

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1332 Session of
2015

INTRODUCED BY GODSHALL, FRANKEL, BLOOM, MARKOSEK, QUIGLEY,
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A. HARRIS, HARHAI, COHEN, MENTZER, GILLEN, COX, DUSH AND
BRADFORD, JUNE 16, 2015

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, DECEMBER 18, 2015

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, in retirement for school
3 employees, further providing for definitions and for
4 construction of part; providing for notice to members;
5 further providing for credited school service, for creditable
6 nonschool service, for eligibility for annuities, for
7 eligibility for vesting, for eligibility for refunds, for
8 regular member contributions for current service, for pickup
9 contributions, for return of accumulated contributions, for
10 maximum single life annuity, for disability annuities, for
11 member's options, for termination of annuities, for death
12 benefits, for payment of benefits, for duties of board
13 regarding applications and elections of members, for duties
14 of employers, and for rights and duties of school employees
15 and members; in retirement for State employees and officers,
16 further providing for definitions, for credited State
17 service, for creditable nonstate service, for Social Security
18 integration credits, for eligibility for annuities, for
19 eligibility for vesting, for eligibility for special vesting,
20 for eligibility for refunds, for regular member contributions
21 for current service, for Social Security integration member
22 contributions, for waiver of regular member contributions and
23 Social Security integration member contributions, for member
24 contributions for the purchase of credit for previous State
25 service or to become a full coverage member, for
26 contributions for the purchase of credit for creditable
27 nonstate service, for incomplete payments, for return of
28 total accumulated deductions, for maximum single life

1 annuity, for disability annuities, for member's options, for
2 termination of annuities, for death benefits, for payment of
3 benefits, for duties of board to advise and report to heads
4 of departments and members, for duties of the board regarding
5 application and elections of members, for duties of heads of
6 departments, for rights and duties of State employees and
7 members, and for taxation, attachment and assignment of
8 funds; and providing for construction of part with respect to
9 the Internal Revenue Code.

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

12 Section 1. The definitions of "active member," "credited
13 service" and "inactive member" in section 8102 of Title 24 of
14 the Pennsylvania Consolidated Statutes are amended and the
15 section is amended by adding definitions to read:

16 § 8102. Definitions.

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

20 * * *

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

28 * * *

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

1 § 401(a)(17) or [415(b)] 415), or for which salary deductions
2 or lump sum payments have been agreed upon in writing.

3 * * *

4 "Inactive member." A member for whom no pickup contributions
5 are being made, except in the case of an active member for whom
6 such contributions otherwise required for current school service
7 are not being made solely by reason of any provision of this
8 part relating to the limitations under section 401(a)(17) or
9 [415(b)] 415 of the Internal Revenue Code of 1986 (Public Law
10 99-514, 26 U.S.C. § 401(a)(17) or [415(b)] 415) or because the
11 member is on USERRA leave, who has accumulated deductions
12 standing to his credit in the fund and for whom contributions
13 have been made within the last two school years or a multiple
14 service member who is active in the State Employees' Retirement
15 System.

16 * * *

17 "Normal retirement age." The age set forth in section 401(a)
18 (36) of the Internal Revenue Code of 1986 (Public Law 99-514, 26
19 U.S.C. § 401(a)(36)) and in 26 C.F.R. § 1.401(a)-1(b)(2)
20 (relating to post-ERISA qualified plans and qualified trusts; in
21 general).

22 * * *

23 "Required beginning date." The ~~beginning~~ LATEST date by <--
24 which distributions of a member's interest must commence under
25 section 401(a)(9) of the Internal Revenue Code of 1986 (Public
26 Law 99-514, 26 U.S.C. § 401(a)(9)).

27 * * *

28 Section 2. Section 8103 of Title 24 is amended by adding
29 subsections to read:

30 § 8103. Construction of part.

1 * * *

2 (c) Vesting in the event of plan termination.--In the event
3 of termination of the Public School Employees' Retirement System
4 or upon complete discontinuance of contributions under this
5 part, the rights of all members of the system to benefits
6 accrued under this part to the date of such termination or
7 discontinuance, to the extent then funded, are vested and
8 nonforfeitable, except as forfeiture is required by the act of
9 July 8, 1978 (P.L.752, No.140), known as the Public Employee
10 Pension Forfeiture Act. Forfeitures under this subsection or
11 under any other provision of law may not be applied to increase
12 the benefits that any member would otherwise receive under this
13 part.

14 (d) Construction of part with respect to the IRC.

15 (1) (i) Notwithstanding any provisions of this part to
16 the contrary, no benefit shall be payable to the extent that
17 such benefit exceeds any limitation under IRC § 415 as in
18 effect with respect to governmental plans as such term is
19 defined in IRC § 414(d) on the date the benefit payment
20 becomes effective, provided, however, that any increase in
21 any limitation under IRC § 415 shall be applicable to all
22 current and future annuitants. No act of the General Assembly
23 enacted after the effective date of this subsection that
24 increases benefits either for active members, inactive
25 members, vestees or annuitants shall be deemed by the rules
26 of statutory construction or otherwise to provide for
27 benefits in excess of any limitation provided for under IRC §
28 415, as adjusted or subsequently increased, unless
29 specifically so provided by legislation.

30 (ii) Notwithstanding subparagraph (i), any future

1 increase in benefits for any member is intended to be
2 applicable to the fullest extent allowed by law and this
3 section is authorization for all such situations where
4 authorization is required to apply any such increase in
5 limitations or allowable benefits.

6 (2) In the event that annuities payable to a member from
7 both the system and the State Employees' Retirement System
8 are combined for purposes of determining whether annuities
9 from the system and the State Employees' Retirement System
10 are in excess of the limitations under IRC § 415(b), then:

11 (i) to the extent that the combined benefits exceed
12 such limitations, but neither of the annuities from
13 either retirement system would individually exceed such
14 limitations or the annuities payable under this part
15 individually exceed such limitations and the annuity
16 payable from the State Employees' Retirement System does
17 not, then the limitations shall be applied to the
18 annuities payable under the State Employees' Retirement
19 System to the extent required for such combined benefits
20 to be within the limitations; or

21 (ii) to the extent that the combined benefits exceed
22 such limitations and the annuity payable under this part
23 individually exceeds such limitations and the annuity
24 from the State Employees' Retirement System does not
25 individually exceed such limitations or the annuities
26 payable from each retirement system both individually
27 exceed the limitations, then the limitations shall be
28 applied first to the annuity payable under this part so
29 that the annuity under this part is not in excess of such
30 limitations and any remaining limitation shall be applied

1 to the benefits payable under the State Employees'
2 Retirement System.

3 (3) No payments for service shall be allowed for which
4 the required contributions would cause a violation of the
5 limitations related to contributions applicable to
6 governmental plans contained in IRC § 415. In the event that
7 any service credit based on such disallowed contributions is
8 granted after the effective date of this subsection, then
9 such service credit shall be canceled and benefits calculated
10 without regard to such service or contributions and any
11 member contributions in excess of the limitations and
12 statutory interest credited on those contributions shall be
13 refunded to the member by the board.

14 (e) Permissive service credit.--

15 (1) Nothing in this part shall be construed or deemed to
16 imply that any member of the system shall be required to make
17 contributions to the system for the purchase of school or
18 nonschool permissive service credit in excess of the limits
19 established by IRC § 415(n)(3)(A)(iii).

20 (2) Any contributions made by a member of the system for
21 the purchase of school or nonschool service credit that are
22 determined to be in excess of those limits shall be refunded
23 to the member in a lump sum subject to withholding for all
24 applicable taxes and penalties as soon as administratively
25 possible after such determination is made.

26 (3) Any refund of excess contributions made under this
27 section shall not affect the benefit payable to the member
28 and shall not be treated as, or deemed to be, a withdrawal of
29 the member's accumulated deductions.

30 Section 3. Title 24 is amended by adding a section to read:

1 § 8103.1. Notice to members.

2 Notice by publication, including, but not limited to,
3 newsletters, newspapers, forms, first class mail, letters,
4 manuals and electronic notice, including, but not limited to, e-
5 mail or publicly accessible Internet websites, distributed or
6 made available to members in a manner reasonably calculated to
7 give actual notice of the provisions of this part that require
8 notice to members shall be deemed sufficient notice for all
9 purposes.

10 Section 4. Sections 8302(a), 8304(c), 8307(a), 8308, 8310,
11 8321(a), 8322.1(a), 8341, 8342(c), 8344(e) and 8345(a) of Title
12 24 are amended to read:

13 § 8302. Credited school service.

14 (a) Computation of credited service.--In computing credited
15 school service of a member for the determination of benefits, a
16 full-time salaried school employee shall receive one year of
17 credit for each school year or the corresponding fraction
18 thereof, in accordance with the proportion of the full school
19 year for which the required regular member contributions have
20 been made, or for which such contributions otherwise required
21 for such service were not made solely by reason of any provision
22 of this part relating to the limitations under IRC § 401(a)(17)
23 or [415(b)] 415. A per diem or hourly school employee shall
24 receive one year of credited service for each nonoverlapping
25 period of 12 consecutive months in which he is employed and for
26 which contributions are made, or would have been made but for
27 such limitations under the IRC, for at least 180 full-day
28 sessions or 1,100 hours of employment. If such member was
29 employed and contributions were made for less than 180 full-day
30 sessions or 1,100 hours, he shall be credited with a fractional

1 portion of a year determined by the ratio of the number of full-
2 day sessions or hours of service actually rendered to 180 full-
3 day sessions or 1,100 hours, as the case may be. A part-time
4 salaried employee shall be credited with the fractional portion
5 of the year which corresponds to the service actually rendered
6 in relation to the service required as a comparable full-time
7 salaried employee. In no case shall a member receive more than
8 one year of credited service for any 12 consecutive months or a
9 member who has elected multiple service receive an aggregate in
10 the two systems of more than one year of credited service for
11 any 12 consecutive months.

12 * * *

13 § 8304. Creditable nonschool service.

14 * * *

15 (c) Limitations on years of credit.--Service listed in
16 subsection (b) (3) and (4) must have been for a period of at
17 least one school year and credit for such service shall be
18 limited to the lesser of 12 years or the number of years of
19 school service credited in the system. In no case shall the
20 total credit for nonschool service other than that listed in
21 subsection (b) (5) exceed the number of years of school service
22 credited in the system, plus, in the case of a multiple service
23 member, any additional years of State service credited in the
24 State Employees' Retirement System. In no case shall a member be
25 permitted to purchase any service in violation of the
26 limitations of IRC § 415(n).

27 § 8307. Eligibility for annuities.

28 (a) Superannuation annuity.--An active or an inactive member
29 who attains superannuation age shall be entitled to receive a
30 superannuation annuity upon termination of service and filing of

1 a proper application. All members must begin receiving a
2 superannuation annuity by the member's required beginning date.

3 * * *

4 § 8308. Eligibility for vesting.

5 Any Class T-C or Class T-D member who terminates school
6 service with five or more eligibility points shall be entitled
7 to vest his retirement benefits until [attainment of
8 superannuation age] the member's required beginning date. Any
9 Class T-E or Class T-F member who terminates school service with
10 ten or more eligibility points shall be entitled to vest his
11 retirement benefits until [attainment of superannuation age] his
12 required beginning date.

13 § 8310. Eligibility for refunds.

14 Upon termination of service any active member, regardless of
15 eligibility for benefits, may elect to receive his accumulated
16 deductions by his required beginning date in lieu of any benefit
17 to which he is entitled.

18 § 8321. Regular member contributions for current service.

19 (a) General.--Regular member contributions shall be made to
20 the fund on behalf of each active member for current service
21 except for any period of current service in which the making of
22 such contributions has ceased solely by reason of any provision
23 of this part relating to the limitations under IRC § 401(a)(17)
24 or [415(b)] 415.

25 * * *

26 § 8322.1. Pickup contributions.

27 (a) Treatment for purposes of IRC § 414(h).--All
28 contributions required to be made under sections 8321 (relating
29 to regular member contributions for current service) [and], 8322
30 (relating to joint coverage member contributions), and 8305

1 (relating to member class contributions) with respect to current
2 school service rendered by an active member on or after January
3 1, 1983, shall be picked up by the employer and shall be treated
4 as the employer's contribution for purposes of IRC § 414(h).

5 * * *

6 § 8341. Return of accumulated deductions.

7 Any member upon termination of service may, in lieu of all
8 benefits payable under this chapter to which he may be entitled,
9 elect to receive his accumulated deductions by his required
10 beginning date.

11 § 8342. Maximum single life annuity.

12 * * *

13 (c) Limitation regarding annual benefit under IRC §
14 415(b).--Notwithstanding any provision of this part to the
15 contrary, no benefit shall be payable to the extent that such
16 benefit exceeds any limitation under IRC § 415(b) in effect with
17 respect to governmental plans, as such term is defined in IRC §
18 414(d), on the date the benefit payment becomes effective,
19 provided that any increase in any limitation under IRC § 415
20 shall be applicable to all current and future annuitants and
21 survivor annuitants.

22 § 8344. Disability annuities.

23 * * *

24 (e) Limitation regarding annual benefit under IRC §
25 415(b).--Notwithstanding any provision of this part to the
26 contrary, no benefit shall be payable to the extent that such
27 benefit exceeds any limitation under IRC § 415(b) in effect with
28 respect to governmental plans, as such term is defined in IRC §
29 414(d), on the date the benefit payment becomes effective,
30 provided that any increase in any limitation under IRC § 415

1 shall be applicable to all current and future annuitants and
2 survivor annuitants.

3 § 8345. Member's options.

4 (a) General rule.--Any Class T-C or Class T-D member who is
5 a vestee with five or more eligibility points, any Class T-E or
6 Class T-F member who is a vestee with ten or more eligibility
7 points, or any other eligible member upon termination of school
8 service who has not withdrawn his accumulated deductions as
9 provided in section 8341 (relating to return of accumulated
10 deductions) may apply for and elect to receive either a maximum
11 single life annuity, as calculated in accordance with the
12 provisions of section 8342 (relating to maximum single life
13 annuity), or a reduced annuity certified by the actuary to be
14 actuarially equivalent to the maximum single life annuity and in
15 accordance with one of the following options, except that no
16 member shall elect an annuity payable to one or more survivor
17 annuitants other than his spouse or alternate payee of such a
18 magnitude that the present value of the annuity payable to him
19 for life plus any lump sum payment he may have elected to
20 receive is less than 50% of the present value of his maximum
21 single life annuity and no member may elect a payment option
22 that would provide benefits that do not satisfy the minimum
23 distribution requirements or would violate the incidental death
24 benefit rules of IRC § 401(a)(9). In no event shall a Class T-E
25 or Class T-F member receive an annual benefit, calculated as of
26 the effective date of retirement, greater than the member's
27 final average salary.

28 (1) Option 1.--A life annuity to the member with a
29 guaranteed total payment equal to the present value of the
30 maximum single life annuity on the effective date of

1 retirement with the provision that, if, at his death, he has
2 received less than such present value, the unpaid balance
3 shall be payable to his beneficiary.

4 (2) Option 2.--A joint and survivor annuity payable
5 during the lifetime of the member with the full amount of
6 such annuity payable thereafter to his survivor annuitant, if
7 living at his death.

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

12 (4) Option 4.--Some other benefit which shall be
13 certified by the actuary to be actuarially equivalent to the
14 maximum single life annuity, subject to the following
15 restrictions:

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

18 (ii) The sum of all annuities payable to the
19 designated survivor annuitants shall not be greater than
20 [one and one-half times] the annuity payable to the
21 member.

22 (iii) A portion of the benefit may be payable as a
23 lump sum, except that such lump sum payment shall not
24 exceed an amount equal to the accumulated deductions
25 standing to the credit of the member. The balance of the
26 present value of the maximum single life annuity adjusted
27 in accordance with section 8342(b) shall be paid in the
28 form of an annuity with a guaranteed total payment, a
29 single life annuity, or a joint and survivor annuity or
30 any combination thereof but subject to the restrictions

1 of subparagraphs (i) and (ii) of this paragraph. This
2 subparagraph shall not apply to a Class T-E or Class T-F
3 member.

4 * * *

5 Section 5. Section 8346(b) and (b.1)(1) of Title 24 are
6 amended and the section is amended by adding a subsection to
7 read:

8 § 8346. Termination of annuities.

9 * * *

10 (b) Return to school service during emergency.--When, in the
11 judgment of the employer, an emergency creates an increase in
12 the work load such that there is serious impairment of service
13 to the public or in the event of a shortage of appropriate
14 subject certified teachers or other personnel, an annuitant may
15 be returned to school service for a period not to extend beyond
16 the school year during which the emergency or shortage occurs,
17 without loss of his annuity, provided that the annuitant meets
18 the conditions set forth in subsection (b.2). The annuitant
19 shall not be entitled to earn any credited service, and no
20 contributions may be made by the annuitant, the employer or the
21 Commonwealth on account of such employment.

22 (b.1) Return to school service in an extracurricular
23 position.--

24 (1) An annuitant may be employed under separate contract
25 by a public school or charter school in an extracurricular
26 position performed primarily outside regular instructional
27 hours and not part of mandated curriculum without loss of
28 annuity, provided that the annuitant meets the conditions set
29 for in subsection (b.2). Neither the annuitant nor the
30 employer shall make contributions to the member's savings

1 account or State accumulation account respectively for such
2 service. Further, such contract shall contain a waiver
3 whereby the annuitant waives any potential retirement
4 benefits that could arise from the contract and releases the
5 employer and the board from any liability for such benefits.

6 * * *

7 (b.2) Limitation on return to school service by an annuitant
8 during emergency or in an extracurricular position.--

9 (1) An annuitant may return to school service under
10 subsection (b) or (b.1), provided the annuitant otherwise
11 meets the requirements of subsection (b) or (b.1) and has
12 attained the age set forth in § 401(a)(36) or the applicable
13 "normal retirement age" in 26 C.F.R. § 1.401(a)-1(b)(2)
14 (relating to post-ERISA qualified plans and qualified trusts;
15 in general).

16 (2) An annuitant who has not reached the age as set
17 forth in IRC § 401(a)(36), or the applicable "normal
18 retirement age" under 26 C.F.R. § 1.401(a)-1(b)(2), may
19 return to service under subsection (b) or (b.1) provided the
20 annuitant otherwise meets the requirements of subsection (b)
21 or (b.1) and has had a break in service, as set forth in
22 paragraph (3).

23 (3) For purposes of this subsection, a break in service
24 occurs when a member has a bona fide termination of service.
25 The following factors will be considered in determining
26 whether there had been a bona fide termination of service:

27 (i) whether the change in the employment
28 relationship is more than a formal or technical change,
29 requiring the severing of the employment connection with
30 the employer;

1 (ii) whether there has been a reasonable
2 anticipation or prearranged agreement between the member
3 and the employer that a return to school service under
4 this section shall take place;

5 (iii) the amount of time that has elapsed from the
6 date the member becomes an annuitant and the return to
7 school service;

8 (iv) whether the services are a continuation of the
9 annuitant's previous service with the same employer; and

10 (v) such other factors as the board may deem
11 appropriate.

12 * * *

13 Section 6. Section 8347 of Title 24 is amended by adding a
14 subsection to read:

15 § 8347. Death benefits.

16 * * *

17 (e) Required distributions.--All payments pursuant to this
18 section shall start and be made in compliance with the minimum
19 distribution requirements and the incidental death benefit rules
20 of IRC § 401(a)(9).

21 Section 7. Section 8349(a) of Title 24 is amended and the
22 section is amended by adding a subsection to read:

23 § 8349. Payment of benefits.

24 (a) Annuities.--Any annuity granted under the provisions of
25 this part shall be paid in equal monthly installments commencing
26 by the required beginning date.

27 * * *

28 (d) Required distributions.--All payments pursuant to this
29 section shall start and be made in compliance with the required
30 beginning date, minimum distribution requirements and incidental

1 death benefit rules of IRC § 401(a)(9).

2 Section 8. Sections 8503(a) and (b), 8505(e), (f), (g) and
3 (h), 8506(c) and 8507(d), (g), (h) and (i) of Title 24 are
4 amended to read:

5 § 8503. Duties of board to advise and report to employers and
6 members.

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

21 (b) Member status statements.--The board shall furnish
22 annually on or before December 31, a statement to each member
23 showing the accumulated deductions standing to the credit of the
24 member and the number of years and fractional part of a year of
25 service credited in each class of service as of June 30 of that
26 year. Each member's statement shall [be mailed to his home
27 address and shall] include a request that the member make any
28 necessary corrections or revisions regarding his designated
29 beneficiary, whose name at the request of the member shall
30 remain confidential and not appear on this statement.

1 * * *

2 § 8505. Duties of board regarding applications and elections of
3 members.

4 * * *

5 (e) Certification to vestees terminating service.--The board
6 shall certify to a vestee within one year of termination of
7 service of such member:

8 (1) The accumulated deductions standing to his credit at
9 the date of termination of service.

10 (2) The number of years and fractional part of a year of
11 credit in each class of service.

12 (3) The maximum single life annuity to which the vestee
13 shall become entitled upon the attainment of superannuation
14 age and the filing of an application for such annuity.

15 (4) The obligation of the member to commence
16 distributions by the member's required beginning date.

17 (f) Notification to vestees approaching superannuation
18 age.--The board shall notify each vestee in writing 90 days
19 prior to his attainment of superannuation age that he shall
20 apply for his annuity within 90 days of attainment of
21 superannuation age; that, if he does so apply, his effective
22 date of retirement will be the date of attainment of
23 superannuation age; that, if he does not so apply but defers his
24 application to a later date, his effective date of retirement
25 will be the date of filing the application or the date specified
26 on the application, whichever is later; [and that, if he does
27 not file an application within seven years after attaining
28 superannuation age, he shall be deemed to have elected to
29 receive his accumulated deductions upon attainment of
30 superannuation age] provided that in no event shall a member

1 begin receiving benefits on a date later than the required
2 beginning date.

3 (g) Initial annuity payment and certification.--The board
4 shall make the first monthly payment to a member who is eligible
5 for an annuity within 60 days of the filing of his application
6 for an annuity or, in the case of a vestee who has deferred the
7 filing of his application to a date later than 90 days following
8 attainment of superannuation age, within 60 days of his
9 effective date of retirement, and receipt of the required data
10 from the employer of the member, provided that in no event shall
11 a member begin receiving benefits on a date later than the
12 required beginning date. Concurrently the board shall certify to
13 such member:

14 (1) The accumulated deductions standing to his credit
15 showing separately the amount contributed by the member, the
16 pickup contribution and the interest credited to the date of
17 termination of service.

18 (2) The number of years and fractional part of a year
19 credited in each class of service.

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

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

26 (h) Death benefits.--Upon receipt of notification of the
27 death of a member or former member on USERRA leave, the board
28 shall notify the designated beneficiary or survivor annuitant of
29 the benefits to which he is entitled and shall make the first
30 payment to the beneficiary under the plan elected by the

1 beneficiary within 60 days of receipt of certification of death
2 and other necessary data. If no beneficiary designation is in
3 effect at the date of the member's death or no notice has been
4 filed with the board to pay the amount of such benefits to the
5 member's estate, the board is authorized to pay such benefits to
6 the executor, administrator, surviving spouse or next-of-kin of
7 the deceased member, and payment pursuant hereto shall fully
8 discharge the fund from any further liability to make payment of
9 such benefits to any other person. [If the surviving spouse or
10 next-of-kin of the deceased member cannot be found for the
11 purpose of paying such benefits for a period of seven years from
12 the date of death of the member, then such benefits shall be
13 escheated to the Commonwealth for the benefit of the fund.]

14 * * *

15 § 8506. Duties of employers.

16 * * *

17 (c) Member and employer contributions.--The employer shall
18 certify to its treasurer the required member contributions
19 picked up and any other contributions, including, but not
20 limited to, amounts collected for the State Employees'
21 Retirement Board for the reinstatement of previous State service
22 or creditable nonstate service and amounts paid to return
23 benefits paid after the date of return to State service or
24 entering school service, deducted from each payroll. On July 1,
25 1996, and upon any later effective date of employment of any
26 noneligible member to whom limitations under IRC § 401(a)(17) or
27 [415(b)] 415 applies or is expected to apply, the employer shall
28 identify to its treasurer or other payroll administrator the
29 member or members to whom such limit applies or may apply and
30 shall cause any such member's contributions deducted from

1 payroll and the employer's contribution on his behalf to cease
2 at the limitations under IRC § 401(a) (17) or [415(b)] 415 on the
3 payroll date if and when such limit shall be reached. The
4 treasurer shall remit to the secretary of the board each month
5 the total of the member contributions and the amount due from
6 the employer determined in accordance with section 8327
7 (relating to payments by employers). If, upon crediting the
8 remittance of a noneligible member's contributions to the
9 member's savings account, the board shall determine that such
10 account shall have been credited with pickup contributions
11 attributable to compensation which is in excess of the annual
12 compensation limit under IRC § 401(a) (17) or [415(b)] 415, or
13 with total member contributions for such member which would
14 cause such member's contributions or benefits to exceed any
15 applicable limitation on contributions or benefits under IRC §
16 401(a) (17) or [415(b)] 415, the board shall as soon as
17 practicable refund to the member from his individual member
18 account such amount, together with the statutory interest
19 thereon, as will cause the member's total member contributions
20 not to exceed the applicable limit. The payment of any such
21 refund to the member shall be charged to the member's savings
22 account.

23 * * *

24 § 8507. Rights and duties of school employees and members.

25 * * *

26 (d) Credit for previous service or change in membership
27 status.--Any active member or multiple service member who is a
28 State employee who desires to receive credit for his previous
29 school service or creditable nonschool service to which he is
30 entitled, or a member of Class T-A or Class T-B who desires to

1 become a member of Class T-C, or a joint coverage member who
2 desires to become a full coverage member shall so notify the
3 board. Upon written agreement by the member and the board as to
4 the manner of payment of the amount due, the member shall
5 receive credit for such service as of the date of such agreement
6 subject to the provisions of section 8325 (relating to
7 incomplete payments) and subject to the provisions in this part
8 relating to limitations under IRC § 415.

9 * * *

10 (g) Vesting of retirement rights.--If a member elects to
11 vest his retirement rights, he shall nominate a beneficiary by
12 written designation filed with the board and he may anytime
13 thereafter withdraw the accumulated deductions standing to his
14 credit or apply for an annuity if eligible as provided in
15 section 8307(a) or (b) (relating to eligibility for annuitants),
16 provided that in no event shall a member begin receiving
17 benefits on a date later than the required beginning date.

18 (h) Vestees attaining superannuation age.--Upon attainment
19 of superannuation age a vestee shall execute and file within 90
20 days an application for an annuity. Any application filed after
21 such 90 day period shall be effective as of the date it is filed
22 with the board, subject to the provisions of section 8505(g)
23 (relating to duties of board regarding applications and
24 elections of members), provided that in no event shall a member
25 begin receiving benefits on a date later than the required
26 beginning date. If a vestee does not file an application within
27 seven years after attaining superannuation age, he shall be
28 deemed to have elected to receive his accumulated deductions
29 upon attainment of superannuation age.

30 (i) Failure to apply for annuity.--If a member is eligible

1 to receive an annuity and does not file a proper application
2 within 90 days of termination of service, he shall be deemed to
3 have elected to vest, and his annuity will become effective as
4 of the date an application is filed with the board or the date
5 designated on the application whichever is later, provided that
6 in no event shall a member begin receiving benefits on a date
7 later than the required beginning date.

8 * * *

9 Section 9. The definitions of "active member," "credited
10 service," "inactive member" and "special vestee" in section 5102
11 of Title 71 are amended and the section is amended by adding
12 definitions to read:

13 § 5102. Definitions.

14 The following words and phrases as used in this part, unless
15 a different meaning is plainly required by the context, shall
16 have the following meanings:

17 * * *

18 "Active member." A State employee, or a member on leave
19 without pay, for whom pickup contributions are being made to the
20 fund or for whom such contributions otherwise required for
21 current State service are not being made solely by reason of
22 section 5502.1 (relating to waiver of regular member
23 contributions and Social Security integration member
24 contributions) or any provision of this part relating to the
25 limitations under section 401(a)(17) or section [415(b)] 415 of
26 the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C.
27 § 401(a)(17) or [415(b)] 415).

28 * * *

29 "Credited service." State or creditable nonstate service for
30 which the required contributions have been made or for which the

1 contributions otherwise required for such service were not made
2 solely by reason of section 5502.1 (relating to waiver of
3 regular member contributions and Social Security integration
4 member contributions) or any provision of this part relating to
5 the limitations under section 401(a)(17) or [415(b)] 415 of the
6 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
7 401(a)(17) or [415(b)] 415) except as otherwise provided in
8 this part, or for which salary deductions or lump sum payments
9 have been agreed upon in writing.

10 * * *

11 "Inactive member." A member for whom no pickup contributions
12 are being made, except in the case of an active member for whom
13 such contributions otherwise required for current State service
14 are not being made solely by reason of section 5502.1 (relating
15 to waiver of regular member contributions and Social Security
16 integration member contributions) or any provision of this part
17 relating to the limitations under section 401(a)(17) or [415(b)]
18 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26
19 U.S.C. § 401(a)(17) or [415(b)] 415), but who has accumulated
20 deductions standing to his credit in the fund and who is not
21 eligible to become or has not elected to become a vestee or has
22 not filed an application for an annuity.

23 * * *

24 "Normal retirement age." The normal retirement age of a
25 member is the age set forth in section 401(a)(36) of the
26 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
27 401(a)(36)) and in 26 C.F.R. § 1.401(a)-1(b)(2) (relating to
28 post-ERISA qualified plans and qualified trusts; in general).

29 * * *

30 "Required beginning date." The latest date by which

1 distributions of a member's interest must commence under section
2 401(a) (9) of the Internal Revenue Code of 1986 (Public Law 99-
3 514, 26 U.S.C. § 401(a) (9)).

4 * * *

5 "Special vestee." An employee of The Pennsylvania State
6 University who is a member of the State Employees' Retirement
7 System with five or more but less than ten eligibility points
8 and who has a date of termination of service from The
9 Pennsylvania State University of June 30, 1997, because of the
10 transfer of his job position or duties to a controlled
11 organization of the Penn State Geisinger Health System or
12 because of the elimination of his job position or duties due to
13 the transfer of other job positions or duties to a controlled
14 organization of the Penn State Geisinger Health System, provided
15 that:

16 (1) subsequent to termination of State service as an
17 employee of The Pennsylvania State University, the member has
18 not returned to State service in any other capacity or
19 position as a State employee;

20 (2) The Pennsylvania State University certifies to the
21 board that the member is eligible to be a special vestee;

22 (3) the member files an application to vest the member's
23 retirement rights under section 5907(f) (relating to rights
24 and duties of State employees and members) on or before
25 September 30, 1997; and

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

30 * * *

1 Section 10. Section 5302(a) of Title 71 is amended to read:
2 § 5302. Credited State service.

3 (a) Computation of credited service.--In computing credited
4 State service of a member for the determination of benefits, a
5 full-time salaried State employee, including any member of the
6 General Assembly, shall receive credit for service in each
7 period for which contributions as required are made, or for
8 which contributions otherwise required for such service were not
9 made solely by reason of section 5502.1 (relating to waiver of
10 regular member contributions and Social Security integration
11 member contributions) or any provision of this part relating to
12 the limitations under IRC § 401(a)(17) or [415(b)] 415, except
13 as otherwise provided in this part, but in no case shall he
14 receive more than one year's credit for any 12 consecutive
15 months or 26 consecutive biweekly pay periods. A per diem or
16 hourly State employee shall receive one year of credited service
17 for each nonoverlapping period of 12 consecutive months or 26
18 consecutive biweekly pay periods in which he is employed and for
19 which contributions are made or would have been made but for
20 such waiver under section 5502.1 or limitations under the IRC
21 for at least 220 days or 1,650 hours of employment. If the
22 member was employed and contributions were made for less than
23 220 days or 1,650 hours, he shall be credited with a fractional
24 portion of a year determined by the ratio of the number of days
25 or hours of service actually rendered to 220 days or 1,650
26 hours, as the case may be. A part-time salaried employee shall
27 be credited with the fractional portion of the year which
28 corresponds to the number of hours or days of service actually
29 rendered in relation to 1,650 hours or 220 days, as the case may
30 be. In no case shall a member who has elected multiple service

1 receive an aggregate in the two systems of more than one year of
2 credited service for any 12 consecutive months.

3 * * *

4 Section 11. Section 5304 of Title 71 is amended by adding a
5 subsection to read:

6 § 5304. Creditable nonstate service.

7 * * *

8 (c.2) Additional limitation on nonstate service.--No credit
9 for nonstate service shall be granted for the portion of such
10 service for which the required contributions would cause a
11 violation of the limitations applicable to governmental plans
12 contained in IRC § 415. In the event that such nonstate service
13 credit is granted after the effective date of this subsection,
14 then such service credit shall be canceled and benefits
15 calculated without regard to such service or contributions and
16 any member contributions in excess of the limitations and
17 statutory interest credited on those contributions shall be
18 refunded to the member by the board.

19 * * *

20 Section 12. Section 5305(b) of Title 71 is amended to read:
21 § 5305. Social security integration credits.

22 * * *

23 (b) Accrual of subsequent credits.--Any member who has
24 social security integration accumulated deductions to his credit
25 or is receiving a benefit on account of social security
26 integration credits may accrue one social security integration
27 credit for each year of service as a State employee on or
28 subsequent to March 1, 1974 and a fractional credit for a
29 corresponding fractional year of service provided that
30 contributions are made, or would have been made but for section

1 5502.1 (relating to waiver of regular member contributions and
2 Social Security integration member contributions) or the
3 limitations under IRC § 401(a)(17) or [415(b)] 415, except as
4 otherwise provided in this part, in accordance with section 5502
5 (relating to Social Security integration member contributions),
6 and he:

7 (1) continues subsequent to March 1, 1974 as an active
8 member in either the State or school system;

9 (2) terminates such continuous service in the State or
10 school system and returns to active membership in the State
11 system within six months; or

12 (3) terminates his status as a vestee or an annuitant
13 and returns to State service.

14 * * *

15 Section 13. Section 5308 of Title 71 is amended by adding a
16 subsection to read:

17 § 5308. Eligibility for annuities.

18 * * *

19 (d) Required beginning date.--Members eligible for an
20 annuity must commence receiving the annuity by the member's
21 required beginning date.

22 Section 14. Sections 5309, 5309.1, 5311, 5501 and 5502 of
23 Title 71 are amended to read:

24 § 5309. Eligibility for vesting.

25 Any member who:

26 (1) Does not have Class A-3 or Class A-4 service credit
27 or Class T-E or Class T-F service credit in the Public School
28 Employees' Retirement System and terminates State service
29 with five or more eligibility points, or any member with
30 Class G, Class H, Class I, Class J, Class K, Class L, Class M

1 or Class N service with five or more eligibility points,
2 shall be eligible until [attainment of superannuation age]
3 his required beginning date to vest his retirement benefits.

4 (2) Has Class A-3 or Class A-4 service credit or Class
5 T-E or Class T-F service credit in the Public School
6 Employees' Retirement System and terminates State service
7 with ten or more eligibility points shall be eligible until
8 [attainment of superannuation age] his required beginning
9 date to vest his retirement benefits.

10 (3) Has either Class A-3 or Class A-4 service credit or
11 Class T-E or Class T-F service credit in the Public School
12 Employees' Retirement System, also has service credited in
13 the system in one or more other classes of service and has
14 five or more, but fewer than ten, eligibility points shall be
15 eligible until [the attainment of superannuation age] his
16 required beginning date to vest his retirement benefits
17 calculated on his service credited in classes of service
18 other than Class A-3 or Class A-4 and to be credited with
19 statutory interest on total accumulated deductions,
20 regardless of whether or not any part of his accumulated
21 deductions are a result of Class A-3 or Class A-4 service
22 credit.

23 § 5309.1. Eligibility for special vesting.

24 Any employee of The Pennsylvania State University who is a
25 member of the system with five or more but less than ten
26 eligibility points and who has a date of termination of service
27 from The Pennsylvania State University of June 30, 1997, because
28 of the transfer of his job position or duties to a controlled
29 organization of the Penn State Geisinger Health System or
30 because of the elimination of his job position or duties due to

1 the transfer of other job positions or duties to a controlled
2 organization of the Penn State Geisinger Health System shall be
3 eligible until the attainment of superannuation age or his
4 required beginning date to vest his retirement benefits
5 according to the terms and conditions of this part.

6 § 5311. Eligibility for refunds.

7 (a) Total accumulated deductions.--Any active member,
8 regardless of eligibility for benefits, may elect to receive his
9 total accumulated deductions by his required beginning date upon
10 termination of service in lieu of any benefit to which he is
11 entitled.

12 (b) Social security integration accumulated deductions.--Any
13 active member at any time after the attainment of normal
14 retirement age may elect to receive his social security
15 integration accumulated deductions and thereby to have all his
16 social security integration credits and benefits therefor
17 cancelled, and shall not be entitled to accrue any further
18 social security integration credits or benefits; except that a
19 disability annuitant who returns to State service shall have the
20 right to reinstate his social security integration accumulated
21 deductions and credits therefor.

22 § 5501. Regular member contributions for current service.

23 Regular member contributions shall be made to the fund on
24 behalf of each active member for current service except for any
25 period of current service in which the making of such
26 contributions has ceased solely by reason of section 5502.1
27 (relating to waiver of regular member contributions and Social
28 Security integration member contributions) or any provision of
29 this part relating to the limitations under IRC § 401(a)(17) or
30 [415(b)] 415.

1 § 5502. Social Security integration member contributions.

2 Except for any period of current service in which the making
3 of regular member contributions has ceased solely by reason of
4 section 5502.1 (relating to waiver of regular member
5 contributions and Social Security integration member
6 contributions) or any provision of this part relating to
7 limitations under IRC § 401(a)(17) or [415(b)] 415,
8 contributions shall be made on behalf of a member of any class
9 who prior to March 1, 1974, has elected Social Security
10 integration coverage. The amount of such contributions shall be
11 6 1/4% of that portion of his compensation in excess of the
12 maximum wages taxable under the provisions of the Social
13 Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.), in
14 addition to the regular member contributions which, after such
15 election, shall be determined on the basis of the basic
16 contribution rate of 5% and the additional member contribution
17 of 1 1/4%: Provided, That a member may elect to discontinue
18 Social Security integration coverage and shall thereafter be
19 ineligible to accrue any further Social Security integration
20 credits or any additional benefits on account of Social Security
21 integration membership.

22 Section 15. Section 5502.1 of Title 71 is amended by adding
23 a subsection to read:

24 § 5502.1. Waiver of regular member contributions and Social
25 Security integration member contributions.

26 * * *

27 (c) Expiration.--This section shall expire December 31 of
28 the year coincident with or next following the effective date of
29 this subsection.

30 Section 16. Section 5504(b) of Title 71 is amended to read:

1 § 5504. Member contributions for the purchase of credit for
2 previous State service or to become a full coverage
3 member.

4 * * *

5 (b) Certification and method of payment.--

6 (1) The amount payable shall be certified in each case
7 by the board in accordance with methods approved by the
8 actuary and shall be paid in a lump sum within 30 days or in
9 the case of an active member or eligible school employee who
10 is an active member of the Public School Employees'
11 Retirement System may be amortized with statutory interest
12 through salary deductions in amounts agreed upon by the
13 member and the board. The salary deduction amortization plans
14 agreed to by members and the board may include a deferral of
15 payment amounts and statutory interest until the termination
16 of school service or State service as the board in its sole
17 discretion decides to allow. The board may limit the salary
18 deduction amortization plans to such terms as the board in
19 its sole discretion determines. In the case of an eligible
20 school employee who is an active member of the Public School
21 Employees' Retirement System, the agreed upon salary
22 deductions shall be remitted to the Public School Employees'
23 Retirement Board, which shall certify and transfer to the
24 board the amounts paid.

25 (2) No payments for service or coverage shall be allowed
26 for which the required contributions would cause a violation
27 of the limitation related to contributions applicable to
28 governmental plans contained in IRC § 415. In the event that
29 any service credit or coverage based on such disallowed
30 contributions is granted after the effective date of this

1 paragraph, then such service credit shall be canceled and
2 benefits calculated without regard to such service or
3 contributions and any member contributions in excess of the
4 limitations and statutory interest credited on those
5 contributions shall be refunded to the member by the board.

6 Section 17. Section 5505 of Title 71 is amended by adding a
7 subsection to read:

8 § 5505. Contributions for the purchase of credit for creditable
9 nonstate service.

10 * * *

11 (j) Disallowed contributions.--No payments for service shall
12 be allowed for which the required contributions would cause a
13 violation of the limitation related to contributions applicable
14 to governmental plans contained in IRC § 415. In the event that
15 any service credit based on such disallowed contributions is
16 granted after the effective date of this subsection, then such
17 service credit shall be canceled and benefits calculated without
18 regard to such service or contributions and any member
19 contributions in excess of the limitations and statutory
20 interest credited on those contributions shall be refunded to
21 the member by the board.

22 Section 18. Sections 5506, 5701, 5702(d), 5704(g) and
23 5705(a) of Title 71 are amended to read:

24 § 5506. Incomplete payments.

25 (a) General rule.--In the event that a member terminates
26 State service or a multiple service member who is an active
27 member of the Public School Employees' Retirement System
28 terminates school service before the agreed upon payments for
29 credit for previous State service, USERRA leave, creditable
30 nonstate service, social security integration, full coverage

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

23 (b) Disallowed contributions.--No payments for service or
24 coverage shall be allowed for which the required contributions
25 would cause a violation of the limitation related to
26 contributions applicable to governmental plans contained in IRC
27 § 415. In the event that any service credit or coverage based on
28 such disallowed contributions is granted after the effective
29 date of this subsection, then such service credit or coverage
30 shall be canceled and benefits calculated without regard to such

1 service, coverage or contributions and any member contributions
2 in excess of the limitations and statutory interest credited on
3 those contributions shall be refunded to the member by the
4 board.

5 § 5701. Return of total accumulated deductions.

6 Any member upon termination of service may, in lieu of all
7 benefits payable under this chapter to which he may be entitled,
8 elect to receive his total accumulated deductions by his
9 required beginning date.

10 § 5702. Maximum single life annuity.

11 * * *

12 (d) Limitation regarding annual benefit under IRC § 415.--
13 Notwithstanding any provision of this part to the contrary,
14 including, but not limited to, subsection (c), no benefit shall
15 be payable to the extent that such benefit exceeds any
16 limitations under IRC § [415(b)] 415 in effect with respect to
17 governmental plans as such term is defined in IRC § 414(d) on
18 the date the benefit payment becomes effective[.], provided
19 however, that any increase in any limitation under IRC § 415
20 shall be applicable to all current and future annuitants and
21 survivor annuitants.

22 § 5704. Disability annuities.

23 * * *

24 (g) Limitation regarding annual benefit under IRC § 415.--
25 Notwithstanding any provisions of this part to the contrary, no
26 benefit shall be payable to the extent that such benefit exceeds
27 any limitation under IRC § [415(b)] 415 as in effect with
28 respect to governmental plans as such term is defined in IRC §
29 414(d) on the date the benefit payment becomes effective[.],
30 provided however, that any increase in any limitation under IRC

1 § 415 shall be applicable to all current and future annuitants
2 and survivor annuitants.

3 § 5705. Member's options.

4 (a) General rule.--Any special vestee who has attained
5 superannuation age, any vestee who does not have Class A-3 or
6 Class A-4 service credit having five or more eligibility points
7 for service other than Class T-E or Class T-F service in the
8 Public School Employees' Retirement System, or vestee who has
9 Class A-3 or Class A-4 service credit having ten or more
10 eligibility points, any member with Class G, Class H, Class I,
11 Class J, Class K, Class L, Class M or Class N service having
12 five or more eligibility points or any other eligible member
13 upon termination of State service who has not withdrawn his
14 total accumulated deductions as provided in section 5701
15 (relating to return of total accumulated deductions) may apply
16 for and elect to receive either a maximum single life annuity,
17 as calculated in accordance with the provisions of section 5702
18 (relating to maximum single life annuity), or a reduced annuity
19 certified by the actuary to be actuarially equivalent to the
20 maximum single life annuity and in accordance with one of the
21 following options; except that no member shall elect an annuity
22 payable to one or more survivor annuitants other than his spouse
23 or alternate payee of such a magnitude that the present value of
24 the annuity payable to him for life plus any lump sum payment he
25 may have elected to receive is less than 50% of the present
26 value of his maximum single life annuity[:] and no member may
27 elect a payment option that would provide benefits that do not
28 satisfy the minimum distribution requirements or would violate
29 the incidental death benefit rules of IRC § 401(a)(9):

30 (1) Option 1.--A life annuity to the member with a

1 guaranteed total payment equal to the present value of the
2 maximum single life annuity on the effective date of
3 retirement with the provision that, if, at his death, he has
4 received less than such present value, the unpaid balance
5 shall be payable to his beneficiary.

6 (2) Option 2.--A joint and survivor annuity payable
7 during the lifetime of the member with the full amount of
8 such annuity payable thereafter to his survivor annuitant, if
9 living at his death.

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

14 (4) Option 4.--Some other benefit which shall be
15 certified by the actuary to be actuarially equivalent to the
16 maximum single life annuity, subject to the following
17 restrictions:

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

20 (ii) the sum of all annuities payable to the
21 designated survivor annuitants shall not be greater than
22 one and one-half times the annuity payable to the member;
23 and

24 (iii) a portion of the benefit may be payable as a
25 lump sum, except that such lump sum payment shall not
26 exceed an amount equal to the total accumulated
27 deductions standing to the credit of the member that are
28 not the result of contributions and statutory interest
29 made or credited as a result of Class A-3 or Class A-4
30 service. The balance of the present value of the maximum

1 single life annuity adjusted in accordance with section
2 5702(b) shall be paid in the form of an annuity with a
3 guaranteed total payment, a single life annuity, or a
4 joint and survivor annuity or any combination thereof but
5 subject to the restrictions of subparagraphs (i) and (ii)
6 under this option.

7 * * *

8 Section 19. Section 5706(a) and (a.1) of Title 71 are
9 amended and the section is amended by adding subsections to
10 read:

11 § 5706. Termination of annuities.

12 (a) General rule.--

13 (1) If the annuitant returns to State service or enters
14 or has entered school service and elects multiple service
15 membership, any annuity payable to him under this part shall
16 cease effective upon the date of his return to State service
17 or entering school service and in the case of an annuity
18 other than a disability annuity the present value of such
19 annuity, adjusted for full coverage in the case of a joint
20 coverage member who makes the appropriate back contributions
21 for full coverage, shall be frozen as of the date such
22 annuity ceases. An annuitant who is credited with an
23 additional 10% of Class A and Class C service as provided in
24 section 5302(c) (relating to credited State service) and who
25 returns to State service shall forfeit such credited service
26 and shall have his frozen present value adjusted as if his
27 10% retirement incentive had not been applied to his account.
28 In the event that the cost-of-living increase enacted
29 December 18, 1979 occurred during the period of such State or
30 school employment, the frozen present value shall be

1 increased, on or after the member attains superannuation age,
2 by the percent applicable had he not returned to service.

3 (2) This subsection shall not apply in the case of any
4 annuitant who:

5 (i) may render services to the Commonwealth in the
6 capacity of an independent contractor; or

7 (ii) is over normal retirement age or who has been
8 an annuitant for more than one year and who may render
9 service to the Commonwealth:

10 (A) as a member of an independent board or
11 commission or as a member of a departmental
12 administrative or advisory board or commission when
13 such members of independent or departmental boards or
14 commissions are compensated on a per diem basis for
15 not more than 150 days per calendar year; or

16 (B) as a member of an independent board or
17 commission requiring appointment by the Governor,
18 with advice and consent of the Senate, where the
19 annual salary payable to the member does not exceed
20 \$35,000 and where the member has been an annuitant
21 for at least six months immediately preceding the
22 appointment.

23 [Such service shall not be subject to member contributions or be
24 eligible for qualification as creditable State service.]

25 (a.1) Return to State service during emergency.--When, in
26 the judgment of the employer, an emergency creates an increase
27 in the work load such that there is serious impairment of
28 service to the public, an annuitant who is over normal
29 retirement age or who has been an annuitant for more than one
30 year may be returned to State service for a period not to exceed

1 95 days in any calendar year without loss of his annuity. In
2 computing the number of days an annuitant has returned to State
3 service, any amount of time less than one-half of a day shall be
4 counted as one-half of a day. For agencies, boards and
5 commissions under the Governor's jurisdiction, the approval of
6 the Governor that an emergency exists shall be required before
7 an annuitant may be returned to State service.

8 * * *

9 (a.4) Return to service as a senior judge or senior
10 magisterial district judge.--Notwithstanding the provisions of
11 the act of September 30, 1983 (P.L.160, No.39), known as the
12 Public Official Compensation Law, 42 Pa.C.S. (relating to
13 judiciary and judicial procedure) or any other provision of law
14 or rule of court providing for or allowing a member of the
15 judiciary to return to service as a senior judge, senior
16 justice, senior magisterial district judge or in any
17 administrative, fact finding, adjudicative, appellate or other
18 capacity with any court or tribunal or in any other capacity for
19 which compensation is received and to receive such compensation,
20 whether paid on a per diem, hourly, salaried or other basis, in
21 addition to any annuity payable under this part, any such member
22 of the judiciary who returns to State service shall be subject
23 to the provision of this section and section 5301 (relating to
24 mandatory and optional membership) unless that member of the
25 judiciary is over normal retirement age or has been an annuitant
26 for more than one year.

27 (a.5) No contributions or credited service.--The service of
28 an annuitant whose annuity does not cease upon his return to
29 State or school service shall not be subject to member
30 contributions or eligible for qualification as creditable State

1 service.

2 * * *

3 Section 20. Sections 5707 and 5709 of Title 71 are amended
4 by adding subsections to read:

5 § 5707. Death benefits.

6 * * *

7 (g) Required distributions.--All payments pursuant to this
8 section shall start and be made in compliance with the minimum
9 distribution requirements and incidental death benefit rules of
10 IRC § 401(a)(9).

11 § 5709. Payment of benefits.

12 * * *

13 (d) Required distributions.--All payments pursuant to this
14 section shall start and be made in compliance with the required
15 beginning date, minimum distribution requirements and incidental
16 death benefit rules of IRC § 401(a)(9).

17 Section 21. Sections 5903(a), 5905(e), (e.1) and (g),
18 5906(c), 5907(d), (g), (h) and (i) and 5953 of Title 71 are
19 amended to read:

20 § 5903. Duties of the board to advise and report to heads of
21 departments and members.

22 (a) Manual of regulations.--The board shall, with the advice
23 of the Attorney General and the actuary, prepare and provide,
24 within 90 days of the effective date of this part, a manual
25 incorporating rules and regulations consistent with the
26 provisions of this part to the heads of departments who shall
27 make the information contained therein available to the general
28 membership. The board shall thereafter advise the heads of
29 departments within 90 days of any changes in such rules and
30 regulations due to changes in the law or due to changes in

1 administrative policies. As soon as practicable after the
2 commissioner's announcement with respect thereto, the board
3 shall also advise the heads of departments as to any cost-of-
4 living adjustment for the succeeding calendar year in the amount
5 of the limitation under IRC § 401(a)(17) and the dollar amounts
6 of the limitations under IRC § [415(b)]. As soon as practicable
7 after January 1 of each year, the board shall also advise the
8 heads of departments of the employees for whom, pursuant to
9 section 5502.1 (relating to waiver of regular member
10 contributions and Social Security integration member
11 contributions), pickup contributions are not to be made.] 415.

12 * * *

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

15 * * *

16 (e) Certification to vestees and special vestees terminating
17 service.--The board shall certify to a vestee or to a special
18 vestee within one year of termination of State service of such
19 member:

20 (1) the total accumulated deductions standing to his
21 credit at the date of termination of service;

22 (2) the number of years and fractional part of a year of
23 credit in each class of service; [and]

24 (3) the maximum single life annuity to which the vestee
25 or special vestee shall become entitled upon the attainment
26 of superannuation age and the filing of an application for
27 such annuity[.]; and

28 (4) the obligation of the member to commence
29 distributions by the member's required beginning date.

30 (e.1) Notification to vestees and special vestees

1 approaching superannuation age.--The board shall notify each
2 vestee and special vestee in writing 90 days prior to his
3 attainment of superannuation age that he shall apply for his
4 annuity within 90 days of attainment of superannuation age;
5 that, if he does so apply, his effective date of retirement will
6 be the date of attainment of superannuation age; that, if he
7 does not so apply but defers his application to a later date,
8 then he has an obligation to apply by his required beginning
9 date and that his effective date of retirement will be the later
10 of the date of filing such application or the date specified on
11 the application, [whichever is later; and that, if he does not
12 file an application within seven years after attaining
13 superannuation age, he shall be deemed to have elected to
14 receive his total accumulated deductions upon attainment of
15 superannuation age] which shall not be later than his required
16 beginning date.

17 * * *

18 (g) Death benefits.--Upon receipt of notification from the
19 head of a department of the death of an active member, a member
20 performing USERRA leave or a member on leave without pay, the
21 board shall advise the designated beneficiary of the benefits to
22 which he is entitled, and shall make the first payment to the
23 beneficiary within 60 days of receipt of certification of death
24 and other necessary data. If no beneficiary designation is in
25 effect at the date of the member's death or no notice has been
26 filed with the board to pay the amount of the benefits to the
27 member's estate, the board is authorized to pay the benefits to
28 the executor, administrator, surviving spouse or next of kin of
29 the deceased member, and payment pursuant hereto shall fully
30 discharge the fund from any further liability to make payment of

1 such benefits to any other person. [If the surviving spouse or
2 next of kin of the deceased member cannot be found for the
3 purpose of paying the benefits for a period of seven years from
4 the date of death of the member, then the benefits shall be
5 escheated to the Commonwealth for the benefit of the fund.]

6 * * *

7 § 5906. Duties of heads of departments.

8 * * *

9 (c) Member contributions.--The head of department shall
10 cause the required pickup contributions for current service to
11 be made and shall cause to be deducted any other required member
12 contributions, including, but not limited to, contributions owed
13 by an active member with multiple service membership for school
14 service and creditable nonschool service in the Public School
15 Employees' Retirement System and amounts certified by the Public
16 School Employees' Retirement Board as due and owing on account
17 of termination of annuities, from each payroll. The head of
18 department shall notify the board at times and in a manner
19 prescribed by the board of the compensation of any noneligible
20 member to whom the limitation under IRC § 401(a)(17) either
21 applies or is expected to apply and shall cause such member's
22 contributions deducted from payroll to cease at the limitation
23 under IRC § 401(a)(17) on the payroll date if and when such
24 limit shall be reached. The head of department shall certify to
25 the State Treasurer the amounts picked up and deducted and shall
26 send the total amount picked up and deducted together with a
27 duplicate of such voucher to the secretary of the board every
28 pay period. The head of department shall pay pickup
29 contributions from the same source of funds which is used to pay
30 other compensation to the employee. On or before January 31,

1 1997, and on or before January 31 of each year thereafter, the
2 head of department shall, at the time when the income and
3 withholding information required by law is furnished to each
4 member, also furnish the amount of pickup contributions made on
5 his behalf and notify the board, if it has not been previously
6 notified, of any noneligible member whose compensation in the
7 preceding year exceeded the annual compensation limit under IRC
8 § 401(a)(17). If the board shall determine that the member's
9 savings account shall have been credited with pickup
10 contributions for a noneligible member in the preceding year
11 which are attributable to compensation in excess of the
12 limitation under IRC § 401(a)(17), or with total member
13 contributions for such member which would cause such member's
14 contributions or benefits to exceed any applicable limitation
15 under IRC § 401(a)(17) or [415(b)] 415, the board shall as soon
16 as practicable refund to the member from his individual member
17 account such amount, together with the statutory interest
18 thereon, as will cause the member's total member contributions
19 in the preceding year not to exceed the applicable limit. The
20 payment of any such refund to the member shall be charged to the
21 member's savings account.

22 * * *

23 § 5907. Rights and duties of State employees and members.

24 * * *

25 (d) Credit for previous service or change in membership
26 status.--Any active member or eligible school employee who
27 desires to receive credit for his total previous State service
28 or creditable nonstate service to which he is entitled, or a
29 joint coverage member who desires to become a full coverage
30 member, shall so notify the board and upon written agreement by

1 the member and the board as to the manner of payment of the
2 amount due, the member shall receive credit for such service as
3 of the date of such agreement subject to the provisions in this
4 part relating to the limitations under IRC § 415.

5 * * *

6 (g) Vesting of retirement rights.--If a member elects to
7 vest his retirement rights he shall nominate a beneficiary by
8 written designation filed with the board and he may anytime
9 thereafter, but no later than his required beginning date,
10 withdraw the total accumulated deductions standing to his credit
11 or apply for an annuity.

12 (h) Vestees and special vestees attaining superannuation
13 age.--Upon attainment of superannuation age a vestee or special
14 vestee shall execute and file an application for an annuity. Any
15 such application filed within 90 days after attaining
16 superannuation age shall be effective as of the date of
17 attainment of superannuation age. Any application filed after
18 such period shall be filed by the member's required beginning
19 date and shall be effective as of the date it is filed with the
20 board, subject to the provisions of section 5905(f) (relating to
21 duties of the board regarding applications and elections of
22 members). [If a vestee or special vestee does not file an
23 application within seven years after attaining superannuation
24 age, he shall be deemed to have elected to receive his total
25 accumulated deductions upon attainment of superannuation age.]

26 (i) Failure to apply for annuity.--If a member is eligible
27 to receive an annuity and does not file a proper application
28 within 90 days of termination of service, his annuity will
29 become effective as of the later of the date the application is
30 filed with the board or the date designated on the application

1 [whichever is later] which shall not be later than his required
2 beginning date.

3 * * *

4 § 5953. Taxation, attachment and assignment of funds.

5 (a) General rule.--

6 (1) Except as provided in paragraphs (2), (3) and (4),
7 the right of a person to any benefit or right accrued or
8 accruing under the provisions of this part and the moneys in
9 the fund are hereby exempt from any State or municipal tax,
10 levy and sale, garnishment, attachment, spouse's election,
11 the provisions of Article XIII.1 of the act of April 9, 1929
12 (P.L.343, No.176), known as The Fiscal Code, or any other
13 process whatsoever except for a set-off by the Commonwealth
14 in the case provided in [subparagraph (i)] this paragraph,
15 and shall be unassignable except[:

16 (i) To] to the Commonwealth in the case of a member
17 who is terminating State service and has been determined
18 to be obligated to the Commonwealth for the repayment of
19 money owed on account of his employment [or to the fund
20 on account of a loan from a credit union which has been
21 satisfied by the board from the fund.

22 (ii) To a credit union as security for a loan not to
23 exceed \$750 and interest not to exceed 6% per annum
24 discounted and/or fines thereon if the credit union is
25 now or hereafter organized and incorporated under the
26 laws of this Commonwealth and the membership of such
27 credit union is limited solely to officials and employees
28 of the Commonwealth and if such credit union has paid to
29 the fund \$3 for each such assignment].

30 (2) Rights under this part shall be subject to

1 forfeiture as provided by the act of July 8, 1978 (P.L.752,
2 No.140), known as the Public Employee Pension Forfeiture Act,
3 and by or pursuant to section 16(b) of Article V of the
4 Constitution of Pennsylvania. Forfeitures under this
5 subsection or under any other provision of law may not be
6 applied to increase the benefits that any member would
7 otherwise receive under this part.

8 (3) Rights under this part shall be subject to
9 attachment in favor of an alternate payee as set forth in an
10 approved domestic relations order.

11 (4) Effective with distributions made on or after
12 January 1, 1993, and notwithstanding any other provision of
13 this part to the contrary, a distributee may elect, at the
14 time and in the manner prescribed by the board, to have any
15 portion of an eligible rollover distribution paid directly to
16 an eligible retirement plan by way of a direct rollover. For
17 purposes of this paragraph, a "distributee" includes a member
18 and a member's surviving spouse and a member's former spouse
19 who is an alternate payee under an approved domestic
20 relations order. For purposes of this paragraph, the term
21 "eligible rollover distribution" has the meaning given such
22 term by IRC § 402(f)(2)(A), and "eligible retirement plan"
23 has the meaning given such term by IRC § 402(c)(8)(B), except
24 that a qualified trust shall be considered an eligible
25 retirement plan only if it accepts the distributee's eligible
26 rollover distribution; however, in the case of an eligible
27 rollover distribution to a surviving spouse, an eligible
28 retirement plan is an "individual retirement account" or an
29 "individual retirement annuity" as those terms are defined in
30 IRC § 408(a) and (b).

1 (b) Authorized payments from fund.--The board shall be
2 authorized to pay from the fund[:

3 (1) In] in the case of a member who is terminating
4 service, the amount determined after certification by the
5 head of the department that the member is so obligated, and
6 after review and approval by the department or agency's legal
7 representative or upon receipt of an assignment from the
8 member in the amount so certified.

9 [(2) In the case of a loan the amount of the loan and
10 any fine or interest due thereon to the credit union except
11 5% of the total amount due which is to be retained in the
12 fund as a collection fee:

13 (i) if the member obtaining the loan shall have been
14 in default in required payments for a period of not less
15 than two years; or

16 (ii) at such time as the Department of Banking shall
17 require the credit union to charge the amount of the loan
18 against the reserve fund of such credit union.

19 Any member who shall have pledged such rights as
20 security for a loan from a credit union and, on whose
21 behalf the board shall have made any payment by reason of
22 that member's default, may not thereafter pledge or
23 assign such rights to a credit union.]

24 Section 22. Title 71 is amended by adding a section to read:

25 § 5955.2. Construction of part with respect to the Internal
26 Revenue Code.

27 (a) Limitation regarding annual benefit under IRC § 415.--

28 (1) (i) Notwithstanding any provisions of this part to
29 the contrary, no benefit shall be payable to the extent that
30 such benefit exceeds any limitation under IRC § 415 in effect

1 with respect to governmental plans as the term is defined in
2 IRC § 414(d) on the date the benefit payment becomes
3 effective, provided, however, that any increase in any
4 limitation under IRC § 415 shall be applicable to all current
5 and future annuitants. No act of the General Assembly enacted
6 after the effective date of this section that increases
7 benefits under this part either for active members, inactive
8 members, vestees or annuitants shall be deemed by the rules
9 of statutory construction or otherwise to provide for
10 benefits in excess of any limitation, as adjusted or
11 subsequently increased, provided for under IRC § 415 unless
12 specifically so provided by act of the General Assembly.

13 (ii) Notwithstanding subparagraph (i), any increase
14 in benefits for any members of the system after the
15 effective date of this section are intended to be
16 applicable to the fullest extent allowed by law and this
17 section authorizes any such increases in limitations or
18 allowable benefits.

19 (2) In the event that annuities payable to a member from
20 both the system and the Public School Employees' Retirement
21 System are combined for purposes of determining whether
22 annuities from the system and the Public School Employees'
23 Retirement System are in excess of the limitations under IRC
24 § 415(b), then:

25 (i) to the extent that the combined benefits exceed
26 such limitations, but neither of the annuities from
27 either the system or the Public School Employees'
28 Retirement System would individually exceed such
29 limitations, or the annuities payable under this part
30 individually exceed such limitations and the annuity

1 payable from the Public School Employees' Retirement
2 System does not, then the limitations shall be applied to
3 the annuities payable under this part to the extent
4 required for such combined benefits to be within the
5 limitations; or

6 (ii) to the extent that the annuity payable from the
7 Public School Employees' Retirement System exceeds such
8 limitation and the annuity from this part does not, or
9 the annuities payable from the system and the Public
10 School Employees' Retirement System individually exceed
11 the limitations, then the limitation shall be applied
12 first to the annuity payable from the Public School
13 Employees' Retirement System so that the annuity from the
14 Public School Employees' Retirement System is not in
15 excess of such limitations and any remaining limitation
16 will be applied to the benefits payable under this part.

17 (b) Vesting in event of plan termination.--

18 (1) In the event of termination of the system or upon
19 complete discontinuance of contributions under this part, the
20 rights of all members of the system to benefits accrued under
21 this part to the date of such termination or discontinuance,
22 to the extent then funded, and the amounts credited to the
23 members' savings account are vested and nonforfeitable,
24 except as allowed under the act of July 8, 1978 (P.L.752,
25 No.140), known as the Public Employee Pension Forfeiture Act,
26 and by or pursuant to section 16(b) of Article V of the
27 Constitution of Pennsylvania or any provision of this part
28 and any such member shall be eligible to be a vestee under
29 section 5309 (relating to eligibility for vesting) or receive
30 an annuity under section 5308(a) or (b) (relating to

1 eligibility for annuities) without regard to any requirement
2 that the member needs a specified number of eligibility
3 points or years of credited service to be eligible to be a
4 vestee or receive an annuity.

5 (2) This subsection shall not apply to benefits or
6 contributions which, pursuant to the regulations prescribed
7 by the Secretary of the Treasury or his delegate to preclude
8 the discrimination prohibited by IRC § 401(a)(4) as in effect
9 on September 1, 1974, may not be used for such designated
10 employees in the event of early termination of the system.

11 (c) Permissive service credit.--Nothing in this part shall
12 be construed or deemed to imply that any member of the system
13 shall be required to make contributions to the system for the
14 purchase of State or nonstate permissive service credit in
15 excess of the limits established by IRC § 415(n)(3)(A)(iii). Any
16 contributions made by a member of the system for the purchase of
17 State or nonstate service credit which are determined to be in
18 excess of those limits shall be refunded to the member in a lump
19 sum subject to withholding for all applicable taxes and
20 penalties as soon as administratively possible after the
21 determination is made. Any refund of excess contributions made
22 under this section shall not affect the benefit payable to the
23 member and shall not be treated as or deemed to be a withdrawal
24 of the member's accumulated deductions.

25 (d) References to Internal Revenue Code of 1986.--References
26 in this part to provisions of the Internal Revenue Code of 1986
27 (Public Law 99-514, 26 U.S.C. § 1 et seq.), including for this
28 purpose administrative regulations promulgated under that act,
29 are intended to include such laws and regulations as are in
30 effect on the effective date of this section and as they may be

1 amended or supplemented or supplanted by successor provisions
2 after the effective date of this section.

3 (e) Construction and administration of part.--This part
4 shall be construed and administered in such a manner that the
5 system shall satisfy the requirements necessary to qualify as a
6 qualified pension plan under IRC § 401(a) and other applicable
7 provisions of the IRC. The rules, regulations and procedures
8 adopted and promulgated by the board under section 5902(h)
9 (relating to administrative duties of the board) may include
10 those necessary to accomplish the purpose of this section.

11 Section 23. Repeals are as follows:

12 (1) The General Assembly finds that the repeal under
13 paragraph (2) is necessary to effectuate this act.

14 (2) Section 23 of the act of May 17, 2001 (P.L.26,
15 No.9), entitled "An act amending Titles 24 (Education) and 71
16 (State Government) of the Pennsylvania Consolidated Statutes,
17 further providing for public school employees' retirement and
18 State employees' retirement; defining terms; providing for
19 additional optional classifications for existing members, for
20 new classifications for prospective members and for health
21 insurance for retired school employees; and further providing
22 for creditable school and State service, for creditable
23 nonschool and nonstate service, for eligibility, for vesting,
24 for regular member contributions, for return to service, for
25 payments by employers and the Commonwealth, for termination
26 of annuities, for actuarial cost methods, for member options,
27 for funding of supplemental annuities, for administration,
28 for reports to agencies and members, for applications and
29 elections, for the composition of the Public School
30 Employees' Retirement Board and of the State Employees'

1 Retirement Board, for investment powers of the boards, for
2 management of funds and accounts and for enforcement
3 officers' benefit and supplemental annuity accounts," is
4 repealed.

5 Section 24. References in this act to provisions of the
6 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1
7 et seq.), including for this purpose administrative regulations
8 promulgated thereunder, are intended to include such laws and
9 regulations as are in effect on the effective date of this
10 section and as they may be amended or supplemented or supplanted
11 by successor provisions after the effective date of this
12 section.

13 Section 25. Nothing in this act that amends or supplements
14 provisions of 24 Pa.C.S. Pt. IV in relation to requirements for
15 qualification of the Public School Employees' Retirement System
16 as a qualified pension plan under sections 401(a) and 415(b) of
17 the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C.
18 §§ 401(a) and 415(b)) nor any construction of 24 Pa.C.S. Pt. IV,
19 as so amended or supplemented, or any rules or regulations
20 adopted under 24 Pa.C.S. Pt. IV shall create in any member of
21 the system or in any other person claiming an interest in the
22 account of any such member a contractual right, either express
23 or implied nor in any construction of 24 Pa.C.S. Pt. IV, as so
24 amended or supplemented, or any rules or regulations adopted
25 under 24 Pa.C.S. Pt. IV. The provisions of 24 Pa.C.S. Pt. IV
26 shall remain subject to the Internal Revenue Code of 1986, as
27 amended, and regulations thereunder as the same may hereafter be
28 amended, and the General Assembly reserves to itself such
29 further exercise of its legislative power to amend or supplement
30 such provisions as may from time to time be required in order to

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

4 Section 26. Nothing in this act shall be construed or deemed
5 to imply that:

6 (1) But for the expressed applications of the
7 limitations on benefits or other requirements under section
8 401(a) or applicable provisions of the Internal Revenue Code
9 of 1986 (Public Law 99-514, 26 U.S.C. § 401), those
10 limitations would not otherwise apply to members of the
11 Public School Employees' Retirement System and the benefits
12 payable pursuant to 24 Pa.C.S. Pt. IV.

13 (2) Any interpretation or application of the provisions
14 of 24 Pa.C.S. Pt. IV or benefits available to members of the
15 Public School Employees' Retirement System was not in
16 accordance with the provisions of 24 Pa.C.S. Pt. IV or other
17 applicable law prior to the effective date of this section.

18 Section 27. In addition to any other member of the Public
19 School Employees' Retirement System to which this act shall
20 apply, it is the expressed intention of the General Assembly
21 that this act shall apply to all members of the Public School
22 Employees' Retirement System who are active members and inactive
23 members of the Public School Employees' Retirement System, and
24 to any former school employee who is a multiple service member,
25 is a State employee and is a member of the State Employees'
26 Retirement System, without regard to class of service, State
27 office or employment position or effective date of commencing
28 State service or membership in the State Employees' Retirement
29 System. Notwithstanding this section, the amendments to 24
30 Pa.C.S. § 8346(b.1) shall not apply to annuitants whose most

1 recent return to school service occurred before the effective
2 date of this section.

3 Section 28. Nothing in this act which amends or supplements
4 provisions of 71 Pa.C.S. Pt. XXV in relation to requirements for
5 qualification of State Employees' Retirement System as a
6 qualified pension plan under sections 401(a) and 415(b) of the
7 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §§
8 401(a) and 415(b)) nor any construction of 71 Pa.C.S. Pt. XXV,
9 as so amended or supplemented, or any rules or regulations
10 adopted under 71 Pa.C.S. Pt. XXV shall create in any member of
11 the State Employees' Retirement System or in any other person
12 claiming an interest in the account of any such member a
13 contractual right, either express or implied nor in any
14 construction of 71 Pa.C.S. Pt. XXV, as so amended or
15 supplemented, or any rules or regulations adopted under 71
16 Pa.C.S. Pt. XXV. The provisions of 71 Pa.C.S. Pt. XXV shall
17 remain subject to the Internal Revenue Code of 1986, and
18 regulations thereunder as the same may be amended after the
19 effective date of this section, and the General Assembly
20 reserves to itself such further exercise of its legislative
21 power to amend or supplement such provisions as may from time to
22 time be required in order to maintain the qualifications of the
23 State Employees' Retirement System as a qualified pension plan
24 under section 401(a) and other applicable provisions of the
25 Internal Revenue Code of 1986.

26 Section 29. Nothing in this act shall be construed or deemed
27 to imply that:

28 (1) But for the expressed applications of the
29 limitations on benefits or other requirements under section
30 401(a) or applicable provisions of the Internal Revenue Code

1 of 1986 (Public Law 99-514, 26 U.S.C. § 401), those
2 limitations would not otherwise apply to members of the State
3 Employees' Retirement System and the benefits payable under
4 71 Pa.C.S. Pt. XXV.

5 (2) Any interpretation or application of the provisions
6 of 71 Pa.C.S. Pt. XXV or benefits available to members of the
7 State Employees' Retirement System was not in accordance with
8 the provisions of 71 Pa.C.S. Pt. XXV or other applicable law
9 prior to the effective date of this section.

10 Section 30. In addition to any other member of the State
11 Employees' Retirement System to which this act applies, the
12 General Assembly intends that this act apply to all members of
13 the State Employees' Retirement System who are active members
14 and inactive members on leave without pay of the State
15 Employees' Retirement System, and to any former State employee
16 who is a multiple service member, is a school employee and is a
17 member of the Public School Employees' Retirement System,
18 without regard to class of service, State office or employment
19 position or effective date of commencing State service or
20 membership in the Public School Employees' Retirement System.
21 Notwithstanding this section, the addition or amendment of 71
22 Pa.C.S. § 5706(a), (a.1) and (a.4) shall not apply to annuitants
23 whose most recent return to State service or most recent
24 appointment or commission to any position otherwise covered by
25 71 Pa.C.S. § 5706(a.4) occurred before the effective date of
26 this section.

27 Section 31. This act shall take effect immediately.