIEST POSSIBLE
8 SUPERANNUATION AGE AND PAYABLE FOR LIFE, CALCULATED USING A
9 PRERETIREMENT INTEREST ASSUMPTION OF 1.5%, A POSTRETIREMENT
10 INTEREST ASSUMPTION OF 4%, NO PRERETIREMENT MORTALITY ASSUMPTION
11 AND STANDARD POSTRETIREMENT MORTALITY ASSUMPTIONS. THE PURCHASE
12 PAYMENT SHALL BE MADE IN LUMP SUM BY THE MEMBER WITHIN 30 DAYS
13 OF CERTIFICATION BY THE BOARD OF THE REQUIRED PURCHASE AMOUNT OR
14 MAY BE AMORTIZED THROUGH SALARY DEDUCTIONS IN AMOUNTS AGREED
15 UPON BY THE MEMBER AND THE BOARD WITH INTEREST PAYABLE ON THE
16 UNPAID BALANCE AT THE RATE APPLICABLE TO THE MOST RECENTLY
17 ISSUED 30-YEAR BONDS OF THE UNITED STATES TREASURY DEPARTMENT.

18 (G) JUSTICE OF THE PEACE SERVICE.--CONTRIBUTIONS ON ACCOUNT
19 OF CREDIT FOR SERVICE AS A JUSTICE OF THE PEACE SHALL BE
20 DETERMINED BY THE BOARD TO BE EQUAL TO THE AMOUNT HE WOULD HAVE
21 PAID AS EMPLOYEE CONTRIBUTIONS TOGETHER WITH STATUTORY INTEREST
22 TO DATE OF PURCHASE HAD HE BEEN A STATE EMPLOYEE DURING HIS
23 PERIOD OF SERVICE AS A JUSTICE OF THE PEACE FOR THE COMMONWEALTH
24 PLUS THE AMOUNT DETERMINED BY APPLYING THE COMMONWEALTH NORMAL
25 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE BEGINNING OF THE
26 DISTRICT JUSTICE SYSTEM AS OF JANUARY 1970 TO THE STARTING
27 SALARY OF THE DISTRICT JUSTICE FOR THE MAGISTERIAL DISTRICT IN
28 WHICH THE MEMBER WAS ELECTED DATING FROM THE BEGINNING OF THE
29 DISTRICT JUSTICE SYSTEM AS OF JANUARY 1970 AND MULTIPLYING THE
30 RESULT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF

1 CREDITABLE SERVICE BEING PURCHASED TOGETHER WITH STATUTORY
2 INTEREST FROM ENTRY INTO STATE SERVICE AS A DISTRICT JUSTICE TO
3 THE DATE OF PURCHASE. THE AMOUNT SO DETERMINED BY BOARD TO BE
4 PAID INTO THE SYSTEM SHALL BE THE OBLIGATION OF THE JUSTICE WHO
5 REQUESTED CREDIT FOR PREVIOUS SERVICE AS A JUSTICE OF THE PEACE
6 FOR THE COMMONWEALTH PRIOR TO 1970. A JUSTICE OF THE PEACE
7 DESIRING TO PURCHASE HIS OR HER SERVICE TIME PRIOR TO 1970 SHALL
8 HAVE BEEN ELECTED OR APPOINTED A DISTRICT JUSTICE ANY TIME
9 DURING OR AFTER 1970. THE CLASS OF SERVICE CREDIT A MEMBER SHALL
10 RECEIVE UPON ENTRY INTO THE SYSTEM SHALL BE DETERMINED BY THE
11 TIME OF HIS ENTRY INTO THE DISTRICT JUSTICE SYSTEM. IT SHALL BE
12 INCUMBENT UPON THE DISTRICT JUSTICE TO CERTIFY TO THE BOARD WITH
13 A COPY OF HIS COMMISSION OR COMMISSIONS THE AMOUNT OF TIME THAT
14 HE SERVED THE COMMONWEALTH AS A JUSTICE OF THE PEACE. THE SALARY
15 DOLLAR AMOUNT THAT SHALL BE USED IN THE FORMULA FOR DETERMINING
16 THE MEMBER'S CONTRIBUTIONS SHALL BE EQUAL TO THE STARTING SALARY
17 OF THE DISTRICT JUSTICE FOR THE MAGISTERIAL DISTRICT IN WHICH HE
18 WAS ELECTED, DATING FROM THE BEGINNING OF THE DISTRICT JUSTICE
19 SYSTEM AS OF JANUARY 1970. IN NO EVENT SHALL SUCH AN AMOUNT BE
20 THE OBLIGATION OF THE COMMONWEALTH OR THE COUNTY IN WHICH THE
21 JUSTICE SERVED.

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

26 (I) PURCHASES OF NONSTATE SERVICE CREDIT BY STATE EMPLOYEES
27 WHO FIRST BECAME MEMBERS OF THE SYSTEM ON OR AFTER DECEMBER 1,
28 2010.--

29 (1) CONTRIBUTIONS ON ACCOUNT OF CREDIT FOR CREDITABLE
30 NONSTATE SERVICE OTHER THAN INTERVENING MILITARY SERVICE AND

1 MAGISTERIAL SERVICE BY STATE EMPLOYEES WHO FIRST BECOME
2 MEMBERS OF THE SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR
3 AFTER DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY
4 SHALL BE EQUAL TO THE FULL ACTUARIAL COST OF THE INCREASED
5 BENEFIT OBTAINED BY VIRTUE OF SUCH SERVICE.

6 (2) THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT
7 ATTRIBUTABLE TO THE PURCHASED NONSTATE SERVICE CREDIT SHALL
8 BE THE DIFFERENCE BETWEEN:

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

13 (II) THE PRESENT VALUE OF A STANDARD SINGLE LIFE
14 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE
15 SUPERANNUATION AGE, EXCLUDING THE NONSTATE SERVICE CREDIT
16 TO BE PURCHASED.

17 (3) THE FULL ACTUARIAL COST UNDER PARAGRAPH (2) SHALL BE
18 CALCULATED USING FUTURE SALARY INCREASES, MORTALITY TABLES,
19 INTEREST RATES AND OTHER ACTUARIAL ASSUMPTIONS AS ADOPTED BY
20 THE BOARD WITH THE ADVICE OF THE ACTUARY. THE EARLIEST
21 POSSIBLE SUPERANNUATION AGE SHALL BE THE CURRENT ATTAINED AGE
22 OF THE MEMBER IF THE MEMBER HAS ATTAINED SUPERANNUATION AGE
23 FOR HIS CURRENT CLASS OF SERVICE OR IF THE MEMBER HAS NOT
24 ATTAINED SUPERANNUATION AGE, THE AGE UPON WHICH THE MEMBER
25 WOULD ATTAIN SUPERANNUATION AGE AS A MEMBER IN THE CURRENT
26 CLASS OF SERVICE ASSUMING CONTINUED FULL-TIME STATE SERVICE
27 THROUGH THE ATTAINMENT OF SUPERANNUATION AGE AND CREDIT FOR
28 THE AMOUNT OF SERVICE WHICH THE MEMBER HAS ELECTED TO
29 PURCHASE.

30 (4) THE PAYMENT FOR CREDIT PURCHASED UNDER THIS

1 SUBSECTION SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN
2 ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE
3 PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE
4 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF
5 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE
6 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS
7 IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE
8 SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND
9 THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND
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 THE SALARY DEDUCTION AMORTIZATION PLANS
13 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES.
14 IN THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE
15 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE
16 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC
17 SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND
18 TRANSFER TO THE BOARD THE AMOUNTS PAID.

19 § 5507. Contributions by the Commonwealth and other employers.

20 (a) Contributions on behalf of active members.--The
21 Commonwealth and other employers whose employees are members of
22 the system shall make contributions to the fund on behalf of all
23 active members in such amounts as shall be certified by the
24 board as necessary to provide, together with the members' total
25 accumulated deductions, annuity reserves on account of
26 prospective annuities other than those provided in [section] ←
27 SECTIONS 5708 (relating to supplemental annuities), 5708.1
28 (relating to additional supplemental annuities), 5708.2
29 (relating to further additional supplemental annuities), 5708.3
30 (relating to supplemental annuities commencing 1994), 5708.4

1 (relating to special supplemental postretirement adjustment),
2 5708.5 (relating to supplemental annuities commencing 1998),
3 5708.6 (relating to supplemental annuities commencing 2002),
4 5708.7 (relating to supplemental annuities commencing 2003) and
5 5708.8 (relating to special supplemental postretirement
6 adjustment of 2002), in accordance with the actuarial cost
7 method provided in section 5508(a), (b), (c), (d) and (f)
8 (relating to actuarial cost method).

9 (b) Contributions on behalf of annuitants.--The Commonwealth
10 and other employers whose employees are members of the system
11 shall make contributions on behalf of annuitants in such amounts
12 as shall be certified by the board as necessary to fund the
13 liabilities for supplemental annuities in accordance with the
14 actuarial cost method provided in section 5508(e) (relating to
15 actuarial cost method).

16 (c) Contributions transferred by county retirement
17 systems.--

18 (1) Each county retirement system or pension plan which
19 is notified by certification from the board that a former
20 contributor who was transferred to State employment pursuant
21 to 42 Pa.C.S. § 1905 (relating to county-level court
22 administrators) has elected to convert county service to
23 State service in accordance with section 5303.1 (relating to
24 election to convert county service to State service) shall
25 transfer to the board an amount equal to the actuarial
26 liability for the additional benefits that result in the
27 system as a result of the conversion as certified by the
28 board. This amount shall be calculated in such a manner and
29 using such actuarial factors and assumptions as the board,
30 after obtaining the advice of its actuary, shall determine

1 and shall be calculated by determining the present value of
2 the future benefits for the former county contributors and
3 subtracting from that present value the present value of
4 future employee contributions and future employer normal cost
5 contributions.

6 (2) The transfer shall occur no later than 180 days
7 after the certification by the board of the actuarial
8 liability for the additional benefits or 30 days following
9 the date of termination of service if the member terminates
10 State service after making the election to convert service,
11 whichever occurs first.

12 (3) If any county retirement system or pension plan
13 fails to transfer, within the required time, the money
14 certified by the board under this subsection, then the
15 service of such members for the period of converted service
16 shall be credited, and the board shall notify the county
17 which employed the employee who is converting the county
18 service and the State Treasurer of the amount due. The State
19 Treasurer shall withhold out of any grants, subsidies or
20 other payments from the State General Fund appropriation or
21 appropriations next due such county an amount equal to the
22 amount which the county retirement system or pension plan
23 failed to pay and shall pay the amount so withheld to the
24 board for the payment of the amount due from that county's
25 retirement system or pension plan for the converted service.

26 (d) Payment of final contribution rate.--Notwithstanding the
27 calculation of the actuarially required contribution rate and
28 the provisions of subsections (a) and (b), the Commonwealth and
29 other employers whose employees are members of the system shall
30 make contributions to the fund on behalf of all active members


1 and annuitants in such amounts as shall be certified by the
2 board in accordance with section 5508(i).

3 (e) Benefits completion plan contributions.--In addition to
4 all other contributions required under this section and section
5 5508, the Commonwealth and other employers WHOSE EMPLOYEES ARE ←
6 MEMBERS OF THE SYSTEM shall make contributions as certified by
7 the board pursuant to section 5941 (relating to benefits
8 completion plan).

9 § 5508. Actuarial cost method.

10 (a) Employer contribution rate on behalf of active
11 members.--The amount of the Commonwealth and other employer
12 contributions on behalf of all active members shall be computed
13 by the actuary as a percentage of the total compensation of all
14 active members during the period for which the amount is
15 determined and shall be so certified by the board. The [total
16 employer] actuarially required contribution rate on behalf of
17 all active members shall consist of the employer normal
18 contribution rate, as defined in subsection (b), and the accrued
19 liability contribution rate as defined in subsection (c). The
20 [total employer] actuarially required contribution rate on
21 behalf of all active members shall be modified by the experience
22 adjustment factor as calculated in subsection (f) [but in no
23 case shall it be less than zero. The total employer contribution
24 rate shall be modified by the experience adjustment factor as
25 calculated in subsection (f), but in no case shall it be less
26 than:

- 27 (1) 2% for the fiscal year beginning July 1, 2004;
28 (2) 3% for the fiscal year beginning July 1, 2005; and
29 (3) 4% for the fiscal year beginning July 1, 2006, and
30 thereafter].

1 (b) Employer normal contribution rate.--The employer normal
2 contribution rate shall be determined after each actuarial
3 valuation on the basis of an annual interest rate and such
4 mortality and other tables as shall be adopted by the board in
5 accordance with generally accepted actuarial principles. The
6 employer normal contribution rate shall be determined as a level
7 percentage of the compensation of the average new active member,
8 which percentage, if contributed on the basis of his prospective
9 compensation through his entire period of active State service,
10 would be sufficient to fund the liability for any prospective
11 benefit payable to him[, except for the supplemental benefits
12 provided for in sections 5708 (relating to supplemental
13 annuities), 5708.1 (relating to additional supplemental
14 annuities), 5708.2 (relating to further additional supplemental
15 annuities), 5708.3 (relating to supplemental annuities
16 commencing 1994), 5708.4 (relating to special supplemental
17 postretirement adjustment), 5708.5 (relating to supplemental
18 annuities commencing 1998), 5708.6 (relating to supplemental
19 annuities commencing 2002), 5708.7 (relating to supplemental
20 annuities commencing 2003) and 5708.8 (relating to special
21 supplemental postretirement adjustment of 2002),] in excess of
22 that portion funded by his prospective member contributions, 
23 EXCLUDING SHARED RISK MEMBER CONTRIBUTIONS.

24 (c) Accrued liability contribution rate.--

25 (1) For the fiscal [year] years beginning July 1, 2002,
26 and July 1, 2003, the accrued liability contribution rate
27 shall be computed as the rate of total compensation of all
28 active members which shall be certified by the actuary as
29 sufficient to fund over a period of ten years from July 1,
30 2002, the present value of the liabilities for all

1 prospective benefits, except for the supplemental benefits as
2 provided in sections 5708 (relating to supplemental
3 annuities), 5708.1 (relating to additional supplemental
4 annuities), 5708.2 (relating to further additional
5 supplemental annuities), 5708.3 (relating to supplemental
6 annuities commencing 1994), 5708.4 (relating to special
7 supplemental postretirement adjustment), 5708.5 (relating to
8 supplemental annuities commencing 1998), 5708.6 (relating to
9 supplemental annuities commencing 2002), 5708.7 (relating to
10 supplemental annuities commencing 2003) and 5708.8 (relating
11 to special supplemental postretirement adjustment of 2002),
12 in excess of the total assets in the fund (calculated
13 recognizing all investment gains and losses over a five-year
14 period), excluding the balance in the supplemental annuity
15 account, and the present value of employer normal
16 contributions and of member contributions payable with
17 respect to all active members on December 31, 2001, and
18 excluding contributions to be transferred by county
19 retirement systems or pension plans pursuant to section
20 5507(c) (relating to contributions by the Commonwealth and
21 other employers). The amount of each annual accrued liability
22 contribution shall be equal to the amount of such
23 contribution for the fiscal year beginning July 1, 2002,
24 except that, if the accrued liability is increased by
25 legislation enacted subsequent to June 30, 2002, but before
26 July 1, 2003, such additional liability shall be funded over
27 a period of ten years from the first day of July, coincident
28 with or next following the effective date of the increase.
29 The amount of each annual accrued liability contribution for
30 such additional legislative liabilities shall be equal to the

1 amount of such contribution for the first annual payment.

2 (2) Notwithstanding any other provision of law,
3 beginning July 1, 2004, and ending June 30, 2010, the
4 outstanding balance of the increase in accrued liability due
5 to the change in benefits enacted in 2001 shall be amortized
6 in equal dollar annual contributions over a period that ends
7 30 years after July 1, 2002, and the outstanding balance of
8 the net actuarial loss incurred in calendar year 2002 shall
9 be amortized in equal dollar annual contributions over a
10 period that ends 30 years after July 1, 2003. For fiscal
11 years beginning on or after July 1, 2004, and ending June 30,
12 2010, if the accrued liability is increased by legislation
13 enacted subsequent to June 30, 2003, but before January 1,
14 2009, such additional liability shall be funded in equal
15 dollar annual contributions over a period of ten years from
16 the first day of July coincident with or next following the
17 effective date of the increase.

18 (3) For the fiscal year beginning July 1, 2010, the
19 accrued liability contribution rate shall be computed as the
20 rate of total compensation of all active members which shall
21 be certified by the actuary as sufficient to fund as a level ←
22 percentage of compensation IN EQUAL DOLLAR INSTALLMENTS over ←
23 a period of 30 years from July 1, 2010, the present value of
24 the liabilities for all prospective benefits calculated as of
25 the immediately prior valuation date, including the
26 supplemental benefits as provided in sections 5708, 5708.1,
27 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7 and 5708.8,
28 but excluding the benefits payable from the retirement
29 benefit plan established pursuant to section 5941 (relating
30 to benefits completion plan), in excess of the actuarially

1 calculated assets in the fund (calculated recognizing all
2 realized and unrealized investment gains and losses each year
3 in level annual installments over five years), including the
4 balance in the supplemental annuity account, and the present
5 value of employer normal contributions and of member
6 contributions payable with respect to all active members,
7 inactive members on leave without pay, vestees and special
8 vestees on December 31, 2009. If the accrued liability is
9 changed by legislation enacted subsequent to December 31,
10 2009, such change in liability shall be funded as a level ←
11 percentage of compensation IN EQUAL DOLLAR INSTALLMENTS over ←
12 a period of ten years from the first day of July following
13 the valuation date coincident with or next following the date
14 such legislation is enacted.

15 (d) Special provisions on calculating contributions.--In
16 calculating the contributions required by subsections (a), (b)
17 and (c), the active members of Class C shall be considered to be
18 members of Class A. In addition, the actuary shall determine the
19 Commonwealth or other employer contributions required for active
20 members of Class C and officers of the Pennsylvania State Police
21 and enforcement officers and investigators of the Pennsylvania
22 Liquor Control Board who are members of Class A to finance their
23 benefits in excess of those to which other members of Class A
24 are entitled. Such additional contributions shall be determined
25 separately for officers and employees of the Pennsylvania State
26 Police and for enforcement officers and investigators of the
27 Pennsylvania Liquor Control Board. Such contributions payable on
28 behalf of officers and employees of the Pennsylvania State
29 Police shall include the amounts received by the system under
30 the provisions of the act of May 12, 1943 (P.L.259, No.120),

1 referred to as the Foreign Casualty Insurance Premium Tax
2 Allocation Law, and on behalf of enforcement officers or
3 investigators of the Pennsylvania Liquor Control Board, the
4 amounts received by the system under the provisions of the act
5 of April 12, 1951 (P.L.90, No.21), known as the Liquor Code.

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

7 (1) For the period July 1, 2002, to June 30, 2010,
8 contributions from the Commonwealth and other employers whose
9 employees are members of the system required to provide for
10 the payment of supplemental annuities as provided in sections
11 5708, 5708.1, 5708.2, 5708.3, 5708.4 and 5708.5 shall be paid
12 over a period of ten years from July 1, 2002. The funding for
13 the supplemental annuities commencing 2002 provided for in
14 section 5708.6 shall be as provided in section 5708.6(f). The
15 funding for the supplemental annuities commencing 2003
16 provided for in section 5708.7 shall be as provided in
17 section 5708.7(f). The funding for the special supplemental
18 postretirement adjustment of 2002 under section 5708.8 shall
19 be as provided in section 5708.8(g). The amount of each
20 annual supplemental annuities contribution shall be equal to
21 the amount of such contribution for the fiscal year beginning
22 July 1, 2002. [In the event that supplemental annuities are
23 increased by legislation enacted subsequent to June 30, 2002,
24 the additional liability for the increase in benefits shall
25 be funded in equal dollar annual installments over a period
26 of ten years from the July first, coincident with or next
27 following the effective date of such legislation.]

28 (2) For fiscal years beginning on or after July 1, 2010,
29 contributions from the Commonwealth and other employers whose
30 employees are members of the system required to provide for

1 the payment of supplemental annuities as provided in sections
2 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7
3 and 5708.8 shall be paid as part of the accrued liability
4 contribution rate as provided for in subsection (c)(3) and
5 there shall not be a separate supplemental annuity
6 contribution rate attributable to those supplemental
7 annuities. In the event that supplemental annuities are
8 increased by legislation enacted subsequent to December 31,
9 2009, the additional liability for the increase in benefits
10 shall be funded as a level percentage of compensation IN ←
11 EQUAL DOLLAR INSTALLMENTS over a period of ten years from the
12 first day of July following the valuation date coincident
13 with or next following the date such legislation is enacted.

14 (f) Experience adjustment factor.--

15 (1) For each year after the establishment of the accrued
16 liability contribution rate and the supplemental annuity
17 contribution rate for the fiscal year beginning July 1,
18 [2002] 2010, any increase or decrease in the unfunded accrued
19 liability[, including liability] and any increase or decrease
20 in the liabilities and funding for supplemental annuities,
21 due to actual experience differing from assumed experience[,]
22 (recognizing all realized and unrealized investment gains and
23 losses over a five-year period), changes in contributions
24 caused by the final contribution rate being different from
25 the actuarially required contribution rate, STATE EMPLOYEES ←
26 MAKING SHARED RISK MEMBER CONTRIBUTIONS, changes in actuarial
27 assumptions[,] or changes in the terms and conditions of the
28 benefits provided by the system by judicial, administrative
29 or other processes other than legislation, including, but not
30 limited to, reinterpretation of the provisions of this part,

1 shall be amortized ~~[in equal dollar annual contributions] as~~ ←
2 ~~a level percentage of compensation~~ over a period of [ten] 30
3 years beginning with the July 1 succeeding the actuarial
4 valuation determining said increases or decreases.

5 (2) [Notwithstanding the provisions of paragraph (1),
6 for each year after the establishment of the accrued
7 liability contribution rate for the fiscal year beginning
8 July 1, 2003, any increase or decrease in the unfunded
9 accrued liability due to actual experience differing from
10 assumed experience, changes in actuarial assumptions, changes
11 in the terms and conditions of the benefits provided by the
12 system by judicial, administrative or other processes other
13 than legislation, including, but not limited to,
14 reinterpretation of the provisions of this part, shall be
15 amortized in equal dollar annual contributions over a period
16 of 30 years beginning with the July 1 succeeding the
17 actuarial valuation determining said increases and decreases]
18 The actuarially required contribution rate shall be the sum
19 of the normal contribution rate, the accrued liability
20 contribution rate and the supplemental annuity contribution
21 rate, modified by the experience adjustment factor as
22 calculated in paragraph (1).

23 (g) Determination of liability for special vestee.--
24 Notwithstanding any other provision of this part or other law,
25 the total additional accrued actuarial liability resulting from
26 eligibility of special vestees for benefits upon the attainment
27 of superannuation age shall be determined by the actuary as part
28 of the first annual valuation made after June 30, 1997. The
29 resulting additional accrued actuarial liability shall be paid
30 by The Pennsylvania State University to the board in one lump

1 sum payment within 90 days of the board's certification of the
2 amount to The Pennsylvania State University.

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

4 The collared contribution rate for each year shall be determined
5 by comparing the actuarially required contribution rate
6 calculated without regard for costs added by legislation to the
7 prior year's final contribution rate. If for any of the fiscal
8 years beginning July 1, 2011, July 1, 2012 and on or after July
9 1, 2013, the actuarially required contribution rate calculated
10 without regard for costs added by legislation is more than 3%,
11 3.5% and 4.5%, respectively, of the total compensation of all
12 active members greater than the prior year's final contribution
13 rate, then the collared contribution rate shall be applied and
14 be equal to the prior year's final contribution rate increased
15 by the respective percentage above of total compensation of all
16 active members. Otherwise, and for all subsequent fiscal years,
17 the collared contribution rate shall not be applicable. In no
18 case shall the collared contribution rate be less than 4% of
19 total compensation of all active members.

20 (i) Final contribution rate.--For the fiscal year beginning
21 July 1, 2010, the final contribution rate shall be 5% of total
22 compensation of all active members. For each subsequent fiscal
23 year for which the collared contribution rate is applicable, the
24 final contribution rate shall be the collared contribution rate
25 plus the costs added by legislation. For all other fiscal years,
26 the final contribution rate shall be the actuarially required
27 contribution rate, provided that the final contribution rate
28 shall not be less than the employer normal contribution rate, as
29 defined in subsection (b).

30 § 5702. Maximum single life annuity.

1 (a) General rule.--Any full coverage member who is eligible
2 to receive an annuity pursuant to the provisions of section
3 5308(a) or (b) (relating to eligibility for annuities) who
4 terminates State service, or if a multiple service member who is
5 a school employee who is an active member of the Public School
6 Employees' Retirement System who terminates school service,
7 before attaining age 70 shall be entitled to receive a maximum
8 single life annuity attributable to his credited service and
9 equal to the sum of the following single life annuities
10 beginning at the effective date of retirement:

11 * * *

12 (4) If eligible, a single life annuity which is
13 actuarially equivalent to the amount by which his regular and
14 additional accumulated deductions attributable to any
15 credited service other than as a member of Class C are
16 greater than one-half of the actuarially equivalent value on
17 the effective date of retirement of the annuity as provided
18 in paragraph (1) attributable to service other than Class C
19 for which regular or joint coverage member contributions were
20 made. This paragraph shall not apply to any member with State
21 service credited as Class A-3 or Class A-4.

22 * * *

23 (6) If eligible, a single life annuity sufficient
24 together with the annuity provided for in paragraph (1) as a
25 Class A [and], Class AA, Class A-3 and Class A-4 member and
26 the highest annuity provided for in paragraph (2) to which he
27 is entitled, or at his option could have been entitled, to
28 produce that percentage of a standard single life annuity
29 adjusted by the application of the class of service
30 multiplier for Class A, Class AA, Class A-3 or Class A-4 as

1 set forth in paragraph (1) in the case where any service is
 2 credited as a member of Class A, Class AA, Class A-3 or Class
 3 A-4 on the effective date of retirement as determined by his
 4 total years of credited service as a member of Class A [and],
 5 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 [and], Class AA, Class A-3 and Class A-4	Percentage of Standard Single Life Annuity <u>Adjusted for</u> <u>Class A, Class AA,</u> <u>Class A-3 and Class A-4</u> <u>Class of</u> <u>Service Multipliers</u>
35-40	100%
41	102%
42	104%
43	106%
44	108%
45 or more	110%

20 * * *

21 § 5704. Disability annuities.

22 * * *

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

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

27 or

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

30 and who does not return to State service may file an application



1 with the board for an amount equal to the excess, if any, of the
2 sum of the SHARED RISK ACCUMULATED DEDUCTIONS PLUS THE regular
3 and additional accumulated deductions standing to his credit at
4 the effective date of disability over one-third of the total
5 disability annuity payments received. If the annuitant on the
6 date of termination of service was eligible for an annuity as
7 provided in section [5308(b)] 5308(a) or (b) (relating to
8 eligibility for annuities), he may file an application with the
9 board for an election of an optional modification of his
10 annuity.

11 * * *

12 § 5705. Member's options.

13 (a) General rule.--Any special vestee who has attained
14 superannuation age, any vestee who does not have Class A-3 or
15 Class A-4 service credit having five or more eligibility points
16 for service other than Class T-E or Class T-F service in the
17 Public School Employees' Retirement System, or vestee who has
18 Class A-3 or Class A-4 service credit having ten or more
19 eligibility points, any member with Class G, Class H, Class I,
20 Class J, Class K, Class L, Class M or Class N service having
21 five or more eligibility points or any other eligible member
22 upon termination of State service who has not withdrawn his
23 total accumulated deductions as provided in section 5701
24 (relating to return of total accumulated deductions) may apply
25 for and elect to receive either a maximum single life annuity,
26 as calculated in accordance with the provisions of section 5702
27 (relating to maximum single life annuity), or a reduced annuity
28 certified by the actuary to be actuarially equivalent to the
29 maximum single life annuity and in accordance with one of the
30 following options; except that no member shall elect an annuity

1 payable to one or more survivor annuitants other than his spouse
2 or alternate payee of such a magnitude that the present value of
3 the annuity payable to him for life plus any lump sum payment he
4 may have elected to receive is less than 50% of the present
5 value of his maximum single life annuity:

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

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

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

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

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

26 (ii) the sum of all annuities payable to the
27 designated survivor annuitants shall not be greater than
28 one and one-half times the annuity payable to the member;
29 and

30 (iii) a portion of the benefit may be payable as a

1 lump sum, except that such lump sum payment shall not
2 exceed an amount equal to the total accumulated
3 deductions standing to the credit of the member that are
4 not the result of contributions and statutory interest
5 made or credited as a result of Class A-3 or Class A-4
6 service. The balance of the present value of the maximum
7 single life annuity adjusted in accordance with section
8 5702(b) shall be paid in the form of an annuity with a
9 guaranteed total payment, a single life annuity, or a
10 joint and survivor annuity or any combination thereof but
11 subject to the restrictions of subparagraphs (i) and (ii)
12 under this option.

13 * * *

14 Section 10. Title 71 is amended by adding a section to read:

15 § 5705.1. Payment of accumulated deductions resulting from
16 Class A-3 and Class A-4 service.

17 Any superannuation or withdrawal annuitant who:

18 (1) has Class A-3 or Class A-4 service credit;

19 (2) has service credited in one or more classes of
20 service; and

21 (3) because he has five or more, but fewer than ten,
22 eligibility points is not eligible to receive an annuity on
23 his Class A-3 or Class A-4 service

24 shall receive in a lump sum at the time of his retirement, in
25 addition to any other annuity or lump sum payment which he may
26 elect, his accumulated deductions resulting from his Class A-3
27 or Class A-4 service credit. Payment of these accumulated
28 deductions resulting from Class A-3 or Class A-4 service credit
29 shall not be eligible for installment payments pursuant to
30 section 5905.1 (relating to installment payments of accumulated

1 deductions) but shall be considered a lump sum payment for
2 purposes of section 5905.1(d).

3 Section 11. Sections 5708.1(f), 5708.2(f), 5708.3(f),
4 5708.5(f), 5708.6(f), 5708.7(f), 5708.8(g), 5902(k), 5903(c),
5 5905(a), 5905.1(d), 5907(c), 5933(A), 5934, 5936(b), 5937(b), ←
6 5938 and 5955 of Title 71 are amended to read:

7 § 5708.1. Additional supplemental annuities.

8 * * *

9 (f) Funding.--The actuary shall annually certify the amount
10 of appropriations for the next fiscal year needed to fund, over
11 a period of ten years from July 1, 2002, the additional monthly
12 supplemental annuity provided for in this section[. The board
13 shall submit the actuary's certification to the Secretary of the
14 Budget on or before November 1 of each year. If, in any year
15 after 1984, the amount certified is disapproved under section
16 610 of the act of April 9, 1929 (P.L.177, No.175), known as The
17 Administrative Code of 1929, as insufficient to meet the funding
18 requirements of this subsection or is not appropriated on or
19 before July 1, the additional supplemental annuity provided for
20 in this section shall be suspended until such time as an amount
21 certified and approved as sufficient is appropriated], which
22 amounts shall be paid during the period beginning July 1, 2002,
23 and ending June 30, 2010. For fiscal years beginning on or after
24 July 1, 2010, the additional liability provided in this section
25 shall be funded as part of the actuarial accrued liability as
26 provided in section 5508 (relating to actuarial cost method).

27 * * *

28 § 5708.2. Further additional supplemental annuities.

29 * * *

30 (f) Funding.--The actuary shall annually estimate the amount

1 of Commonwealth appropriations for the next fiscal year needed
2 to fund, over a period of ten years from July 1, 2002, the
3 additional monthly supplemental annuity provided for in this
4 section[. The board shall submit the actuary's estimation to the
5 Secretary of the Budget on or before November 1 of each year.
6 If, in any year after 1988, the amount estimated is disapproved
7 under section 610 of the act of April 9, 1929 (P.L.177, No.175),
8 known as The Administrative Code of 1929, as insufficient to
9 meet the funding requirements of this subsection or is not
10 appropriated on or before July 1, the additional supplemental
11 annuity provided for in this section shall be suspended until
12 such time as an amount certified and approved as sufficient is
13 appropriated], which amounts shall be paid during the period
14 beginning July 1, 2002, and ending June 30, 2010. For fiscal
15 years beginning on or after July 1, 2010, the additional
16 liability provided in this section shall be funded as part of
17 the actuarial accrued liability as provided in section 5508
18 (relating to actuarial cost method).

19 * * *

20 § 5708.3. Supplemental annuities commencing 1994.

21 * * *

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

1 * * *

2 § 5708.5. Supplemental annuities commencing 1998.

3 * * *

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

13 * * *

14 § 5708.6. Supplemental annuities commencing 2002.

15 * * *

16 (f) Funding.--[The] For the period beginning July 1, 2003,
17 and ending June 30, 2010, the additional liability for the
18 increase in benefits provided in this section shall be funded in
19 equal dollar annual installments over a period of ten years
20 beginning July 1, 2003. For fiscal years beginning on or after
21 July 1, 2010, the additional liability for the increase in
22 benefits provided in this section shall be funded as part of the
23 actuarial accrued liability as provided in section 5508
24 (relating to actuarial cost method).

25 * * *

26 § 5708.7. Supplemental annuities commencing 2003.

27 * * *

28 (f) Funding.--[The] For the period beginning July 1, 2004,
29 and ending June 30, 2010, the additional liability for the
30 increase in benefits provided in this section shall be funded in

1 equal dollar annual installments over a period of ten years
2 beginning July 1, 2004. For fiscal years beginning on or after
3 July 1, 2010, the additional liability for the increase in
4 benefits provided in this section shall be funded as part of the
5 actuarial accrued liability as provided in section 5508
6 (relating to actuarial cost method).

7 * * *

8 § 5708.8. Special supplemental postretirement adjustment of
9 2002.


10 * * *

11 (g) Funding.--[The] For the period beginning July 1, 2003,
12 and ending June 30, 2010, the additional liability for the
13 increase in benefits provided in this section shall be funded in
14 equal dollar annual installments over a period of ten years
15 beginning July 1, 2003. For fiscal years beginning on or after
16 July 1, 2010, the additional liability for the increase in
17 benefits provided in this section shall be funded as part of the
18 actuarial accrued liability as provided in section 5508
19 (relating to actuarial cost method).

20 * * *

21 § 5902. Administrative duties of the board.

22 * * *

23 (k) Certification of employer contributions.--The board
24 shall, each year in addition to the itemized budget required
25 under section 5509 (relating to appropriations and assessments
26 by the Commonwealth), certify, as a percentage of the members'
27 payroll, THE SHARED RISK CONTRIBUTION RATE, the employers' 
28 contributions as determined pursuant to section 5508 (relating
29 to actuarial cost method) necessary for the funding of
30 prospective annuities for active members and the annuities of

1 annuitants and certify the rates and amounts of the employers'
2 normal contributions as determined pursuant to section 5508(b),
3 accrued liability contributions as determined pursuant to
4 section 5508(c), supplemental annuities contribution rate as
5 determined pursuant to section 5508(e) [and], the experience
6 adjustment factor as determined pursuant to section 5508(f), the
7 collared contribution rate pursuant to section 5508(h) and the
8 final contribution rate pursuant to section 5508(i), which shall
9 be paid to the fund and credited to the appropriate accounts.
10 The board may allocate the final contribution rate and certify
11 various employer contribution rates based upon the different
12 benefit eligibility, class of service multiplier, superannuation
13 age and other benefit differences resulting from State service
14 credited for individual members even though such allocated
15 employer contribution rate on behalf of any given member may be
16 more or less than 5% of the member's compensation for the period
17 from July 1, 2010, to June 30, 2011, or may differ from the
18 prior year's contribution for that member by more or less than
19 the percentages used to calculate the collared contribution rate
20 for that year and may be below any minimum contribution rate
21 established for the collared contribution rate or final
22 contribution rate. These certifications shall be regarded as
23 final and not subject to modification by the [Budget Secretary]
24 Secretary of the Budget.

25 * * *

26 § 5903. Duties of the board to advise and report to heads of
27 departments and members.

28 * * *

29 (c) Purchase of credit and full coverage membership
30 certifications.--Upon receipt of an application from an active

1 member or eligible school employee to purchase credit for
2 previous State or creditable nonstate service, an election for
3 membership in a specific class of service, or an election to
4 become a full coverage member, the board shall determine and
5 certify to the member the amount required to be paid by the
6 member. When necessary, the board shall certify to the previous
7 employer the amount due in accordance with sections 5504
8 (relating to member contributions for the purchase of credit for
9 previous State service or to become a full coverage member) and
10 5505 (relating to contributions for the purchase of credit for
11 creditable nonstate service).

12 * * *

13 § 5905. Duties of the board regarding applications and
14 elections of members.

15 (a) Statement to new members.--As soon as practicable after
16 each member shall have become an active member in the system,
17 the board shall issue to the member notice of any election of
18 class of service membership he may be eligible to make, a
19 statement certifying his class of service, his member
20 contribution rate, and the aggregate length of total previous
21 State service and creditable nonstate service for which he may
22 receive credit.

23 * * *

24 § 5905.1. Installment payments of accumulated deductions.

25 * * *

26 (d) Statutory interest.--Any lump sum, including a lump sum
27 payable pursuant to section 5705.1 (relating to payment of
28 accumulated deductions resulting from Class A-3 and Class A-4
29 service), or installment payable shall include statutory
30 interest credited to the date of payment, except in the case of


1 a member, other than a vestee or special vestee, who has not
2 filed his application prior to 90 days following his termination
3 of service.

4 § 5907. Rights and duties of State employees and members.

5 * * *

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

11 * * *

12 § 5933. MEMBERS' SAVINGS ACCOUNT. 

13 (A) CREDITS TO ACCOUNT.--THE MEMBERS' SAVINGS ACCOUNT SHALL
14 BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF
15 THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER
16 EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE
17 MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501
18 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE),
19 5501.1 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS), 5502
20 (RELATING TO SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS),
21 5503 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS), 5504
22 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
23 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER),
24 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5505
25 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
26 CREDITABLE NONSTATE SERVICE) AND TRANSFERRED FROM THE MEMBERS'
27 SAVINGS ACCOUNT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
28 SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5303.2
29 (RELATING TO ELECTION TO CONVERT SCHOOL SERVICE TO STATE
30 SERVICE) .

1 * * *

2 § 5934. State accumulation account.

3 The State accumulation account shall be the ledger account to
4 which shall be credited all contributions of the Commonwealth or
5 other employers whose employees are members of the system and
6 made in accordance with the provisions of section 5507(a) or (d)
7 (relating to contributions by the Commonwealth and other
8 employers) except that the amounts received under the provisions
9 of the act of May 12, 1943 (P.L.259, No.120), and the amounts
10 received under the provisions of the Liquor Code, act of April
11 12, 1951 (P.L.90, No.21), shall be credited to the State Police
12 benefit account or the enforcement officers' benefit account as
13 the case may be. All amounts transferred to the fund by county
14 retirement systems or pension plans in accordance with the
15 provisions of section 5507(c) also shall be credited to the
16 State accumulation account. All amounts transferred to the fund
17 by the Public School Employees' Retirement System in accordance
18 with section 5303.2(e) (relating to election to convert school
19 service to State service), except amounts credited to the
20 members' savings account, and all amounts paid by the Department
21 of Corrections in accordance with section 5303.2(f) also shall
22 be credited to the State accumulation account. The State
23 accumulation account shall be credited with valuation interest.
24 The reserves necessary for the payment of annuities and death
25 benefits as approved by the board and as provided in Chapter 57
26 (relating to benefits) shall be transferred from the State
27 accumulation account to the annuity reserve account provided for
28 in section 5935 (relating to annuity reserve account), except
29 that the reserves necessary on account of a member who is an
30 officer of the Pennsylvania State Police or an enforcement

1 officer shall be transferred from the State accumulation account
2 to the State Police benefit account provided for in section 5936
3 (relating to State Police benefit account) or to the enforcement
4 officers' benefit account as provided for in section 5937
5 (relating to enforcement officers' benefit account) as the case
6 may be. The reserves necessary for the payment of supplemental
7 annuities in excess of those reserves credited to the
8 supplemental annuity account on June 30, 2010, shall be
9 transferred from the State accumulation account to the
10 supplemental annuity account. In the event that supplemental
11 annuities are increased by legislation enacted ~~subsequent to~~ ←
12 AFTER December 31, 2009, the necessary reserves shall be ←
13 transferred from the State accumulation account to the
14 supplemental annuity account.

15 § 5936. State Police benefit account.

16 * * *

17 (b) Transfers from account.--Should the said annuitant be
18 subsequently restored to active service, the present value of
19 the member's annuity at the time of reentry into State service
20 shall be transferred from the State Police benefit account and
21 placed to his individual credit in the members' savings account.
22 In addition, the actuarial reserve for his annuity calculated as
23 if he had been a member of Class A if he has Class A or Class C
24 service credited; as if he had been a member of Class A-3 if the
25 annuitant has Class A-3 State service credited; or as if he had
26 been a member of Class A-4 if the annuitant has Class A-4
27 service credited, less the amount transferred to the members'
28 savings account shall be transferred from the State Police
29 benefit account to the State accumulation account. Upon
30 subsequent retirement other than as an officer of the

1 Pennsylvania State Police the actuarial reserve remaining in the
2 State Police benefit account shall be transferred to the
3 appropriate reserve account.

4 § 5937. Enforcement officers' benefit account.

5 * * *

6 (b) Transfers from account.--Should the said annuitant be
7 subsequently restored to active service, the present value of
8 the member's annuity at the time of reentry into State service
9 shall be transferred from the enforcement officers' benefit
10 account and placed to his individual credit in the members'
11 savings account. In addition, the actuarial reserve for his
12 annuity calculated as if he had been a member of Class A if the
13 annuitant does not have any Class AA, Class A-3 or Class A-4
14 service credited [and calculated]; as if he had been a member of
15 Class AA if the annuitant does have Class AA service credited;
16 as if he had been a member of Class A-3 if the annuitant has
17 Class A-3 State service credited; or as if he had been a member
18 of Class A-4 if the annuitant has Class A-4 service credited,
19 less the amount transferred to the members' savings account
20 shall be transferred from the enforcement officers' benefit
21 account to the State accumulation account. Upon subsequent
22 retirement other than as an enforcement officer the actuarial
23 reserve remaining in the enforcement officers' benefit account
24 shall be transferred to the appropriate reserve account.

25 § 5938. Supplemental annuity account.

26 The supplemental annuity account shall be the ledger account
27 to which shall be credited all contributions from the
28 Commonwealth and other employers in accordance with section
29 5507(b) (relating to contributions by the Commonwealth and other
30 employers) for the payment of the supplemental annuities

1 provided in sections 5708 (relating to supplemental annuities),
2 5708.1 (relating to additional supplemental annuities), 5708.2
3 (relating to further additional supplemental annuities), 5708.3
4 (relating to supplemental annuities commencing 1994), 5708.4
5 (relating to special supplemental postretirement adjustment),
6 5708.5 (relating to supplemental annuities commencing 1998),
7 5708.6 (relating to supplemental annuities commencing 2002),
8 5708.7 (relating to supplemental annuities commencing 2003) and
9 5708.8 (relating to special supplemental postretirement
10 adjustment of 2002) made before July 1, 2010, the amount
11 transferred from the State accumulation account to provide all
12 additional reserves necessary as of June 30, 2010, to pay such
13 supplemental annuities and adjustments, and the amounts
14 transferred from the State accumulation account to provide all
15 additional reserves necessary as a result of supplemental
16 annuities enacted after December 31, 2009. The supplemental
17 annuity account shall be credited with valuation interest. The
18 reserves necessary for the payment of such supplemental
19 annuities shall be transferred from the supplemental annuity
20 account to the annuity reserve account as provided in section
21 5935 (relating to annuity reserve account).

22 § 5955. Construction of part.

23 Regardless of any other provision of law, pension rights of
24 State employees shall be determined solely by this part or any
25 amendment thereto, and no collective bargaining agreement nor
26 any arbitration award between the Commonwealth and its employees
27 or their collective bargaining representatives shall be
28 construed to change any of the provisions herein, to require the
29 board to administer pension or retirement benefits not set forth
30 in this part, or otherwise require action by any other

1 government body pertaining to pension or retirement benefits or
2 rights of State employees. Notwithstanding the foregoing, any
3 pension or retirement benefits or rights previously so
4 established by or as a result of an arbitration award shall
5 remain in effect after the expiration of the current collective
6 bargaining agreement between the State employees so affected and
7 the Commonwealth until the expiration of each of the collective
8 bargaining agreements in effect on January 1, 2011, at which
9 time the classes of membership and resulting member contribution
10 rates AND CONTRIBUTIONS FOR CREDITABLE NONSTATE SERVICE, ←
11 eligibility for vesting, withdrawal and superannuation
12 annuities, optional modification of annuities and other terms
13 and conditions related to class of membership shall be as
14 determined by this part for employees covered by those and
15 successor collective bargaining agreements. For purposes of
16 administering this part, for those State employees who are
17 members of each such collective bargaining unit, the date
18 January 1, 2011, contained in this part, except in this section,
19 shall be replaced with the date of the day immediately following
20 the expiration of each such collective bargaining agreement. The
21 provisions of this part insofar as they are the same as those of
22 existing law are intended as a continuation of such laws and not
23 as new enactments. The provisions of this part shall not affect
24 any act done, liability incurred, right accrued or vested, or
25 any suit or prosecution pending or to be instituted to enforce
26 any right or penalty or to punish any offense under the
27 authority of any repealed laws.

28 SECTION 11.1. TITLE 71 IS AMENDED BY ADDING A SECTION TO ←
29 READ:
30 § 5957. INDEPENDENT FISCAL OFFICE STUDY.

1 THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE
2 IMPLEMENTATION OF SHARED RISK CONTRIBUTIONS UNDER SECTION 5501.1
3 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 AND
4 CLASS A-4 SERVICE) AND ITS IMPACT ON THE SYSTEM. THE STUDY SHALL
5 BE COMPLETED BY DECEMBER 31, 2015, AND SHALL BE TRANSMITTED TO
6 THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF THE
7 SENATE, THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE
8 OF THE HOUSE OF REPRESENTATIVES AND TO THE GOVERNOR.

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

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

15 (2) Notwithstanding the provisions of this act, the
16 employer contribution rates certified by the State Employees'
17 Retirement Board for fiscal year 2009-2010 shall remain in
18 effect until June 30, 2010.

19 SECTION 12.1. NOTHING IN 71 PA.C.S. § 5955 SHALL AFFECT THE ←
20 ELIGIBILITY OF AN OFFICER OR MEMBER OF THE PENNSYLVANIA STATE
21 POLICE TO RETIRE AFTER JUNE 30, 1989, AS PROVIDED IN A BINDING
22 ARBITRATION AWARD ISSUED BEFORE JULY 1, 1989, PURSUANT TO THE
23 ACT OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE
24 POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, AS IMPLEMENTED
25 BY THE STATE EMPLOYEES' RETIREMENT BOARD. THIS SECTION PERMITS
26 RETIREMENT AT:

27 (1) 50% OF HIGHEST YEAR SALARY AND 20 YEARS OF SERVICE;
28 AND

29 (2) 75% OF HIGHEST YEAR SALARY AND 25 YEARS OF SERVICE.

30 ~~Section 13. Recertification to the Secretary of the Budget~~ ←

1 ~~shall be as follows:~~

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

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

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

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

24 ~~(2) Notwithstanding any other provision of law to the~~
25 ~~contrary, the State Employees' Retirement Board shall,~~
26 ~~effective for the fiscal year beginning July 1, 2010,~~
27 ~~recertify to the Secretary of the Budget and heads of~~
28 ~~departments, within 15 days of the effective date of this~~
29 ~~section, the contributions, rates, factors and amounts set~~
30 ~~forth in 71 Pa.C.S. § 5902(k), as amended by this act. The~~

1 ~~recertification shall supersede the prior certification for~~
2 ~~all purposes.~~

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

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

6 (I) THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
7 OF PENNSYLVANIA; OR

8 (II) THE STATE EMPLOYEES' RETIREMENT SYSTEM OF
9 PENNSYLVANIA.

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

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

15 "INDEPENDENT AGENCY." AS DEFINED IN 62 PA.C.S. §
16 103.

17 Section 14. Certain public officials shall be held harmless,
18 as follows:

19 (1) Notwithstanding any other provision of law,
20 fiduciary requirement, actuarial standard of practice or
21 other requirement to the contrary, the members of the Public
22 School Employees' Retirement Board, the actuary and other
23 employees and officials of the Public School Employees'
24 Retirement System shall not be held liable or in breach or
25 violation of any law or standard either as individuals or in
26 their official capacity or as a governmental or corporate
27 entity for any action or calculation related to calculating
28 and certifying a final contribution rate as provided for in
29 this act that is different from the actuarially required
30 contribution rate as otherwise appropriately calculated under

1 the provisions of the Public School Employees' Retirement
2 Code.

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

16 Section 15. Construction of a calculation or actuarial
17 method shall be as follows:

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

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

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

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

23 Section 18. This act shall be construed and administered in
24 such a manner that the Public School Employees' Retirement
25 System will satisfy the requirements necessary to qualify as a
26 qualified pension plan under section 401(a) and other applicable
27 provisions of the Internal Revenue Code of 1986 (Public Law
28 99-514, 26 U.S.C. § 1 et seq.). The rules, regulations and
29 procedures adopted and promulgated by the Public School
30 Employees' Retirement Board under 24 Pa.C.S. § 8502(h) may

1 include those necessary to accomplish the purpose of this
2 section.

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

21 (b) References in this act to the Internal Revenue Code of
22 1986, including for this purpose administrative regulations
23 promulgated thereunder, are intended to include such laws and
24 regulations in effect on the effective date of this section and
25 as they may hereafter be amended or supplemented or supplanted
26 by successor provisions.

27 Section 20. No school employee otherwise a member of,
28 eligible to be a member of, or having school or nonschool
29 service credited in a class of service other than Class T-E or
30 Class T-F may cancel, decline or waive membership in such other

1 class of service in order to obtain Class T-E or Class T-F
2 service credit, become a member of Class T-E or Class T-F or
3 elect Class T-E or Class T-F membership.

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

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

22 Section 23. Nothing in this act shall be construed or deemed
23 to imply that any interpretation or application of the
24 provisions of 71 Pa.C.S. Pt. XXV or benefits available to
25 members of the State Employees' Retirement System was not in
26 accordance with the provisions of 71 Pa.C.S. Pt. XXV or other
27 applicable law prior to the effective date of this section. It
28 is the express intent of the General Assembly that nothing in
29 this act shall be construed to grant to or be deemed to imply
30 that this act expands, contracts or otherwise affects any

1 contractual rights, either expressed or implied, or any other
2 constitutionally protected rights, in the terms and conditions
3 of the State Employees' Retirement System or other pension or
4 retirement benefits as a State employee, including, but not
5 limited to, benefits, options, rights or privileges established
6 by 71 Pa.C.S. Pt. XXV for any current or former State employees.

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

16 Section 25. (a) Nothing in this act which amends or
17 supplements provisions of 71 Pa.C.S. Pt. XXV shall create in any
18 member of the system or in any other person claiming an interest
19 in the account of any such member a contractual right, either
20 express or implied, in relation to requirements for
21 qualification of the State Employees' Retirement System as a
22 qualified pension plan under the Internal Revenue Code of 1986
23 (Public Law 99-514, 26 U.S.C. § 401(a)) nor any construction of
24 71 Pa.C.S. Pt. XXV, as so amended or supplemented, or any rules
25 or regulations adopted under 71 Pa.C.S. Pt. XXV. The provisions
26 of 71 Pa.C.S. Pt. XXV shall remain subject to the Internal
27 Revenue Code of 1986, and the General Assembly reserves to
28 itself such further exercise of its legislative power to amend
29 or supplement such provisions as may from time to time be
30 required in order to maintain the qualification of such system

1 as a qualified pension plan under section 401(a) and other
2 applicable provisions of the Internal Revenue Code of 1986.

3 (b) References in this act to the Internal Revenue Code of
4 1986, including for this purpose administrative regulations
5 promulgated thereunder, are intended to include such laws and
6 regulations in effect on the effective date of this section and
7 as they may hereafter be amended or supplemented or supplanted
8 by successor provisions.

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

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

26 Section 28. Notwithstanding any regulation promulgated by
27 the State Employees' Retirement Board, application or
28 interpretation of 71 Pa.C.S. Pt. XXV, or administrative practice
29 to the contrary, a member's eligibility deriving from Class A-3
30 or Class A-4 service credit for a superannuation annuity or

1 other rights and benefits based upon attaining A superannuation ←
2 ~~age shall require the actual accrual of 35 eligibility points~~ ←
3 SCORE OF 92 OR THE ACCRUAL OF 35 ELIGIBILITY POINTS SHALL BE ←
4 DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY
5 ACCRUED.

6 SECTION 28.1. (1) NOTHING IN THIS ACT SHALL BE CONSTRUED OR ←
7 DEEMED TO IMPLY THAT, BUT FOR THE EXPRESSED APPLICATIONS OF THE
8 LIMITATIONS ON BENEFITS OR OTHER REQUIREMENTS UNDER SECTION
9 401(A) OR 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
10 99-514, 26 U.S.C. § 401 OR 415), THOSE LIMITATIONS WOULD NOT
11 OTHERWISE APPLY TO MEMBERS OF THE STATE EMPLOYEES' RETIREMENT
12 SYSTEM AND THE BENEFITS PAYABLE UNDER 71 PA.C.S. PT. XXV.

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

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

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

- 1 (I) section 8102; ←
- 2 (II) section 8303(c) AND (D); ←
- 3 (III) section 8304(a); ←
- 4 (IV) section 8305(d) and (e); ←
- 5 (V) section 8305.2; ←
- 6 (VI) section 8307(b); ←
- 7 (VII) section 8308; ←
- 8 (VIII) SECTION 8321(B); ←
- 9 (IX) section 8323(a), (c) and (c.1); ←
- 10 (X) section 8324(a), (d), (e) and (f); ←
- 11 (XI) section 8326(a); ←
- 12 (XII) section 8327(a) and (c); ←
- 13 (XIII) section 8328; ←
- 14 (XIV) section 8342(a); ←
- 15 (XV) section 8344(d); ←
- 16 (XVI) section 8345(a); ←
- 17 (XVII) section 8348.1(f); ←
- 18 (XVIII) section 8348.2(f); ←
- 19 (XIX) section 8348.3(f); ←
- 20 (XX) section 8348.5(f); ←
- 21 (XXI) section 8348.6(f); ←
- 22 (XXII) section 8348.7(f); ←
- 23 (XXIII) SECTION 8348.8; ←
- 24 (XXIV) section 8502(k); ←
- 25 (XXV) section 8505(1); and ←
- 26 (XXVI) section 8535(3). ←
- 27 (2) THE FOLLOWING APPLY TO 71 PA.C.S. PT. V: ←
- 28 (I) THE ADDITION OF THE FOLLOWING PROVISIONS SHALL
- 29 TAKE EFFECT NOVEMBER 30, 2010:
- 30 (A) SECTION 4102.

1 (B) SECTION 4110.

2 (II) THE ADDITION OF THE REMAINING PROVISIONS OF 71
3 PA.C.S. PT. V SHALL TAKE EFFECT MAY 1, 2011.

4 ~~(2)~~ (3) Sections 17, 18, 19, 20, 21 and 22 of this act ←
5 shall take effect July 1, 2011.

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

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

12 (4) ~~PARAGRAPH (3) AND THIS PARAGRAPH~~ THE REMAINDER OF ←
13 THIS ACT SHALL TAKE EFFECT IMMEDIATELY.