

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1499 Session of 2015

INTRODUCED BY TOBASH, JANUARY 12, 2016

AS REPORTED FROM COMMITTEE ON STATE GOVERNMENT, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 17, 2016

AN ACT

1 ~~Amending Titles 24 (Education), 51 (Military Affairs) and 71~~ <--  
2 ~~(State Government) of the Pennsylvania Consolidated Statutes,~~  
3 ~~extensively revising pension provisions: for the Public~~  
4 ~~School Employees' Retirement System, in the areas of~~  
5 ~~preliminary provisions, of membership, contributions and~~  
6 ~~benefits, of School Employees' Defined Contribution Plan, of~~  
7 ~~administration and miscellaneous provisions and of health~~  
8 ~~insurance for retired school employees; for military~~  
9 ~~pensions, in the area of military leave of absence; for the~~  
10 ~~State Employees' Retirement System, in the areas of~~  
11 ~~preliminary provisions, of membership, credited service,~~  
12 ~~classes of service and eligibility for benefits, of~~  
13 ~~contributions, of benefits, of State Employees' Defined~~  
14 ~~Contribution Plan, of administration, funds, accounts,~~  
15 ~~general provisions; providing, as to the revisions, for~~  
16 ~~reservation of legislative authority, for construction, for~~  
17 ~~accrued liability, for construction related to Federal law,~~  
18 ~~for immunity from personal liability, for restoration of~~  
19 ~~service credit or a retirement benefit, for recertification~~  
20 ~~of contribution rates, for transfer of assets and for~~  
21 ~~severability; and making editorial changes.~~

22 AMENDING TITLES 24 (EDUCATION), 51 (MILITARY AFFAIRS) AND 71 <--  
23 (STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES,  
24 EXTENSIVELY REVISING PENSION PROVISIONS: FOR THE PUBLIC  
25 SCHOOL EMPLOYEES' RETIREMENT SYSTEM, IN THE AREAS OF  
26 PRELIMINARY PROVISIONS, OF MEMBERSHIP, CONTRIBUTIONS AND  
27 BENEFITS, OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN, OF  
28 ADMINISTRATION AND MISCELLANEOUS PROVISIONS AND OF HEALTH  
29 INSURANCE FOR RETIRED SCHOOL EMPLOYEES; FOR MILITARY  
30 PENSIONS, IN THE AREA OF MILITARY LEAVE OF ABSENCE; FOR THE  
31 STATE EMPLOYEES' RETIREMENT SYSTEM, IN THE AREAS OF  
32 PRELIMINARY PROVISIONS, OF MEMBERSHIP, CREDITED SERVICE,

1 CLASSES OF SERVICE AND ELIGIBILITY FOR BENEFITS, OF  
2 CONTRIBUTIONS, OF BENEFITS, OF STATE EMPLOYEES' DEFINED  
3 CONTRIBUTION PLAN, OF ADMINISTRATION, FUNDS, ACCOUNTS,  
4 GENERAL PROVISIONS; PROVIDING, AS TO THE REVISIONS, FOR  
5 RESERVATION OF LEGISLATIVE AUTHORITY, FOR CONSTRUCTION, FOR  
6 ACCRUED LIABILITY, FOR CONSTRUCTION RELATED TO FEDERAL LAW,  
7 FOR IMMUNITY FROM PERSONAL LIABILITY, FOR RESTORATION OF  
8 SERVICE CREDIT OR A RETIREMENT BENEFIT, FOR RECERTIFICATION  
9 OF CONTRIBUTION RATES, FOR TRANSFER OF ASSETS AND FOR  
10 SEVERABILITY; AND MAKING EDITORIAL CHANGES.

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

13 ~~ARTICLE I~~ <--

14 ~~Section 101. The definitions of "active member," "alternate~~  
15 ~~payee," "basic contribution rate," "beneficiary," "class of~~  
16 ~~service multiplier," "compensation," "creditable nonschool~~  
17 ~~service," "credited service," "date of termination of service,"~~  
18 ~~"distribution," "domestic relations order," "eligible~~  
19 ~~annuitants," "final average salary," "inactive member,"~~  
20 ~~"intervening military service," "irrevocable beneficiary,"~~  
21 ~~"leave for service with a collective bargaining organization,"~~  
22 ~~"member's annuity," "multiple service," "reemployed from USERRA~~  
23 ~~leave," "salary deductions," "shared risk contribution rate,"~~  
24 ~~"standard single life annuity," "superannuation or normal~~  
25 ~~retirement age," "valuation interest" and "vestee" in section~~  
26 ~~8102 of Title 24 of the Pennsylvania Consolidated Statutes are~~  
27 ~~amended and the section is amended by adding definitions to~~  
28 ~~read:~~

29 ~~§ 8102. Definitions.~~

30 ~~The following words and phrases when used in this part shall~~  
31 ~~have, unless the context clearly indicates otherwise, the~~  
32 ~~meanings given to them in this section:~~

33 \* \* \*

34 ~~"Accumulated employer defined contributions." The total of~~

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

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

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

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

21 ~~\* \* \*~~

22 ~~"Active member." A school employee for whom pickup~~  
23 ~~contributions are being made to the fund or for whom such~~  
24 ~~contributions otherwise required for current school service are~~  
25 ~~not being made solely by reason of any provision of this part~~  
26 ~~relating to the limitations under section 401(a)(17) or 415(b)~~  
27 ~~of the Internal Revenue Code of 1986 (Public Law 99-514, 26~~  
28 ~~U.S.C. § 401(a)(17) or 415(b))[,], or limitations on~~  
29 ~~contributions to the system applicable to Class T G members when~~  
30 ~~the Class T G member is making mandatory pickup participant~~

1 ~~contributions to the trust.~~

2 ~~"Active participant." A school employee for whom mandatory~~  
3 ~~pickup participant contributions are being made to the trust or~~  
4 ~~for whom such contributions otherwise required for school~~  
5 ~~service required to be credited in the plan are not being made~~  
6 ~~solely by reason of any provision of this part relating to the~~  
7 ~~limitations under section 401(a)(17) or 415 of the Internal~~  
8 ~~Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(17)~~  
9 ~~or 415).~~

10 \* \* \*

11 ~~"Alternate payee." Any spouse, former spouse, child or~~  
12 ~~dependent of a member or participant who is recognized by a~~  
13 ~~domestic relations order as having a right to receive all or a~~  
14 ~~portion of the moneys payable to that member or participant~~  
15 ~~under this part.~~

16 \* \* \*

17 ~~"Basic contribution rate." For Class T A, T B and T C~~  
18 ~~service, the rate of 6 1/4%. For Class T D service, the rate of~~  
19 ~~7 1/2%. For all active members on the effective date of this~~  
20 ~~provision who are currently paying 5 1/4% and elect Class T D~~  
21 ~~service, the rate of 6 1/2%. For Class T E service, the rate of~~  
22 ~~7 1/2%. For Class T F service, the rate of 10.30%. For Class T G~~  
23 ~~service for members with less than 25 eligibility points accrued~~  
24 ~~as a Class T G member, the rate of 6%, up to the defined benefit~~  
25 ~~compensation limit. For Class T G service for members with more~~  
26 ~~than 25 eligibility points accrued as a Class T G member, the~~  
27 ~~rate of zero.~~

28 ~~"Beneficiary." [The] In the case of the system, the person~~  
29 ~~or persons last designated in writing to the board by a member~~  
30 ~~to receive his accumulated deductions or a lump sum benefit upon~~

1 ~~the death of such member. In the case of the plan, the person or~~  
2 ~~persons last designated in writing to the board by a participant~~  
3 ~~to receive the participant's vested accumulated total defined~~  
4 ~~contributions or a lump sum benefit upon the death of the~~  
5 ~~participant.~~

6 \* \* \*

7 "Class of service multiplier."

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

16 \* \* \*

17 ~~"Compensation." Pickup contributions and mandatory pickup~~  
18 ~~participant contributions plus any remuneration received as a~~  
19 ~~school employee excluding reimbursements for expenses incidental~~  
20 ~~to employment and excluding any bonus, severance payments, any~~  
21 ~~other remuneration or other emolument received by a school~~  
22 ~~employee during his school service which is not based on the~~  
23 ~~standard salary schedule under which he is rendering service,~~  
24 ~~payments for unused sick leave or vacation leave, bonuses or~~  
25 ~~other compensation for attending school seminars and~~  
26 ~~conventions, payments under health and welfare plans based on~~  
27 ~~hours of employment or any other payment or emolument which may~~  
28 ~~be provided for in a collective bargaining agreement which may~~  
29 ~~be determined by the Public School Employees' Retirement Board~~  
30 ~~to be for the purpose of enhancing compensation as a factor in~~

1 ~~the determination of final average salary, and excluding~~  
2 ~~payments for military leave and any other payments made by an~~  
3 ~~employer while on USERRA leave, leave of absence granted under~~  
4 ~~51 Pa.C.S. § 4102 (relating to leaves of absence for certain~~  
5 ~~government employees), military leave of absence granted under~~  
6 ~~51 Pa.C.S. § 7302 (relating to granting military leaves of~~  
7 ~~absence), leave granted under section 1178 of the act of March~~  
8 ~~10, 1949 (P.L.30, No.14), known as the Public School Code of~~  
9 ~~1949, or other types of military leave, including other types of~~  
10 ~~leave payments, stipends, differential wage payments as defined~~  
11 ~~in IRC § 414(u)(12) and any other payments, provided, however,~~  
12 ~~that the limitation under section 401(a)(17) of the Internal~~  
13 ~~Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17))~~  
14 ~~taken into account for the purpose of member contributions,~~  
15 ~~including regular or joint coverage member contributions,~~  
16 ~~regardless of class of service, shall apply to each member who~~  
17 ~~first became a member of the Public School Employees' Retirement~~  
18 ~~System on or after July 1, 1996, and who by reason of such fact~~  
19 ~~is a noneligible member subject to the application of the~~  
20 ~~provisions of section 8325.1 (relating to annual compensation~~  
21 ~~limit under IRC § 401(a)(17)), and shall apply to each~~  
22 ~~participant pertaining to his participation in the plan.~~

23 \* \* \*

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

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

1 ~~part relating to the limitations under section 401(a)(17) or~~  
2 ~~[415(b)] 415 of the Internal Revenue Code of 1986 (Public Law~~  
3 ~~99-514, 26 U.S.C. § 401(a)(17) or [415(b)] 415), or limitations~~  
4 ~~on contributions to the system applicable to Class T G members~~  
5 ~~when the Class T G member is making mandatory pickup participant~~  
6 ~~contributions to the trust or for which salary deductions or~~  
7 ~~lump sum payments to the system have been agreed upon in~~  
8 ~~writing.~~

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

11 ~~(1) the last [date] day of service for which pickup~~  
12 ~~contributions are made for an active member or[, ] for which~~  
13 ~~the contributions otherwise required for such service were~~  
14 ~~not made solely by reason of any provision of this part~~  
15 ~~relating to the limitations under section 401(a)(17) or 415~~  
16 ~~of the Internal Revenue Code of 1986 (Public Law 99-514, 26~~  
17 ~~U.S.C. § 401(a)(17) or 415), or limitations on contributions~~  
18 ~~applicable to a Class T G member;~~

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

24 ~~(3) the last day of service for which mandatory pickup~~  
25 ~~participant contributions are made for an active participant.~~

26 ~~"Defined benefit compensation limit." For fiscal year 2015~~  
27 ~~2016, the amount of \$50,000. For each subsequent fiscal year,~~  
28 ~~this amount shall be increased by 1% per year, compounded~~  
29 ~~annually, rounded to the nearest \$100.~~

30 ~~\* \* \*~~

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

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

18       \* \* \*

19       ~~"Eligible annuitants." All current and prospective~~  
20 ~~annuitants with 24 1/2 or more eligibility points earned in a~~  
21 ~~class other than Class T G and all current and prospective~~  
22 ~~disability annuitants who become eligible for disability~~  
23 ~~annuities while in a class of service other than Class T G.~~  
24 ~~Beginning January 1, 1995, "eligible annuitants" shall include~~  
25 ~~members with 15 or more eligibility points earned in a class~~  
26 ~~other than Class T G who terminated or who terminate school~~  
27 ~~service on or after attaining superannuation retirement age and~~  
28 ~~who are annuitants with an effective date of retirement after~~  
29 ~~superannuation age.~~

30       \* \* \*



1 ~~"Employer defined contributions." Contributions made to an~~  
2 ~~active participant's account by an employer to the trust to be~~  
3 ~~credited in the active participant's individual investment~~  
4 ~~account as follows:~~

5 ~~(1) For participants who have less than 25 eligibility~~  
6 ~~points credited as a member of Class T G, or if a multiple~~  
7 ~~service member in Class A 5 of the State Employees'~~  
8 ~~Retirement System, contributions shall equal to 0.5% of~~  
9 ~~compensation up to the defined benefit compensation limit and~~  
10 ~~4% of compensation above such limit.~~

11 ~~(2) For participants who have more than 25 eligibility~~  
12 ~~points credited as a member of Class T G, or if a multiple~~  
13 ~~service member in Class A 5 of the State Employees'~~  
14 ~~Retirement System, contributions shall equal to 4% of~~  
15 ~~compensation.~~

16 ~~"Final average salary." [The] As follows:~~

17 ~~(1) For purposes of calculating all annuities and~~  
18 ~~benefits from the system attributable to a class of service~~  
19 ~~other than Class T G, the highest average compensation~~  
20 ~~received as an active member during any three nonoverlapping~~  
21 ~~periods of 12 consecutive months months, excluding~~  
22 ~~compensation received from school service credited as a~~  
23 ~~member of Class T G, with the compensation for part time~~  
24 ~~service being annualized on the basis of the fractional~~  
25 ~~portion of the school year for which credit is received;~~  
26 ~~except, if the employee was not a member in a class of~~  
27 ~~service other than Class T G for three such periods, the~~  
28 ~~total compensation received as an active member in a class of~~  
29 ~~service other than Class T G annualized in the case of part~~  
30 ~~time service divided by the number of such periods of~~

1 membership in a class of service other than Class T G; in the  
2 case of a member with multiple service credit, the final  
3 average salary, for purposes of calculating all annuities and  
4 benefits from the system attributable to a class of service  
5 other than Class T G, shall be determined by reference to  
6 compensation received by him as a school employee or a State  
7 employee or both, excluding compensation received for service  
8 performed as a member of Class T G or Class A 5 in the State  
9 Employees' Retirement System; and, in the case of a  
10 noneligible member, subject to the application of the  
11 provisions of section 8325.1 (relating to annual compensation  
12 limit under IRC § 401(a)(17)). [Final]

13 ~~(2) For purposes of calculating all annuities and~~  
14 ~~benefits from the system attributable to service as a member~~  
15 ~~of Class T G, the highest average compensation received as an~~  
16 ~~active member of Class T G during any five fiscal years, as~~  
17 ~~limited each fiscal year by the defined benefit compensation~~  
18 ~~limit, with the limited compensation for part time service~~  
19 ~~being annualized on the basis of the fractional portion of~~  
20 ~~the school year for which credit is received; except, if the~~  
21 ~~employee was not a member of Class T G for five such periods,~~  
22 ~~the total compensation received as an active member of Class~~  
23 ~~T G annualized in the case of part time service divided by~~  
24 ~~the number of such periods of membership in Class T G; in the~~  
25 ~~case of a member with multiple service credit, the final~~  
26 ~~average salary, for purposes of calculating all annuities and~~  
27 ~~benefits from the system attributable to Class T G service,~~  
28 ~~shall be determined by reference to compensation received by~~  
29 ~~him as a school employee for service credited as Class T G or~~  
30 ~~as a State employee for service credited as Class A 5, or~~

~~both; and, in the case of a noneligible member, subject to the application of the provisions of section 8325.1.~~

~~(3) For all members, final average salary shall be determined by including in compensation, payments deemed to have been made to a member reemployed from USERRA leave to the extent member contributions have been made as provided in section 8302(d)(2) (relating to credited school service) and payments made to a member on leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) as provided in section 8302(d)(6).~~

~~\* \* \*~~

~~"Holding vehicle trust." The School Employees' Defined Contribution Holding Vehicle Trust.~~

~~"Inactive member." A member for whom no pickup contributions are being made to the fund, except in the case of an active member for whom such contributions otherwise required for current school service are not being made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415(b) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)) or because the member is on USERRA leave, or limitations on contributions to the system applicable to a Class T-G member who is making mandatory pickup participant contributions to the trust, but who has accumulated deductions standing to his credit in the fund and for whom contributions have been made within the last two school years or a multiple service member who is active in the State Employees' Retirement System.~~

~~"Inactive participant." A participant for whom no mandatory pickup participant contributions are being made to the trust, except in the case of an active participant for whom such~~

1 ~~contributions otherwise required for current school service are~~  
2 ~~not being made solely by reason of any provision of this part~~  
3 ~~relating to limitations under section 401(a) (17) or 415 of the~~  
4 ~~Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. §~~  
5 ~~401(a) (17) or 415), but who has vested accumulated total defined~~  
6 ~~contributions standing to his credit in the trust and who has~~  
7 ~~not filed an application for an annuity.~~

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

14 ~~"Intervening military service." Active military service of a~~  
15 ~~member who was a school employee and an active member of the~~  
16 ~~system immediately preceding his induction into the armed~~  
17 ~~services or forces of the United States in order to meet a draft~~  
18 ~~obligation excluding any voluntary extension of such~~  
19 ~~obligational service and who becomes a school employee and an~~  
20 ~~active member of the system within 90 days of the expiration of~~  
21 ~~such service.~~

22 \* \* \*

23 ~~"Irrevocable beneficiary." The person or persons permanently~~  
24 ~~designated by a member or participant in writing to the board~~  
25 ~~pursuant to an approved domestic relations order to receive all~~  
26 ~~or a portion of the accumulated deductions, vested accumulated~~  
27 ~~total defined contributions or lump sum benefit payable upon the~~  
28 ~~death of such member or participant.~~

29 ~~"Irrevocable successor payee." The person permanently~~  
30 ~~designated in writing by a participant receiving distributions~~

1 ~~to the board pursuant to an approved domestic relations order to~~  
2 ~~receive one or more distributions from the plan upon the death~~  
3 ~~of such participant.~~

4 \* \* \*

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

22 ~~"Mandatory pickup participant contributions." Either of the~~  
23 ~~following:~~

24 ~~(1) For participants who have accrued less than 25~~  
25 ~~eligibility points credited as a member of Class T G or, if a~~  
26 ~~multiple service member, of Class A 5 in the State Employees'~~  
27 ~~Retirement System, contributions shall equal 1% of~~  
28 ~~compensation required to be credited in the plan up to the~~  
29 ~~defined benefit compensation limit and 7% of compensation~~  
30 ~~above such limit.~~

~~(2) For participants who have accrued more than 25 eligibility points credited as a member of Class T G or, if a multiple service member, of Class A 5 in the State Employees' Retirement System, contributions shall equal 7% of compensation required to be credited in the plan.~~

~~\* \* \*~~

~~"Member's annuity." The single life annuity which is actuarially equivalent on the effective date of retirement and taking into account any delay in the receipt of the portion of the annuity based on Class T G service, if the effective date of retirement is under superannuation age applicable to Class T G service, to the sum of the accumulated deductions and the shared risk member contributions and statutory interest credited on the deductions and contributions standing to the member's credit in the members' savings account.~~

~~\* \* \*~~

~~"Multiple service." Credited service of a member who has elected to combine his credited service in both the Public School Employees' Retirement System and the State Employees' Retirement System. A Class T G member is eligible to elect multiple service membership only for service credited as Class A 5 service in the State Employees' Retirement System.~~

~~\* \* \*~~

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

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

1       \* \* \*

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

4       ~~"Plan document." The documents created by the board under~~  
5 ~~section 8402 (relating to plan document) that contain the terms~~  
6 ~~and provisions of the plan and trust as established by the board~~  
7 ~~regarding the establishment, administration and investment of~~  
8 ~~the plan and trust.~~

9       \* \* \*

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

18       \* \* \*

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

23       \* \* \*

24       ~~"Salary deductions." The amounts certified by the board,~~  
25 ~~deducted from the compensation of an active member or active~~  
26 ~~participant or the State service compensation of a multiple~~  
27 ~~service member who is an active member of the State Employees'~~  
28 ~~Retirement System and paid into the fund or trust.~~

29       \* \* \*

30       ~~"Shared risk contribution rate." The additional contribution~~

1 ~~rate that is added to the basic contribution rate for Class T E~~  
2 ~~[and], T F and T G members, as provided for in section 8321(b)~~  
3 ~~(relating to regular member contributions for current service).~~

4 ~~"Standard single life annuity." For Class T A, T B and T C~~  
5 ~~credited service of a member, an annuity equal to 2% of the~~  
6 ~~final average salary, multiplied by the total number of years~~  
7 ~~and fractional part of a year of credited service of a member.~~  
8 ~~For Class T D credited service of a member, an annuity equal to~~  
9 ~~2.5% of the final average salary, multiplied by the total number~~  
10 ~~of years and fractional part of a year of credited service. For~~  
11 ~~Class T E credited service of a member, an annuity equal to 2%~~  
12 ~~of the final average salary, multiplied by the total number of~~  
13 ~~years and fractional part of a year of credited service of a~~  
14 ~~member. For Class T F credited service of a member, an annuity~~  
15 ~~equal to 2.5% of the final average salary, multiplied by the~~  
16 ~~total number of years and fractional part of a year of credited~~  
17 ~~service of a member. For Class T G credited service of a member,~~  
18 ~~an annuity equal to 2% of the final average salary, multiplied~~  
19 ~~by the total number of years and fractional part of a year of~~  
20 ~~credited service of a member, except that such total number of~~  
21 ~~years shall not exceed 25.~~

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

26 ~~\* \* \*~~

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



1       ~~\*\*\*~~

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

3       ~~Class of service~~

Age

4           ~~T A~~

~~62 or any age upon accrual of  
35 eligibility points~~

6           ~~T B~~

~~62~~

7           ~~T C and T D~~

~~62 or age 60 provided the  
member has at least 30  
eligibility points or any  
age upon accrual of 35  
eligibility points,  
excluding any eligibility  
points accrued as a  
member of Class T G, and  
if a multiple service  
member, Class A 5~~

17          ~~T E and T F~~

~~65 with accrual of at least  
three eligibility points  
or a combination of age  
and eligibility points  
totaling 92, provided the  
member has accrued at  
least 35 eligibility  
points, excluding any  
eligibility points  
accrued as a member of  
Class T G, and if a  
multiple service member,  
Class A 5~~

30          ~~T G~~

~~65 with accrual of at least~~

1 ~~three eligibility points~~  
2 ~~accrued solely as a~~  
3 ~~result of Class T G~~  
4 ~~service or, if a multiple~~  
5 ~~service member, Class A 5~~  
6 ~~service~~

7 \* \* \*

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

11 \* \* \*

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

15 ~~"Vestee." A member with five or more eligibility points in a~~  
16 ~~class of service other than Class T E, Class T F, Class T G or~~  
17 ~~Class A 5 in the State Employees' Retirement System who has~~  
18 ~~terminated school service, has left his accumulated deductions~~  
19 ~~in the fund and is deferring filing of an application for~~  
20 ~~receipt of an annuity. For Class T E and Class T F members, a~~  
21 ~~member with ten or more eligibility points in a class of service~~  
22 ~~other than Class T G or, if a multiple service member, Class A 5~~  
23 ~~in the State Employees' Retirement System who has terminated~~  
24 ~~school service, has left his accumulated deductions in the fund~~  
25 ~~and is deferring filing of an application for receipt of an~~  
26 ~~annuity. For Class T G members, a member with ten or more~~  
27 ~~eligibility points credited as a member of Class T G or, if a~~  
28 ~~multiple service member, of Class A 5 in the State Employees~~  
29 ~~Retirement System, who has terminated school service, and either~~  
30 ~~is not eligible to begin receiving an immediate annuity or, if~~

1 ~~eligible, has elected to defer filing of an application for~~  
2 ~~receipt of an annuity.~~

3 ~~"Voluntary contributions." Contributions made by a~~  
4 ~~participant to the trust and credited to his individual~~  
5 ~~investment account in excess of his mandatory pickup participant~~  
6 ~~contributions by an eligible rollover or direct trustee to~~  
7 ~~trustee transfer.~~

8 ~~Section 102. Section 8103 of Title 24 is amended by adding~~  
9 ~~subsections to read:~~

10 ~~§ 8103. Construction of part.~~

11 ~~\* \* \*~~

12 ~~(c) Exclusive source of rights and benefits. Regardless of~~  
13 ~~any other provision of law, pension and benefit rights of school~~  
14 ~~employees shall be determined solely by this part, or the plan~~  
15 ~~document established by the board, and no collective bargaining~~  
16 ~~agreement nor any arbitration award between the employer and its~~  
17 ~~employees or their collective bargaining representatives shall~~  
18 ~~be construed to change any of the provisions in this part, to~~  
19 ~~require the board to administer pension or retirement benefits~~  
20 ~~not set forth in this part or not established by the board in~~  
21 ~~the plan document, to require the board to modify, amend or~~  
22 ~~change any of the terms and provisions of the plan document or~~  
23 ~~otherwise require action by any other government body pertaining~~  
24 ~~to pension or retirement benefits or rights of school employees.~~

25 ~~(d) References to certain Federal statutes. References in~~  
26 ~~this part to the IRC or the Uniformed Services Employment and~~  
27 ~~Reemployment Rights Act of 1994 (Public Law 103 353, 108 Stat.~~  
28 ~~3149), including administrative regulations promulgated under~~  
29 ~~the IRC or the Uniformed Services Employment and Reemployment~~  
30 ~~Rights Act of 1994, are intended to include laws and regulations~~

1 ~~in effect on or after the effective date of this subsection.~~

2 ~~(e) Construction.~~

3 ~~(1) This part may not be construed to mean that the~~  
4 ~~limitations on benefits or other requirements under IRC §~~  
5 ~~401(a) or other applicable provisions of the IRC that are~~  
6 ~~applicable to participants in the plan do not apply to the~~  
7 ~~participants or to the members of the system and the benefits~~  
8 ~~payable under this part.~~

9 ~~(2) This part may not be construed to mean that an~~  
10 ~~interpretation or application of a provision of this part or~~  
11 ~~benefits available to members of the Public School Employees'~~  
12 ~~Retirement System was not in accordance with the provisions~~  
13 ~~of Part IV or other applicable law, including the IRC and the~~  
14 ~~Uniformed Services Employment and Reemployment Rights Act of~~  
15 ~~1994 before the effective date of this subsection.~~

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

21 ~~(f) Applicability. The following shall apply:~~

22 ~~(1) The provisions of this part regarding the~~  
23 ~~establishment of and participation in the plan shall apply to~~  
24 ~~current and former members of the system who return to school~~  
25 ~~service on or after July 1, 2016, after a termination of~~  
26 ~~school service, notwithstanding the following:~~

27 ~~(i) Whether the termination occurred before, on or~~  
28 ~~after July 1, 2016.~~

29 ~~(ii) Whether the school employee was an annuitant,~~  
30 ~~inactive member or vestee or withdrew accumulated~~

~~deductions during the period of termination.~~

~~(2) A terminated school employee who returns to school service on or after July 1, 2016, is subject to the provisions of this part regarding participation in the plan or membership in the system that are in effect on the effective date of reemployment, including, but not limited to, benefit formulas and accrual rates, eligibility for annuities and distributions, contribution rates, definitions, purchase of creditable school and nonschool service provisions, purchase of creditable State and nonstate service provisions, and actuarial and funding assumptions.~~

Section 103. Title 24 is amended by adding sections to read:

~~§ 8103.1. Reference to Public School Employees' Retirement System.~~

~~(a) General rule. Unless the context clearly indicates otherwise, a reference to the Public School Employees' Retirement System in a statutory provision, other than this part and 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers), shall include a reference to the plan, and a reference to the Public School Employees' Retirement Fund shall include a reference to the trust.~~

~~(b) Certain agreements. The agreement of an employer to make contributions to the fund or to enroll its employees as members in the system shall be deemed to be an agreement to make contributions to the trust or to enroll its employees in the plan.~~

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

~~Notice by publication, including, but not limited to, newsletters, newspapers, forms, first class mail, letters, manuals and, to the extent authorized by a policy adopted by the~~

1 ~~board, electronic notice, including, but not limited to, e mail~~  
2 ~~or Internet websites distributed or made available to members~~  
3 ~~and participants in a manner reasonably calculated to give~~  
4 ~~actual notice of the provisions of this part that require notice~~  
5 ~~to members and participants shall be deemed sufficient notice~~  
6 ~~for all purposes.~~

7 Section 104. ~~Section 8301 of Title 24 is amended to read:~~  
8 ~~§ 8301. Mandatory and optional membership in the system and~~  
9 ~~participation in the plan.~~

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

13 (1) ~~Any officer or employee of the [Department of~~  
14 ~~Education] department, State owned educational institutions,~~  
15 ~~community colleges, area vocational technical schools,~~  
16 ~~technical institutes, or [the] The Pennsylvania State~~  
17 ~~University and who is a member of the State Employees'~~  
18 ~~Retirement System or a member of another retirement program~~  
19 ~~approved by the employer.~~

20 (2) ~~Any school employee who is not a member of the~~  
21 ~~system and who is employed on a per diem or hourly basis for~~  
22 ~~less than 80 full day sessions or 500 hours in any fiscal~~  
23 ~~year or annuitant who returns to school service under the~~  
24 ~~provisions of section 8346(b) (relating to termination of~~  
25 ~~annuities).~~

26 (3) ~~Any officer or employee of a governmental entity who~~  
27 ~~subsequent to December 22, 1965 and prior to July 1, 1975~~  
28 ~~administers, supervises, or teaches classes financed wholly~~  
29 ~~or in part by the Federal Government so long as he continues~~  
30 ~~in such service.~~

1           ~~(4) Any part time school employee who has an individual~~  
2           ~~retirement account pursuant to the Federal act of September~~  
3           ~~2, 1974 (Public Law 93 406, 88 Stat. 829), known as the~~  
4           ~~Employee Retirement Income Security Act of 1974.~~

5           ~~(b) Prohibited membership in system. The school employees~~  
6           ~~categorized in subsection (a) (1) and (2) shall not have the~~  
7           ~~right to elect membership in the system.~~

8           ~~(c) Optional membership in system. The school employees~~  
9           ~~categorized in subsection (a) (3) and, if otherwise eligible,~~  
10           ~~subsection (a) (4) shall have the right to elect membership in~~  
11           ~~the system. Once such election is exercised, membership shall~~  
12           ~~commence from the original date of eligibility and shall~~  
13           ~~continue until the termination of such service.~~

14           ~~(d) Mandatory participation in plan. The school employees~~  
15           ~~who are mandatory members of Class T G shall be mandatory~~  
16           ~~participants in the plan as of the effective date of membership~~  
17           ~~in the system.~~

18           ~~(e) Optional participation in plan. The school employees~~  
19           ~~who are optional members of the system as members of Class T G~~  
20           ~~shall be optional participants in the plan. The school employees~~  
21           ~~who elect membership in the system as members of Class T G also~~  
22           ~~elect participation in the plan as of the effective date of~~  
23           ~~membership in the system.~~

24           ~~Section 105. Sections 8302 (a), (b) (1) and (2), (c) and (d)~~  
25           ~~and 8303 (c) of Title 24 are amended and the sections are amended~~  
26           ~~by adding subsections to read:~~

27           ~~§ 8302. Credited school service.~~

28           ~~(a) Computation of credited service. In computing credited~~  
29           ~~school service of a member for the determination of benefits, a~~  
30           ~~full time salaried school employee shall receive one year of~~

1 ~~credit for each school year or the corresponding fraction~~  
2 ~~thereof, in accordance with the proportion of the full school~~  
3 ~~year for which the required regular member contributions have~~  
4 ~~been made to the fund, or for which such contributions otherwise~~  
5 ~~required for such service were not made to the fund solely by~~  
6 ~~reason of any provision of this part relating to the limitations~~  
7 ~~under IRC § 401(a)(17) or 415(b) or limitations on contributions~~  
8 ~~applicable to a Class T G member. A per diem or hourly school~~  
9 ~~employee shall receive one year of credited service for each~~  
10 ~~nonoverlapping period of 12 consecutive months in which he is~~  
11 ~~employed and for which contributions are made to the fund, or~~  
12 ~~would have been made to the fund but for such limitations under~~  
13 ~~the IRC, or limitations on contributions applicable to a Class~~  
14 ~~T G member for at least 180 full day sessions or 1,100 hours of~~  
15 ~~employment. If such member was employed and contributions were~~  
16 ~~made to the fund for less than 180 full day sessions or 1,100~~  
17 ~~hours, he shall be credited with a fractional portion of a year~~  
18 ~~determined by the ratio of the number of full day sessions or~~  
19 ~~hours of service actually rendered to 180 full day sessions or~~  
20 ~~1,100 hours, as the case may be. A part time salaried employee~~  
21 ~~shall be credited with the fractional portion of the year which~~  
22 ~~corresponds to the service actually rendered and for which~~  
23 ~~contributions are or would have been made to the fund except for~~  
24 ~~the limitations under the IRC or limitations applicable to a~~  
25 ~~Class T G member in relation to the service required as a~~  
26 ~~comparable full time salaried employee. In no case shall a~~  
27 ~~member receive more than one year of credited service for any 12~~  
28 ~~consecutive months or a member who has elected multiple service~~  
29 ~~receive an aggregate in the two systems of more than one year of~~  
30 ~~credited service for any 12 consecutive months.~~



1 ~~(b) Approved leaves of absence. An active member shall~~  
2 ~~receive credit, and an active participant shall receive~~  
3 ~~eligibility points, for an approved leave of absence provided~~  
4 ~~that:~~

5 ~~(1) the member returns for a period at least equal to~~  
6 ~~the length of the leave or one year as a member of the system~~  
7 ~~and, for Class T G members, the participant returns to school~~  
8 ~~service as an active participant in the plan, whichever is~~  
9 ~~less, to the school district which granted his leave, unless~~  
10 ~~such condition is waived by the employer; and~~

11 ~~(2) the proper contributions are made by the member and~~  
12 ~~the employer and, for Class T G members, by the active~~  
13 ~~participant and the employer.~~

14 ~~\* \* \*~~

15 ~~(c) Cancellation of credited service.—~~

16 ~~(1) All credited service in the system shall be~~  
17 ~~[cancelled] canceled if a member withdraws his accumulated~~  
18 ~~deductions[.] except that:~~

19 ~~(i) a member with Class T G service credit and one~~  
20 ~~or more other classes of service credit shall not have~~  
21 ~~his service credit in the classes of service other than~~  
22 ~~Class T G canceled when the member receives a lump sum~~  
23 ~~payment of accumulated deductions relating to the Class~~  
24 ~~T G service; and~~

25 ~~(ii) a member with Class T G service credit and one~~  
26 ~~or more other classes of service credit shall not have~~  
27 ~~his service credit as a member of Class T G canceled when~~  
28 ~~the member receives a lump sum payment of accumulated~~  
29 ~~deductions resulting from the other classes of service.~~

30 ~~(2) A partial or total distribution of accumulated total~~

~~defined contributions to a participant who also is a member shall not cancel service credited in the system.~~

~~(d) Credit for military service. A school employee who has performed USERRA leave may receive credit in the system as follows:~~

~~(1) For purposes of determining whether a member is eligible to receive credited service in the system for a period of active military service, other than active duty service to meet periodic training requirements, rendered after August 5, 1991, and that began before the effective date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of absence) shall apply to all individuals who were active members of the system when the period of military service began, notwithstanding if the member is not defined as an employee under 51 Pa.C.S. § 7301 (relating to definitions).~~

~~(1.1) School employees may not receive service credit or exercise the options under 51 Pa.C.S. § 7306(a), (b) and (c) (relating to retirement rights) for military leaves that begin on or after the effective date of this subsection, except otherwise provided under this subsection.~~

~~(2) A school employee who has performed USERRA leave may receive credit as provided by this paragraph.~~

~~(i) A school employee who is reemployed from USERRA leave as an active member of the system shall be treated as not having incurred a break in school service by reason of the USERRA leave and shall be granted eligibility points as if the school employee had not been on the USERRA leave. If a school employee who is reemployed from USERRA leave as an active member of the~~

1 ~~system subsequently makes regular member contributions,~~  
2 ~~shared risk member contributions and any other member~~  
3 ~~contributions in the amounts and in the time periods~~  
4 ~~required by 38 U.S.C. Ch. 43 (relating to employment and~~  
5 ~~reemployment rights of members of the uniformed services)~~  
6 ~~and IRC § 414(u) as if the school employee had continued~~  
7 ~~in his school office or employment and performed school~~  
8 ~~service and been compensated during the period of USERRA~~  
9 ~~leave, then the school employee shall be granted school~~  
10 ~~service credit for the period of USERRA leave. The~~  
11 ~~employee shall have his benefits, rights and obligations~~  
12 ~~determined under this part as if he was an active member~~  
13 ~~who performed creditable school service during the USERRA~~  
14 ~~leave in the job position that he would have held had he~~  
15 ~~not been on USERRA leave and received the compensation on~~  
16 ~~which the member contributions to receive school service~~  
17 ~~credit for the USERRA leave were determined.~~

18 ~~(ii) For purposes of determining whether a school~~  
19 ~~employee has made the required employee contributions for~~  
20 ~~school service credit for USERRA leave, if an employee~~  
21 ~~who is reemployed from USERRA leave as an active member~~  
22 ~~of the system terminates school service or dies in school~~  
23 ~~service before the expiration of the allowed payment~~  
24 ~~period, school service credit for the USERRA leave shall~~  
25 ~~be granted as if the required member contributions were~~  
26 ~~paid the day before termination or death. The amount of~~  
27 ~~the required member contributions shall be treated as an~~  
28 ~~incomplete payment subject to the provisions of section~~  
29 ~~8325 (relating to incomplete payments). Upon a subsequent~~  
30 ~~return to school service or to State service as a~~

1 ~~multiple service member, the required member~~  
2 ~~contributions treated as incomplete payments shall be~~  
3 ~~treated as member contributions that were either~~  
4 ~~withdrawn in a lump sum at termination or paid as a lump~~  
5 ~~sum under section 8345(a)(4) (relating to member's~~  
6 ~~options). For this purpose, the exclusion of Class T E~~  
7 ~~and Class T F members from electing a form of payment~~  
8 ~~under section 8345(a)(4)(iii) shall be ignored.~~

9 ~~(iii) A school employee who is reemployed from~~  
10 ~~USERRA leave as an active member of the system and who~~  
11 ~~does not make the required member contributions or makes~~  
12 ~~only part of the required member contributions within the~~  
13 ~~allowed payment period shall not be:~~

14 ~~(A) Granted credited service for the period of~~  
15 ~~USERRA leave for which the required member~~  
16 ~~contributions were not timely made.~~

17 ~~(B) Eligible to subsequently make contributions.~~

18 ~~(C) Granted either school service credit or~~  
19 ~~nonschool service credit for the period of USERRA~~  
20 ~~leave for which the required member contributions~~  
21 ~~were not timely made.~~

22 ~~(3) A school employee who is a member of the system and~~  
23 ~~performs USERRA leave from which the employee could have been~~  
24 ~~reemployed from USERRA leave had the school employee returned~~  
25 ~~to school service in the time frames required by 38 U.S.C.~~  
26 ~~Ch. 43 for reemployment rights, but did not do so, shall be~~  
27 ~~able to receive creditable nonschool service as~~  
28 ~~nonintervening military service for the period of USERRA~~  
29 ~~leave if the employee later returns to school service and is~~  
30 ~~otherwise eligible to purchase the service as nonintervening~~

1 ~~military service.~~

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

13 ~~(5) If a member dies while performing USERRA leave, the~~  
14 ~~beneficiaries or survivor annuitants of the deceased member~~  
15 ~~shall be entitled to any additional benefits, including~~  
16 ~~eligibility points, other than benefit accruals relating to~~  
17 ~~the period of qualified military service, provided under this~~  
18 ~~part as if the member resumed and then terminated employment~~  
19 ~~on account of death.~~

20 ~~(6) A school employee who is on a leave of absence from~~  
21 ~~his duties as a school employee and for which 51 Pa.C.S. §~~  
22 ~~4102 provides that he is not to suffer a loss of pay, time or~~  
23 ~~efficiency shall not be an active member, receive service~~  
24 ~~credit or make member contributions for the leave of absence~~  
25 ~~except as provided for in this part. Notwithstanding this~~  
26 ~~paragraph, any pay the member receives under section 1178 of~~  
27 ~~the Public School Code or 51 Pa.C.S. § 4102 shall be included~~  
28 ~~in the determination of final average salary and other~~  
29 ~~calculations in the system utilizing compensation as if the~~  
30 ~~payments were compensation under this part.~~

1 ~~(e) Military service by participant. A participant who has~~  
2 ~~performed USERRA leave shall be treated and may make~~  
3 ~~contributions as follows:~~

4 ~~(1) A participant who is reemployed from USERRA leave~~  
5 ~~shall be treated as not having incurred a break in school~~  
6 ~~service by reason of the USERRA leave and shall be granted~~  
7 ~~eligibility points as if the participant had not been on~~  
8 ~~USERRA leave. If a participant who is reemployed from USERRA~~  
9 ~~leave subsequently makes mandatory pickup participant~~  
10 ~~contributions in the amounts and in the time periods required~~  
11 ~~by 38 U.S.C. Ch. 43 and IRC § 414(u) as if the participant~~  
12 ~~had continued in his school employment and performed school~~  
13 ~~service and been compensated during the period of USERRA~~  
14 ~~leave, the participant's employer shall make the~~  
15 ~~corresponding employer defined contributions. The employee~~  
16 ~~shall have his contributions, benefits, rights and~~  
17 ~~obligations determined under this part as if he was an active~~  
18 ~~participant who performed school service during the USERRA~~  
19 ~~leave in the job position that he would have held had he not~~  
20 ~~been on USERRA leave and received the compensation on which~~  
21 ~~the mandatory pickup participant contributions to receive~~  
22 ~~school service credit for the USERRA leave were determined,~~  
23 ~~including the right to make voluntary contributions as~~  
24 ~~permitted by law.~~

25 ~~(2) A participant who is reemployed from USERRA leave~~  
26 ~~and does not make the mandatory pickup participant~~  
27 ~~contributions or makes only part of the mandatory pickup~~  
28 ~~participant contributions within the allowed payment period~~  
29 ~~shall not be eligible to make mandatory pickup participant~~  
30 ~~contributions and voluntary contributions at a later date for~~

1 ~~the period of USERRA leave for which the mandatory pickup~~  
2 ~~participant contributions were not timely made.~~

3 ~~(3) A participant who performs USERRA leave from which~~  
4 ~~the employee could have been reemployed from USERRA leave had~~  
5 ~~the school employee returned to school service in the time~~  
6 ~~frames required by 38 U.S.C. Ch. 43 for reemployment rights,~~  
7 ~~but did not do so, shall not be eligible to make mandatory~~  
8 ~~pickup participant contributions or voluntary contributions~~  
9 ~~for the period of USERRA leave should the employee later~~  
10 ~~return to school service and be a participant in the plan.~~

11 ~~(4) An active participant or inactive participant who,~~  
12 ~~on or after the effective date of this subsection, is granted~~  
13 ~~a leave of absence under 51 Pa.C.S. § 4102 or a military~~  
14 ~~leave under 51 Pa.C.S. Ch. 73 that is not USERRA leave shall~~  
15 ~~not be eligible to make mandatory pickup participant~~  
16 ~~contributions or voluntary contributions during or for the~~  
17 ~~leave of absence or military leave and shall not have~~  
18 ~~employer defined contributions made during such leave,~~  
19 ~~without regard to whether or not the participant received~~  
20 ~~salary, wages, stipends, differential wage payments or other~~  
21 ~~payments from his employer during the leave, notwithstanding~~  
22 ~~any provision to the contrary in 51 Pa.C.S. § 4102 or Ch. 73.~~

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

30 ~~§ 8303. Eligibility points for retention and reinstatement of~~

1 ~~service credits.~~

2 ~~\* \* \*~~

3 ~~(c) Purchase of previous creditable service. [Every]~~

4 ~~Subject to the limitations in subsection (c.1), an active member~~  
5 ~~of the system or a multiple service member who is an active~~  
6 ~~member of the State Employees' Retirement System on or after the~~  
7 ~~effective date of this part may purchase credit and receive~~  
8 ~~eligibility points:~~

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

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

16 ~~(3) as a member of Class T G for previous creditable~~  
17 ~~school service performed as a Class T G member;~~

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

22 ~~(c.1) Ineligibility to purchase previous school service~~  
23 ~~credit. An active member of Class T G, or a multiple service~~  
24 ~~member who is an active member of Class A 5 in the State~~  
25 ~~Employees' Retirement System, shall not be eligible to purchase~~  
26 ~~service credit for previous school service, whether or not~~  
27 ~~previously credited in the system, except to reinstate~~  
28 ~~previously credited Class T G service credit for which~~  
29 ~~accumulated deductions were withdrawn, and except to the extent~~  
30 ~~that any other provision of law requires or allows the crediting~~



1 ~~of any period of leave to be purchased as school service after~~  
2 ~~the member returns from the leave to school service.~~

3 \* \* \*

4 ~~Section 106. Section 8304(a) of Title 24 is amended to read:~~

5 ~~§ 8304. Creditable nonschool service.~~

6 ~~(a) Eligibility. An active member in a class other than~~  
7 ~~Class T G, or a multiple service member who is an active member~~  
8 ~~of the State Employees' Retirement System in a class other than~~  
9 ~~Class A 5, shall be eligible to receive Class T C, Class T E or~~  
10 ~~Class T F service credit for creditable nonschool service and~~  
11 ~~Class T D, Class T E or Class T F service for intervening~~  
12 ~~military service, provided the member becomes a Class T D member~~  
13 ~~pursuant to section 8305.1 (relating to election to become a~~  
14 ~~Class T D member) or Class T F member pursuant to section 8305.2~~  
15 ~~(relating to election to become a Class T F member) or 8305~~  
16 ~~(relating to classes of service), as set forth in subsection (b)~~  
17 ~~provided that he is not entitled to receive, eligible to receive~~  
18 ~~now or in the future, or is receiving retirement benefits for~~  
19 ~~such service under a retirement system administered and wholly~~  
20 ~~or partially paid for by any other governmental agency or by any~~  
21 ~~private employer, or a retirement program approved by the~~  
22 ~~employer in accordance with section 8301(a)(1) (relating to~~  
23 ~~mandatory and optional membership), and further provided that~~  
24 ~~such service is certified by the previous employer and the~~  
25 ~~manner of payment of the amount due is agreed upon by the~~  
26 ~~member, the employer, and the board. An active member who is a~~  
27 ~~member of Class T G or a multiple service member who is a State~~  
28 ~~employee and an active member of the State Employees' Retirement~~  
29 ~~System as a member of Class A 5 shall be eligible for Class T G~~  
30 ~~service credit for creditable nonschool service as set forth in~~

1 ~~subsection (b) (2) for which the member makes the required~~  
2 ~~contributions to the fund.~~

3 \* \* \*

4 ~~Section 107. Section 8305(a), (b), (c) (1) and (4), (d) and~~  
5 ~~(e) of Title 24 are amended and the section is amended by adding~~  
6 ~~a subsection to read:~~

7 ~~§ 8305. Classes of service.~~

8 ~~(a) Class T C membership. A school employee who is a member~~  
9 ~~of Class T C on the effective date of this part or who becomes a~~  
10 ~~member of the system subsequent to the effective date of this~~  
11 ~~part shall be classified as a Class T C member, provided the~~  
12 ~~school employee does not become a member of Class T D pursuant~~  
13 ~~to subsection (c) and does not become a member of Class T G~~  
14 ~~pursuant to subsection (f).~~

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

24 ~~(c) Class T D membership.~~

25 ~~(1) A person who becomes a school employee and an active~~  
26 ~~member, or a person who becomes a multiple service member who~~  
27 ~~is a State employee and a member of the State Employees'~~  
28 ~~Retirement System, on or after the effective date of this~~  
29 ~~subsection shall be classified as a Class T D member upon~~  
30 ~~payment of regular member contributions. Any prior school~~

1 ~~service credited as Class T C service shall be credited as~~  
2 ~~Class T D service, subject to the limitations contained in~~  
3 ~~paragraph (4) and section 8303(c.1) (relating to eligibility~~  
4 ~~points for retention and reinstatement of service credits).~~

5 \* \* \*

6 ~~(4) (i) School service performed as Class T C service~~  
7 ~~before the effective date of this subsection shall be~~  
8 ~~credited as Class T D service only upon completion of all~~  
9 ~~acts necessary for the school service to be credited as~~  
10 ~~Class T C service had this subsection not been enacted.~~

11 ~~(ii) A person who is not a school employee or a~~  
12 ~~State employee on June 30, 2001, and July 1, 2001, and~~  
13 ~~who has previous school service shall not receive Class~~  
14 ~~T D service credit for school service performed before~~  
15 ~~July 1, 2001, until the person becomes an active member~~  
16 ~~or an active member of the State Employees' Retirement~~  
17 ~~System and a multiple service member and earns three~~  
18 ~~eligibility points by performing credited school service~~  
19 ~~in a class other than Class T G or State service in a~~  
20 ~~class other than Class A 5 after June 30, 2001. This~~  
21 ~~subparagraph does not apply to a disability annuitant who~~  
22 ~~returns to school service after June 30, 2001, upon~~  
23 ~~termination of the disability annuity.~~

24 ~~(d) Class T E membership. Notwithstanding any other~~  
25 ~~provision, a person who first becomes a school employee and an~~  
26 ~~active member, or a person who first becomes a multiple service~~  
27 ~~member who is a State employee and a member of the State~~  
28 ~~Employees' Retirement System, on or after the effective date of~~  
29 ~~this subsection shall be classified as a Class T E member upon~~  
30 ~~payment of regular member contributions and the shared risk~~

1 ~~contributions, provided the member does not terminate service~~  
2 ~~and then return to service on or after July 1, 2016.~~

3 ~~(e) Class T F membership. Notwithstanding any other~~  
4 ~~provision, a person who first becomes a school employee and an~~  
5 ~~active member, or a person who first becomes a multiple service~~  
6 ~~member who is a State employee and a member of the State~~  
7 ~~Employees' Retirement System, on or after the effective date of~~  
8 ~~this subsection and who is eligible to become a Class T E member~~  
9 ~~shall have the right to elect into Class T F membership,~~  
10 ~~provided the person elects to become a Class T F member pursuant~~  
11 ~~to section 8305.2 (relating to election to become a Class T F~~  
12 ~~member), upon written election filed with the board and payment~~  
13 ~~of regular member contributions and the shared risk~~  
14 ~~contributions, provided the member does not terminate service~~  
15 ~~and then return to service on or after July 1, 2016.~~

16 ~~(f) Class T G membership. A person who first becomes a~~  
17 ~~school employee and an active member, or a person who first~~  
18 ~~becomes a multiple service member who is a State employee and a~~  
19 ~~member of the State Employees' Retirement System, on or after~~  
20 ~~July 1, 2016, shall be classified as a Class T G member upon~~  
21 ~~payment of regular member contributions and the shared risk~~  
22 ~~contributions.~~

23 ~~Section 108. Sections 8305.1(c) and 8305.2(c) of Title 24~~  
24 ~~are amended to read:~~

25 ~~§ 8305.1. Election to become a Class T D member.~~

26 ~~\* \* \*~~

27 ~~(c) Effect of election. An election to become a Class T D~~  
28 ~~member shall remain in effect until the termination of~~  
29 ~~employment. Those members who, on the effective date of this~~  
30 ~~section, contribute at the rate of 5 1/4% shall be deemed to~~

1 ~~have accepted the basic contribution rate of 6 1/2% for all~~  
2 ~~Class T D service performed on or after January 1, 2002. Those~~  
3 ~~members who, on the effective date of this section, contribute~~  
4 ~~at the rate of 6 1/4% shall be deemed to have accepted the basic~~  
5 ~~contribution rate of 7 1/2% for all Class T D service performed~~  
6 ~~on or after January 1, 2002. Upon termination and a subsequent~~  
7 ~~reemployment that occurs before July 1, 2016, the class of~~  
8 ~~service of the school employee shall be credited in the class of~~  
9 ~~service otherwise provided for in this part. If the reemployment~~  
10 ~~occurs on or after July 1, 2016, the school employee's~~  
11 ~~eligibility for membership and class of service in the system or~~  
12 ~~participation in the plan shall be as provided in this part.~~

13 \* \* \*

14 ~~§ 8305.2. Election to become a Class T F member.~~

15 \* \* \*

16 ~~(c) Effect of election. An election to become a Class T F~~  
17 ~~member shall be irrevocable and shall commence from the original~~  
18 ~~date of eligibility[. A member who elects Class T F membership~~  
19 ~~shall receive Class T F service credit on any and all future~~  
20 ~~service, regardless of whether the member terminates service or~~  
21 ~~has a break in service.] and shall remain in effect for all~~  
22 ~~future school service creditable in the system that otherwise~~  
23 ~~would not be credited as Class T G service.~~

24 \* \* \*

25 ~~Section 108.1. Title 24 is amended by adding a section to~~  
26 ~~read:~~

27 ~~§ 8305.3. Election to become a Class T G member.~~

28 ~~(a) General rule. A member who returns to school service on~~  
29 ~~or after July 1, 2016, may make a one time election to become a~~  
30 ~~member of Class T G.~~

1 ~~(b) Time for making election. A member must elect to become~~  
2 ~~a Class T G member by filing a written election with the board~~  
3 ~~within 45 days of notification by the board of the member's~~  
4 ~~eligibility to elect Class T G membership and participation. A~~  
5 ~~school employee who is eligible to become a Class T G member who~~  
6 ~~begins USERRA leave during the election period without having~~  
7 ~~elected Class T G membership may make the election within 45~~  
8 ~~days after being reemployed from USERRA leave.~~

9 ~~(c) Effect of election. An election to become a Class T G~~  
10 ~~member shall be irrevocable and shall commence from the original~~  
11 ~~date of the member's return to service. A member who elects~~  
12 ~~Class T G membership shall receive Class T G service credit on~~  
13 ~~any and all future service, regardless of whether the member~~  
14 ~~terminates service or has a break in service.~~

15 ~~(d) Effect of failure to make election. A member who fails~~  
16 ~~to timely file an election to become a Class T G member shall~~  
17 ~~never be able to elect Class T G service, regardless of whether~~  
18 ~~the member terminates service or has a break in service.~~

19 Section 108.2. Sections 8306, 8307(b) and (c), 8308, 8309,  
20 8310, 8321, 8322.1, 8323(a), (c) and (d) (1), 8324(a), (b), (c)  
21 and (d), 8325.1(a), 8326(a) and (c) and 8327 of Title 24 are  
22 amended to read:

23 ~~§ 8306. Eligibility points.~~

24 ~~(a) General rule. An active member of the system shall~~  
25 ~~accrue one eligibility point for each year of credited service~~  
26 ~~as a member of the [school or State retirement] system or if a~~  
27 ~~multiple service member, as a member of the State Employees'~~  
28 ~~Retirement system. A member shall accrue an additional two~~  
29 ~~thirds of an eligibility point for each year of Class D 3~~  
30 ~~credited service under the State Employees' Retirement System.~~

1 ~~In the case of a fractional part of a year of credited service,~~  
2 ~~a member shall accrue the corresponding fractional portion of an~~  
3 ~~eligibility point.~~

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

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

14 ~~(1) In determining whether a member, other than a~~  
15 ~~disability annuitant who returns to school service after June~~  
16 ~~30, 2001, upon termination of the disability annuity, who is~~  
17 ~~not a school employee or a State employee on June 30, 2001,~~  
18 ~~and July 1, 2001, and who has previous school service, has~~  
19 ~~the five eligibility points required by the definition of~~  
20 ~~"vestee" in sections 8102 (relating to definitions), 8307~~  
21 ~~(relating to eligibility for annuities), 8308 (relating to~~  
22 ~~eligibility for vesting) and 8345 (relating to member's~~  
23 ~~options), only eligibility points earned by performing~~  
24 ~~credited school service, USERRA leave credited as an active~~  
25 ~~member of the system in a class of service other than Class~~  
26 ~~T-G or credited State service as an active member of the~~  
27 ~~State Employees' Retirement System in a class other than~~  
28 ~~Class A 5 after June 30, 2001, shall be counted until such~~  
29 ~~member earns one such eligibility point by performing~~  
30 ~~credited school service or credited State service after June~~

1 ~~30, 2001, at which time all eligibility points, other than~~  
2 ~~eligibility points in classes of service other than Class T G~~  
3 ~~or Class A 5, as determined under subsection (a) shall be~~  
4 ~~counted.~~

5 ~~(2) A member subject to paragraph (1) shall be~~  
6 ~~considered to have satisfied any requirement for five~~  
7 ~~eligibility points contained in this part if the member has~~  
8 ~~at least ten eligibility points determined under subsection~~  
9 ~~(a).~~

10 ~~(c) Transitional rule for members with Class T G service~~  
11 ~~credit.—~~

12 ~~(1) Any provision of this part pertaining to eligibility~~  
13 ~~points applicable to the eligibility for or calculation of~~  
14 ~~annuities or benefits attributable to classes of service~~  
15 ~~other than Class T G shall not include any eligibility points~~  
16 ~~attributable to service credited in Class T G or as a member~~  
17 ~~of Class A 5 in the State Employees' Retirement System.~~

18 ~~(2) Any provision of this part pertaining to eligibility~~  
19 ~~points applicable to the eligibility for or calculation of~~  
20 ~~annuities or benefits attributable to service in Class T G~~  
21 ~~shall include only eligibility points attributable to service~~  
22 ~~credited in Class T G or if a multiple service member as a~~  
23 ~~member of Class A 5 in the State Employees' Retirement~~  
24 ~~System.~~

25 ~~(3) Only eligibility points earned as a member of Class~~  
26 ~~T G, or if a multiple service member as a member of Class A 5~~  
27 ~~in the State Employees' Retirement System, shall be~~  
28 ~~applicable to any provision in this part requiring~~  
29 ~~eligibility points for the determination or payment of~~  
30 ~~benefits from the plan.~~



1 ~~§ 8307. Eligibility for annuities.~~

2 ~~\* \* \*~~

3 ~~(b) Withdrawal annuity.—~~

4 ~~(1) A vestee in Class T C or Class T D with five or more~~  
5 ~~eligibility points or an active or inactive Class T C or~~  
6 ~~Class T D member who terminates school service having five or~~  
7 ~~more eligibility points in classes of service other than~~  
8 ~~Class T G, or if a multiple service member, Class A 5, shall,~~  
9 ~~upon filing a proper application, be entitled to receive an~~  
10 ~~early annuity based on the service credited as a Class T C or~~  
11 ~~T-D member.~~

12 ~~(2) A vestee in Class T E or Class T F with ten or more~~  
13 ~~eligibility points or an active or inactive Class T E or~~  
14 ~~Class T F member who terminates school service having ten or~~  
15 ~~more eligibility points in classes of service other than~~  
16 ~~Class T G, or if a multiple service member, Class A 5, shall,~~  
17 ~~upon filing a proper application, be entitled to receive an~~  
18 ~~early annuity based on the service credited as a Class T E or~~  
19 ~~T-F member.~~

20 ~~(3) A vestee with Class T G service credit who~~  
21 ~~terminates school service with at least 25 eligibility points~~  
22 ~~credited as a Class T G member, or if a multiple service~~  
23 ~~member, as Class A 5, shall, upon filing a proper~~  
24 ~~application, be entitled to receive an early annuity from the~~  
25 ~~system based on the eligibility points credited as a Class T~~  
26 ~~G or Class A 5 member.~~

27 ~~(4) A member who is vested with Class T C, T D, T E or~~  
28 ~~T-F credited service and who also is vested with ten or more~~  
29 ~~but less than 25 eligibility points credited as a result of~~  
30 ~~Class T G service, or if a multiple service member, as Class~~

1 ~~A 5, shall, upon filing a proper application, be entitled to~~  
2 ~~receive:~~

3 ~~(i) An early annuity based on the credited service~~  
4 ~~in classes other than T G or, if a multiple service~~  
5 ~~member, Class A 5 service, to be paid upon the effective~~  
6 ~~date of retirement.~~

7 ~~(ii) An annuity based on the Class T G credited~~  
8 ~~service, or if a multiple service member, Class A 5~~  
9 ~~service, to be paid upon attainment of superannuation age~~  
10 ~~for such Class T G service.~~

11 ~~(c) Disability annuity. An active or inactive member who~~  
12 ~~has [credit for at least five years of service] five or more~~  
13 ~~eligibility points other than eligibility points resulting from~~  
14 ~~service as a member of Class T G, or has five or more~~  
15 ~~eligibility points as a member of Class T G, shall, upon filing~~  
16 ~~of a proper application, be entitled to a disability annuity~~  
17 ~~based on service and compensation in classes other than Class T~~  
18 ~~G if he is eligible for a disability annuity on service and~~  
19 ~~compensation other than Class T G, and a disability annuity~~  
20 ~~based on service and compensation as a member of Class T G if he~~  
21 ~~is eligible for a disability annuity on service and compensation~~  
22 ~~as a member of Class T G, if he becomes mentally or physically~~  
23 ~~incapable of continuing to perform the duties for which he is~~  
24 ~~employed and qualifies for an annuity in accordance with the~~  
25 ~~provisions of section 8505(c)(1) (relating to duties of board~~  
26 ~~regarding applications and elections of members).~~

27 ~~§ 8308. Eligibility for vesting.~~

28 ~~Eligibility for vesting shall be as follows:~~

29 ~~(1) Any Class T C or Class T D member who terminates~~  
30 ~~school service with five or more eligibility points shall be~~

1 ~~entitled to vest his retirement benefits until attainment of~~  
2 ~~superannuation age. Any Class T E or Class T F member who~~  
3 ~~terminates school service with ten or more eligibility points~~  
4 ~~shall be entitled to vest his retirement benefits until~~  
5 ~~attainment of superannuation age.~~

6 ~~(2) Any member who has only Class T G service, or if a~~  
7 ~~multiple service member only Class A 5 service, with ten or~~  
8 ~~more eligibility points but less than 25 eligibility points~~  
9 ~~who terminates school service must vest his retirement~~  
10 ~~benefit until attainment of superannuation age. Any such~~  
11 ~~member with 25 or more eligibility points who terminates~~  
12 ~~school service shall be entitled to vest his retirement~~  
13 ~~benefit until attainment of superannuation age.~~

14 ~~(3) Any member who has Class T G service credit and~~  
15 ~~service credited in one or more other classes of service and~~  
16 ~~terminates school service, or if a multiple service member~~  
17 ~~and an active member of the State Employees' Retirement~~  
18 ~~System terminates State service, shall be eligible to vest~~  
19 ~~his retirement benefits in each class in accordance with the~~  
20 ~~requirements for that class of service.~~

21 ~~§ 8309. Eligibility for death benefits.~~

22 ~~Eligibility for death benefits shall be as follows:~~

23 ~~(1) In the event of the death of a member who is~~  
24 ~~eligible for an annuity in accordance with section 8307(a) or~~  
25 ~~(b) (relating to eligibility for annuities) his beneficiary~~  
26 ~~shall be entitled to a death benefit as provided in section~~  
27 ~~8347 (relating to death benefits). In the event of the death~~  
28 ~~of a member not eligible for an annuity his beneficiary shall~~  
29 ~~receive the accumulated deductions standing to the member's~~  
30 ~~credit in the fund.~~

~~(2) A member with at least ten eligibility points credited as a result of Class T G service or, if a multiple service member, in Class A 5 in the State Employees' Retirement System who dies and is under superannuation age shall be entitled to a death benefit based on such service as provided in section 8347.~~

~~§ 8310. Eligibility for refunds.~~

~~Upon termination of service any active member, regardless of eligibility for benefits, may elect to receive his accumulated deductions in lieu of any benefit from the system to which he is entitled. A Class T G member who terminates service and is not eligible for an immediate annuity or eligible to become a vestee as a result of such Class T G service may elect to receive his accumulated deductions in lieu of any benefit from the system accrued as a Class T G member.~~

~~§ 8321. Regular member contributions for current service.~~

~~(a) General. Regular member contributions shall be made to the fund on behalf of each active member for current service except for any period of current service in which the making of such contributions has ceased solely by reason of any provision of this part relating to the limitations under IRC § 401(a)(17) or 415(b) [.] or limitations on contributions to the system applicable to a Class T G member when the Class T G member is making mandatory pickup participant contributions to the trust.~~

~~(b) Class T E [and], Class T F and Class T G shared risk contributions. Commencing with the annual actuarial valuation performed under section 8502(j) (relating to administrative duties of board), for the period ending June 30, 2014, for Class T E and Class T F members, and for the period ending June 30, 2018, for Class T G members, and every three years thereafter,~~

1 ~~the board shall compare the actual investment rate of return,~~  
2 ~~net of fees, to the annual interest rate adopted by the board~~  
3 ~~for the calculation of the normal contribution rate, based on~~  
4 ~~the market value of assets, for the prior ten year period. If~~  
5 ~~the actual investment rate of return, net of fees, is less than~~  
6 ~~the annual interest rate adopted by the board by an amount of 1%~~  
7 ~~or more, the shared risk contribution rate of Class T E [and],~~  
8 ~~Class T F and Class T G members will increase by .5%. If the~~  
9 ~~actual investment rate of return, net of fees, is equal to or~~  
10 ~~exceeds the annual interest rate adopted by the board, the~~  
11 ~~shared risk contributions rate of Class T E [and], Class T F and~~  
12 ~~Class T G members will decrease by .5%. Class T E [and], Class~~  
13 ~~T F and Class T G members will contribute at the total member~~  
14 ~~contribution rate in effect when they are hired. The total~~  
15 ~~member contribution rate for Class T E members shall not be less~~  
16 ~~than 7.5%, nor more than 9.5%. The total member contribution~~  
17 ~~rate for Class T F members shall not be less than 10.3%, nor~~  
18 ~~more than 12.3%. The total member contribution rate for Class T~~  
19 ~~G members shall not be less than 6% nor more than 8%.~~  
20 ~~Notwithstanding this subsection, if the system's actuarial~~  
21 ~~funded status is 100% or more as of the date used for the~~  
22 ~~comparison required under this subsection, as determined in the~~  
23 ~~current annual actuarial valuation, the shared risk contribution~~  
24 ~~rate shall be zero. In the event that the annual interest rate~~  
25 ~~adopted by the board for the calculation of the normal~~  
26 ~~contribution rate is changed during the period used to determine~~  
27 ~~the shared risk contribution rate, the board, with the advice of~~  
28 ~~the actuary, shall determine the applicable rate during the~~  
29 ~~entire period, expressed as an annual rate. The following~~  
30 ~~provisions shall apply:~~

1 ~~(1) Until the system has a ten year period of investment~~  
2 ~~rate of return experience following [the effective date of~~  
3 ~~this subsection] July 1, 2011, the look back period shall~~  
4 ~~begin not earlier than:~~

5 ~~(i) July 1, 2011, for Class T E and T F members; and~~

6 ~~(ii) the effective date of this [subsection]~~  
7 ~~subparagraph for Class T G members.~~

8 ~~(2) For any fiscal year in which the employer~~  
9 ~~contribution rate is lower than the final contribution rate~~  
10 ~~under section 8328(h) (relating to actuarial cost method),~~  
11 ~~the total member contribution rate for Class T E [and] T F~~  
12 ~~and T G members shall be prospectively reset to the basic~~  
13 ~~contribution rate.~~

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

18 ~~§ 8322.1. Pickup contributions.~~

19 ~~(a) Treatment for purposes of IRC § 414(h). All~~  
20 ~~contributions to the fund required to be made under sections~~  
21 ~~8321 (relating to regular member contributions for current~~  
22 ~~service) and 8322 (relating to joint coverage member~~  
23 ~~contributions), with respect to current school service rendered~~  
24 ~~by an active member on or after January 1, 1983, shall be picked~~  
25 ~~up by the employer and shall be treated as the employer's~~  
26 ~~contribution for purposes of IRC § 414(h).~~

27 ~~\* \* \*~~

28 ~~§ 8323. Member contributions for creditable school service.~~

29 ~~(a) Previous school service, sabbatical leave and full~~  
30 ~~coverage. The contributions to be paid by an active member or~~

1 ~~an eligible State employee for credit in the system for~~  
2 ~~reinstatement of [all] the portion of previously credited school~~  
3 ~~service, school service not previously credited, sabbatical~~  
4 ~~leave as if he had been in full time daily attendance that a~~  
5 ~~member is eligible to have credited, or full coverage membership~~  
6 ~~shall be sufficient to provide an amount equal to the~~  
7 ~~accumulated deductions which would have been standing to the~~  
8 ~~credit of the member for such service had regular member~~  
9 ~~contributions been made with full coverage at the rate of~~  
10 ~~contribution necessary to be credited as Class T C service,~~  
11 ~~Class T D service if the member is a Class T D member, Class T E~~  
12 ~~service if the member is a Class T E member or Class T F service~~  
13 ~~if the member is a Class T F member and had such contributions~~  
14 ~~been credited with statutory interest during the period the~~  
15 ~~contributions would have been made and during all periods of~~  
16 ~~subsequent school service as an active member or inactive member~~  
17 ~~and State service as an active member or inactive member on~~  
18 ~~leave without pay up to the date of purchase.~~

19 \* \* \*

20 (c) ~~Approved leave of absence other than sabbatical leave~~  
21 ~~and activated military service leave. The contributions to be~~  
22 ~~paid by an active member for credit for an approved leave of~~  
23 ~~absence, other than sabbatical leave and activated military~~  
24 ~~service leave, shall be sufficient to transfer his membership to~~  
25 ~~Class T C or to Class T D if the member is a Class T D member,~~  
26 ~~to Class T E if the member is a Class T E member [or], to Class~~  
27 ~~T F if the member is a Class T F member or to Class T G if the~~  
28 ~~member is a Class T G member, and further to provide an annuity~~  
29 ~~as a Class T C member or Class T D member if the member is a~~  
30 ~~Class T D member, to Class T E if the member is a Class T E~~

1 ~~member [or], to Class T F if the member is a Class T F member or~~  
2 ~~to Class T G if the member is a Class T G member, for such~~  
3 ~~additional credited service. Such amount shall be the sum of the~~  
4 ~~amount required in accordance with the provisions of subsection~~  
5 ~~(b) and an amount determined as the sum of the member's basic~~  
6 ~~contribution rate and the normal contribution rate as provided~~  
7 ~~in section 8328 (relating to actuarial cost method) during such~~  
8 ~~period multiplied by the compensation which was received or~~  
9 ~~which would have been received during such period and with~~  
10 ~~statutory interest during all periods of subsequent school and~~  
11 ~~State service up to the date of purchase.~~

12 \* \* \*

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

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



1 ~~member of the State Employees' Retirement System, the agreed-~~  
2 ~~upon salary deductions shall be remitted to the State-~~  
3 ~~Employees' Retirement Board, which shall certify and transfer-~~  
4 ~~to the board the amounts paid.~~

5 \* \* \*

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

8 ~~(a) Source of contributions. The total contributions to-~~  
9 ~~purchase credit as a member of Class T C, Class T E [or],~~  
10 ~~T F or Class T G for creditable nonschool service of an active-~~  
11 ~~member or an eligible State employee shall be paid either by the-~~  
12 ~~member, the member's previous employer, the Commonwealth, or a-~~  
13 ~~combination thereof, as provided by law.~~

14 ~~(b) Nonintervening military service.—~~

15 ~~(1) The amount due for the purchase of credit for-~~  
16 ~~military service other than intervening military service by a~~  
17 ~~member not in Class T G shall be determined by applying the-~~  
18 ~~member's basic contribution rate plus the normal contribution-~~  
19 ~~rate as provided in section 8328 (relating to actuarial cost-~~  
20 ~~method) at the time of entry of the member into school-~~  
21 ~~service subsequent to such military service to one third of-~~  
22 ~~his total compensation received during the first three years-~~  
23 ~~of such subsequent credited school service, excluding~~  
24 ~~compensation received for Class T G service, and multiplying~~  
25 ~~the product by the number of years and fractional part of a-~~  
26 ~~year of creditable nonintervening military service being-~~  
27 ~~purchased together with statutory interest during all periods-~~  
28 ~~of subsequent school service as an active member or inactive~~  
29 ~~member and State service as an active member or inactive~~  
30 ~~member on leave without pay to date of purchase.~~

~~(2) The amount due for the purchase of credit for military service other than intervening military service by a member who is eligible to make the purchase under section 8304 (relating to creditable nonschool service) shall be determined by applying the member's basic contribution rate, plus the Commonwealth's normal contribution rate for active members at the time of entry, subsequent to such military service, of the member into Class T G service to his average annual rate of compensation received for Class T G service subject to any limit each year by the application of the Class T G defined benefit compensation limit, over the first three years of such subsequent Class T G service and multiplying the result by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with statutory interest during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay of the State Employees' Retirement System to date of purchase.~~

~~(3) Upon certification of the amount due, payment may be made in a lump sum within 90 days or in the case of an active member or an eligible State employee who is an active member of the State Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization~~

1 ~~plans to such terms as the board in its sole discretion~~  
2 ~~determines. In the case of an eligible State employee who is~~  
3 ~~an active member of the State Employees' Retirement System,~~  
4 ~~the agreed upon salary deductions shall be remitted to the~~  
5 ~~State Employees' Retirement Board, which shall certify and~~  
6 ~~transfer to the board the amounts paid. Application may be~~  
7 ~~filed for all such military service credit upon completion of~~  
8 ~~three years of subsequent credited school service and shall~~  
9 ~~be credited as Class T C service. In the event that a Class~~  
10 ~~T E member makes a purchase of credit for such military~~  
11 ~~service, then such service shall be credited as Class T E~~  
12 ~~service. In the event that a Class T F member makes a~~  
13 ~~purchase of credit for such military service, then such~~  
14 ~~service shall be credited as Class T F service.~~

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

27 ~~(1) Regular monthly payments during active military~~  
28 ~~service.~~

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

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

14           ~~(d) Other creditable nonschool service and noncreditable~~  
15 ~~school service.~~

16           ~~(1) Contributions on account of Class T C credit for~~  
17 ~~creditable nonschool service other than military service~~  
18 ~~shall be determined by applying the member's basic~~  
19 ~~contribution rate plus the normal contribution rate as~~  
20 ~~provided in section 8328 at the time of the member's entry~~  
21 ~~into school service subsequent to such creditable nonschool~~  
22 ~~service to his total compensation received during the first~~  
23 ~~year of subsequent credited school service and multiplying~~  
24 ~~the product by the number of years and fractional part of a~~  
25 ~~year of creditable nonschool service being purchased together~~  
26 ~~with statutory interest during all periods of subsequent~~  
27 ~~school service as an active member or inactive member or~~  
28 ~~State service service as an active member or inactive member~~  
29 ~~on leave without pay to the date of purchase, except that in~~  
30 ~~the case of purchase of credit for creditable nonschool~~

1 ~~service as set forth in section 8304(b)(5) (relating to~~  
2 ~~creditable nonschool service) the member shall pay only the~~  
3 ~~employee's share unless otherwise provided by law. Upon~~  
4 ~~certification of the amount due, payment may be made in a~~  
5 ~~lump sum within 90 days or in the case of an active member or~~  
6 ~~an eligible State employee who is an active member of the~~  
7 ~~State Employees' Retirement System it may be amortized with~~  
8 ~~statutory interest through salary deductions to the system in~~  
9 ~~amounts agreed upon by the member and the board. The salary~~  
10 ~~deduction amortization plans agreed to by the members and the~~  
11 ~~board may include a deferral of payment amounts and statutory~~  
12 ~~interest until the termination of school service or State~~  
13 ~~service as the board in its sole discretion decides to allow.~~  
14 ~~The board may limit salary deduction amortization plans to~~  
15 ~~such terms as the board in its sole discretion determines. In~~  
16 ~~the case of an eligible State employee who is an active~~  
17 ~~member of the State Employees' Retirement System, the agreed~~  
18 ~~upon salary deductions shall be remitted to the State~~  
19 ~~Employees' Retirement Board, which shall certify and transfer~~  
20 ~~to the board the amounts paid.~~

21 ~~(2) Contributions on account of Class T E or Class T F~~  
22 ~~credit for creditable nonschool service other than military~~  
23 ~~service shall be the present value of the full actuarial cost~~  
24 ~~of the increase in the projected superannuation annuity~~  
25 ~~caused by the additional service credited on account of the~~  
26 ~~purchase. Upon certification of the amount due, payment may~~  
27 ~~be made in a lump sum within 90 days or, in the case of an~~  
28 ~~active member or an eligible State employee who is an active~~  
29 ~~member of the State Employees' Retirement System, it may be~~  
30 ~~amortized with statutory interest through salary deductions~~

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

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

1 ~~employee who is an active member of the State Employees'~~  
2 ~~Retirement System, the agreed upon salary deductions shall be~~  
3 ~~remitted to the State Employees' Retirement Board, which~~  
4 ~~shall certify and transfer to the board the amounts paid.~~

5 ~~\*\*\*~~

6 ~~§ 8325.1. Annual compensation limit under IRC § 401(a)(17).~~

7 ~~(a) General rule. In addition to other applicable~~  
8 ~~limitations set forth in this part, and notwithstanding any~~  
9 ~~provision of this part to the contrary, the annual compensation~~  
10 ~~of each noneligible member and each participant taken into~~  
11 ~~account for benefit purposes under this subchapter shall not~~  
12 ~~exceed the limitation under IRC § 401(a)(17). On and after July~~  
13 ~~1, 1996, any reference in this part to the limitation under IRC~~  
14 ~~§ 401(a)(17) shall mean the Omnibus Budget Reconciliation Act of~~  
15 ~~1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual~~  
16 ~~compensation limit set forth in this subsection. The OBRA '93~~  
17 ~~annual compensation limit is \$150,000, as adjusted by the~~  
18 ~~commissioner for increases in the cost of living in accordance~~  
19 ~~with IRC § 401(a)(17)(B). The cost of living adjustment in~~  
20 ~~effect for a calendar year applies to any determination period~~  
21 ~~which is a period, not exceeding 12 months, over which~~  
22 ~~compensation is determined, beginning in such calendar year. If~~  
23 ~~a determination period consists of fewer than 12 months, the~~  
24 ~~OBRA '93 compensation limit will be multiplied by a fraction,~~  
25 ~~the numerator of which is the number of months in the~~  
26 ~~determination period and the denominator of which is 12.~~

27 ~~\*\*\*~~

28 ~~§ 8326. Contributions by the Commonwealth.~~

29 ~~(a) Contributions on behalf of active members. The~~  
30 ~~Commonwealth shall make contributions into the fund on behalf of~~

1 ~~all active members and participants, including members and~~  
2 ~~participants on activated military service leave, in an amount~~  
3 ~~equal to one half the amount certified by the board as necessary~~  
4 ~~to provide, together with the members' contributions, annuity~~  
5 ~~reserves on account of prospective annuities as provided in this~~  
6 ~~part in accordance with section 8328 (relating to actuarial cost~~  
7 ~~method). In case a school employee has elected membership in a~~  
8 ~~retirement program approved by the employer, the Commonwealth~~  
9 ~~shall contribute to such program on account of his membership an~~  
10 ~~amount no greater than the amount it would have contributed had~~  
11 ~~the employee been a member of the Public School Employees'~~  
12 ~~Retirement System.~~

13 \* \* \*

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

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

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

23 ~~(ii) For members and participants who are employees~~  
24 ~~of employers that are not school entities, the amount~~  
25 ~~computed under subsection (a).~~

26 ~~(2) The Commonwealth shall make contributions into the~~  
27 ~~fund on behalf of annuitants for all amounts due to the fund~~  
28 ~~after June 30, 1995, including, but not limited to, amounts~~  
29 ~~due pursuant to section 8328(d) and (f), in the following~~  
30 ~~manner:~~



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

4           ~~(ii) For members and participants who are employees~~  
5           ~~of employers who are not school entities, the amount~~  
6           ~~computed under subsection (b).~~

7           ~~\* \* \*~~

8           ~~§ 8327. Payments by employers.~~

9           ~~(a) [General rule. Each] Timing of payments.~~

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

~~(2) For payments after June 30, 2016, each employer, including the Commonwealth as employer of employees of the department, State owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf and The Pennsylvania State University, shall make payments to the fund each month in an amount equal to one half the sum of the percentages, as determined under section 8328, applied to the total compensation during the pay periods in the preceding month of all its employees who were members of the system during such period, including members on activated or USERRA military service leave, plus the accrued liability contribution rate applied to the total compensation of all active participants in the plan. In the event a member on activated or USERRA military service leave does not return to service for the necessary time or receives an undesirable, bad conduct or dishonorable discharge or does not elect to receive credit for activated or USERRA military service under section 8302(b.1)(3), the contributions made by the employer on behalf of such member shall be returned with valuation interest upon application by the employer.~~

~~(b) Deduction from appropriations.—~~

~~(1) To facilitate the payment of amounts due from any employer to the fund and the trust through the State Treasurer and to permit the exchange of credits between the State Treasurer and any employer, the Secretary of Education and the State Treasurer shall cause to be deducted and paid into the fund and the trust from the amount of any moneys due to any employer on account of any appropriation for schools or other purposes amounts equal to the employer and pickup contributions which an employer is required to pay to the~~

1 ~~fund and the trust, as certified by the board, and as remains~~  
2 ~~unpaid on the date such appropriations would otherwise be~~  
3 ~~paid to the employer. Such amount shall be credited to the~~  
4 ~~appropriate accounts in the fund and the trust.~~

5 ~~(2) To facilitate the payments of amounts due from any~~  
6 ~~charter school, as defined in Article XVII A of the act of~~  
7 ~~March 10, 1949 (P.L.30, No.14), known as the Public School~~  
8 ~~Code of 1949, to the fund and the trust through the State~~  
9 ~~Treasurer and to permit the exchange of credits between the~~  
10 ~~State Treasurer and any employer, the Secretary of Education~~  
11 ~~and the State Treasurer shall cause to be deducted and paid~~  
12 ~~into the fund and the trust from any funds appropriated to~~  
13 ~~the [Department of Education] department for basic education~~  
14 ~~of the chartering school district of a charter school and~~  
15 ~~public school employees' retirement contributions amounts~~  
16 ~~equal to the employer and pickup contributions which a~~  
17 ~~charter school is required to pay to the fund and the trust,~~  
18 ~~as certified by the board, and as remains unpaid on the date~~  
19 ~~such appropriations would otherwise be paid to the chartering~~  
20 ~~school district or charter school. Such amounts shall be~~  
21 ~~credited to the appropriate accounts in the fund and the~~  
22 ~~trust. Any reduction in payments to a chartering school~~  
23 ~~district made pursuant to this section shall be deducted from~~  
24 ~~the amount due to the charter school district pursuant to the~~  
25 ~~Public School Code of 1949.~~

26 ~~(c) Payments by employers after June 30, 1995, and before~~  
27 ~~July 1, 2016. After June 30, 1995, and before July 1, 2016,~~  
28 ~~each employer, including the Commonwealth as employer of~~  
29 ~~employees of the [Department of Education] department, State~~  
30 ~~owned colleges and universities, Thaddeus Stevens College of~~

1 ~~Technology, Western Pennsylvania School for the Deaf[, Scotland-~~  
2 ~~School for Veterans' Children] and The Pennsylvania State-~~  
3 ~~University, shall make payments to the fund and the trust each-~~  
4 ~~quarter in an amount computed in the following manner:~~

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

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

21 ~~(3) For any employer, whether or not a school entity, in~~  
22 ~~computing the amount of payment due each quarter, there shall~~  
23 ~~be excluded from the total compensation referred to in this~~  
24 ~~subsection and subsection (a) any amount of compensation of a~~  
25 ~~noneligible member on the basis of which member~~  
26 ~~contributions have not been made by reason of the limitation~~  
27 ~~under IRC § 401(a)(17), except as otherwise provided in this~~  
28 ~~part. Any amount of contribution to the fund paid by the~~  
29 ~~employer on behalf of a noneligible member on the basis of~~  
30 ~~compensation which was subject to exclusion from total~~

1 compensation in accordance with the provisions of this  
2 paragraph shall, upon the board's determination or upon  
3 application by the employer, be returned to the employer with  
4 valuation interest.

5 ~~(d) Payments by employers after June 30, 2016. After June~~  
6 ~~30, 2016, each employer, including the Commonwealth as employer~~  
7 ~~of employees of the department, State owned colleges and~~  
8 ~~universities, Thaddeus Stevens College of Technology, Western~~  
9 ~~Pennsylvania School for the Deaf and The Pennsylvania State~~  
10 ~~University, shall make payments to the fund and the trust each~~  
11 ~~month in an amount computed in the following manner:~~

12 ~~(1) For an employer that is a school entity, the amount~~  
13 ~~shall be the sum of the percentages as determined under~~  
14 ~~section 8328 applied to the total compensation during the pay~~  
15 ~~periods in the preceding month of all employees who were~~  
16 ~~active members of the system during such period, including~~  
17 ~~members on activated or USERRA military service leave, plus~~  
18 ~~the accrued liability contribution rate applied to the total~~  
19 ~~compensation of all active participants in the plan. In the~~  
20 ~~event a member on activated or USERRA military service leave~~  
21 ~~does not return to service for the necessary time or receives~~  
22 ~~an undesirable, bad conduct or dishonorable discharge or does~~  
23 ~~not elect to receive credit for activated or USERRA military~~  
24 ~~service under section 8302(b.1)(3), the contribution made by~~  
25 ~~the employer on behalf of such member shall be returned with~~  
26 ~~valuation interest upon application by the employer.~~

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

29 ~~(3) For any employer, whether or not a school entity, in~~  
30 ~~computing the amount of payment due each month, there shall~~

1 ~~be excluded from the total compensation referred to in this~~  
2 ~~subsection and subsection (a), any amount of compensation of~~  
3 ~~a noneligible member or participant on the basis of which~~  
4 ~~member or participant contributions have not been made by~~  
5 ~~reason of the limitation under IRC § 401(a)(17). Any amount~~  
6 ~~of contribution to the fund paid by the employer on behalf of~~  
7 ~~a noneligible member or participant on the basis of~~  
8 ~~compensation which was subject to exclusion from total~~  
9 ~~compensation in accordance with the provisions of this~~  
10 ~~paragraph shall, upon the board's determination or upon~~  
11 ~~application by the employer, be returned to the employer with~~  
12 ~~valuation interest.~~

13 ~~(e) Deemed agreed to.—The agreement of an employer listed~~  
14 ~~in the definition of school employee under section 8102~~  
15 ~~(relating to definitions) or any other law to make contributions~~  
16 ~~to the fund or to enroll its employees as members in the system~~  
17 ~~shall be deemed to be an agreement to make contributions to the~~  
18 ~~trust or enroll its employees in the plan.~~

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

22 ~~(g) Contributions resulting from members reemployed from~~  
23 ~~USERRA leave. When a school employee reemployed from USERRA~~  
24 ~~leave makes the member contributions required to be granted~~  
25 ~~school service credit for the USERRA leave after June 30, 2015,~~  
26 ~~either by actual payment or by actuarial debt under section 8325~~  
27 ~~(relating to incomplete payments), the employer that employed~~  
28 ~~the school employee when the member contributions were made or~~  
29 ~~the last employer before termination in the case of payment~~  
30 ~~under section 8325 shall make the employer contributions that~~

1 ~~would have been made under this section if the employee making~~  
2 ~~the member contributions after he is reemployed from USERRA~~  
3 ~~leave continued to be employed in his school office or position~~  
4 ~~instead of performing USERRA leave.~~

5 Section 109. Section 8328 (a), (b), (c) (4), (d) (2), (e) and  
6 (f) of Title 24 are amended and subsections (c), (d) and (g) are  
7 amended by adding paragraphs to read:

8 ~~§ 8328. Actuarial cost method.~~

9 (a) ~~Employer contribution rate. The amount of the total~~  
10 ~~employer contributions shall be computed by the actuary as a~~  
11 ~~percentage of the total compensation of all active members and~~  
12 ~~active participants, as applicable, during the period for which~~  
13 ~~the amount is determined and shall be so certified by the board.~~  
14 ~~The total employer contribution rate shall be the sum of the~~  
15 ~~final contribution rate as computed in subsection (h) plus the~~  
16 ~~premium assistance contribution rate as computed in subsection~~  
17 ~~(f). The actuarially required contribution rate shall consist of~~  
18 ~~the normal contribution rate as defined in subsection (b), the~~  
19 ~~accrued liability contribution rate as defined in subsection (c)~~  
20 ~~and the supplemental annuity contribution rate as defined in~~  
21 ~~subsection (d). Beginning July 1, 2004, the actuarially required~~  
22 ~~contribution rate shall be modified by the experience adjustment~~  
23 ~~factors as calculated in subsection (e).~~

24 (b) ~~Normal contribution rate. [The]~~

25 ~~(1) For fiscal years ending before July 1, 2015, the~~  
26 ~~normal contribution rate shall be determined after each~~  
27 ~~actuarial valuation. Until all accrued liability~~  
28 ~~contributions have been completed, the normal contribution~~  
29 ~~rate shall be determined, on the basis of an annual interest~~  
30 ~~rate and such mortality and other tables as shall be adopted~~

1 by the board in accordance with generally accepted actuarial  
2 principles, as a level percentage of the compensation of the  
3 average new active member, which percentage, if contributed  
4 on the basis of his prospective compensation through the  
5 entire period of active school service, would be sufficient  
6 to fund the liability for any prospective benefit payable to  
7 him, in excess of that portion funded by his prospective  
8 member contributions, excluding the shared risk  
9 contributions.

10 ~~(2) For fiscal years beginning on or after July 1, 2015,~~  
11 ~~the normal contribution rate shall be determined after each~~  
12 ~~actuarial valuation. Until all accrued liability~~  
13 ~~contributions have been completed, the normal contribution~~  
14 ~~rate shall be determined, on the basis of an annual interest~~  
15 ~~rate and such mortality and other tables as shall be adopted~~  
16 ~~by the board in accordance with generally accepted actuarial~~  
17 ~~principles, as a level percentage of the compensation of all~~  
18 ~~active members in classes of service other than Class T G,~~  
19 ~~and for Class T G members, as limited:~~

20 ~~(i) By the defined benefit compensation limit.~~

21 ~~(ii) To Class T G members who have less than 25~~  
22 ~~eligibility points as a member of Class T G, or if a~~  
23 ~~multiple service member, as a member of Class A 5,~~  
24 ~~which percentage, if contributed on the basis of the member's~~  
25 ~~prospective compensation through the entire period of active~~  
26 ~~school service, as limited by the defined benefit~~  
27 ~~compensation limit, would be sufficient to fund the liability~~  
28 ~~for any prospective benefit payable to him, in excess of that~~  
29 ~~portion funded by his prospective member contributions,~~  
30 ~~excluding the shared risk contributions. In no case shall the~~



1 ~~employer normal cost be less than zero.~~

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

3 \* \* \*

4 ~~(4) For the fiscal year beginning July 1, 2011, the~~  
5 ~~accrued liability contribution rate shall be computed as the~~  
6 ~~rate of total compensation of all active members which shall~~  
7 ~~be certified by the actuary as sufficient to fund as a level~~  
8 ~~percentage of compensation over a period of 24 years from~~  
9 ~~July 1, 2011, the present value of the liabilities for all~~  
10 ~~prospective benefits calculated as of June 30, 2010,~~  
11 ~~including the supplemental benefits as provided in sections~~  
12 ~~8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and~~  
13 ~~8348.7, in excess of the actuarially calculated assets in the~~  
14 ~~fund (calculated recognizing all realized and unrealized~~  
15 ~~investment gains and losses each year in level annual~~  
16 ~~installments over a ten year period). In the event that the~~  
17 ~~accrued liability is increased by legislation enacted~~  
18 ~~subsequent to June 30, 2010, but before July 1, 2014, such~~  
19 ~~additional liability shall be funded as a level percentage of~~  
20 ~~compensation over a period of ten years from the July 1~~  
21 ~~second succeeding the date such legislation is enacted.~~

22 ~~(5) For fiscal years beginning on or after July 1, 2016,~~  
23 ~~the actuarially calculated assets in the fund determined in~~  
24 ~~accordance with paragraph (4) shall be no less than 70% and~~  
25 ~~no more than 130% of market value. In the event that the~~  
26 ~~accrued liability is changed by legislation enacted~~  
27 ~~subsequent to June 30, 2014, such change in liability shall~~  
28 ~~be funded as a level percentage of compensation of all active~~  
29 ~~members and active participants, as applicable, over a period~~  
30 ~~of ten years from the July 1 second succeeding the date such~~

1 ~~legislation is enacted.~~

2 ~~(d) Supplemental annuity contribution rate.—~~

3 \* \* \*

4 ~~(2) For fiscal years beginning July 1, 2011, and ending~~  
5 ~~June 30, 2015, contributions from the Commonwealth and other~~  
6 ~~employers whose employees are members of the system required~~  
7 ~~to provide for the payment of supplemental annuities as~~  
8 ~~provided in sections 8348, 8348.1, 8348.2, 8348.3, 8348.4,~~  
9 ~~8348.5, 8348.6 and 8348.7 shall be paid as part of the~~  
10 ~~accrued liability contribution rate as provided for in~~  
11 ~~subsection (c) (4), and there shall not be a separate~~  
12 ~~supplemental annuity contribution rate attributable to those~~  
13 ~~supplemental annuities. In the event that supplemental~~  
14 ~~annuities are increased by legislation enacted subsequent to~~  
15 ~~June 30, 2010, [the] but before July 1, 2014, such additional~~  
16 ~~liability for the increase in benefits shall be funded as a~~  
17 ~~level percentage of compensation over a period of ten years~~  
18 ~~from the July 1 second succeeding the date such legislation~~  
19 ~~is enacted.~~

20 ~~(3) For fiscal years beginning on or after July 1, 2016,~~  
21 ~~contributions from employers whose employees are members of~~  
22 ~~the system required to provide for the payment of~~  
23 ~~supplemental annuities as provided in sections 8348, 8348.1,~~  
24 ~~8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and 8348.7 shall be~~  
25 ~~paid as part of the accrued liability contribution rate as~~  
26 ~~provided for in subsection (c) (4), and there shall not be a~~  
27 ~~separate supplemental annuity contribution rate attributable~~  
28 ~~to those supplemental annuities. In the event that~~  
29 ~~supplemental annuities are increased by legislation enacted~~  
30 ~~subsequent to June 30, 2014, the additional liability for the~~

~~increase in benefits shall be funded as a level percentage of compensation of all active members and active participants over a period of ten years from the July 1 second succeeding the date such legislation is enacted.~~

~~(c) Experience adjustment factor.~~

~~(1) For each year after the establishment of the accrued liability contribution rate for the fiscal year beginning July 1, 2011, and ending June 30, 2015, any increase or decrease in the unfunded accrued liability, excluding the gains or losses on the assets of the health insurance account, due to actual experience differing from assumed experience, changes in actuarial assumptions, changes in contributions caused by the final contribution rate being different from the actuarially required contribution rate, active members making shared risk contributions or changes in the terms and conditions of the benefits provided by the system by judicial, administrative or other processes other than legislation, including, but not limited to, reinterpretation of the provisions of this part, shall be amortized as a level percentage of compensation over a period of 24 years beginning with the July 1 second succeeding the actuarial valuation determining said increases or decreases.~~

~~(2) [(Reserved).] For fiscal years beginning on or after July 1, 2015, any increase or decrease in the unfunded accrued liability, excluding the gains or losses on the assets of the health insurance account, due to actual experience differing from assumed experience, changes in actuarial assumptions, changes in contributions caused by the final contribution rate being different from the actuarially required contribution rate, active members making shared risk~~

~~contributions or changes in the terms and conditions of the benefits provided by the system by judicial, administrative or other processes other than legislation, including, but not limited to, reinterpretation of the provisions of this part, shall be amortized as a level percentage of the compensation of all active members and active participants over a period of 24 years beginning with the July 1 second succeeding the actuarial valuation determining such increases or decreases.~~

~~(f) Premium assistance contribution rate. For each fiscal year beginning with July 1, 1991, the total contribution rate as calculated according to this section shall be increased annually in the full amount certified by the board as necessary to fund the premium assistance program in accordance with section 8509 (relating to health insurance premium assistance program), notwithstanding any other provisions of this section. The total contribution rate under this subsection shall be a percentage of the compensation of all active members in classes of service other than Class T G and the compensation of active members of Class T G who have 25 or fewer eligibility points resulting from Class T G service, or if a multiple service member, as Class A 5 service, up to the defined benefit compensation limit.~~

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

~~\* \* \*~~

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

~~\* \* \*~~

~~Section 110. Sections 8330 and 8341 of Title 24 are amended to read:~~

1 ~~§ 8330. Appropriations by the Commonwealth.~~

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

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

16 ~~§ 8341. Return of accumulated deductions.~~

17 ~~Accumulated deductions may be returned as follows:~~

18 ~~(1) Any member upon termination of service may, in lieu~~  
19 ~~of all benefits payable from the system and attributable to~~  
20 ~~service in classes other than Class T G under this chapter to~~  
21 ~~which he may be entitled, elect to receive his accumulated~~  
22 ~~deductions.~~

23 ~~(2) A Class T G member who terminates service and is not~~  
24 ~~eligible for an immediate annuity or eligible to become a~~  
25 ~~vestee as a result of such Class T G service may elect to~~  
26 ~~receive his accumulated deductions in lieu of any benefit~~  
27 ~~from the system accrued as a Class T G member.~~

28 ~~(3) A member with vested Class T G service credit may~~  
29 ~~not, in lieu of all benefits payable from the system under~~  
30 ~~this part to which he may be entitled, elect to receive his~~

1 ~~accumulated deductions on the portion of the benefit relating~~  
2 ~~to his Class T G service.~~

3 ~~Section 111. Sections 8342(a) and 8344(a), (b) and (d) of~~  
4 ~~Title 24 are amended and the sections are amended by adding~~  
5 ~~subsections to read:~~

6 ~~§ 8342. Maximum single life annuity.~~

7 ~~(a) General rule. Upon termination of service, any full~~  
8 ~~coverage member who is eligible to receive an annuity pursuant~~  
9 ~~to the provisions of section 8307(a) or (b) (relating to~~  
10 ~~eligibility for annuities) and has made an application in~~  
11 ~~accordance with the provisions of section 8507(f) (relating to~~  
12 ~~rights and duties of school employees [and members], members and~~  
13 ~~participants) shall be entitled to receive a maximum single life~~  
14 ~~annuity attributable to his credited service and equal to the~~  
15 ~~sum of the following single life annuities beginning at the~~  
16 ~~effective date of retirement and, in case the member on the~~  
17 ~~effective date of retirement is under superannuation age,~~  
18 ~~multiplied by a reduction factor calculated to provide benefits~~  
19 ~~actuarially equivalent to an annuity starting at superannuation~~  
20 ~~age: Provided however, That on or after July 1, 1976, in the~~  
21 ~~case of any member except a Class T G member who has attained~~  
22 ~~age 55 and has 25 or more eligibility points such sum of single~~  
23 ~~life annuities shall be reduced by a percentage determined by~~  
24 ~~multiplying the number of months, including a fraction of a~~  
25 ~~month as a full month, by which the effective date of retirement~~  
26 ~~precedes superannuation age by 1/4%: Further provided, In no~~  
27 ~~event shall a Class T E or Class T F member receive an annual~~  
28 ~~benefit, calculated as of the effective date of retirement,~~  
29 ~~greater than the member's final average salary attributable to~~  
30 ~~Class T E or T F service:~~

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

6           ~~(2) A standard single life annuity multiplied by the~~  
7           ~~class of service multiplier and calculated on the basis of~~  
8           ~~the number of years of concurrent service and multiplied by~~  
9           ~~the ratio of total compensation received in the school system~~  
10           ~~during the period of concurrent service to the total~~  
11           ~~compensation received during such period.~~

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

16           ~~\*\*\*~~

17           ~~(d) Coordination of benefits. The determination and payment~~  
18           ~~of the maximum single life annuity under this section shall be~~  
19           ~~in addition to any payments a member may be entitled to receive,~~  
20           ~~has received or is receiving as a result of being a participant~~  
21           ~~in the plan.~~

22           ~~§ 8344. Disability annuities.~~

23           ~~(a) Amount of annuity. A member who has made application~~  
24           ~~for a disability annuity as provided in section 8507(k)~~  
25           ~~(relating to rights and duties of school employees [and~~  
26           ~~members], members and participants) and has been found to be~~  
27           ~~eligible in accordance with the provisions of sections 8307(c)~~  
28           ~~(relating to eligibility for annuities) and 8505(c)(1) (relating~~  
29           ~~to duties of board regarding applications and elections of~~  
30           ~~members) shall receive a disability annuity payable from the~~

1 ~~effective date of disability and continued until a subsequent~~  
2 ~~determination by the board that the annuitant is no longer~~  
3 ~~entitled to a disability annuity. The disability annuity shall~~  
4 ~~be a single life annuity that is equal to a sum of the standard~~  
5 ~~single life [annuity] annuities determined separately for each~~  
6 ~~class of service if the total number of years of credited~~  
7 ~~service is greater than 16.667, otherwise [the] each standard~~  
8 ~~single life annuity shall be multiplied by the lesser of the~~  
9 ~~following ratios:~~

10 
$$\frac{Y^*}{Y} \text{ or } 16.667/Y$$

11 ~~where Y = total number of years of credited service and Y\* =~~  
12 ~~total years of credited service if the member were to continue~~  
13 ~~as a school employee until attaining superannuation age, or if~~  
14 ~~the member has attained superannuation age then the number of~~  
15 ~~years of credited service. In no event shall the disability~~  
16 ~~annuity plus any cost of living increases be less than \$100 for~~  
17 ~~each full year of credited service. The member shall be entitled~~  
18 ~~to the election of a joint and survivor annuity on that portion~~  
19 ~~of the disability annuity to which he is entitled under section~~  
20 ~~8342 (relating to maximum single life annuity).~~

21 ~~(b) Reduction on account of earned income. Payments on~~  
22 ~~account of disability shall be reduced by that amount by which~~  
23 ~~the earned income of the annuitant, as reported in accordance~~  
24 ~~with section 8508(b) (relating to rights and duties of~~  
25 ~~annuitants) for the preceding year together with the disability~~  
26 ~~annuity payments for the year, exceeds the greater of \$5,000 or~~  
27 ~~the last year's salary of the annuitant as a [school employee]~~  
28 ~~member of the system, provided that the annuitant shall not~~  
29 ~~receive less than his member's annuity or the amount to which he~~  
30 ~~may be entitled under section 8342, whichever is greater.~~



1       \* \* \*

2       ~~(d) Withdrawal of accumulated deductions. Upon termination~~  
3 ~~of disability annuity payments in excess of an annuity~~  
4 ~~calculated in accordance with section 8342, a disability~~  
5 ~~annuitant who:~~

6           ~~(1) is a Class T C or Class T D member; or~~

7           ~~(2) is a Class T E [or], Class T F or Class T G member~~  
8 ~~with less than ten eligibility points and who does not return~~  
9 ~~to school service may file an application with the board for~~  
10 ~~an amount equal to the accumulated deductions, shared risk~~  
11 ~~member contributions and statutory interest standing to his~~  
12 ~~credit at the effective date of disability less the total~~  
13 ~~payments received on account of his member's annuity.~~

14       \* \* \*

15       ~~(f) Coordination of benefits. The determination and payment~~  
16 ~~of a disability annuity under this section shall be in addition~~  
17 ~~to any payments a school employee may be entitled to receive,~~  
18 ~~has received or is receiving as a result of being a participant~~  
19 ~~in the plan.~~

20       Section 112. ~~Sections 8345(a) and 8346(a), (a.1), (b), (b.1)~~  
21 ~~(1), (c) and (d)(1) of Title 24 are amended to read:~~

22       ~~§ 8345. Member's options.~~

23       ~~(a) General rule. Any Class T C or Class T D member who is~~  
24 ~~a vestee with five or more eligibility points, any Class T E or~~  
25 ~~Class T F member who is a vestee with ten or more eligibility~~  
26 ~~points, [or] any [other] eligible member upon termination of~~  
27 ~~school service [who has not withdrawn his accumulated deductions~~  
28 ~~as provided in section 8341 (relating to return of accumulated~~  
29 ~~deductions)] who is eligible to receive an annuity, or a Class~~  
30 ~~T G member who is a vestee with at least 25 eligibility points~~

1 ~~resulting from service credited as a member of Class T G, may~~  
2 ~~apply for and elect to receive either a maximum single life~~  
3 ~~annuity, as calculated in accordance with the provisions of~~  
4 ~~section 8342 (relating to maximum single life annuity), or a~~  
5 ~~reduced annuity certified by the actuary to be actuarially~~  
6 ~~equivalent to the maximum single life annuity and in accordance~~  
7 ~~with one of the following options, except that no member shall~~  
8 ~~elect an annuity payable to one or more survivor annuitants~~  
9 ~~other than his spouse or alternate payee of such a magnitude~~  
10 ~~that the present value of the annuity payable to him for life~~  
11 ~~plus any lump sum payment he may have elected to receive is less~~  
12 ~~than 50% of the present value of his maximum single life~~  
13 ~~annuity. In no event shall a Class T E or Class T F member~~  
14 ~~receive an annual benefit, calculated as of the effective date~~  
15 ~~of retirement, greater than the member's final average salary.~~

16 ~~(1) Option 1. A life annuity to the member with:~~  
17 ~~(i) a guaranteed total payment attributable to~~  
18 ~~classes of service other than Class T G equal to the~~  
19 ~~present value of the maximum single life annuity~~  
20 ~~attributable to classes of service other than Class T G~~  
21 ~~on the effective date of retirement with the provision~~  
22 ~~that, if, at his death, he has received less than such~~  
23 ~~present value, the unpaid balance shall be payable to his~~  
24 ~~beneficiary[.]; and~~

25 ~~(ii) a guaranteed total payment attributable to~~  
26 ~~Class T G service equal to the present value of the~~  
27 ~~maximum single life annuity attributable to Class T G~~  
28 ~~service on the effective date of retirement with the~~  
29 ~~provision that, if, at his death, he has received less~~  
30 ~~than such present value, the unpaid balance shall be~~

1 ~~payable to his beneficiary.~~

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

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

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

14 ~~(i) Any annuity shall be payable without reduction~~  
15 ~~during the lifetime of the member.~~

16 ~~(ii) The sum of all annuities payable to the~~  
17 ~~designated survivor annuitants shall not be greater than~~  
18 ~~one and one half times the annuity payable to the member.~~

19 ~~(iii) A portion of the benefit may be payable as a~~  
20 ~~lump sum, except that such lump sum payment shall not~~  
21 ~~exceed an amount equal to the accumulated deductions~~  
22 ~~standing to the credit of the member. The balance of the~~  
23 ~~present value of the maximum single life annuity adjusted~~  
24 ~~in accordance with section 8342(b) shall be paid in the~~  
25 ~~form of an annuity with a guaranteed total payment, a~~  
26 ~~single life annuity, or a joint and survivor annuity or~~  
27 ~~any combination thereof but subject to the restrictions~~  
28 ~~of subparagraphs (i) and (ii) of this paragraph. This~~  
29 ~~subparagraph shall not apply to a Class T E [or], Class~~  
30 ~~T F or Class T G member.~~

1       ~~\*\*\*~~

2       ~~§ 8346. Termination of annuities.~~

3       ~~(a) General rule. If an annuitant returns to school service~~  
4 ~~or enters or has entered State service and elects multiple~~  
5 ~~service membership, any annuity payable to him under this part~~  
6 ~~shall cease effective upon the date of his return to school~~  
7 ~~service or entering State service without regard to whether he~~  
8 ~~is a mandatory, optional or prohibited member of the system or~~  
9 ~~participant in the plan or, if a multiple service member,~~  
10 ~~whether he is a mandatory, optional or prohibited member or~~  
11 ~~participant of the State Employees' Retirement System or State~~  
12 ~~Employees' Defined Contribution Plan and in the case of an~~  
13 ~~annuity other than a disability annuity the present value of~~  
14 ~~such annuity, adjusted for full coverage in the case of a joint~~  
15 ~~coverage member who makes the appropriate back contributions for~~  
16 ~~full coverage, shall be frozen as of the date such annuity~~  
17 ~~ceases. An annuitant who is credited with an additional 10% of~~  
18 ~~membership service as provided in section 8302(b.2) (relating to~~  
19 ~~credited school service) and who returns to school service,~~  
20 ~~except as provided in subsection (b), shall forfeit such~~  
21 ~~credited service and shall have his frozen present value~~  
22 ~~adjusted as if his 10% retirement incentive had not been applied~~  
23 ~~to his account. In the event that the cost of living increase~~  
24 ~~enacted December 18, 1979, occurred during the period of such~~  
25 ~~State or school employment, the frozen present value shall be~~  
26 ~~increased, on or after the member attains superannuation age, by~~  
27 ~~the percent applicable had he not returned to service.~~

28       ~~(a.1) Return of benefits. In the event an annuitant whose~~  
29 ~~annuity from the system ceases pursuant to this section receives~~  
30 ~~any annuity payment, including a lump sum payment pursuant to~~

1 ~~section 8345 (relating to member's options) on or after the date~~  
2 ~~of his return to school service or entering State service, the~~  
3 ~~annuitant shall return to the board the amount so received from~~  
4 ~~the system plus statutory interest. The amount payable shall be~~  
5 ~~certified in each case by the board in accordance with methods~~  
6 ~~approved by the actuary and shall be paid in a lump sum within~~  
7 ~~90 days or in the case of an active member or a State employee~~  
8 ~~who is an active member of the State Employees' Retirement~~  
9 ~~System may be amortized with statutory interest through salary~~  
10 ~~deductions to the system in amounts agreed upon by the member~~  
11 ~~and the board. The salary deduction amortization plans agreed to~~  
12 ~~by the member and the board may include a deferral of payment~~  
13 ~~amounts and statutory interest until the termination of school~~  
14 ~~service or State service as the board in its sole discretion~~  
15 ~~decides to allow. The board may limit salary deduction~~  
16 ~~amortization plans to such terms as the board in its sole~~  
17 ~~discretion determines. In the case of a State employee who is an~~  
18 ~~active member of the State Employees' Retirement System, the~~  
19 ~~agreed upon salary deductions shall be remitted to the State~~  
20 ~~Employees' Retirement Board, which shall certify and transfer to~~  
21 ~~the board the amounts paid.~~

22 \* \* \*

23 ~~(b) Return to school service during emergency. When, in the~~  
24 ~~judgment of the employer, an emergency creates an increase in~~  
25 ~~the work load such that there is serious impairment of service~~  
26 ~~to the public or in the event of a shortage of appropriate~~  
27 ~~subject certified teachers or other personnel, an annuitant or~~  
28 ~~participant receiving distributions may be returned to school~~  
29 ~~service for a period not to extend beyond the school year during~~  
30 ~~which the emergency or shortage occurs, without loss of his~~

1 ~~annuity or distributions. The annuitant shall not be entitled to~~  
2 ~~earn any credited service, and no contributions may be made by~~  
3 ~~the annuitant, the employer or the Commonwealth on account of~~  
4 ~~such employment. Such service shall not be subject to member~~  
5 ~~contributions or be eligible for qualification as creditable~~  
6 ~~school service or for participation in the plan, mandatory~~  
7 ~~pickup participant contributions or employer defined~~  
8 ~~contributions.~~

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

11 ~~(1) An annuitant or participant receiving distributions~~  
12 ~~may be employed under separate contract by a public school or~~  
13 ~~charter school in an extracurricular position performed~~  
14 ~~primarily outside regular instructional hours and not part of~~  
15 ~~mandated curriculum without loss of annuity. [Neither the~~  
16 ~~annuitant nor] The annuitant, the participant receiving~~  
17 ~~distribution and the employer shall not make contributions to~~  
18 ~~the member's savings account, the individual investment~~  
19 ~~account or State accumulation account respectively for such~~  
20 ~~service. Further, such contract shall contain a waiver~~  
21 ~~whereby the annuitant waives any potential retirement~~  
22 ~~benefits that could arise from the contract and releases the~~  
23 ~~employer and the board from any liability for such benefits.~~  
24 ~~Such service shall not be subject to member or participant~~  
25 ~~contributions or be eligible for qualification as creditable~~  
26 ~~school service or for participation in the plan, mandatory~~  
27 ~~pickup participant contributions or employer defined~~  
28 ~~contributions.~~

29 ~~\* \* \*~~

30 ~~(c) Subsequent discontinuance of service. Upon subsequent~~

1 ~~discontinuance of service, such [member] terminating school~~  
2 ~~employee other than a former annuitant who had the effect of his~~  
3 ~~frozen present value eliminated in accordance with subsection~~  
4 ~~(d) or a former disability annuitant shall be entitled to an~~  
5 ~~annuity which is actuarially equivalent to [the sum of] the~~  
6 ~~present value as determined under subsection (a) [and the] to~~  
7 ~~which shall be added, if the service after reemployment was as a~~  
8 ~~member of the system.~~

9 ~~(1) The present value of a maximum single life annuity~~  
10 ~~based on years of service credited in classes of service~~  
11 ~~other than Class T G subsequent to reentry in the system and~~  
12 ~~his final average salary computed by reference to his~~  
13 ~~compensation for service credited in classes of service other~~  
14 ~~than Class T G as a member of the system or as Class A 5 as a~~  
15 ~~member of the State Employees' Retirement System during his~~  
16 ~~entire period of school and State service.~~

17 ~~(2) If eligible, the present value of a maximum single~~  
18 ~~life annuity based on years of service credited in Class T G~~  
19 ~~subsequent to reentry in the system and his final average~~  
20 ~~salary computed by reference to his compensation for service~~  
21 ~~credited in Class T G and Class A 5 during his entire period~~  
22 ~~of school and State service.~~

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

24 ~~(1) An annuitant who returns to school service as an~~  
25 ~~active member of the system and earns three eligibility~~  
26 ~~points by performing credited school service or reemployment~~  
27 ~~from USERRA leave in a class of service other than Class T G~~  
28 ~~following the most recent period of receipt of an annuity~~  
29 ~~under this part, or an annuitant who enters State service~~  
30 ~~and:~~

1           ~~(i) is a multiple service member; or~~  
2           ~~(ii) who elects multiple service membership, and~~  
3           ~~earns three eligibility points by performing credited State~~  
4           ~~service, reemployment from USERRA leave, in a class of~~  
5           ~~service other than Class A 5 or credited school service in a~~  
6           ~~class of service other than Class T G following the most~~  
7           ~~recent period of receipt of an annuity under this part, and~~  
8           ~~who had the present value of his annuity frozen in accordance~~  
9           ~~with subsection (a), shall qualify to have the effect of the~~  
10           ~~frozen present value resulting from all previous periods of~~  
11           ~~retirement eliminated, provided that all payments under~~  
12           ~~Option 4 and annuity payments payable during previous periods~~  
13           ~~of retirement plus interest as set forth in paragraph (3)~~  
14           ~~shall be returned to the fund in the form of an actuarial~~  
15           ~~adjustment to his subsequent benefits or in such form as the~~  
16           ~~board may otherwise direct.~~

17           ~~\* \* \*~~

18           ~~Section 113. Sections 8347(a) and (d) and 8349(a) and (b) of~~  
19           ~~Title 24 are amended and the sections are amended by adding~~  
20           ~~subsections to read:~~

21           ~~§ 8347. Death benefits.~~

22           ~~(a) Members eligible for annuities.~~

23           ~~(1) Any member or former member on USERRA leave, other~~  
24           ~~than an annuitant, who dies and was eligible for an annuity~~  
25           ~~in accordance with section 8307(a) or (b) (relating to~~  
26           ~~eligibility for annuities) shall be considered as having~~  
27           ~~applied for an annuity to become effective the day before his~~  
28           ~~death; and, in the event he has not elected an option, it~~  
29           ~~shall be assumed that he elected Option 1 and assigned as~~  
30           ~~beneficiary that person last designated in writing to the~~



1 board.

2 ~~(2) This subsection shall also apply to a member with at~~  
3 ~~least ten eligibility points credited as a member of Class T~~  
4 ~~G, or if a multiple service member, Class A 5, and who is~~  
5 ~~under superannuation age.~~

6 \* \* \*

7 ~~(b.1) Members eligible for annuities in some classes of~~  
8 ~~service and ineligible in other classes of service. In the~~  
9 ~~event of the death of a member who is eligible for an annuity~~  
10 ~~based on service credited in some classes of service and not~~  
11 ~~eligible for an annuity for service credited in other classes of~~  
12 ~~service, a benefit shall be paid under subsection (a) based on~~  
13 ~~the service for which an annuity is deemed payable in addition~~  
14 ~~to payment under subsection (b) of the accumulated deductions~~  
15 ~~attributable to service for which the member was not eligible~~  
16 ~~for an annuity.~~

17 \* \* \*

18 ~~(c.1) Death of disability annuitant. In the event of the~~  
19 ~~death of a disability annuitant:~~

20 ~~(1) Who has elected to receive a maximum disability~~  
21 ~~annuity before he has received in annuity payments an amount~~  
22 ~~equal to the present value, on the effective date of~~  
23 ~~disability, of the benefits attributable to classes of~~  
24 ~~service other than Class T G to which he would have been~~  
25 ~~entitled under subsection (a) had he died while in school~~  
26 ~~service, the balance of such amount shall be paid to his~~  
27 ~~designated beneficiary, except that, in the event of the~~  
28 ~~death of a disability annuitant who was not entitled to~~  
29 ~~receive benefits attributable to classes of service other~~  
30 ~~than Class T G under subsection (a), his beneficiary shall be~~

1 ~~paid the accumulated deductions standing to his credit on the~~  
2 ~~effective date of disability less the total payments received~~  
3 ~~on account of his member's annuity.~~

4 ~~(2) Who has elected to receive a maximum disability~~  
5 ~~annuity before he has received in annuity payments an amount~~  
6 ~~equal to the present value, on the effective date of~~  
7 ~~disability, of the benefits attributable to Class T G service~~  
8 ~~to which he would have been entitled under subsection (a) had~~  
9 ~~he died while in school service, the balance of such amount~~  
10 ~~shall be paid to his designated beneficiary, except that, in~~  
11 ~~the event of the death of a disability annuitant who was not~~  
12 ~~entitled to receive benefits attributable to Class T G~~  
13 ~~service under subsection (a), his beneficiary shall be paid~~  
14 ~~the accumulated deductions standing to his credit on the~~  
15 ~~effective date of disability less the total payments received~~  
16 ~~on account of his member's annuity.~~

17 ~~(d) Other annuitants. In the event of the death of an~~  
18 ~~annuitant[who]:~~

19 ~~(1) Who has elected to receive the maximum single life~~  
20 ~~annuity before he has received in total annuity payments an~~  
21 ~~amount equal to the full amount of the accumulated deductions~~  
22 ~~on other than Class T G service standing to his credit on the~~  
23 ~~effective date of retirement, the difference between the~~  
24 ~~total payments made to the date of death and the accumulated~~  
25 ~~deductions shall be paid to his designated beneficiary[.] on~~  
26 ~~other than Class T G service.~~

27 ~~(2) Who has elected to receive the maximum single life~~  
28 ~~annuity before he has received in annuity payments the full~~  
29 ~~amount of the accumulated deductions attributable to Class T~~  
30 ~~G service standing to his credit on the effective date of~~

1 ~~retirement, the balance shall be paid to his designated~~  
2 ~~beneficiary.~~

3 ~~§ 8349. Payment of benefits from the system.~~

4 ~~(a) Annuities. [Any] Except as provided in subsection (d),~~  
5 ~~any annuity granted under the provisions of this part and paid~~  
6 ~~from the fund shall be paid in equal monthly installments.~~

7 ~~(b) Death benefits. If the amount of a death benefit~~  
8 ~~payable from the fund to a beneficiary of a member under section~~  
9 ~~8347 (relating to death benefits) or under the provisions of~~  
10 ~~Option 1 of section 8345(a)(1) (relating to member's options) is~~  
11 ~~\$10,000 or more, such beneficiary may elect to receive payment~~  
12 ~~according to one of the following options:~~

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

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

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

19 ~~\* \* \*~~

20 ~~(d) Members with Class T-G service and service in one or~~  
21 ~~more other classes of service. An annuitant whose receipt of~~  
22 ~~the portion of his annuity attributable to Class T-G service has~~  
23 ~~been delayed to the attainment of the superannuation age shall~~  
24 ~~have his annuity increased upon attainment of the applicable~~  
25 ~~superannuation age under the terms and conditions of the annuity~~  
26 ~~payment option selected at the time of retirement, or if~~  
27 ~~applicable, under section 8507(j) (relating to rights and duties~~  
28 ~~of school employees, members and participants). In the event~~  
29 ~~such a member selected a joint and survivor annuity and died~~  
30 ~~prior to attaining the applicable superannuation age, the~~

1 ~~annuity of his survivor annuitant, if surviving, will be~~  
2 ~~increased at the time the member would have attained~~  
3 ~~superannuation age.~~

4 Section 114. Title 24 is amended by adding a chapter to  
5 read:

6 ~~CHAPTER 84~~

7 ~~SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN~~

8 ~~Sec.~~

9 ~~§401. Establishment.~~

10 ~~§402. Plan document.~~

11 ~~§403. Individual investment accounts.~~

12 ~~§404. Participant contributions.~~

13 ~~§405. Mandatory pickup participant contributions.~~

14 ~~§406. Employer defined contributions.~~

15 ~~§406.1. Use of plan savings.~~

16 ~~§407. Eligibility for benefits.~~

17 ~~§408. Death benefits.~~

18 ~~§409. Vesting.~~

19 ~~§410. Termination of distributions.~~

20 ~~§411. Agreements with financial institutions and other~~  
21 ~~organizations.~~

22 ~~§412. Powers and duties of board.~~

23 ~~§413. Responsibility for investment loss.~~

24 ~~§414. Investments based on participants' investment allocation~~  
25 ~~choices.~~

26 ~~§415. Expenses.~~

27 ~~§416. Tax qualification.~~

28 ~~§417. Establishment of School Employees' Defined Contribution~~  
29 ~~Holding Vehicle Trust.~~

30 ~~§ 8401. Establishment.~~

~~(a) School Employees' Defined Contribution Plan. The School Employees' Defined Contribution Plan is established. The board shall administer and manage the plan, which shall be a defined contribution plan exclusively for the benefit of those school employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the plan not inconsistent with this part, the IRC and other applicable law and shall provide for the plan's administration.~~

~~(b) School Employees' Defined Contribution Trust. The School Employees' Defined Contribution Trust is established as part of the plan in accordance with this part. The trust shall be comprised of the individual investment accounts and all assets and moneys in those accounts. The members of the board shall be the trustees of the trust, which shall be administered exclusively for the benefit of those school employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the trust not inconsistent with this part, the IRC and other applicable law and shall provide for the investment and administration of the trust.~~

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

~~1 benefit of the participants and their beneficiaries may be used  
2 for the payment of the fees, costs and expenses related to the  
3 administration and investment of the plan and the trust.~~

~~4 (d) Name for transacting business. By the name of "The  
5 School Employees' Defined Contribution Plan," all of the  
6 business of the plan shall be transacted, the trust invested,  
7 all requisitions for money drawn and payments made and all of  
8 its cash and securities and other property shall be held, except  
9 that, any other law to the contrary notwithstanding, the board  
10 may establish a nominee registration procedure for the purpose  
11 of registering securities in order to facilitate the purchase,  
12 sale or other disposition of securities pursuant to the  
13 provisions of this part.~~

~~14 § 8402. Plan document.~~

~~15 The board shall set forth the terms and provisions of the  
16 plan and trust in a document containing the terms and conditions  
17 of the plan and in a trust declaration that shall be published  
18 in the Pennsylvania Bulletin. The creation of the document  
19 containing the terms and conditions of the plan and the trust  
20 declaration and the establishment of the terms and provisions of  
21 the plan and the trust need not be promulgated by regulation or  
22 formal rulemaking and shall not be subject to the act of July  
23 31, 1968 (P.L.769, No.240), referred to as the Commonwealth  
24 Documents Law. A reference in this part or other law to the plan  
25 shall include the plan document unless the context clearly  
26 indicates otherwise.~~

~~27 § 8403. Individual investment accounts.~~

~~28 The board:~~

~~29 (1) Shall establish in the trust an individual  
30 investment account for each participant in the plan. All~~

~~contributions by a participant or an employer for or on behalf of a participant shall be credited to the participant's individual investment account, together with all interest and investment earnings and losses. Investment and administrative fees, costs and expenses shall be charged to the participant's individual investment accounts.~~

~~(2) Shall separately track participant contributions, including investment gains and losses, and employer contributions, including investment gains and losses, but all interest, investment gains and losses and administrative fees, costs and expenses shall be allocated proportionately.~~

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

~~§ 8404. Participant contributions.~~

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

~~(b) Voluntary contributions. A participant may make voluntary contributions through direct trustee to trustee transfers or through transfers of money received in an eligible rollover into the trust to the extent allowed by IRC § 402. Rollovers shall be made in a form and manner as determined by the board, shall be credited to the participant's individual investment account and shall be separately accounted for by the~~

1 ~~board.~~

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

9 ~~§ 8405. Mandatory pickup participant contributions.~~

10 ~~(a) Treatment for purposes of IRC § 414(h). The~~  
11 ~~contributions to the trust required to be made under section~~  
12 ~~8404(a) (relating to participant contributions) with respect to~~  
13 ~~required school service rendered by an active participant shall~~  
14 ~~be picked up by the employer and shall be treated as the~~  
15 ~~employer's contribution for purposes of IRC § 414(h). After the~~  
16 ~~effective date of this section, an employer employing a~~  
17 ~~participant in the plan shall pick up the required mandatory~~  
18 ~~participant contributions by a reduction in the compensation of~~  
19 ~~the participant.~~

20 ~~(b) Treatment for other purposes. For all other purposes~~  
21 ~~under this part and otherwise, mandatory pickup participant~~  
22 ~~contributions shall be treated as contributions made by a~~  
23 ~~participant in the same manner and to the same extent as if the~~  
24 ~~contributions were made directly by the participant and not~~  
25 ~~picked up.~~

26 ~~§ 8406. Employer defined contributions.~~

27 ~~(a) Contributions for service. The employer of a~~  
28 ~~participant shall make employer defined contributions for~~  
29 ~~service of an active participant that shall be credited to the~~  
30 ~~active participant's individual investment account. Employer~~



1 ~~defined contributions must be recorded and accounted for~~  
2 ~~separately from participant contributions.~~

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

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

23 ~~§ 8406.1. Use of plan savings.~~

24 ~~(a) Determination. The system shall determine the~~  
25 ~~difference between:~~

26 ~~(1) The current aggregate employer contributions and the~~  
27 ~~aggregate employer contributions that would have been~~  
28 ~~required by Act 120 of 2010.~~

29 ~~(2) The current plan expenditures and the plan~~  
30 ~~expenditures that would have been required by Act 120 of~~

1     ~~2010.~~

2     ~~(b) Utilization. Any savings realized based on the~~  
3 ~~implementation of the plan, as determined under subsection (a),~~  
4 ~~shall be utilized to pay down the accrued unfunded liability.~~

5     ~~(c) Intent. It is the intent of the General Assembly to~~  
6 ~~make an annual appropriation from the General Fund to the system~~  
7 ~~in the amount determined under subsection (a)(1).~~

8     ~~(d) Definition. As used in this section, the term "Act 120~~  
9 ~~of 2010" shall mean the act of November 23, 2010 (P.L.1269,~~  
10 ~~No.120), entitled, "An act amending Titles 24 (Education) and 71~~  
11 ~~(State Government) of the Pennsylvania Consolidated Statutes, in~~  
12 ~~Title 24, further providing for definitions, for mandatory and~~  
13 ~~optional membership, for contributions by the Commonwealth, for~~  
14 ~~payments by employers, for actuarial cost method, for additional~~  
15 ~~supplemental annuities, for further additional supplemental~~  
16 ~~annuities, for supplemental annuities commencing 1994, for~~  
17 ~~supplemental annuities commencing 1998, for supplemental~~  
18 ~~annuities commencing 2002, for supplemental annuities commencing~~  
19 ~~2003, for administrative duties of board, for payments to school~~  
20 ~~entities by Commonwealth, for eligibility points for retention~~  
21 ~~and reinstatement of service credits and for creditable~~  
22 ~~nonschool service; providing for election to become a Class T-F~~  
23 ~~member; further providing for classes of service, for~~  
24 ~~eligibility for annuities, for eligibility for vesting, for~~  
25 ~~regular member contributions, for member contributions for~~  
26 ~~creditable school service, for contributions for purchase of~~  
27 ~~credit for creditable nonschool service, for maximum single life~~  
28 ~~annuity, for disability annuities, for member's options, for~~  
29 ~~duties of board regarding applications and elections of members~~  
30 ~~and for rights and duties of school employees and members;~~

~~1 providing for Independent Fiscal Office study; in Title 71,  
2 establishing an independent fiscal office and making a related  
3 repeal; further providing for definitions, for credited State  
4 service, for retention and reinstatement of service credits, for  
5 creditable nonstate service and for classes of service;  
6 providing for election to become a Class A 4 member; further  
7 providing for eligibility for annuities and for eligibility for  
8 vesting; providing for shared risk member contributions for  
9 Class A 3 and Class A 4 service; further providing for waiver of  
10 regular member contributions and Social Security integration  
11 member contributions, for member contributions for purchase of  
12 credit for previous State service or to become a full coverage  
13 member, for contributions for the purchase of credit for  
14 creditable nonstate service, for contributions by the  
15 Commonwealth and other employers, for actuarial cost method, for  
16 maximum single life annuity, for disability annuities and for  
17 member's options; providing for payment of accumulated  
18 deductions resulting from Class A 3 service; further providing  
19 for additional supplemental annuities, for further additional  
20 supplemental annuities, for supplemental annuities commencing  
21 1994, for supplemental annuities commencing 1998, for  
22 supplemental annuities commencing 2002, for supplemental  
23 annuities commencing 2003, for special supplemental  
24 postretirement adjustment of 2002, for administrative duties of  
25 the board, for duties of board to advise and report to heads of  
26 departments and members, for duties of board regarding  
27 applications and elections of members, for installment payments  
28 of accumulated deductions, for rights and duties of State  
29 employees and members, for members' savings account, for State  
30 accumulation account, for State Police Benefit Account, for~~

~~1 Enforcement Officers' Benefit Account, for supplemental annuity  
2 account and for construction of part; and providing for  
3 Independent Fiscal Office study, for retirement eligibility of  
4 Pennsylvania State Police officers or members, for a prohibition  
5 on the issuance of pension obligation bonds, for holding certain  
6 public officials harmless, for construction of calculation or  
7 actuarial method, for applicability and for certain operational  
8 provisions."~~

~~9 § 8407. Eligibility for benefits.~~

~~10 (a) Termination of service. A participant who terminates  
11 school service shall be eligible to withdraw the vested  
12 accumulated total defined contributions standing to the  
13 participant's credit in the participant's individual investment  
14 account or a lesser amount as the participant may request.  
15 Payment shall be made in a lump sum unless the board has  
16 established other forms of distribution in the plan document. A  
17 participant who withdraws the vested accumulated total defined  
18 contributions shall no longer be a participant in the plan,  
19 notwithstanding that the former school employee may continue to  
20 be a member of the system with Class T G service credit or may  
21 contract to receive an annuity or other form of payment from a  
22 provider retained by the board for such purposes.~~

~~23 (b) Required distributions. All payments pursuant to this  
24 section shall start and be made in compliance with the minimum  
25 distribution requirements and incidental death benefit rules of  
26 IRC § 401(a)(9). The board shall take any action and make any  
27 distributions it may determine are necessary to comply with  
28 those requirements.~~

~~29 (c) Prohibited distributions. A school employee must be  
30 terminated from all positions that result in either membership~~

1 ~~in the system or participation in the plan to be eligible to~~  
2 ~~receive a distribution.~~

3 ~~(d) Loans. Loans or other distributions, including hardship~~  
4 ~~or unforeseeable emergency distributions, from the plan to~~  
5 ~~school employees who have not terminated school service are not~~  
6 ~~permitted, except as required by law.~~

7 ~~(e) (Reserved).~~

8 ~~(f) Small individual investment accounts. A participant who~~  
9 ~~terminates school service and whose vested accumulated total~~  
10 ~~defined contributions are below the threshold established by law~~  
11 ~~as of the date of termination of service may be paid the vested~~  
12 ~~accumulated total defined contributions in a lump sum as~~  
13 ~~provided in IRC § 401(a)(31).~~

14 ~~§ 8408. Death benefits.~~

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

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

30 ~~(c) Contracts. The board may contract with financial~~

~~1 institutions, insurance companies or other types of third party  
2 providers to allow participants who receive a lump sum  
3 distribution to receive payments and death benefits in a form  
4 and manner as provided by the contract.~~

~~5 § 8409. Vesting.~~

~~6 (a) Participant and voluntary contributions. Subject to the  
7 forfeiture and attachment provisions of section 8533 (relating  
8 to taxation, attachment and assignment of funds) or otherwise as  
9 provided by law, a participant shall be vested with respect to  
10 all mandatory pickup participant contributions and voluntary  
11 contributions paid by or on behalf of the participant to the  
12 trust plus interest and investment earnings on the participant  
13 contributions but minus investment fees and administrative  
14 charges.~~

~~15 (b) Employer defined contributions.~~

~~16 (1) Subject to the forfeiture and attachment provisions  
17 of section 8533 or otherwise as provided by law, a  
18 participant shall be vested with respect to employer defined  
19 contributions paid plus interest and investment earnings by  
20 or on behalf of the participant to the trust after attaining  
21 three eligibility points.~~

~~22 (2) Nonvested employer defined contributions, including  
23 interest and investment gains and losses that are forfeited  
24 by a participant, shall be applied to the participant's most  
25 recent employer's obligations assessed in future years.~~

~~26 (c) USERRA leave and eligibility points. A participant in  
27 the plan who is reemployed from USERRA leave or who dies while  
28 performing USERRA leave shall receive eligibility points under  
29 this section for the school service that would have been  
30 performed had the member not performed USERRA leave.~~

1 ~~§ 8410. Termination of distributions.~~

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

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

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

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

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

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

1 ~~§ 8411. Agreements with financial institutions and other~~  
2 ~~organizations.~~

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

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

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

13 ~~(3) Proposals received shall be evaluated based on~~  
14 ~~specific criteria adopted by the board. The criteria shall~~  
15 ~~include experience, customer service history and other~~  
16 ~~criteria.~~

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

19 ~~§ 8412. Powers and duties of board.~~

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

23 ~~(1) The board may commingle or pool assets with the~~  
24 ~~assets of other persons or entities.~~

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



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

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

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

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

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

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

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

24       ~~(10) The board may establish procedures to provide for~~  
25 ~~the lawful payment of benefits.~~

26       ~~(11) The board shall determine what constitutes a~~  
27 ~~termination of school service.~~

28       ~~(12) The board may establish procedures for~~  
29 ~~distributions of small accounts as required or permitted by~~  
30 ~~IRC.~~

1       ~~(13) The board may establish procedures in the plan~~  
2 ~~document or to promulgate rules and regulations as it deems~~  
3 ~~necessary for the administration and management of the plan,~~  
4 ~~including, but not limited to, establishing:~~

5           ~~(i) Procedures by which eligible participants may~~  
6 ~~change their investment choices on a periodic basis or~~  
7 ~~make other elections regarding their participation in the~~  
8 ~~plan.~~

9           ~~(ii) Procedures for deducting mandatory pickup~~  
10 ~~participant contributions from a participant's~~  
11 ~~compensation.~~

12           ~~(iii) Procedures for rollovers and trustee to~~  
13 ~~trustee transfers allowed under the IRC and permitted by~~  
14 ~~the board as part of the plan.~~

15           ~~(iv) Standards and criteria for providing not less~~  
16 ~~than ten options in accordance with three or more~~  
17 ~~providers of investment options to eligible individuals~~  
18 ~~regarding investment of amounts deferred under the plan.~~  
19 ~~The standards and criteria must provide for a variety of~~  
20 ~~investment options and shall be reviewed in accordance~~  
21 ~~with criteria established by the board. One of the~~  
22 ~~available options must serve as the default option for~~  
23 ~~participants who do not make a timely election and, to~~  
24 ~~the extent commercially available, one option must have~~  
25 ~~an annuity.~~

26           ~~(v) Standards and criteria for disclosing to the~~  
27 ~~participants the anticipated and actual income~~  
28 ~~attributable to amounts invested, property rights and all~~  
29 ~~fees, costs and expenses to be made against amounts~~  
30 ~~deferred to cover the costs and expenses of administering~~

1 ~~and managing the plan or trust.~~

2 ~~(vi) Procedures, standards and criteria for the~~  
3 ~~making of distributions from the plan upon termination~~  
4 ~~from employment or death or in other circumstances~~  
5 ~~consistent with the purpose of the plan.~~

6 ~~(14) The board may waive any reporting or information~~  
7 ~~requirement contained in this part if the board determines~~  
8 ~~that the information is not needed for the administration of~~  
9 ~~the plan.~~

10 ~~(15) The board may contract any services and duties in~~  
11 ~~lieu of staff except final adjudications and as prohibited by~~  
12 ~~law. Any duties or responsibilities of the board not required~~  
13 ~~by law to be performed by the board may be delegated to a~~  
14 ~~third party provider subject to appeal to the board.~~

15 ~~(16) The board may provide that any duties of the~~  
16 ~~employer or information provided by the participant to the~~  
17 ~~employer be performed or received directly by the board.~~

18 ~~(17) The provisions and restrictions of the act of July~~  
19 ~~2, 2010 (P.L.266, No.44), known as Protecting Pennsylvania's~~  
20 ~~Investments Act, shall not apply to the plan or trust or the~~  
21 ~~investments thereof, but the board may offer to the plan~~  
22 ~~participants investment vehicles that would be allowed under~~  
23 ~~the Protecting Pennsylvania's Investments Act.~~

24 ~~(18) The board shall ensure that participants are~~  
25 ~~provided with educational materials about investment options~~  
26 ~~and choices.~~

27 ~~§ 8413. Responsibility for investment loss.~~

28 ~~The Commonwealth, the board, an employer or a school entity~~  
29 ~~or other political subdivision shall not be responsible for any~~  
30 ~~investment loss incurred under the plan or for the failure of~~

~~1 any investment to earn any specific or expected return or to  
2 earn as much as any other investment opportunity, whether or not  
3 such other opportunity was offered to participants in the plan.~~

~~4 § 8414. Investments based on participants' investment  
5 allocation choices.~~

~~6 (a) Investment by participant. All contributions, interest  
7 and investment earnings shall be invested based on a  
8 participant's investment allocation choices. All investment  
9 allocation choices shall be credited proportionally between  
10 contributions from the participant and employer defined  
11 contributions. Each participant shall be credited individually  
12 with the amount of contributions, interest and investment  
13 earnings.~~

~~14 (b) Investment of contributions made by entities other than  
15 the Commonwealth. Investment of contributions by any  
16 corporation, institution, insurance company or custodial bank or  
17 other entity that the board has approved shall not be  
18 unreasonably delayed, and in no case shall the investment of  
19 contributions be delayed more than 30 days from the date each  
20 payroll deduction is made to the date that the funds are  
21 invested. Any interest earned on the funds pending investment  
22 shall be allocated to the employers and credited to the  
23 individual investment accounts of participants who are then  
24 participating in the plan, unless the interest is used to defray  
25 administrative costs and fees that would otherwise be required  
26 to be borne by participants who are then participating in the  
27 plan.~~

~~28 § 8415. Expenses.~~

~~29 All expenses, fees and costs of administering the plan and  
30 the trust and investing the assets of the trust shall be borne~~

~~by the participants and paid from assessments against the  
balances of the individual investment accounts as established by  
the board, except that, for fiscal years ending before July 1,  
2017, the expenses, fees and costs of establishing and  
administering the plan and trust shall be paid by the  
Commonwealth through annual appropriations from the General  
Fund, made on the basis of estimates from the board.~~

~~§ 8416. Tax qualification.~~

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

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

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

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

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

~~(2) (i) Except as provided under subparagraph (ii), an  
amendment of this part on or after the effective date of  
this section that increases contributions or benefits for  
active participants, inactive participants or  
participants receiving distributions may not be deemed to~~

1 ~~provide for a contribution or benefit in excess of a~~  
2 ~~limitation, adjusted on or after the effective date of~~  
3 ~~this section under IRC § 415 unless specifically provided~~  
4 ~~by legislation.~~

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

9 ~~§ 8417. Establishment of School Employees' Defined Contribution~~  
10 ~~Holding Vehicle Trust.~~

11 ~~(a) School Employees' Defined Contribution Holding Vehicle~~  
12 ~~Trust. The School Employees' Defined Contribution Holding~~  
13 ~~Vehicle Trust is established as part of the plan. The holding~~  
14 ~~vehicle trust shall be comprised of the individual investment~~  
15 ~~accounts and all assets and moneys in those accounts from July~~  
16 ~~1, 2015, until the earlier of the date the board certifies that~~  
17 ~~the School Employees' Defined Contribution Trust is operational~~  
18 ~~and able to accept participant and employer contributions or~~  
19 ~~December 31, 2016. The members of the board shall be the~~  
20 ~~trustees of the holding vehicle trust, which shall be held in a~~  
21 ~~separate account, established by the Treasury Department and~~  
22 ~~shall not be inconsistent with this part, the IRC or other~~  
23 ~~applicable law. The holding vehicle trust shall be administered~~  
24 ~~exclusively for the benefit of those school employees who~~  
25 ~~participate in the plan and their beneficiaries within the~~  
26 ~~meaning of and in conformity with IRC § 401(a) subject to the~~  
27 ~~requirements of Chapter 85 (relating to administration and~~  
28 ~~miscellaneous provisions).~~

29 ~~(b) Assets held in trust. All assets and income in the~~  
30 ~~holding vehicle trust that are withheld or contributed by the~~

~~1 participants, the Commonwealth and other employers in accordance  
2 with this part shall be held in trust as permitted by the  
3 applicable provisions of the IRC for the exclusive benefit of  
4 the participants and their beneficiaries until such time as the  
5 funds are transferred to the School Employees' Defined  
6 Contribution Trust in accordance with the terms of the plan  
7 document. The assets of the holding vehicle trust may be used  
8 for the payment of the fees, costs and expenses related to the  
9 administration and investment of the holding vehicle trust and  
10 transfer of assets to the School Employees' Defined Contribution  
11 Trust.~~

~~12 (c) Mandatory pickup participant contributions. All  
13 mandatory pickup participant contributions and employer defined  
14 contributions that will be required under sections 8404  
15 (relating to participant contributions), 8405 (relating to  
16 mandatory pickup participant contributions) and 8406 (relating  
17 to employer defined contributions) to be made to the School  
18 Employees' Defined Contribution Trust upon certification of such  
19 trust shall be made to the holding vehicle trust prior to the  
20 date the board certifies the School Employees' Defined  
21 Contribution Trust. The employer shall cause those contributions  
22 for service required to be credited in the plan to be made and  
23 deducted from each payroll or on a schedule as established by  
24 the board, and participant contributions shall be picked up by  
25 the Commonwealth or other employer and shall be treated as the  
26 employer's contribution for purposes of IRC § 414(h). After the  
27 effective date of this section, an employer employing a  
28 participant in the plan shall pick up the required mandatory  
29 participant contributions by a reduction in the compensation of  
30 the participant. No participant is permitted to make voluntary~~

1 ~~contributions to the holding vehicle trust.~~

2 ~~(d) Treatment for other purposes. For all purposes other~~  
3 ~~than the IRC, the mandatory pickup participant contributions~~  
4 ~~shall be treated as contributions made by a participant in the~~  
5 ~~same manner and to the same extent as if the contributions were~~  
6 ~~made directly by the participant and not picked up.~~

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

15 ~~(f) Death benefits. In the event of the death of an active~~  
16 ~~participant or inactive participant, the board shall pay to the~~  
17 ~~participant's beneficiary the vested balance in the~~  
18 ~~participant's individual investment account in a lump sum.~~

19 ~~(g) Interest. Upon the disbursement of a return of~~  
20 ~~accumulated deductions to a participant who has terminated~~  
21 ~~school service or of a death benefit to a participant's~~  
22 ~~designated beneficiaries or upon the transfer of all assets in~~  
23 ~~the holding vehicle trust to the School Employees' Defined~~  
24 ~~Contribution Trust or December 31, 2016, whichever occurs first,~~  
25 ~~the Commonwealth shall make an interest payment to the holding~~  
26 ~~vehicle trust. The interest payment shall be equal to 4% annual~~  
27 ~~rate of return on the mandatory pickup participant contributions~~  
28 ~~and employer defined contributions made for the participant,~~  
29 ~~increased or decreased for any investment losses or earnings~~  
30 ~~while in the holding vehicle trust, but in no case shall the~~



1 ~~interest payment be less than zero.~~

2 ~~(h) Responsibility for loss of investment opportunity. The~~  
3 ~~board, the Commonwealth, an employer or other political~~  
4 ~~subdivision shall not be responsible for the failure of any~~  
5 ~~investment in the holding vehicle trust to earn any specific or~~  
6 ~~expected return greater than the 4% interest rate paid under~~  
7 ~~subsection (g) or to earn as much as any other investment~~  
8 ~~opportunity, whether or not the other opportunity was offered to~~  
9 ~~participants in the holding vehicle trust.~~

10 ~~(i) Termination of holding vehicle trust. After the~~  
11 ~~disbursement or transfer of all assets in the holding vehicle~~  
12 ~~trust and the certification by the board that no further~~  
13 ~~liabilities from the holding vehicle trust exist, the holding~~  
14 ~~vehicle trust shall be closed.~~

15 ~~(j) Expiration. The board shall publish the certification~~  
16 ~~under subsection (i) in the Pennsylvania Bulletin. Subsections~~  
17 ~~(a), (b), (c), (d), (e), (f), (g) and (i) and this subsection~~  
18 ~~shall expire on the date of publication of the certification.~~

19 Section 115. Section 8501(a), (c) and (d) of Title 24 are  
20 amended to read:

21 ~~§ 8501. Public School Employees' Retirement Board.~~

22 ~~(a) Status and membership. The board shall be an~~  
23 ~~independent administrative board and shall consist of 15~~  
24 ~~members: the Secretary of Education, ex officio; the State~~  
25 ~~Treasurer, ex officio; two Senators; two members of the House of~~  
26 ~~Representatives; the executive secretary of the Pennsylvania~~  
27 ~~School Boards Association, ex officio; two to be appointed by~~  
28 ~~the Governor, at least one of whom shall not be a school~~  
29 ~~employee or an officer or employee of the State; three to be~~  
30 ~~elected by the active professional members of the system and~~

~~1 active professional participants of the plan from among their  
2 number; one to be elected by annuitants or a participant of the  
3 plan who has terminated school service and is receiving or is  
4 eligible to receive distributions from among their number; one  
5 to be elected by the active nonprofessional members of the  
6 system or active nonprofessional participants of the plan from  
7 among their number; and one to be elected by members of  
8 Pennsylvania public school boards from among their number. The  
9 appointments made by the Governor shall be confirmed by the  
10 Senate and each election shall be conducted in a manner approved  
11 by the board. The terms of the appointed and nonlegislative  
12 elected members shall be three years. The members from the  
13 Senate shall be appointed by the President pro tempore of the  
14 Senate and shall consist of one member from the majority and one  
15 member from the minority. The members from the House of  
16 Representatives shall be appointed by the Speaker of the House  
17 of Representatives and shall consist of one member from the  
18 majority and one member from the minority. The legislative  
19 members shall serve on the board for the duration of their  
20 legislative terms and shall continue to serve until 30 days  
21 after the convening of the next regular session of the General  
22 Assembly after the expiration of their respective legislative  
23 terms or until a successor is appointed for the new term,  
24 whichever occurs first. The chairman of the board shall be  
25 elected by the board members. Each ex officio member of the  
26 board and each legislative member of the board may appoint a  
27 duly authorized designee to act in his stead. In the event that  
28 a board member, who is designated as an active participant or as  
29 the participant in the plan who is receiving or is eligible to  
30 receive distributions, receives a total distribution of the~~

1 ~~board member's interest in the plan, that board member may~~  
2 ~~continue to serve on the board for the remainder of the term.~~

3 \* \* \*

4 ~~(c) Oath of office. Each member of the board shall take an~~  
5 ~~oath of office that he will, so far as it devolves upon him,~~  
6 ~~diligently and honestly administer the affairs of said board,~~  
7 ~~the system and the plan and that he will not knowingly violate~~  
8 ~~or willfully permit to be violated any of the provisions of law~~  
9 ~~applicable to this part. Such oath shall be subscribed by the~~  
10 ~~member making it and certified by the officer before whom it is~~  
11 ~~taken and shall be immediately filed in the office of the~~  
12 ~~Secretary of the Commonwealth.~~

13 ~~(d) Compensation and expenses. The members of the board who~~  
14 ~~are members of the system or participants in the plan shall~~  
15 ~~serve without compensation. Members of the board who are members~~  
16 ~~of the system or participants in the plan and who are employed~~  
17 ~~by a governmental entity shall not suffer loss of salary or~~  
18 ~~wages through serving on the board. The board, on request of the~~  
19 ~~employer of any member of the board who is an active~~  
20 ~~professional or nonprofessional member of the system or active~~  
21 ~~professional or nonprofessional participant in the plan, may~~  
22 ~~reimburse such employer for the salary or wages of the member or~~  
23 ~~participant, or for the cost of employing a substitute for such~~  
24 ~~member or participant, while the member or participant is~~  
25 ~~necessarily absent from employment to execute the duties of the~~  
26 ~~board. The members of the board who are not members of either~~  
27 ~~the school system or the State Employees' Retirement System may~~  
28 ~~be paid \$100 per day when attending meetings and all board~~  
29 ~~members shall be reimbursed for any necessary expenses. However,~~  
30 ~~when the duties of the board as mandated are not executed, no~~

1 ~~compensation or reimbursement for expenses of board members~~  
2 ~~shall be paid or payable during the period in which such duties~~  
3 ~~are not executed.~~

4 \* \* \*

5 ~~Section 116. Section 8502(b), (c), (e), (h), (i), (j), (k),~~  
6 ~~(n) and (o) of Title 24 are amended and the section is amended~~  
7 ~~by adding a subsection to read:~~

8 ~~§ 8502. Administrative duties of board.~~

9 \* \* \*

10 ~~(b) Professional personnel.~~

11 ~~(1) The board shall contract for the services of a chief~~  
12 ~~medical examiner, an actuary, investment advisors,~~  
13 ~~counselors, an investment coordinator, and such other~~  
14 ~~professional personnel as it deems advisable.~~

15 ~~(2) The board may utilize the same individuals and firms~~  
16 ~~contracted under this subsection for both the system and the~~  
17 ~~plan but shall allocate the fees, costs and expenses incurred~~  
18 ~~under this subsection between the system and the plan as~~  
19 ~~appropriate.~~

20 ~~(c) Expenses.~~

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

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

30 ~~(3) For fiscal years ending on or before June 30, 2017,~~

~~such expenses of the plan as approved by the General Assembly through an appropriation shall be paid from the General Fund. For fiscal years beginning on or after July 1, 2016, such expenses of the plan as approved by the General Assembly shall be paid from interest, pursuant to section 8414(b) (relating to investments based on participant investment allocation choices) or assessments on the balances of the participants' individual investment accounts.~~

~~(4) Concurrently with its administrative budget, the board shall also submit to the General Assembly annually a list of proposed expenditures which the board intends to pay through the use of directed commissions, together with a list of the actual expenditures from the past year actually paid by the board through the use of directed commissions. All such directed commission expenditures shall be made by the board for the exclusive benefit of the system and its members and for the exclusive benefit of the plan and its participants, respectively.~~

~~\* \* \*~~

~~(e) Records.—~~

~~(1) The board shall keep a record of all its proceedings which shall be [open to inspection by] accessible to the public, except as otherwise provided in this part or by other law.~~

~~(2) Any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment shall not constitute a public record subject to public [inspection] access under the act of [June 21, 1957 (P.L.390, No.212), referred to] February 14, 2008 (P.L.6, No.3), known as the~~

1 ~~Right to Know Law, if, in the reasonable judgment of the~~  
2 ~~board, the [inspection] access would:~~

3 ~~(i) in the case of an alternative investment or~~  
4 ~~alternative investment vehicle involve the release of~~  
5 ~~sensitive investment or financial information relating to~~  
6 ~~the alternative investment or alternative investment~~  
7 ~~vehicle which the fund or trust was able to obtain only~~  
8 ~~upon agreeing to maintain its confidentiality;~~

9 ~~(ii) cause substantial competitive harm to the~~  
10 ~~person from whom sensitive investment or financial~~  
11 ~~information relating to the investment was received; or~~

12 ~~(iii) have a substantial detrimental impact on the~~  
13 ~~value of an investment to be acquired, held or disposed~~  
14 ~~of by the fund or trust, or would cause a breach of the~~  
15 ~~standard of care or fiduciary duty set forth in this~~  
16 ~~part.~~

17 ~~(3) (i) The sensitive investment or financial~~  
18 ~~information excluded from [inspection] access under~~  
19 ~~paragraph (2) (i), to the extent not otherwise excluded~~  
20 ~~from [inspection] access, shall constitute a public~~  
21 ~~record subject to public [inspection] access under the~~  
22 ~~Right to Know Law once the board is no longer required by~~  
23 ~~its agreement to maintain confidentiality.~~

24 ~~(ii) The sensitive investment or financial~~  
25 ~~information excluded from [inspection] access under~~  
26 ~~paragraph (2) (ii), to the extent not otherwise excluded~~  
27 ~~from [inspection] access, shall constitute a public~~  
28 ~~record subject to public [inspection] access under the~~  
29 ~~Right to Know Law once:~~

30 ~~(A) the [inspection] access no longer causes~~

1 ~~substantial competitive harm to the person from whom~~  
2 ~~the information was received; or~~

3 ~~(B) the entity in which the investment was made~~  
4 ~~is liquidated;~~

5 ~~whichever is later.~~

6 ~~(iii) The sensitive investment or financial~~  
7 ~~information excluded from [inspection] access under~~  
8 ~~paragraph (2) (iii), to the extent not otherwise excluded~~  
9 ~~from [inspection] access, shall constitute a public~~  
10 ~~record subject to public [inspection] access under the~~  
11 ~~Right to Know Law once:~~

12 ~~(A) the [inspection] access no longer has a~~  
13 ~~substantial detrimental impact on the value of an~~  
14 ~~investment of the fund or trust and would not cause a~~  
15 ~~breach of the standard of care or fiduciary duty set~~  
16 ~~forth in this part; or~~

17 ~~(B) the entity in which the investment was made~~  
18 ~~is liquidated;~~

19 ~~whichever is later.~~

20 ~~(4) Except for the provisions of paragraph (3), nothing~~  
21 ~~in this subsection shall be construed to designate any~~  
22 ~~record, material or data received, prepared, used or retained~~  
23 ~~by the board or its employees, investment professionals or~~  
24 ~~agents relating to an investment as a public record subject~~  
25 ~~to public [inspection] access under the Right to Know Law.~~

26 ~~(5) Notwithstanding the provisions of this subsection,~~  
27 ~~the following information regarding an alternative investment~~  
28 ~~vehicle shall be subject to public [inspection] access under~~  
29 ~~the Right to Know Law:~~

30 ~~(i) The name, address and vintage year of the~~

1 ~~alternative investment vehicle.~~

2 ~~(ii) The identity of the manager of the alternative~~  
3 ~~investment vehicle.~~

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

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

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

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

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



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

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

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

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

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

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

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

23           ~~(7) (i) Nothing in this part shall be construed to~~  
24           ~~designate any record, material or data received,~~  
25           ~~prepared, used or retained by the board or its employees~~  
26           ~~or agents relating to the contributions, investments,~~  
27           ~~account value or benefits payable to or on account of a~~  
28           ~~participant as a public record subject to public access~~  
29           ~~under the Right to Know Law.~~

30           ~~(ii) This paragraph shall apply to a record,~~

~~material or data under this subsection notwithstanding  
whether:~~

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

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

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

~~\* \* \*~~

~~(h) Regulations and procedures. The board shall, with the  
advice of the Attorney General and the actuary, adopt and  
promulgate rules and regulations for the uniform administration  
of the system. The actuary shall approve in writing all  
computational procedures used in the calculation of  
contributions and benefits pertaining to the system, and the  
board shall by resolution adopt such computational procedures,  
prior to their application by the board. Such rules, regulations  
and computational procedures as so adopted from time to time and  
as in force and effect at any time, together with such tables as  
are adopted and published pursuant to subsection (j) as  
necessary for the calculation of annuities and other benefits,  
shall be as effective as if fully set forth in this part. Any  
actuarial assumption specified in or underlying any such rule,  
regulation or computational procedure and utilized as a basis  
for determining any benefit shall be applied in a uniform~~

1 manner.

2 ~~(i) Data. The board shall keep in convenient form such data~~  
3 ~~as are stipulated by the actuary in order that an annual~~  
4 ~~actuarial valuation of the various accounts of the fund can be~~  
5 ~~completed within six months of the close of each fiscal year.~~  
6 ~~The board shall have final authority over the means by which~~  
7 ~~data is collected, maintained and stored and in so doing shall~~  
8 ~~protect the rights of its membership as to privacy and~~  
9 ~~confidentiality.~~

10 ~~(j) Actuarial investigation and valuation. The board shall~~  
11 ~~have the actuary make an annual valuation of the various~~  
12 ~~accounts of the fund within six months of the close of each~~  
13 ~~fiscal year. In the fiscal year 1975 and in every fifth year~~  
14 ~~thereafter, the board shall have the actuary conduct an~~  
15 ~~actuarial investigation and evaluation of the system based on~~  
16 ~~data including the mortality, service, and compensation~~  
17 ~~experience provided by the board annually during the preceding~~  
18 ~~five years concerning the members and beneficiaries of the~~  
19 ~~system. The board shall by resolution adopt such tables as are~~  
20 ~~necessary for the actuarial valuation of the fund and~~  
21 ~~calculation of contributions, annuities, and other benefits~~  
22 ~~based on the reports and recommendations of the actuary. Within~~  
23 ~~30 days of their adoption, the secretary of the board shall~~  
24 ~~cause those tables which relate to the calculation of annuities~~  
25 ~~and other benefits to be published in the Pennsylvania Bulletin~~  
26 ~~in accordance with the provisions of 45 Pa.C.S. § 725(a)~~  
27 ~~(relating to additional contents of Pennsylvania Bulletin) and,~~  
28 ~~unless the board specifies therein a later effective date, such~~  
29 ~~tables shall become effective on such publication. The board~~  
30 ~~shall include a report on the significant facts, recommendations~~

1 ~~and data developed in each five year actuarial investigation and~~  
2 ~~evaluation of the system in the annual financial statement~~  
3 ~~published pursuant to the requirements of subsection (n) for the~~  
4 ~~fiscal year in which such investigation and evaluation were~~  
5 ~~concluded.~~

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

1       \* \* \*

2       ~~(n) Annual financial statement. The board shall prepare and~~  
3 ~~have published, on or before January 1 of each year, [a~~  
4 ~~financial statement] financial statements as of the fiscal year~~  
5 ~~ending June 30 of the previous year showing the condition of the~~  
6 ~~fund, the trust and the various accounts, including, but not~~  
7 ~~limited to, the board's accrual and expenditure of directed~~  
8 ~~commissions, and setting forth such other facts, recommendations~~  
9 ~~and data as may be of use in the advancement of knowledge~~  
10 ~~concerning annuities and other benefits provided by this part.~~  
11 ~~The board shall submit said financial [statement] statements to~~  
12 ~~the Governor and shall make copies available to the employers~~  
13 ~~for the use of the school employees and the public.~~

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

21       \* \* \*

22       ~~(q) Participant and employer contributions to trust. The~~  
23 ~~board shall, each year in addition to any fees and itemized~~  
24 ~~budget required under section 8330, certify, as a percentage of~~  
25 ~~each participant's compensation, the employer defined~~  
26 ~~contributions, which shall be paid to the trust and credited to~~  
27 ~~each participant's individual investment account. These~~  
28 ~~certifications shall be regarded as final and not subject to~~  
29 ~~modification by the Secretary of the Budget. The board shall~~  
30 ~~cause all mandatory pickup participant contributions made on~~

1 ~~behalf of a participant and all voluntary contributions made by~~  
2 ~~a participant to be credited to the participant's individual~~  
3 ~~investment account.~~

4 Section 117. Section 8502.2(a) of Title 24 is amended to  
5 read:

6 ~~§ 8502.2. Health insurance.~~

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

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

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

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

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

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

23 ~~\* \* \*~~

24 Section 118. Sections 8503(a), 8505(h) and (i), 8506(a),  
25 (d), (e), (g), (h), (i) and (k) and 8507(a), (c), (e) and (f) of  
26 Title 24 are amended and the sections are amended by adding  
27 subsections to read:

28 ~~§ 8503. Duties of board to advise and report to employers [and~~  
29 ~~members], members and participants.~~

30 ~~(a) Manual of regulations. The board shall, with the advice~~

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

14 \* \* \*

15 ~~(b.1) Participant status statements. The board shall~~  
16 ~~furnish annually to each participant on or before December 31,~~  
17 ~~and more frequently as the board may agree or as required by~~  
18 ~~law, a statement showing the accumulated total defined~~  
19 ~~contributions credited to the participant's individual~~  
20 ~~investment account, the nature and type of investments and the~~  
21 ~~investment allocation of future contributions as of June 30 of~~  
22 ~~the current year and requesting the participant to make any~~  
23 ~~necessary correction or revision regarding his designated~~  
24 ~~beneficiary.~~

25 \* \* \*

26 ~~§ 8505. Duties of board regarding applications and elections of~~  
27 ~~members and participants.~~

28 \* \* \*

29 ~~(e.1) Certification to participants terminating service. In~~  
30 ~~the case of a participant terminating service, the board shall~~

1 ~~certify to a participant in writing of the vested accumulated~~  
2 ~~total defined contributions credited to the participant's~~  
3 ~~individual investment account as of the date stated in the~~  
4 ~~writing, any notices regarding rollover or other matters~~  
5 ~~required by IRC or other law, the obligation of the participant~~  
6 ~~to commence distributions from the plan by the participant's~~  
7 ~~required beginning date and the ability to receive all or part~~  
8 ~~of the vested balance in the participant's individual investment~~  
9 ~~account in a lump sum or in such other form as the board may~~  
10 ~~authorize or as required by law.~~

11 \* \* \*

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

20 \* \* \*

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

26 ~~(h) Death benefits. Upon receipt of notification of the~~  
27 ~~death of a member or former member on USERRA leave, an active~~  
28 ~~participant, an inactive participant or a former participant on~~  
29 ~~USERRA leave, the board shall notify the designated beneficiary~~  
30 ~~or survivor annuitant of the benefits to which he is entitled~~



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

18 ~~(i) Medical insurance coverage. Upon receipt of~~  
19 ~~notification from an insurance carrier offering a health~~  
20 ~~insurance program approved by the board that an annuitant who~~  
21 ~~has attained age 65 has elected medical, major medical, and~~  
22 ~~hospitalization insurance coverage or notification that~~  
23 ~~annuitants with less than 24 1/2 eligibility points (other than~~  
24 ~~disability annuitants), spouses of annuitants and survivor~~  
25 ~~annuitants eligible to elect to enroll in the approved health~~  
26 ~~insurance program have elected participation in such health~~  
27 ~~insurance program, the board may deduct from the annuity~~  
28 ~~payments, from payments to a participant receiving~~  
29 ~~distributions, or from a successor payee the appropriate annual~~  
30 ~~charges in equal monthly installments. Such deductions shall be~~

1 ~~transmitted to the insurance carrier.~~

2 ~~\* \* \*~~

3 ~~§ 8506. Duties of employers.~~

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

10 ~~(1) if the removal is due to leave without pay, the~~  
11 ~~employer shall furnish the board with the date of beginning~~  
12 ~~leave, the date of return to service, and the reason for~~  
13 ~~leave;~~

14 ~~(2) if the removal is due to a transfer to another~~  
15 ~~employer, the former employer shall furnish such employer and~~  
16 ~~the board with a complete school service record, including~~  
17 ~~credited or creditable nonschool service; or~~

18 ~~(3) if the removal is due to termination of school~~  
19 ~~service, the employer shall furnish the board with a complete~~  
20 ~~school service record including credited or creditable~~  
21 ~~nonschool service and in the case of death of the member or~~  
22 ~~participant the employer shall so notify the board.~~

23 ~~\* \* \*~~

24 ~~(c.1) Participant and employer defined contributions. The~~  
25 ~~employer shall cause the mandatory pickup participant~~  
26 ~~contributions on behalf of a participant to be made. The~~  
27 ~~employer shall also cause the employer defined contributions on~~  
28 ~~behalf of a participant to be made. The employer shall notify~~  
29 ~~the board at times and in a manner prescribed by the board of~~  
30 ~~the compensation of any participant to whom the limitation under~~

1 ~~IRC § 401(a)(17) either applies or is expected to apply and~~  
2 ~~shall cause the participant's contributions to be deducted from~~  
3 ~~payroll to cease at the limitation under IRC § 401(a)(17) on the~~  
4 ~~payroll date if and when such limit shall be reached. The~~  
5 ~~employer shall certify to the board the amounts picked up and~~  
6 ~~deducted and the employer defined contributions being made and~~  
7 ~~shall send the total amount picked up, deducted and contributed~~  
8 ~~together with a duplicate of such voucher to the secretary of~~  
9 ~~the board every pay period or on such schedule as established by~~  
10 ~~the board.~~

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

23 ~~(e) New employees subject to optional membership or~~  
24 ~~participation. The employer shall inform any eligible school~~  
25 ~~employee whose membership in the system or participation in the~~  
26 ~~plan is not mandatory of his opportunity to become a member of~~  
27 ~~the system or a participant in the plan provided that he elects~~  
28 ~~to purchase credit for all such continuous creditable service.~~  
29 ~~If such employee so elects, the employer shall no later than 30~~  
30 ~~days thereafter cause an application for membership or~~

1 ~~participation which application shall include the employee's~~  
2 ~~home address, birthdate certified by the employer, previous~~  
3 ~~school or State service and any other information requested by~~  
4 ~~the board, and a nomination of beneficiary to be made by him and~~  
5 ~~filed with the board and shall cause proper contributions to be~~  
6 ~~made from the date of election of membership or participation.~~

7 \* \* \*

8 ~~(g) Former State employee contributors. The employer shall,~~  
9 ~~upon the employment of a former member of the State Employees'~~  
10 ~~Retirement System who is not an annuitant of the State~~  
11 ~~Employees' Retirement System, advise such employee [of his] if~~  
12 ~~he has a right to elect multiple service membership within 365~~  
13 ~~days of entry into the system or, for a member of Class T G, if~~  
14 ~~he has a right to elect within 45 days of entry into the system~~  
15 ~~and, in the case any such employee who so elects has withdrawn~~  
16 ~~his accumulated deductions, require him to restore his~~  
17 ~~accumulated deductions as they would have been at the time of~~  
18 ~~his separation had he been a full coverage member, together with~~  
19 ~~statutory interest for all periods of subsequent State and~~  
20 ~~school service to date of repayment. The employer shall advise~~  
21 ~~the board of such election.~~

22 ~~(h) Former State employee annuitants. The employer shall,~~  
23 ~~upon the employment of an annuitant of the State Employees'~~  
24 ~~Retirement System who applies for membership in the system,~~  
25 ~~advise such employee [that] if he may elect multiple service~~  
26 ~~membership within 365 days of entry into the system or, for a~~  
27 ~~member of Class T G, if he has a right to elect within 45 days~~  
28 ~~of entry into the system and that if he so elects his annuity~~  
29 ~~from the State Employees' Retirement System will be discontinued~~  
30 ~~effective upon the date of his return to school service and,~~

1 ~~upon termination of school service and application for an~~  
2 ~~annuity, the annuity will be adjusted in accordance with section~~  
3 ~~8346 (relating to termination of annuities). The employer shall~~  
4 ~~advise the board of such election.~~

5 ~~(i) Termination of service. The employer shall, in the case~~  
6 ~~of any member terminating school service, advise such member in~~  
7 ~~writing of any benefits to which he may be entitled under the~~  
8 ~~provisions of this part and shall have the member prepare, on or~~  
9 ~~before the date of termination of school service, one or more of~~  
10 ~~the following three forms, a copy of which shall be given to the~~  
11 ~~member and the original of which shall be filed with the board:~~

12 ~~(1) An application for the return of accumulated~~  
13 ~~deductions, if eligible.~~

14 ~~(2) An election to vest his retirement rights, if~~  
15 ~~eligible, and, if he is a joint coverage member and so~~  
16 ~~desires, an election to become a full coverage member and an~~  
17 ~~agreement to pay within 30 days of the date of termination of~~  
18 ~~service the lump sum required.~~

19 ~~(3) An application for an immediate annuity, if~~  
20 ~~eligible, and, if he is a joint coverage member and so~~  
21 ~~desires, an election to become a full coverage member and an~~  
22 ~~agreement to pay within 30 days of date of termination of~~  
23 ~~service the lump sum required.~~

24 ~~\* \* \*~~

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

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

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

1           ~~(ii) is granted a leave of absence under 51 Pa.C.S.~~  
2           ~~§ 4102 (relating to leaves of absence for certain~~  
3           ~~government employees) or a military leave of absence~~  
4           ~~under 51 Pa.C.S. § 7302 (relating to granting military~~  
5           ~~leaves of absence).~~

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

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

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

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

21           ~~§ 8507. Rights and duties of school employees [and members],~~  
22           ~~members and participants.~~

23           ~~(a) Information on new employees. Upon his assumption of~~  
24           ~~duties, each new school employee shall furnish his employer with~~  
25           ~~a complete record of his previous school or State service, or~~  
26           ~~creditable nonschool service, proof of his date of birth, his~~  
27           ~~home address, his current status in the system and the plan and~~  
28           ~~in the State Employees' Retirement System and the State~~  
29           ~~Employees' Defined Contribution Plan and such other information~~  
30           ~~as the board may require. Willful failure to provide the~~

1 ~~information required by this subsection to the extent available~~  
2 ~~or the provision of erroneous information upon entrance into the~~  
3 ~~system shall result in the forfeiture of the right of the member~~  
4 ~~to subsequently assert any right to benefits based on erroneous~~  
5 ~~information or on any of the required information which he~~  
6 ~~failed to provide. In any case in which the board finds that a~~  
7 ~~member is receiving an annuity based on false information, the~~  
8 ~~additional amounts received predicated on such false information~~  
9 ~~together with statutory interest doubled and compounded shall be~~  
10 ~~deducted from the present value of any remaining benefits to~~  
11 ~~which the member is legally entitled and such remaining benefits~~  
12 ~~shall be correspondingly decreased.~~

13 \* \* \*

14 ~~(b.1) Application for participation. On or after July 1,~~  
15 ~~2016, in the case of a new employee who is not currently a~~  
16 ~~participant in the plan and whose participation is mandatory,~~  
17 ~~the new employee shall execute an application for participation~~  
18 ~~and a nomination of a beneficiary.~~

19 ~~(c) Multiple service membership.—~~

20 ~~(1) Any [active member] school employee who is an active~~  
21 ~~member in a class of service other than Class T G and who was~~  
22 ~~formerly an active member in the State Employees' Retirement~~  
23 ~~System in a class of service other than Class A 5 may elect~~  
24 ~~to become a multiple service member. Such election for a~~  
25 ~~member in other than Class T G shall occur no later than 365~~  
26 ~~days after becoming an active member in a class of service~~  
27 ~~other than Class T G in this system.~~

28 ~~(2) Any school employee who is an active member of Class~~  
29 ~~T G and who was formerly an active member in the State~~  
30 ~~Employees' Retirement System in Class A 5 may elect to become~~

~~1 a multiple service member. Such election shall occur no later  
2 than 45 days after becoming an active member of Class T G.~~

~~3 (3) A school employee who is eligible to elect to become  
4 a multiple service member and who begins USERRA leave during  
5 the election period without having elected multiple service  
6 membership may make the election within 365 days, or 45 days  
7 if a member of Class T G, after being reemployed from USERRA  
8 leave.~~

~~9 \* \* \*~~

~~10 (d.2) Contributions for USERRA leave. Any active  
11 participant or inactive participant or former participant who  
12 was reemployed from USERRA leave and who desires to make  
13 mandatory pickup participant contributions for his USERRA leave  
14 shall so notify the board within the time period required under  
15 38 U.S.C. Ch. 43 (relating to employment and reemployment rights  
16 of members of the uniformed services) and IRC § 414(u) of his  
17 desire to make such contributions. Upon making the permitted  
18 mandatory pickup participant contributions within the allowed  
19 time period, the employer shall make the corresponding employer  
20 defined contributions at the same time.~~

~~21 (d.3) Voluntary contributions by a participant. Any  
22 participant who desires to make voluntary contributions to be  
23 credited to his individual investment account shall notify the  
24 board and, upon compliance with the requirements, procedures and  
25 limitations established by the board in the plan document, may  
26 do so subject to the limitations under IRC §§ 401(a) and 415 and  
27 other applicable law.~~

~~28 (e) Beneficiary for death benefits from system. Every  
29 member shall nominate a beneficiary by written designation filed  
30 with the board to receive the death benefit or the benefit~~



1 ~~payable from the system under the provisions of Option 1. Such~~  
2 ~~nomination may be changed at any time by the member by written~~  
3 ~~designation filed with the board. A member may also nominate a~~  
4 ~~contingent beneficiary or beneficiaries to receive the death~~  
5 ~~benefit or the benefit payable under the provisions of Option 1.~~

6 ~~(e.1) Beneficiary for death benefits from plan. Every~~  
7 ~~participant shall nominate a beneficiary by written designation~~  
8 ~~filed with the board as provided in section 8506 (relating to~~  
9 ~~duties of employers) to receive the death benefit payable under~~  
10 ~~section 8347 (relating to death benefits). A participant may~~  
11 ~~also nominate a contingent beneficiary or beneficiaries to~~  
12 ~~receive the death benefit provided under section 8408 (relating~~  
13 ~~to death benefits). Such nomination may be changed at any time~~  
14 ~~by the participant by written designation filed with the board.~~

15 ~~(e.2) Beneficiary designation. A school employee may~~  
16 ~~designate or nominate different persons to be beneficiaries,~~  
17 ~~survivor annuitants and successor payees for his benefits from~~  
18 ~~the system and the plan.~~

19 ~~(f) Termination of service by members. Each member who~~  
20 ~~terminates school service and who is not then a disability~~  
21 ~~annuitant shall execute on or before the date of termination of~~  
22 ~~service a written application, duly attested by the member or~~  
23 ~~his legally constituted representative, electing to do one or~~  
24 ~~more of the following:~~

25 ~~(1) Withdraw his accumulated deductions, if eligible.~~

26 ~~(2) Vest his retirement rights, if eligible, and if he~~  
27 ~~is a joint coverage member, and so desires, elect to become a~~  
28 ~~full coverage member and agree to pay within 30 days of the~~  
29 ~~date of termination of service the lump sum required.~~

30 ~~(3) Receive an immediate annuity, if eligible, and may,~~

1 ~~if he is a joint coverage member, elect to become a full-~~  
2 ~~coverage member and agree to pay within 30 days of date of-~~  
3 ~~termination of service the lump sum required.~~

4 \* \* \*

5 ~~(g.1) Deferral of retirement rights. If a participant~~  
6 ~~terminates school service and does not commence receiving a~~  
7 ~~distribution, he shall nominate a beneficiary by written~~  
8 ~~designation filed with the board, and he may anytime thereafter,~~  
9 ~~but no later than his required beginning date, withdraw the~~  
10 ~~vested accumulated total defined contributions standing to his~~  
11 ~~credit or apply for another form of distribution required by law~~  
12 ~~or authorized by the board.~~

13 \* \* \*

14 Section 119. Sections 8521(b), 8522, 8524, 8525 and 8531 of  
15 Title 24 are amended to read:

16 § 8521. Management of fund and accounts.

17 \* \* \*

18 (b) ~~Crediting of interest. The board annually shall allow~~  
19 ~~statutory interest, excluding the individual investment~~  
20 ~~accounts, to the credit of the members' savings account on the~~  
21 ~~mean amount of the accumulated deductions of all members for~~  
22 ~~whom interest is payable for the preceding year and valuation~~  
23 ~~interest on the mean amount of the annuity reserve account for~~  
24 ~~the preceding year to the credit of that account. The board~~  
25 ~~annually shall allow valuation interest calculated on the mean~~  
26 ~~amount for the preceding year of the balance in the State~~  
27 ~~accumulation account excluding any earnings of the fund credited~~  
28 ~~to the account during that year. In the event the total earnings~~  
29 ~~for the year do not exceed 5 1/2% of the mean amount for the~~  
30 ~~preceding year of the total assets of the fund less earnings~~

1 ~~credited to the fund during that year plus the administrative~~  
2 ~~expenses of the board, the difference required to be~~  
3 ~~appropriated from the General Fund shall be credited to the~~  
4 ~~State accumulation account.~~

5 ~~\*\*\*~~

6 ~~§ 8522. Public School Employees' Retirement Fund.~~

7 ~~(a) General rule. The fund shall consist of all moneys in~~  
8 ~~the several separate funds in the State Treasury set apart to be~~  
9 ~~used under the direction of the board for the benefit of members~~  
10 ~~of the system; and the Treasury Department shall credit to the~~  
11 ~~fund all moneys received from the Department of Revenue arising~~  
12 ~~from the contributions relating to or on behalf of the members~~  
13 ~~of the system required under the provisions of Chapter 83~~  
14 ~~(relating to membership, contributions and benefits) and all~~  
15 ~~earnings from investments or moneys of said fund. There shall be~~  
16 ~~established and maintained by the board the several ledger~~  
17 ~~accounts specified in sections 8523 (relating to members'~~  
18 ~~savings account), 8524 (relating to State accumulation account),~~  
19 ~~8525 (relating to annuity reserve account) and 8526 (relating to~~  
20 ~~health insurance account).~~

21 ~~(b) Individual investment accounts and trust. The~~  
22 ~~individual investment accounts that are part of the trust shall~~  
23 ~~not be part of the fund. Mandatory pickup participant~~  
24 ~~contributions, voluntary contributions and employer defined~~  
25 ~~contributions made under this part and any income earned by the~~  
26 ~~investment of such contributions shall not be paid or credited~~  
27 ~~to the fund but instead shall be paid to the trust and credited~~  
28 ~~to the individual investment accounts.~~

29 ~~§ 8524. State accumulation account.~~

30 ~~The State accumulation account shall be the ledger account to~~

1 ~~which shall be credited all contributions of the Commonwealth~~  
2 ~~and other employers as well as the earnings of the fund, except~~  
3 ~~the premium assistance contributions and earnings thereon in the~~  
4 ~~health insurance account. Valuation interest shall be allowed on~~  
5 ~~the total amount of such account less any earnings of the fund~~  
6 ~~credited during the year. The reserves necessary for the payment~~  
7 ~~of annuities and death benefits resulting from membership in the~~  
8 ~~system as approved by the board and as provided in Chapter 83~~  
9 ~~(relating to membership, contributions and benefits) shall be~~  
10 ~~transferred from the State accumulation account to the annuity~~  
11 ~~reserve account. At the end of each year the required interest~~  
12 ~~shall be transferred from the State accumulation account to the~~  
13 ~~credit of the members' savings account and the annuity reserve~~  
14 ~~account. The administrative expenses of the board shall be~~  
15 ~~charged to the State accumulation account. Employer defined~~  
16 ~~contributions, mandatory pickup contributions and a~~  
17 ~~participant's voluntary contributions, together with any income~~  
18 ~~or interest earned thereon, may be temporarily placed into the~~  
19 ~~State accumulation account pending allocation or distribution~~  
20 ~~to the participant's individual investment account.~~

21 ~~§ 8525. Annuity reserve account.~~

22 ~~(a) Credits and charges to account. The annuity reserve~~  
23 ~~account shall be the ledger account to which shall be credited~~  
24 ~~the reserves held for the payment of annuities and death~~  
25 ~~benefits resulting from membership in the system on account of~~  
26 ~~all annuitants and the contributions from the Commonwealth and~~  
27 ~~other employers as determined in accordance with section 8328~~  
28 ~~(relating to actuarial cost method) for the payment of the~~  
29 ~~supplemental annuities provided in sections 8348 (relating to~~  
30 ~~supplemental annuities), 8348.1 (relating to additional~~

1 ~~supplemental annuities), 8348.2 (relating to further additional~~  
2 ~~supplemental annuities), 8348.3 (relating to supplemental~~  
3 ~~annuities commencing 1994), 8348.4 (relating to special~~  
4 ~~supplemental postretirement adjustment), 8348.5 (relating to~~  
5 ~~supplemental annuities commencing 1998), 8348.6 (relating to~~  
6 ~~supplemental annuities commencing 2002) and 8348.7 (relating to~~  
7 ~~supplemental annuities commencing 2003). The annuity reserve~~  
8 ~~account shall be credited with valuation interest. After the~~  
9 ~~transfers provided in sections 8523 (relating to members'~~  
10 ~~savings account) and 8524 (relating to State accumulation~~  
11 ~~account), all annuity and death benefit payments shall be~~  
12 ~~charged to the annuity reserve account and paid from the fund.~~

13 ~~(b) Transfers from account. Should an annuitant be~~  
14 ~~subsequently restored to active service either as a member of~~  
15 ~~the system or participant in the plan, the present value of his~~  
16 ~~member's annuity at the time of reentry into school service~~  
17 ~~shall be transferred from the annuity reserve account and placed~~  
18 ~~to his individual credit in the members' savings account. In~~  
19 ~~addition, the actuarial reserve for his annuity less the amount~~  
20 ~~transferred to the members' savings account shall be transferred~~  
21 ~~from the annuity reserve account to the State accumulation~~  
22 ~~account.~~

23 ~~§ 8531. State guarantee regarding the system.~~

24 ~~Statutory interest charges payable, the maintenance of~~  
25 ~~reserves in the fund, and the payment of all annuities and other~~  
26 ~~benefits granted by the board from the system under the~~  
27 ~~provisions of this part relating to the establishment and~~  
28 ~~administration of the system are hereby made obligations of the~~  
29 ~~Commonwealth. All income, interest, and dividends derived from~~  
30 ~~deposits and investments of the system authorized by this part~~

1 ~~shall be used for the payment of the said obligations of the~~  
2 ~~Commonwealth and shall not be used for any obligations of the~~  
3 ~~plan or trust.~~

4 ~~Section 120. Section 8533(a), (b) and (d) of Title 24 are~~  
5 ~~amended and the section is amended by adding a subsection to~~  
6 ~~read:~~

7 ~~§ 8533. Taxation, attachment and assignment of funds.~~

8 ~~(a) General rule. Except as provided in subsections (b),~~  
9 ~~(c) and (d), the right of a person to a member's annuity, a~~  
10 ~~State annuity, or retirement allowance, to the return of~~  
11 ~~contributions, any benefit or right accrued or accruing to any~~  
12 ~~person under the provisions of this part, and the moneys in the~~  
13 ~~fund and the trust are hereby exempt from any State or municipal~~  
14 ~~tax, [and exempt from] levy and sale, garnishment, attachment,~~  
15 ~~or any other process whatsoever, and the provisions of Article~~  
16 ~~XIII.1 of the the act of April 9, 1929 (P.L.343, No.176), known~~  
17 ~~as The Fiscal Code, and shall be unassignable.~~

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

28 ~~(b) Forfeiture.—~~

29 ~~(1) Rights under this part shall be subject to~~  
30 ~~forfeiture as provided by the act of July 8, 1978 (P.L.752,~~

1 ~~No.140), known as the Public Employee Pension Forfeiture Act.~~  
2 ~~Forfeitures under this subsection or under any other~~  
3 ~~provision of law may not be applied to increase the benefits~~  
4 ~~that any member would otherwise receive under this part.~~

5 ~~(2) Notwithstanding paragraph (1) and the provisions of~~  
6 ~~section 16(b) of Article V of the Constitution of~~  
7 ~~Pennsylvania, the act of July 8, 1978 (P.L.752, No.140),~~  
8 ~~known as the Public Employee Pension Forfeiture Act and 42-~~  
9 ~~Pa.C.S. § 3352 (relating to pension rights), the accumulated~~  
10 ~~mandatory participant contributions and accumulated voluntary~~  
11 ~~contributions standing to the credit of a participant shall~~  
12 ~~not be forfeited but shall be available for payment of fines~~  
13 ~~and restitution as provided by law. Amounts in the trust that~~  
14 ~~have been ordered to be distributed to an alternate payee as~~  
15 ~~the result of an equitable distribution of marital property~~  
16 ~~as part of an approved domestic relations order entered~~  
17 ~~before the date of the order or action in a court or other~~  
18 ~~tribunal resulting in a forfeiture of a participant's~~  
19 ~~interest in the trust shall not be subject to the provisions~~  
20 ~~of section 16(b) of the Article V of the Constitution of~~  
21 ~~Pennsylvania, the Public Employee Pension Forfeiture Act or~~  
22 ~~42 Pa.C.S. § 3352. Any accumulated employer defined~~  
23 ~~contributions forfeited as a result of this subsection or~~  
24 ~~other law shall be retained by the board and used for the~~  
25 ~~payment of expenses of the plan.~~

26 \* \* \*

27 ~~(d) Direct rollover. Effective with distributions made on~~  
28 ~~or after January 1, 1993, and notwithstanding any other~~  
29 ~~provision of this part to the contrary, a distributee may elect,~~  
30 ~~at the time and in the manner prescribed by the board, to have~~

1 ~~any portion of an eligible rollover distribution paid directly~~  
2 ~~to an eligible retirement plan by way of a direct rollover. For~~  
3 ~~purposes of this subsection, a "distributee" includes a member~~  
4 ~~[and], a participant, a member's surviving spouse [and], a~~  
5 ~~participant's surviving spouse, a member's former spouse who is~~  
6 ~~an alternate payee under an approved domestic relations order[.]~~  
7 ~~and a participant's former spouse who is an alternate payee~~  
8 ~~under an approved domestic relations order and anyone else~~  
9 ~~authorized under IRC and the plan terms approved by the board to~~  
10 ~~have an eligible rollover distribution paid directly to an~~  
11 ~~eligible retirement plan by way of a direct rollover. For~~  
12 ~~purposes of this subsection, the term "eligible rollover~~  
13 ~~distribution" has the meaning given such term by IRC § 402(f)(2)~~  
14 ~~(A) and "eligible retirement plan" has the meaning given such~~  
15 ~~term by IRC § 402(c)(8)(B), except that a qualified trust shall~~  
16 ~~be considered an eligible retirement plan only if it accepts the~~  
17 ~~distributee's eligible rollover distribution; however, in the~~  
18 ~~case of an eligible rollover distribution to a surviving spouse,~~  
19 ~~an eligible retirement plan is an "individual retirement~~  
20 ~~account" or an "individual retirement annuity" as those terms~~  
21 ~~are defined in IRC § 408(a) and (b).~~

22 Section 121. Sections 8533.1, 8533.2, 8533.3 and 8533.4(a)  
23 of Title 24 are amended to read:

24 § 8533.1. Approval of domestic relations orders.

25 (a) ~~Certification regarding members.~~ A domestic relations  
26 ~~order pertaining to a member of the system~~ shall be certified as  
27 ~~an approved domestic relations order by the secretary of the~~  
28 ~~board, or his designated representative, only if [such] the~~  
29 ~~order meets all of the following:~~

30 (1) ~~Requires the system to provide any type or form of~~



1 ~~benefit or any option applicable to members already provided~~  
2 ~~under this part.~~

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

9 ~~(3) Specifies the amount or percentage of the member's~~  
10 ~~benefits to be paid by the system to each such alternate~~  
11 ~~payee or the manner in which the amount or percentage is to~~  
12 ~~be determined.~~

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

17 ~~(5) Specifies the name and last known mailing address,~~  
18 ~~if any, of the member and the name and last known mailing~~  
19 ~~address of each alternate payee covered by the order and~~  
20 ~~states that it is the responsibility of each alternate payee~~  
21 ~~to keep a current mailing address on file with the system.~~

22 ~~(6) Does not grant an alternate payee any of the rights,~~  
23 ~~options or privileges of a member under this part.~~

24 ~~(7) Requires the member to execute an authorization~~  
25 ~~allowing each alternate payee to monitor the member's~~  
26 ~~compliance with the terms of the domestic relations order~~  
27 ~~through access to information concerning the member~~  
28 ~~maintained by the system.~~

29 ~~(a.1) Certification regarding participants. A domestic~~  
30 ~~relations order pertaining to a participant shall be certified~~

1 ~~as an approved domestic relations order by the secretary of the~~  
2 ~~board, or his designated representative, only if the order meets~~  
3 ~~all of the following:~~

4 ~~(1) Does not require the segregation of the alternate~~  
5 ~~payee's share of the participant's individual investment~~  
6 ~~account into a subaccount or newly established individual~~  
7 ~~account titled in the name of the alternate payee.~~

8 ~~(2) Does not require the plan to recover or distribute~~  
9 ~~any funds which were distributed to the participant or at the~~  
10 ~~participant's direction prior to the approval of the domestic~~  
11 ~~relations order by the secretary of the board or his~~  
12 ~~designated representative.~~

13 ~~(3) Requires the plan to pay to the alternate payee no~~  
14 ~~more than the lesser of the vested amount of the~~  
15 ~~participant's individual investment account specified by the~~  
16 ~~domestic relations order or the vested amount of the~~  
17 ~~participant's individual investment account as of the date of~~  
18 ~~the transfer of the alternate payee's share to the alternate~~  
19 ~~payee.~~

20 ~~(4) States that the plan shall not be required to recoup~~  
21 ~~or make good for losses in value to the participant's~~  
22 ~~individual investment account incurred between the date of~~  
23 ~~the valuation of the account used for equitable distribution~~  
24 ~~purposes and the date of distribution to the alternate payee.~~

25 ~~(5) Specifies the amount or percentage of the~~  
26 ~~participant's individual investment account to be paid to the~~  
27 ~~alternate payee and the date upon which such valuation is~~  
28 ~~based.~~

29 ~~(6) Specifies the name and last known mailing address,~~  
30 ~~if any, of the participant and the name and last known~~

1 ~~mailing address of each alternate payee covered by the order~~  
2 ~~and states that it is the responsibility of each alternate~~  
3 ~~payee to keep a current mailing address on file with the~~  
4 ~~plan.~~

5 ~~(7) Does not grant an alternate payee the rights,~~  
6 ~~privileges or options available to a participant.~~

7 ~~(8) In the case of a participant who has not yet begun~~  
8 ~~to receive distributions as of the date the domestic~~  
9 ~~relations order is approved by the secretary of the board or~~  
10 ~~his designated representative, requires the immediate~~  
11 ~~distribution of the alternate payee's share of the~~  
12 ~~participant's individual investment account, which may be~~  
13 ~~made by direct payment, eligible rollover or trustee to~~  
14 ~~trustee transfer to another eligible plan or qualified~~  
15 ~~account owned by the alternate payee.~~

16 ~~(9) In the case of a participant who is currently~~  
17 ~~receiving distributions from the plan as of the date the~~  
18 ~~domestic relations order is approved by the secretary of the~~  
19 ~~board or his designated representative, may not order the~~  
20 ~~board to pay the alternate payee more than the balance~~  
21 ~~available in the participant's individual investment account~~  
22 ~~as of the date the order is approved or require that~~  
23 ~~distributions continue to the alternate payee after the death~~  
24 ~~of the participant and final settlement of the participant's~~  
25 ~~individual investment account.~~

26 ~~(b) Determination by secretary. Within a reasonable period~~  
27 ~~of time after receipt of a domestic relations order, the~~  
28 ~~secretary of the board, or his designated representative, shall~~  
29 ~~determine whether this order is an approved domestic relations~~  
30 ~~order and notify the member or participant and each alternate~~

1 ~~payee of this determination. Notwithstanding any other provision~~  
2 ~~of law, the exclusive remedy of any member, participant or~~  
3 ~~alternate payee aggrieved by a decision of the secretary of the~~  
4 ~~board, or his designated representative, shall be the right to~~  
5 ~~an adjudication by the board under 2 Pa.C.S. Ch. 5 (relating to~~  
6 ~~practice and procedure) with appeal therefrom to the~~  
7 ~~Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial~~  
8 ~~review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals~~  
9 ~~from government agencies).~~

10 ~~(c) Other orders. The requirements for approval identified~~  
11 ~~in [subsection (a)] subsections (a) and (a.1) shall not apply to~~  
12 ~~any domestic relations order which is an order for support as~~  
13 ~~that term is defined in 23 Pa.C.S. § 4302 (relating to~~  
14 ~~definitions) or an order for the enforcement of arrearages as~~  
15 ~~provided in 23 Pa.C.S. § 3703 (relating to enforcement of~~  
16 ~~arrearsages). These orders shall be approved to the extent that~~  
17 ~~they do not attach moneys in excess of the limits on attachments~~  
18 ~~as established by the laws of this Commonwealth and the United~~  
19 ~~States[.], require distributions of benefits in a manner that~~  
20 ~~would violate the laws of the United States, any other state or~~  
21 ~~this Commonwealth or require the distribution of funds for~~  
22 ~~support or enforcement of arrearages against any participant who~~  
23 ~~is not receiving distributions from the plan at the time such~~  
24 ~~order is entered. These orders may be approved notwithstanding~~  
25 ~~any other provision of this part or the plan that would~~  
26 ~~otherwise require a distribution of accumulated employer defined~~  
27 ~~contributions in the form of an annuity or to require the~~  
28 ~~purchase of an annuity.~~

29 ~~(d) Obligation discharged. Only the requirements of this~~  
30 ~~part and any regulations promulgated hereunder shall be used to~~

1 ~~govern the approval or disapproval of a domestic relations~~  
2 ~~order. Therefore, if the secretary of the board, or his~~  
3 ~~designated representative, acts in accordance with the~~  
4 ~~provisions of this part and any promulgated regulations in~~  
5 ~~approving or disapproving a domestic relations order, then the~~  
6 ~~obligations of the system or plan with respect to such approval~~  
7 ~~or disapproval shall be discharged.~~

8 ~~§ 8533.2. Irrevocable beneficiary.~~

9 ~~Notwithstanding any other provision of this part, a domestic~~  
10 ~~relations order may provide for an irrevocable beneficiary. A~~  
11 ~~domestic relations order requiring the nomination of an~~  
12 ~~irrevocable beneficiary shall be deemed to be one that requires~~  
13 ~~a member or participant to nominate an alternate payee as a~~  
14 ~~beneficiary and that prohibits the removal or change of that~~  
15 ~~beneficiary without approval of a court of competent~~  
16 ~~jurisdiction, except by operation of law. Such a domestic~~  
17 ~~relations order may be certified as an approved domestic~~  
18 ~~relations order by the secretary of the board, or his designated~~  
19 ~~representative, after the member or participant makes such~~  
20 ~~nomination, in which case the irrevocable beneficiary so ordered~~  
21 ~~by the court cannot be changed by the member or participant~~  
22 ~~without approval by the court.~~

23 ~~§ 8533.3. Irrevocable survivor annuitant.~~

24 ~~Notwithstanding any other provisions of this part, a domestic~~  
25 ~~relations order may provide for an irrevocable survivor~~  
26 ~~annuitant pertaining to a member. A domestic relations order~~  
27 ~~requiring the designation of an irrevocable survivor annuitant~~  
28 ~~shall be deemed to be one that requires a member to designate an~~  
29 ~~alternate payee as a survivor annuitant and that prohibits the~~  
30 ~~removal or change of that survivor annuitant without approval of~~

1 ~~a court of competent jurisdiction, except by operation of law.~~  
2 ~~Such a domestic relations order may be certified as an approved~~  
3 ~~domestic relations order by the secretary of the board, or his~~  
4 ~~designated representative, in which case the irrevocable~~  
5 ~~survivor annuitant so ordered by the court cannot be changed by~~  
6 ~~the member without approval by the court. A person ineligible to~~  
7 ~~be designated as a survivor annuitant may not be designated an~~  
8 ~~irrevocable survivor annuitant.~~

9 ~~§ 8533.4. Amendment of approved domestic relations orders.~~

10 ~~(a) Deceased alternate payee. In the event that the~~  
11 ~~alternate payee predeceases the member or participant and there~~  
12 ~~are benefits payable to the alternate payee, the divorce court~~  
13 ~~may amend the approved domestic relations order to substitute a~~  
14 ~~person for the deceased alternate payee to receive any benefits~~  
15 ~~payable to the deceased alternate payee.~~

16 ~~\*\*\*~~

17 ~~Section 122. Title 24 is amended by adding a section to~~  
18 ~~read:~~

19 ~~§ 8533.5. Irrevocable successor payee.~~

20 ~~(a) Condition. Notwithstanding any other provisions of this~~  
21 ~~part, a domestic relations order pertaining to a participant may~~  
22 ~~provide for an irrevocable successor payee, only if the~~  
23 ~~participant is receiving a payment pursuant to a payment option~~  
24 ~~provided by the board that allows for a successor payee.~~

25 ~~(b) Determination. A domestic relations order requiring the~~  
26 ~~designation of an irrevocable successor payee shall be deemed to~~  
27 ~~be one that requires a participant who is receiving payments~~  
28 ~~from an annuity or other distribution option to designate an~~  
29 ~~alternate payee as a successor payee and that prohibits the~~  
30 ~~removal or change of that successor payee without approval of a~~

1 ~~court of competent jurisdiction, except by operation of law.~~

2 ~~(c) Certification. A domestic relations order under~~  
3 ~~subsection (b) may be certified as an approved domestic~~  
4 ~~relations order by the secretary of the board, or his designated~~  
5 ~~representative, in which case the irrevocable successor payee~~  
6 ~~ordered by the court cannot be changed by the participant~~  
7 ~~without approval by the court.~~

8 ~~(d) Ineligibility. A person ineligible to be designated as~~  
9 ~~a successor payee may not be designated as an irrevocable~~  
10 ~~successor payee. A court may not name an irrevocable successor~~  
11 ~~payee if the alternate payee is eligible to receive a lump sum~~  
12 ~~distribution of the alternate payee's portion of the marital~~  
13 ~~portion of the pension benefit.~~

14 ~~Section 123. Sections 8534 and 8535 of Title 24 are amended~~  
15 ~~to read:~~

16 ~~§ 8534. Fraud and adjustment of errors.~~

17 ~~(a) Penalty for fraud. Any person who shall knowingly make~~  
18 ~~any false statement or shall falsify or permit to be falsified~~  
19 ~~any record or records of this system or plan in any attempt to~~  
20 ~~defraud the system or plan as a result of such act shall be~~  
21 ~~guilty of a misdemeanor of the second degree.~~

22 ~~(b) Adjustment of errors. Should any change or mistake in~~  
23 ~~records result in any member, participant, beneficiary, [or],~~  
24 ~~survivor annuitant or successor payee receiving from the system~~  
25 ~~or plan more or less than he would have been entitled to receive~~  
26 ~~had the records been correct, then regardless of the intentional~~  
27 ~~or unintentional nature of the error and upon the discovery of~~  
28 ~~such error, the board shall correct the error and if the error~~  
29 ~~affects contributions to or payments from the system, then so~~  
30 ~~far as practicable shall adjust the payments which may be made~~

1 ~~for and to such person in such a manner that the actuarial-~~  
2 ~~equivalent of the benefit to which he was correctly entitled-~~  
3 ~~shall be paid. If the error affects contributions to or payments~~  
4 ~~from the plan, the board shall take such action as shall be~~  
5 ~~provided for in the plan document.~~

6 ~~§ 8535. Payments to school entities by Commonwealth.~~

7 ~~For each school year beginning with the 1995-1996 school year-~~  
8 ~~and ending with the 2015-2016 school year, each school entity-~~  
9 ~~shall be paid by the Commonwealth for contributions based upon-~~  
10 ~~school service of active members of the system after June 30,-~~  
11 ~~1995, as follows:~~

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

30 ~~(2) The Commonwealth shall pay each school entity for-~~



1 ~~contributions made to the Public School Employees' Retirement~~  
2 ~~Fund based upon school service of all active members,~~  
3 ~~including members on activated military service leave, who~~  
4 ~~are not described in paragraph (1), one half of the amount~~  
5 ~~certified by the Public School Employees' Retirement Board as~~  
6 ~~necessary to provide, together with the members'~~  
7 ~~contributions, reserves on account of prospective annuities,~~  
8 ~~supplemental annuities and the premium assistance program as~~  
9 ~~provided in this part in accordance with section 8328.~~

10 ~~(3) School entities shall have up to five days after~~  
11 ~~receipt of the Commonwealth's portion of the employer's~~  
12 ~~liability to make payment to the Public School Employees'~~  
13 ~~Retirement Fund. School entities are expected to make the~~  
14 ~~full payment to the Public School Employees' Retirement Fund~~  
15 ~~in accordance with section 8327 (relating to payments by~~  
16 ~~employers) in the event the receipt of the Commonwealth's~~  
17 ~~portion of the employer's liability is delayed because of~~  
18 ~~delinquent salary reporting or other conduct by the school~~  
19 ~~entities.~~

20 ~~Section 124. Title 24 is amended by adding sections to read:~~

21 ~~§ 8535.1. Payments to school entities by Commonwealth~~  
22 ~~commencing with the 2016-2017 school year.~~

23 ~~For each school year, beginning with the 2016-2017 school~~  
24 ~~year, each school entity shall be paid by the Commonwealth for~~  
25 ~~contributions based upon school service of active members of the~~  
26 ~~system and active participants of the plan after June 30, 2016,~~  
27 ~~as follows:~~

28 ~~(1) The Commonwealth shall pay each school entity for~~  
29 ~~contributions made to the fund or the trust based upon school~~  
30 ~~service of all active members or active participants,~~

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

~~(2) The Commonwealth shall pay each school entity for contributions made to the fund or the trust based upon school service of all active members or active participants, including members or participants on activated military service leave, and active participants of the plan who are not described in paragraph (1) one half of the amount certified by the board as necessary to provide, together with the members' and participants' contributions, reserves on account of prospective annuities, supplemental annuities and the premium assistance program as provided in this part in accordance with section 8328.~~

~~(3) School entities shall have up to five days after receipt of the Commonwealth's portion of the employer's liability to make payment to the fund or the trust. School entities are expected to make the full payment to the fund or~~

~~the trust in accordance with section 8327 (relating to payments by employers) in the event the receipt of the Commonwealth's portion of the employer's liability is delayed because of delinquent salary reporting or other conduct by the school entities.~~

~~§ 8537. Internal Revenue Code limitations.~~

~~Notwithstanding any provisions of this part to the contrary, no contribution or benefit related to the School Employees' Defined Contribution Plan shall be made or payable to the extent that the contribution or benefit exceeds a limitation under IRC § 415 in effect with respect to a "governmental plan," as defined in IRC § 414(d) on the date the contribution or benefit payment becomes effective. An increase in a limitation under IRC § 415 shall be applicable to all current and future participants.~~

~~Section 125. Section 8702(a) of Title 24 is amended to read:~~

~~§ 8702. Definitions.~~

~~(a) General rule. Subject to additional definitions contained in subsequent provisions of this part which are applicable to specific provisions of this part, the following words and phrases when used in this part shall have the meanings given to them in this section unless the context clearly indicates otherwise:~~

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

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

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

~~"Fund." The Public School Retirees' Health Insurance Fund.~~

1 ~~"Plan year." The period July 1, 2001, through December 31,~~  
2 ~~2001, shall be the first plan year. After December 31, 2001, the~~  
3 ~~plan year shall be the calendar year.~~

4 ~~"Program." The group health insurance program that may be~~  
5 ~~sponsored by the Public School Employees' Retirement Board under~~  
6 ~~this part.~~

7 ~~"Reserve account." The restricted receipt account~~  
8 ~~established in section 8902(b) (relating to Public School~~  
9 ~~Retirees' Health Insurance Fund).~~

10 ~~\* \* \*~~

11 ~~ARTICLE II~~

12 ~~Section 201. Section 7306(a) introductory paragraph of Title~~  
13 ~~51 is amended and the section is amended by adding a subsection~~  
14 ~~to read:~~

15 ~~§ 7306. Retirement rights.~~

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

27 ~~\* \* \*~~

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

29 ~~(1) An employee who is an active or inactive participant~~  
30 ~~of the School Employees' Defined Contribution Plan at the~~

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

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

### ARTICLE III

~~Section 301. Section 4104(a)(7) of Title 71 is amended to read:~~

~~§ 4104. Duties of office.~~

~~(a) Mandatory. The office shall:~~

~~\* \* \*~~

~~(7) Study and analyze the impact of shared risk contributions under 24 Pa.C.S. § 8321(b) (relating to regular member contributions for current service) and section 5501.1 (relating to shared risk member contributions for Class A 3 [and], Class A 4 and Class A 5 service).~~

~~\* \* \*~~

~~Section 302. The definitions of "active member," "alternate payee," "average noncovered salary," "beneficiary," "class of service multiplier," "compensation," "creditable nonstate service," "credited service," "date of termination of service," "distribution," "domestic relations order," "final average salary," "inactive member," "intervening military service,"~~

1 ~~"irrevocable beneficiary," "member's annuity," "reemployed from~~  
2 ~~USERRA leave," "regular membership contributions," "retirement~~  
3 ~~counselor," "salary deductions," "shared risk member~~  
4 ~~contributions," "special vestee," "standard single life~~  
5 ~~annuity," "State employee," "superannuation age,"~~  
6 ~~"superannuation score," "total accumulated deductions,"~~  
7 ~~"valuation interest" and "vestee" in section 5102 of Title 71~~  
8 ~~are amended and the section is amended by adding definitions to~~  
9 ~~read:~~

10 ~~§ 5102. Definitions.~~

11 ~~The following words and phrases as used in this part, unless~~  
12 ~~a different meaning is plainly required by the context, shall~~  
13 ~~have the following meanings:~~

14 ~~\* \* \*~~

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

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

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

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

6 ~~"Active member." A State employee, or a member on leave~~  
7 ~~without pay, for whom pickup contributions are being made to the~~  
8 ~~fund or for whom such contributions otherwise required for~~  
9 ~~current State service are not being made solely by reason of~~  
10 ~~section 5502.1 (relating to waiver of regular member~~  
11 ~~contributions and Social Security integration member~~  
12 ~~contributions) or any provision of this part relating to the~~  
13 ~~limitations under section 401(a)(17) or section [415(b)] 415 of~~  
14 ~~the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C.~~  
15 ~~§ 401(a)(17) or [415(b)].) 415) or limitations on contributions~~  
16 ~~to the system applicable to a Class A 5 member who is making~~  
17 ~~mandatory pickup participant contributions to the trust.~~

18 ~~"Active participant." A State employee for whom mandatory~~  
19 ~~pickup participant contributions are being made to the trust or~~  
20 ~~for whom such contributions otherwise required for State service~~  
21 ~~required to be credited in the plan are not being made solely by~~  
22 ~~reason of any provision of this part relating to the limitations~~  
23 ~~under section 401(a)(17) or 415 of the Internal Revenue Code of~~  
24 ~~1986 (Public Law 99 514, 26 U.S.C. § 401(a)(17) or 415).~~

25 \* \* \*

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

1       \* \* \*

2       ~~"Average noncovered salary." The average of the amounts of~~  
3 ~~compensation received by an active member, other than~~  
4 ~~compensation attributable to service as a Class A 5 member, each~~  
5 ~~calendar year since January 1, 1956, exclusive of the amount~~  
6 ~~which was or could have been covered by the Federal Social~~  
7 ~~Security Act[, 42 U.S.C. § 301 et seq.] (42 U.S.C. § 301 et~~  
8 ~~seq.), during that portion of the member's service since January~~  
9 ~~1, 1956, for which he has received social security integration~~  
10 ~~credit.~~

11       \* \* \*

12       ~~"Beneficiary." [The] In the case of the system, the person~~  
13 ~~or persons last designated in writing to the board by a member~~  
14 ~~to receive his accumulated deductions or a lump sum benefit upon~~  
15 ~~the death of such member. In the case of the plan, the person or~~  
16 ~~persons last designated in writing to the board by the~~  
17 ~~participant to receive the participant's vested accumulated~~  
18 ~~total defined contributions or a lump sum benefit upon the death~~  
19 ~~of the participant.~~

20       \* \* \*

21       ~~"Class A 5 accumulated deductions." The sum of the regular~~  
22 ~~accumulated deductions, shared risk member contributions and all~~  
23 ~~other contributions paid into the fund for the purchase,~~  
24 ~~transfer or conversion of credit for service or other coverage~~  
25 ~~in Class A 5 together with all statutory interest credited~~  
26 ~~thereon until the date of termination of service. In the case of~~  
27 ~~a vestee, statutory interest shall be credited until the~~  
28 ~~effective date of retirement. A member's account shall not be~~  
29 ~~credited with statutory interest for more than two years during~~  
30 ~~a leave without pay.~~



1 ~~"Class A 5 annual compensation limit." For calendar year~~  
2 ~~2016, the amount of \$50,000. For each subsequent calendar year,~~  
3 ~~the limit shall be 1% greater than the previous year's amount,~~  
4 ~~rounded to the nearest hundred dollars.~~

5 ~~"Class of service multiplier."~~

6	Class of Service		Multiplier
7	A		±
8	AA	<del>for all purposes</del>	
9	-	<del>except</del>	
10	-	<del>calculating</del>	
11	-	<del>regular member</del>	
12	-	<del>contributions on</del>	
13	-	<del>compensation</del>	
14	-	<del>paid prior to</del>	
15	-	<del>January 1, 2002</del>	1.25
16	AA	<del>for purposes of</del>	
17	-	<del>calculating</del>	
18	-	<del>regular member</del>	
19	-	<del>contributions</del>	
20	-	<del>on compensation</del>	
21	-	<del>paid prior to</del>	
22	-	<del>January 1, 2002</del>	±
23	<del>A-3</del>	<del>for all purposes</del>	
24	-	<del>except the</del>	
25	-	<del>calculation of</del>	
26	-	<del>regular member</del>	
27	-	<del>contributions</del>	
28	-	<del>and</del>	
29	-	<del>contributions</del>	
30	-	<del>for creditable</del>	

1           -       ~~nonstate service~~                   1  
2           ~~A-3~~     ~~for purposes of~~  
3           -       ~~calculating~~  
4           -       ~~regular member~~  
5           -       ~~contributions~~  
6           -       ~~and~~  
7           -       ~~contributions~~  
8           -       ~~for creditable~~  
9           -       ~~nonstate service~~                   1.25  
10          ~~A-4~~     ~~for all purposes~~  
11          -       ~~except the~~  
12          -       ~~calculation of~~  
13          -       ~~regular member~~  
14          -       ~~contributions~~                   1.25  
15          ~~A-4~~     ~~for purposes of~~  
16          -       ~~calculating~~  
17          -       ~~regular member~~  
18          -       ~~contributions~~                   1.86  
19          A-5     for all purposes  
20                   ~~except the~~  
21                   ~~calculation of~~  
22                   ~~regular member~~  
23                   ~~contributions~~                   1  
24          A-5     for purposes of  
25                   ~~calculating~~  
26                   ~~regular member~~  
27                   ~~contributions on~~  
28                   ~~compensation up~~  
29                   ~~to the Class A 5~~  
30                   ~~annual~~

1                    ~~compensation~~  
2                    ~~limit for~~  
3                    ~~members who have~~  
4                    ~~less than 25~~  
5                    ~~eligibility~~  
6                    ~~points credited~~  
7                    ~~as a member of~~  
8                    ~~Class A 5 or, if~~  
9                    ~~a multiple~~  
10                   ~~service member,~~  
11                   ~~as a member of~~  
12                   ~~Class T G in the~~  
13                   ~~Public School~~  
14                   ~~Employees'~~  
15                   ~~Retirement~~  
16                   ~~System~~                    1.2  
17                   A 5                   ~~for purposes of~~  
18                   ~~calculating~~  
19                   ~~regular member~~  
20                   ~~contributions on~~  
21                   ~~compensation~~  
22                   ~~over the Class~~  
23                   ~~A 5 annual~~  
24                   ~~compensation~~  
25                   ~~limit or for~~  
26                   ~~members who have~~  
27                   ~~25 or more~~  
28                   ~~eligibility~~  
29                   ~~points credited~~  
30                   ~~as a member of~~

1		<del>Class A 5 or, if</del>			
2		<del>a multiple</del>			
3		<del>service member,</del>			
4		<del>as a member of</del>			
5		<del>Class T G in the</del>			
6		<del>Public School</del>			
7		<del>Employees'</del>			
8		<del>Retirement</del>			
9		<del>System</del>		<del>0</del>	
10	B			.625	
11	C			1	
12	D			1.25	
13	<del>D-1</del>	<del>prior to January</del>			
14	-	<del>1, 1973</del>		<del>1.875</del>	
15	<del>D-1</del>	<del>on and</del>			
16	-	<del>subsequent to</del>			
17	-	<del>January 1, 1973</del>		<del>1.731</del>	
18	<del>D-2</del>	<del>prior to January</del>			
19	-	<del>1, 1973</del>		<del>2.5</del>	
20	<del>D-2</del>	<del>on and</del>			
21	-	<del>subsequent to</del>			
22	-	<del>January 1, 1973</del>		<del>1.731</del>	
23	<del>D-3</del>	<del>prior to January</del>			
24	-	<del>1, 1973</del>		<del>3.75</del>	
25	<del>D-3</del>	<del>on and</del>			
26	-	<del>subsequent to</del>			
27	-	<del>January 1, 1973</del>		<del>1.731</del>	<del>except prior to</del>
28	-				<del>December 1, 1974</del>
29	-				<del>as applied to</del>
30	-				<del>any additional</del>

1	-			legislative-
2	-			compensation as-
3	-			an officer of-
4	-			the General-
5	-			Assembly
6	-		3.75	
7	<del>D-4</del>	<del>for all purposes-</del>		
8	-	<del>except-</del>		
9	-	<del>calculating-</del>		
10	-	<del>regular member-</del>		
11	-	<del>contributions-</del>		
12	-	<del>on compensation-</del>		
13	-	<del>paid prior to-</del>		
14	-	<del>July 1, 2001</del>	1.5	
15	<del>D-4</del>	<del>for purposes of-</del>		
16	-	<del>calculating-</del>		
17	-	<del>regular member-</del>		
18	-	<del>contributions on-</del>		
19	-	<del>compensation-</del>		
20	-	<del>paid prior to-</del>		
21	-	<del>July 1, 2001</del>	1	
22	<del>E, E-1</del>	<del>prior to January-</del>		
23	-	<del>1, 1973</del>	2	<del>for each of the-</del>
24	-			<del>first ten years-</del>
25	-			<del>of judicial-</del>
26	-			<del>service, and</del>
27	-		1.5	<del>for each-</del>
28	-			<del>subsequent year-</del>
29	-			<del>of judicial-</del>
30	-			<del>service</del>

1	<del>E, E-1</del>	<del>on and</del>		
2		<del>subsequent to</del>		
3		<del>January 1, 1973</del>	<del>1.50</del>	<del>for each of the</del>
4				<del>first ten years</del>
5				<del>of judicial</del>
6				<del>service and</del>
7			<del>1.125</del>	<del>for each</del>
8				<del>subsequent year</del>
9				<del>of judicial</del>
10				<del>service</del>
11	<del>E-2</del>	<del>prior to</del>		
12		<del>September 1,</del>		
13		<del>1973</del>	<del>1.5</del>	
14	<del>E-2</del>	<del>on and</del>		
15	<del>-</del>	<del>subsequent to</del>		
16	<del>-</del>	<del>September 1,</del>		
17	<del>-</del>	<del>1973</del>	<del>1.125</del>	
18	<del>G</del>		<del>0.417</del>	
19	<del>H</del>		<del>0.500</del>	
20	<del>I</del>		<del>0.625</del>	
21	<del>J</del>		<del>0.714</del>	
22	<del>K</del>		<del>0.834</del>	
23	<del>L</del>		<del>1.000</del>	
24	<del>M</del>		<del>1.100</del>	
25	<del>N</del>		<del>1.250</del>	
26	<del>T-C</del>	<del>(Public School</del>	<del>±</del>	
27	<del>Employees</del>	<del>Retirement Code)</del>		
28				
29	<del>T-E</del>	<del>(Public School</del>	<del>±</del>	
30	<del>Employees</del>			

1           ~~Retirement Code)~~  
2           ~~T-F (Public School                           ±~~  
3           ~~Employees'~~  
4           ~~Retirement Code)~~  
5           ~~T-G (Public School                           ±~~  
6           ~~Employees' Retirement~~  
7           ~~Code)~~

8           ~~\*\*\*~~

9           ~~"Compensation." Pickup contributions and mandatory pickup~~  
10 ~~participant contributions plus remuneration actually received as~~  
11 ~~a State employee excluding refunds for expenses, contingency and~~  
12 ~~accountable expense allowances; excluding any severance payments~~  
13 ~~or payments for unused vacation or sick leave; and excluding~~  
14 ~~payments for military leave and any other payments made by an~~  
15 ~~employer while on USERRA leave, leave of absence granted under~~  
16 ~~51 Pa.C.S. § 4102 (relating to leaves of absence for certain~~  
17 ~~government employees), military leave of absence granted under~~  
18 ~~51 Pa.C.S. § 7302 (relating to granting military leaves of~~  
19 ~~absence) or other types of military leave, including other types~~  
20 ~~of leave payments, stipends, differential wage payments as~~  
21 ~~defined in IRC § 414(u)(12) and any other payments; and for a~~  
22 ~~member who first becomes an officer of the State police on or~~  
23 ~~after July 1, 2017, excluding remuneration received in any pay~~  
24 ~~period for voluntary overtime service for service as an officer~~  
25 ~~of the State police that exceeds 10% of the member's base salary~~  
26 ~~as an officer of the State police in that pay period: Provided,~~  
27 ~~however, That compensation received prior to January 1, 1973,~~  
28 ~~shall be subject to the limitations for retirement purposes in~~  
29 ~~effect December 31, 1972, if any: Provided further, That the~~  
30 ~~limitation under section 401(a)(17) of the Internal Revenue Code~~

1 ~~of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(17)) taken into~~  
2 ~~account for the purpose of member contributions, including any~~  
3 ~~additional member contributions in addition to regular or joint~~  
4 ~~coverage member contributions and Social Security integration~~  
5 ~~contributions, regardless of class of service, shall apply to~~  
6 ~~each member who first became a member of the State Employees'~~  
7 ~~Retirement System on or after January 1, 1996, and who by reason~~  
8 ~~of such fact is a noneligible member subject to the application~~  
9 ~~of the provisions of section 5506.1(a) (relating to annual~~  
10 ~~compensation limit under IRC § 401(a)(17)) and shall apply to~~  
11 each participant pertaining to his participation in the plan.

12 \* \* \*

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

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

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

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

23 ~~"Credited service." State or creditable nonstate service for~~  
24 ~~which the required contributions have been made to the fund or~~  
25 ~~for which the contributions otherwise required for such service~~  
26 ~~were not made solely by reason of section 5502.1 (relating to~~  
27 ~~waiver of regular member contributions and Social Security~~  
28 ~~integration member contributions) or any provision of this part~~  
29 ~~relating to the limitations under section 401(a)(17) or [415(b)]~~  
30 ~~415 of the Internal Revenue Code of 1986 (Public Law 99 514, 26~~



1 ~~U.S.C. § 401(a) (17) or [415(b)],] 415), or limitations on~~  
2 ~~contributions to the system applicable to a Class A 5 member who~~  
3 ~~is making mandatory pickup participant contributions to the~~  
4 ~~trust or for which salary deductions or lump sum payments to the~~  
5 ~~system have been agreed upon in writing.~~

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

8 ~~(1) the last day of service for which pickup~~  
9 ~~contributions are made for an active member or for which the~~  
10 ~~contributions otherwise required for such service were not~~  
11 ~~made solely by reason of section 5502.1 (relating to waiver~~  
12 ~~of regular member contributions and social security~~  
13 ~~integration member contributions) or any provision of this~~  
14 ~~part relating to the limitations under section 401(a) (17) or~~  
15 ~~415 of the Internal Revenue Code of 1986 (Public Law 99 514,~~  
16 ~~26 U.S.C. § 401(a) (17) or 415) or limitations on~~  
17 ~~contributions to the system applicable to a Class A 5 member;~~

18 ~~(2) the last day of service for which mandatory pickup~~  
19 ~~participant contributions are made for an active participant;~~  
20 ~~or~~

21 ~~(3) in the case of an inactive member on leave without~~  
22 ~~pay or an inactive participant on leave without pay, the date~~  
23 ~~of his resignation or the date his employment is formally~~  
24 ~~discontinued by his employer.~~

25 \* \* \*

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

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

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

13 \* \* \*

14 ~~"Employer defined contributions." Contributions that are~~  
15 ~~made by the Commonwealth or other employer to the trust to be~~  
16 ~~credited in an active participant's individual investment~~  
17 ~~account as follows:~~

18 ~~(1) Except as provided under paragraph (2),~~  
19 ~~contributions equal to 4% of an active participant's~~  
20 ~~compensation.~~

21 ~~(2) For participants who have less than 25 eligibility~~  
22 ~~points credited as a member of Class A-5 or, if a multiple~~  
23 ~~service member, in Class T G in the Public School Employees'~~  
24 ~~Retirement System, contributions equal to 0.5% of an active~~  
25 ~~participant's compensation up to the Class A-5 annual~~  
26 ~~compensation limit and for other compensation contributions~~  
27 ~~as set forth in paragraph (1).~~

28 \* \* \*

29 ~~"Final average salary." [The] As follows:~~

30 ~~(1) For purposes of calculating all annuities and~~

1 ~~benefits from the system attributable to a class of service~~  
2 ~~other than Class A 5, the highest average compensation~~  
3 ~~received as a member during any three nonoverlapping periods~~  
4 ~~of four consecutive calendar quarters during which the member~~  
5 ~~was a State employee, excluding compensation received from~~  
6 ~~State service credited as a member of Class A 5, with the~~  
7 ~~compensation for part time service being annualized on the~~  
8 ~~basis of the fractional portion of the year for which credit~~  
9 ~~is received; except if the employee was not a member in~~  
10 ~~classes of service other than Class A 5 for three~~  
11 ~~nonoverlapping periods of four consecutive calendar quarters,~~  
12 ~~the total compensation received as a member for State service~~  
13 ~~credited other than as a member of Class A 5, annualized in~~  
14 ~~the case of part time service, divided by the number of~~  
15 ~~nonoverlapping periods of four consecutive calendar quarters~~  
16 ~~of membership in classes of service other than Class A 5; in~~  
17 ~~the case of a member with multiple service, the final average~~  
18 ~~salary for purposes of calculating all annuities and benefits~~  
19 ~~from the system attributable to a class of service other than~~  
20 ~~Class A 5 shall be determined on the basis of the~~  
21 ~~compensation received by him as a [State employee] member of~~  
22 ~~the system or as a school employee, or both[;], excluding~~  
23 ~~compensation received for service performed as a member of~~  
24 ~~Class A 5 or Class T-G in the Public School Employees'~~  
25 ~~Retirement System; and, in the case of a member with Class A-~~  
26 ~~3 or Class A 4 service and service in one or more other~~  
27 ~~classes of service other than Class A 5, the final average~~  
28 ~~salary shall be determined on the basis of the compensation~~  
29 ~~received by him in all classes of State service[; and] other~~  
30 ~~than Class A 5.~~

~~(2) For purposes of calculating all annuities and benefits from the system attributable to service as a member of Class A 5, the highest average compensation received for service as a member of Class A 5 during any five calendar years; except, if the employee was not a member of Class A 5 during five calendar years, the total compensation received as a member of Class A 5, divided by the number of calendar years of membership in Class A 5; in the case of a member with multiple service, the final average salary for purposes of calculating all annuities and benefits from the system attributable to Class A 5 service shall be determined on the basis of the compensation received by him as a State employee for service credited Class A 5 or as a school employee for service credited in Class T G in the Public School Employees' Retirement System, or both. For the purpose of calculating final average salary under the paragraph, compensation for service as a member of Class A 5 shall be adjusted as set forth in section 5506.2 (relating to application of Class A 5 annual compensation limit).~~

~~(3) For all members, in the case of a member who first became a member on or after January 1, 1996, the final average salary shall be determined as hereinabove provided but subject to the application of the provisions of section 5506.1(a) (relating to annual compensation limit under IRC § 401(a)(17)). Final average salary shall be determined by including in compensation payments deemed to have been made to a member reemployed from USERRA leave to the extent member contributions have been made as provided in section 5302(f)(2) (relating to credited State service) and payments made to a member on leave of absence under 51 Pa.C.S. § 4102-~~

1 ~~(relating to leaves of absence for certain government~~  
2 ~~employees) as provided in section 5302(f)(6).~~

3 ~~\* \* \*~~

4 ~~"Holding vehicle trust." The State Employees' Defined~~  
5 ~~Contribution Holding Vehicle Trust.~~

6 ~~"Inactive member." A member for whom no pickup contributions~~  
7 ~~are being made to the fund, except in the case of an active~~  
8 ~~member for whom such contributions otherwise required for~~  
9 ~~current State service are not being made solely by reason of~~  
10 ~~section 5502.1 (relating to waiver of regular member~~  
11 ~~contributions and Social Security integration member~~  
12 ~~contributions) or any provision of this part relating to the~~  
13 ~~limitations under section 401(a)(17) or 415(b) of the Internal~~  
14 ~~Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)(17)~~  
15 ~~or 415(b)) or limitations on contributions to the system~~  
16 ~~applicable to a Class A 5 member who is making mandatory pickup~~  
17 ~~participant contributions to the trust, but who has accumulated~~  
18 ~~deductions standing to his credit in the fund and who is not~~  
19 ~~eligible to become or has not elected to become a vestee or has~~  
20 ~~not filed an application for an annuity.~~

21 ~~"Inactive participant." A participant for whom no mandatory~~  
22 ~~pickup participant contributions are being made to the trust,~~  
23 ~~except in the case of an active participant for whom such~~  
24 ~~contributions otherwise required for current State service are~~  
25 ~~not being made solely by reason of any provision of this part~~  
26 ~~relating to limitations under section 401(a)(17) or 415 of the~~  
27 ~~Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. §~~  
28 ~~401(a)(17) or 415), but who has vested accumulated total defined~~  
29 ~~contributions standing to his credit in the trust and who has~~  
30 ~~not filed an application for an annuity.~~

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

7 ~~"Intervening military service." Active military service of a~~  
8 ~~member who was a State employee and active member of the system~~  
9 ~~immediately preceding his induction into the armed services or~~  
10 ~~forces of the United States in order to meet a military~~  
11 ~~obligation excluding any voluntary extension of such service and~~  
12 ~~who becomes a State employee within 90 days of the expiration of~~  
13 ~~such service.~~

14 \* \* \*

15 ~~"Irrevocable beneficiary." The person or persons permanently~~  
16 ~~designated by a member or participant in writing to the State~~  
17 ~~Employees' Retirement Board pursuant to an approved domestic~~  
18 ~~relations order to receive all or a portion of the accumulated~~  
19 ~~deductions, vested accumulated total defined contributions or~~  
20 ~~lump sum benefit payable upon the death of such member or~~  
21 ~~participant.~~

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

27 \* \* \*

28 ~~"Mandatory pickup participant contributions." Contributions~~  
29 ~~that are made by the Commonwealth or other employer for active~~  
30 ~~participants for State service required to be credited in the~~

1 ~~plan as follows:~~

2 ~~(1) Except as provided under paragraph (2),~~  
3 ~~contributions equal to 7% of compensation.~~

4 ~~(2) For participants who have less than 25 eligibility~~  
5 ~~points credited as a member of Class A 5 or, if a multiple~~  
6 ~~service member, in Class T G in the Public School Employees'~~  
7 ~~Retirement System, contributions equal to 1% of an active~~  
8 ~~participant's compensation for State service required to be~~  
9 ~~credited in the plan up to the Class A 5 annual compensation~~  
10 ~~limit and for other compensation contributions as set forth~~  
11 ~~in paragraph (1).~~

12 \* \* \*

13 ~~"Member's annuity." The single life annuity which is~~  
14 ~~actuarially equivalent, at the effective date of retirement and~~  
15 ~~taking into account any delay in the receipt of the portion of~~  
16 ~~the annuity based on Class A 5 service, if the effective date of~~  
17 ~~retirement is under the superannuation age applicable to Class~~  
18 ~~A 5 service, to the sum of the regular accumulated deductions,~~  
19 ~~shared risk accumulated deductions, the additional accumulated~~  
20 ~~deductions and the social security integration accumulated~~  
21 ~~deductions standing to the member's credit in the members'~~  
22 ~~savings account.~~

23 \* \* \*

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

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

1       \* \* \*

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

4       ~~"Plan document." The documents created by the board under~~  
5 ~~section 5802 (relating to plan document) that contain the terms~~  
6 ~~and provisions of the plan and trust as established by the board~~  
7 ~~regarding the establishment, administration and investment of~~  
8 ~~the plan and trust.~~

9       \* \* \*

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

18       \* \* \*

19       ~~"Regular member contributions." The product of the basic~~  
20 ~~contribution rate, the class of service multiplier [if greater~~  
21 ~~than one] and the compensation of the member.~~

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

27       ~~"Retirement counselor." The State Employees' Retirement~~  
28 ~~System or State Employees' Defined Contribution Plan employee~~  
29 ~~whose duty it shall be to advise each employee of his rights and~~  
30 ~~duties as a member of the system or as a participant of the~~



1 ~~plan.~~

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

7 ~~"School Employees' Defined Contribution Plan." The defined~~  
8 ~~contribution plan for school employees established under 24-~~  
9 ~~Pa.C.S. Pt. IV (relating to retirement for school employees).~~

10 \* \* \*

11 ~~"Shared risk member contributions." The product of the~~  
12 ~~applicable shared risk contribution rate and the compensation of~~  
13 ~~a member for service credited as Class A 3 or Class A 4 or the~~  
14 ~~compensation of a member up to the Class A 5 annual compensation~~  
15 ~~limit for service credited as Class A 5.~~

16 \* \* \*

17 ~~"Special vestee." An employee of The Pennsylvania State~~  
18 ~~University who is a member of the State Employees' Retirement~~  
19 ~~System with five or more but less than ten eligibility points~~  
20 ~~and who has a date of termination of service from The~~  
21 ~~Pennsylvania State University of June 30, 1997, because of the~~  
22 ~~transfer of his job position or duties to a controlled~~  
23 ~~organization of the Penn State Geisinger Health System or~~  
24 ~~because of the elimination of his job position or duties due to~~  
25 ~~the transfer of other job positions or duties to a controlled~~  
26 ~~organization of the Penn State Geisinger Health System, provided~~  
27 ~~that:~~

28 ~~(1) subsequent to termination of State service as an~~  
29 ~~employee of The Pennsylvania State University, the member has~~  
30 ~~not returned to State service in any other capacity or~~

1 ~~position as a State employee;~~

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

4 ~~(3) the member files an application to vest the member's~~  
5 ~~retirement rights pursuant to section 5907(f) (relating to~~  
6 ~~rights and duties of State employees [and], members and~~  
7 ~~participants) on or before September 30, 1997; and~~

8 ~~(4) the member elects to leave the member's total~~  
9 ~~accumulated deductions in the fund and to defer receipt of an~~  
10 ~~annuity until attainment of superannuation age.~~

11 ~~"Standard single life annuity." An annuity equal to 2% of~~  
12 ~~the final average salary, multiplied by the total number of~~  
13 ~~years and fractional part of a year of credited service of a~~  
14 ~~member in each class service, limited in the case of Class A 5~~  
15 ~~service to 25 years.~~

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

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

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

26 ~~(iii) Community colleges.~~

27 ~~(iv) The Pennsylvania State University, except an~~  
28 ~~employee in the College of Agriculture who is paid wholly~~  
29 ~~from Federal funds or an employee who is participating in~~  
30 ~~the Federal Civil Service Retirement System. The~~

1           ~~university shall be totally responsible for all employer~~  
2           ~~contributions under section 5507 (relating to~~  
3           ~~contributions to the system by the Commonwealth and other~~  
4           ~~employers).~~

5           ~~(2) The Pennsylvania Turnpike Commission, the Delaware~~  
6           ~~River Port Authority, the Port Authority Transit Corporation,~~  
7           ~~the Philadelphia Regional Port Authority, the Delaware River~~  
8           ~~Joint Toll Bridge Commission, the State Public School~~  
9           ~~Building Authority, The General State Authority, the State~~  
10           ~~Highway and Bridge Authority, the Delaware Valley Regional~~  
11           ~~Planning Commission, the Interstate Commission of the~~  
12           ~~Delaware River Basin, and the Susquehanna River Basin~~  
13           ~~Commission any time subsequent to its creation, provided the~~  
14           ~~commission or authority agrees to contribute and does~~  
15           ~~contribute to the fund or trust, from time to time, the~~  
16           ~~moneys required to build up the reserves necessary for the~~  
17           ~~payment of the annuities or other benefits of such officers~~  
18           ~~and employees without any liability on the part of the~~  
19           ~~Commonwealth to make appropriations for such purposes, and~~  
20           ~~provided in the case of employees of the Interstate~~  
21           ~~Commission of the Delaware River Basin, that the employee~~  
22           ~~shall have been a member of the system for at least ten years~~  
23           ~~prior to January 1, 1963.~~

24           ~~(3) Any separate independent public corporation created~~  
25           ~~by statute, not including any municipal or quasi municipal~~  
26           ~~corporation, so long as he remains an officer or employee of~~  
27           ~~such public corporation, and provided that such officer or~~  
28           ~~employee of such public corporation was an employee of the~~  
29           ~~Commonwealth immediately prior to his employment by such~~  
30           ~~corporation, and further provided such public corporation~~

1 ~~shall agree to contribute and contributes to the fund or~~  
2 ~~trust, from time to time, the moneys required to build up the~~  
3 ~~reserves necessary for the payment of the annuities or other~~  
4 ~~benefits of such officers and employees without any liability~~  
5 ~~on the part of the Commonwealth to make appropriations for~~  
6 ~~such purposes.~~

7 \* \* \*

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

12 ~~"Superannuation age." For classes of service in the system~~  
13 ~~other than Class A 3 [and], Class A 4 and Class A 5, any age~~  
14 ~~upon accrual of 35 eligibility points other than eligibility~~  
15 ~~points attributable to service in Class A 5 or, if a multiple~~  
16 ~~service member, in Class T G or age 60, except for a member of~~  
17 ~~the General Assembly, an enforcement officer, a correction~~  
18 ~~officer, a psychiatric security aide, a Delaware River Port~~  
19 ~~Authority policeman or an officer of the Pennsylvania State~~  
20 ~~Police, age 50, and, except for a member with Class G, Class H,~~  
21 ~~Class I, Class J, Class K, Class L, Class M or Class N service,~~  
22 ~~age 55 upon accrual of 20 eligibility points other than~~  
23 ~~eligibility points attributable to service in Class A 5 or, if a~~  
24 ~~multiple service member, in Class T G. For Class A 3 and Class~~  
25 ~~A 4 service, any age upon attainment of a superannuation score~~  
26 ~~of 92, provided the member has accrued 35 eligibility points~~  
27 ~~other than eligibility points attributable to service in Class~~  
28 ~~A 5 or, if a multiple service member, in Class T G, or age 65,~~  
29 ~~or for park rangers or capitol police officers, age 55 with 20~~  
30 ~~years of service as a park ranger or capitol police officer in~~

1 ~~classes of service other than Class A 5, except for a member of~~  
2 ~~the General Assembly, an enforcement officer, a correction-~~  
3 ~~officer, a psychiatric security aide, a Delaware River Port~~  
4 ~~Authority policeman or an officer of the Pennsylvania State~~  
5 ~~Police, age 55. For Class A 5, age 65. A vestee with Class A 3-~~  
6 ~~or Class A 4 service credit attains superannuation age on the~~  
7 ~~birthday the vestee attains the age resulting in a~~  
8 ~~superannuation score of 92, provided that the vestee has at~~  
9 ~~least 35 eligibility points other than eligibility points~~  
10 ~~attributable to service in Class A 5 or, if a multiple service~~  
11 ~~member, in Class T G, or attains another applicable~~  
12 ~~superannuation age, whichever occurs first.~~

13 \* \* \*

14 ~~"Superannuation score." The sum of the member's age in whole~~  
15 ~~years on his last birthday and the amount of the member's total~~  
16 ~~eligibility points, other than eligibility points resulting from~~  
17 ~~Class A 5 service credit or, if a multiple service member, in~~  
18 ~~Class T G on the member's effective date of retirement,~~  
19 ~~expressed in whole years and whole eligibility points and~~  
20 ~~disregarding fractions of a year and fractions of total~~  
21 ~~eligibility points.~~

22 \* \* \*

23 ~~"Total accumulated deductions." The sum of the regular~~  
24 ~~accumulated deductions, additional accumulated deductions, the~~  
25 ~~social security integration accumulated deductions, shared risk~~  
26 ~~member contributions and all other contributions other than~~  
27 ~~Class A 5 accumulated deductions paid into the fund for the~~  
28 ~~purchase, transfer or conversion of credit for service or other~~  
29 ~~coverage other than service or coverage in Class A 5 together~~  
30 ~~with all statutory interest credited thereon until the date of~~

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

6 ~~"Trust." The State Employees' Defined Contribution Trust~~  
7 ~~established under Chapter 58 (relating to State Employees'~~  
8 ~~Defined Contribution Plan).~~

9 \* \* \*

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

13 ~~"Vestee." Any of the following:~~

14 ~~(1) A member with:~~

15 ~~(i) five or more eligibility points in a class of~~  
16 ~~service other than Class A 3 [or], Class A 4, Class A 5~~  
17 ~~or Class T E [or], Class T F or Class T G in the Public~~  
18 ~~School Employees' Retirement System[, a member with];~~

19 ~~(ii) Class G, Class H, Class I, Class J, Class K,~~  
20 ~~Class L, Class M or Class N service with five or more~~  
21 ~~eligibility points in classes of service other than Class~~  
22 ~~A 5 or Class T G in the Public School Employees'~~  
23 ~~Retirement System[, or a member with]; or~~

24 ~~(iii) Class A 3 or Class A 4 service with ten or~~  
25 ~~more eligibility points in classes of service other than~~  
26 ~~Class A 5 or Class T G in the Public School Employees'~~  
27 ~~Retirement System and~~

28 ~~who has terminated State service and has elected to leave his~~  
29 ~~total accumulated deductions in the fund and to defer receipt~~  
30 ~~of an annuity.~~

~~(2) A member with Class A 5 service with ten or more eligibility points for service in Class A 5 or, if a multiple service member, in Class T G in the Public School Employees' Retirement System and either is not eligible to begin receiving an immediate annuity or, if eligible, has elected to defer receipt of an annuity.~~

~~"Voluntary contributions." Contributions made by a participant to the trust and credited to his individual investment account in excess of his mandatory pickup participant contributions by an eligible rollover or direct trustee to trustee transfer.~~

~~Section 303. Section 5103 of Title 71 is amended to read:  
§ 5103. Notice to members and participants.~~

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

~~Section 304. Title 71 is amended by adding a section to read:~~

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

~~(a) Construction. Unless the context clearly indicates otherwise, any reference to the State Employees' Retirement System in a statutory provision other than this part and 24 Pa.C.S. Pt. IV (relating to retirement for school employees)~~

1 ~~shall include a reference to the State Employees' Defined~~  
2 ~~Contribution Plan and any reference to the State Employees'~~  
3 ~~Retirement Fund shall include a reference to the State~~  
4 ~~Employees' Defined Contribution Trust.~~

5 ~~(b) Agreement. The agreement of an employer listed in the~~  
6 ~~definition of "State employee" or any other law to make~~  
7 ~~contributions to the fund or to enroll its employees as members~~  
8 ~~in the system shall be deemed to be an agreement to make~~  
9 ~~contributions to the trust or to enroll its employees in the~~  
10 ~~plan.~~

11 ~~Section 305. Section 5301(a), (b), (c) and (d) of Title 71~~  
12 ~~are amended and the section is amended by adding subsections to~~  
13 ~~read:~~

14 ~~§ 5301. Mandatory and optional membership in the system and~~  
15 ~~participation in the plan.~~

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

19 ~~(1) Governor.~~

20 ~~(2) Lieutenant Governor.~~

21 ~~(3) Members of the General Assembly.~~

22 ~~(4) Heads or deputy heads of administrative departments.~~

23 ~~(5) Members of any independent administrative board or~~  
24 ~~commission.~~

25 ~~(6) Members of any departmental board or commission.~~

26 ~~(7) Members of any advisory board or commission.~~

27 ~~(8) Secretary to the Governor.~~

28 ~~(9) Budget Secretary.~~

29 ~~(10) Legislative employees.~~

30 ~~(11) School employees who have elected membership in the~~



1 ~~Public School Employees' Retirement System.~~

2 ~~(12) School employees who have elected membership in an~~  
3 ~~independent retirement program approved by the employer,~~  
4 ~~provided that in no case, except as hereinafter provided,~~  
5 ~~shall the employer contribute on account of such elected~~  
6 ~~membership at a rate greater than the employer normal~~  
7 ~~contribution rate as determined in section 5508(b) (relating~~  
8 ~~to actuarial cost method). For the fiscal year 1986 1987 an~~  
9 ~~employer may contribute on account of such elected membership~~  
10 ~~at a rate which is the greater of 7% or the employer normal~~  
11 ~~contribution rate as determined in section 5508(b) and for~~  
12 ~~the fiscal year 1992 1993 and all years after that at a rate~~  
13 ~~of 9.29%.~~

14 ~~(13) Persons who have elected to retain membership in~~  
15 ~~the retirement system of the political subdivision by which~~  
16 ~~they were employed prior to becoming eligible for membership~~  
17 ~~in the State Employees' Retirement System.~~

18 ~~(14) Persons who are not members of the system and are~~  
19 ~~employed on a per diem or hourly basis for less than 100 days~~  
20 ~~or 750 hours in a [12 month period] calendar year.~~

21 ~~(15) Employees of the Philadelphia Regional Port~~  
22 ~~Authority who have elected to retain membership in the~~  
23 ~~pension plan or retirement system in which they were enrolled~~  
24 ~~as employees of the predecessor Philadelphia Port Corporation~~  
25 ~~prior to the creation of the Philadelphia Regional Port~~  
26 ~~Authority.~~

27 ~~(16) Employees of the Juvenile Court Judges' Commission~~  
28 ~~who, before the effective date of this paragraph, were~~  
29 ~~transferred from the State System of Higher Education to the~~  
30 ~~Juvenile Court Judges' Commission as a result of an~~

1 ~~interagency transfer of staff approved by the Office of~~  
2 ~~Administration and who, while employees of the State System~~  
3 ~~of Higher Education, had elected membership in an independent~~  
4 ~~retirement program approved by the employer.~~

5 ~~(a.1) Mandatory participation in the plan. A State employee~~  
6 ~~who is a mandatory member of the system as a member of Class A 5~~  
7 ~~shall be a mandatory participant in the plan as of the effective~~  
8 ~~date of membership in the system.~~

9 ~~(b) Optional membership in the system.~~

10 ~~The State employees listed in subsection (a)(1) through~~  
11 ~~{(11)} (10) whose first period of State service begins before~~  
12 ~~January 1, 2016, shall have the right to elect membership in~~  
13 ~~the system[; once such election is] before January 1, 2016,~~  
14 ~~or the termination of State service, whichever occurs first.~~  
15 ~~The State employees listed in subsection (a)(1) through (10)~~  
16 ~~who first become State employees on or after January 1, 2016,~~  
17 ~~shall be members of the system effective as of the date of~~  
18 ~~their employment unless they elect not to be members within~~  
19 ~~45 days after beginning State service. Once such elections~~  
20 ~~are exercised, membership or nonmembership, as the case may~~  
21 ~~be, shall continue until the termination of State service.~~  
22 ~~The State employees listed under subsection (a)(11) shall~~  
23 ~~have the right to elect membership in the system. Once the~~  
24 ~~election is exercised, membership shall continue until the~~  
25 ~~termination of State service.~~

26 ~~(b.1) Optional participation in the plan. The State~~  
27 ~~employees who are optional members of the system as a member of~~  
28 ~~Class A 5 also are optional participants in the plan. The State~~  
29 ~~employees who elect membership in the system as members of Class~~  
30 ~~A 5 also automatically elect participation in the plan as of the~~

1 ~~effective date of membership in the system.~~

2 ~~(c) Prohibited membership in the system. The State~~  
3 ~~employees listed in subsection (a) (12), (13), (14) and (15)~~  
4 ~~shall not have the right to elect membership in the system.~~

5 ~~(c.1) Prohibited participation in the plan. The State~~  
6 ~~employees who are listed in subsection (a) (11), (12), (13), (14)~~  
7 ~~and (15) or who are not members of Class A 5 shall not be~~  
8 ~~eligible to participate in the plan.~~

9 ~~(d) Return to service.~~

10 ~~(1) An annuitant who returns to service as a State~~  
11 ~~employee before January 1, 2016, shall resume active~~  
12 ~~membership in the system as of the effective date of~~  
13 ~~employment, except as otherwise provided in section 5706(a)~~  
14 ~~(relating to termination of annuities), regardless of the~~  
15 ~~optional membership category of the position.~~

16 ~~(2) An annuitant, inactive participant or a participant~~  
17 ~~receiving distributions who returns to service as a State~~  
18 ~~employee on or after January 1, 2016, shall resume active~~  
19 ~~membership in the system, if an active member of Class A 5~~  
20 ~~shall, and be an active participant in the plan as of the~~  
21 ~~effective date of employment, except as otherwise provided in~~  
22 ~~section 5706(a), regardless of the optional membership or~~  
23 ~~participation category of the position.~~

24 \* \* \*

25 Section 306. Section 5302(a), (b), (c) and (f) of Title 71  
26 are amended to read:

27 § 5302. Credited State service.

28 (a) Computation of credited service. In computing credited  
29 State service of a member for the determination of benefits, a  
30 full time salaried State employee, including any member of the

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

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

4 ~~(b) Creditable leaves of absence.~~

5 ~~(1) A member on leave without pay who is studying under~~  
6 ~~a Federal grant approved by the head of his department or who~~  
7 ~~is engaged up to a maximum of two years of temporary service~~  
8 ~~with the United States Government, another state or a local~~  
9 ~~government under the Intergovernmental Personnel Act of 1970~~  
10 ~~(5 U.S.C. §§ 1304, 3371 3376; 42 U.S.C. §§ 4701 4772) shall~~  
11 ~~be eligible for credit for such service: Provided, That~~  
12 ~~contributions are made in accordance with sections 5501~~  
13 ~~(relating to regular member contributions for current~~  
14 ~~service), 5501.1 (relating to shared risk member~~  
15 ~~contributions for Class A 3 [and], Class A 4 and Class A 5~~  
16 ~~service), 5505.1 (relating to additional member~~  
17 ~~contributions) and 5507 (relating to contributions to the~~  
18 ~~system by the Commonwealth and other employers), the member~~  
19 ~~returns from leave without pay to active State service as a~~  
20 ~~member of the system for a period of at least one year, and~~  
21 ~~he is not entitled to retirement benefits for such service~~  
22 ~~under a retirement system administered by any other~~  
23 ~~governmental agency.~~

24 ~~(2) An active member or active participant on paid leave~~  
25 ~~granted by an employer for purposes of serving as an elected~~  
26 ~~full time officer for a Statewide employee organization which~~  
27 ~~is a collective bargaining representative under the act of~~  
28 ~~June 24, 1968 (P.L.237, No.111), referred to as the Policemen~~  
29 ~~and Firemen Collective Bargaining Act, or the act of July 23,~~  
30 ~~1970 (P.L.563, No.195), known as the Public Employe Relations~~

1 ~~Act, and up to 14 full time business agents appointed by an~~  
2 ~~employee organization that represents correction officers~~  
3 ~~employed at State correctional institutions: Provided, That~~  
4 ~~for elected full time officers such leave shall not be for~~  
5 ~~more than three consecutive terms of the same office and for~~  
6 ~~up to 14 full time business agents appointed by an employee~~  
7 ~~organization that represents correction officers employed at~~  
8 ~~State correctional institutions no more than three~~  
9 ~~consecutive terms of the same office; that the employer shall~~  
10 ~~fully compensate the member or participant, including, but~~  
11 ~~not limited to, salary, wages, pension and retirement~~  
12 ~~contributions and benefits, other benefits and seniority, as~~  
13 ~~if he were in full time active service; and that the~~  
14 ~~Statewide employee organization shall fully reimburse the~~  
15 ~~employer for all expenses and costs of such paid leave,~~  
16 ~~including, but not limited to, contributions and payment in~~  
17 ~~accordance with sections 5501, 5501.1, 5505.1 and 5507, 5804~~  
18 ~~(relating to participant contributions), 5805 (relating to~~  
19 ~~mandatory pickup participant contributions) and 5806~~  
20 ~~(relating to employer defined contributions), if the employee~~  
21 ~~organization either directly pays, or reimburses the~~  
22 ~~Commonwealth or other employer for, contributions made in~~  
23 ~~accordance with [section 5507] sections 5507, 5804, 5805 and~~  
24 ~~5806.~~

25 \* \* \*

26 ~~(e) Cancellation of credited service.—~~

27 ~~(1) All credited service in the system shall be~~  
28 ~~cancelled if a member withdraws his total accumulated~~  
29 ~~deductions and Class A 5 accumulated deductions, except that:~~

30 ~~(i) a member with Class A 3 or Class A 4 service~~

~~credit and one or more other classes of service credit shall not have his service credit as a member of any classes of service other than as a member of Class A 3 or Class A 4 cancelled when the member receives a lump sum payment of accumulated deductions resulting from Class A 3 or Class A 4 service pursuant to section [5705.1] 5705.1(a) (relating to payment of accumulated deductions resulting from [Class A 3 and Class A 4] more than one class of service) [.] ;~~

~~(ii) a member with Class A 5 service credit and one or more other classes of service credit shall not have his service credit in the classes of service other than Class A 5 cancelled when the member receives a lump sum payment of Class A 5 accumulated deductions pursuant to section 5705.1(b) (1); and~~

~~(iii) a member with Class A 5 service credit and one or more other classes of service credit shall not have his service credit as a member of Class A 5 cancelled when the member receives a lump sum payment of total accumulated deductions resulting from the other classes of service pursuant to section 5705.1(b) (2).~~

~~(2) A partial or total distribution of accumulated total defined contributions to a participant who also is a member shall not cancel service credited in the system.~~

~~(f) Credit for military service. A State employee who has performed USERRA leave may receive credit in the system or participate in the plan as follows:~~

~~(1) For purposes of determining whether a member is eligible to receive credited service in the system for a period of active military service, other than active duty~~

1 ~~service to meet periodic training requirements, rendered~~  
2 ~~after August 5, 1991, and that began before the effective~~  
3 ~~date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73~~  
4 ~~(relating to military leave of absence) shall apply to all~~  
5 ~~individuals who were active members of the system when the~~  
6 ~~period of military service began, even if not defined as an~~  
7 ~~employee pursuant to 51 Pa.C.S. § 7301 (relating to~~  
8 ~~definitions).~~

9 ~~(1.1) State employees may not receive service credit in~~  
10 ~~the system or exercise the options under 51 Pa.C.S. § 7306~~  
11 ~~(relating to retirement rights) for military leaves that~~  
12 ~~begin on or after the effective date of this subsection,~~  
13 ~~except as otherwise provided by this subsection.~~

14 ~~(1.2) State employees may not participate in the plan or~~  
15 ~~exercise the options under 51 Pa.C.S. § 7306 for military~~  
16 ~~leaves that begin on or after the effective date of this~~  
17 ~~paragraph, except as otherwise provided by this subsection.~~

18 ~~(2) A State employee who has performed USERRA leave may~~  
19 ~~receive credit in the system as provided by this paragraph.~~  
20 ~~The following shall apply:~~

21 ~~(i) A State employee who is reemployed from USERRA~~  
22 ~~leave as an active member of the system shall be treated~~  
23 ~~as not having incurred a break in State service by reason~~  
24 ~~of the USERRA leave and shall be granted eligibility~~  
25 ~~points as if the State employee had not been on the~~  
26 ~~USERRA leave. If a State employee who is reemployed from~~  
27 ~~USERRA leave as an active member of the system~~  
28 ~~subsequently makes regular member contributions,~~  
29 ~~additional member contributions, Social Security~~  
30 ~~integration member contributions, shared risk member~~



1 ~~contributions and any other member contributions in the~~  
2 ~~amounts and in the time periods required by 38 U.S.C. Ch.~~  
3 ~~43 (relating to employment and reemployment rights of~~  
4 ~~members of the uniformed services) and IRC § 414(u) as if~~  
5 ~~the State employee had continued in State office or~~  
6 ~~employment and performed State service and was~~  
7 ~~compensated during the period of USERRA leave, then the~~  
8 ~~State employee shall be granted State service credit for~~  
9 ~~the period of USERRA leave. The State employee shall have~~  
10 ~~the State employee's benefits, rights and obligations~~  
11 ~~determined under this part as if the State employee was~~  
12 ~~an active member who performed creditable State service~~  
13 ~~during the USERRA leave in the job position that the~~  
14 ~~State employee would have held had the State employee not~~  
15 ~~been on USERRA leave and received the compensation on~~  
16 ~~which the member contributions to receive State service~~  
17 ~~credit for the USERRA leave were determined.~~

18 ~~(ii) For purposes of determining whether a State~~  
19 ~~employee has made the required employee contributions for~~  
20 ~~State service credit for USERRA leave, if an employee who~~  
21 ~~is reemployed from USERRA leave as an active member of~~  
22 ~~the system terminates State service or dies in State~~  
23 ~~service before the expiration of the allowed payment~~  
24 ~~period, then State service credit for the USERRA leave~~  
25 ~~will be granted as if the required member contributions~~  
26 ~~were paid the day before termination or death. The amount~~  
27 ~~of the required member contributions will be treated as~~  
28 ~~an incomplete payment subject to the provisions of~~  
29 ~~section 5506 (relating to incomplete payments). Upon a~~  
30 ~~subsequent return to State service or to school service~~

1 ~~as a multiple service member, the required member~~  
2 ~~contributions treated as incomplete payments shall be~~  
3 ~~treated as member contributions that were either~~  
4 ~~withdrawn in a lump sum at termination or paid as a lump~~  
5 ~~sum pursuant to section 5705(a)(4) (relating to member's~~  
6 ~~options), as the case may be.~~

7 ~~(iii) A State employee who is reemployed from USERRA~~  
8 ~~leave as an active member of the system who does not make~~  
9 ~~the required member contributions or makes only part of~~  
10 ~~the required member contributions within the allowed~~  
11 ~~payment period shall not be granted credited service for~~  
12 ~~the period of USERRA leave for which the required member~~  
13 ~~contributions were not timely made, shall not be eligible~~  
14 ~~to subsequently make contributions and shall not be~~  
15 ~~granted either State service credit or nonstate service~~  
16 ~~credit for the period of USERRA leave for which the~~  
17 ~~required member contributions were not timely made.~~

18 ~~(2.1) (i) A participant who is reemployed from USERRA~~  
19 ~~leave shall be treated as not having incurred a break in~~  
20 ~~State service by reason of the USERRA leave and shall be~~  
21 ~~granted eligibility points as if the participant had not~~  
22 ~~been on USERRA leave. If a participant who is reemployed~~  
23 ~~from USERRA leave subsequently makes mandatory pickup~~  
24 ~~participant contributions in the amounts and in the time~~  
25 ~~periods required by 38 U.S.C. Ch. 43 and IRC § 414(u) as~~  
26 ~~if the participant had continued in his State office or~~  
27 ~~employment and performed State service and been~~  
28 ~~compensated during the period of USERRA leave, the~~  
29 ~~participant's employer shall make the corresponding~~  
30 ~~employer defined contributions. The employee shall have~~

1 ~~his contributions, benefits, rights and obligations~~  
2 ~~determined under this part as if he were an active~~  
3 ~~participant who performed State service during the USERRA~~  
4 ~~leave in the job position that he would have held had he~~  
5 ~~not been on USERRA leave and received the compensation on~~  
6 ~~which the mandatory pickup participant contributions to~~  
7 ~~receive State service credit for the USERRA leave were~~  
8 ~~determined.~~

9 ~~(ii) A participant who is reemployed from USERRA~~  
10 ~~leave who does not make the mandatory pickup participant~~  
11 ~~contributions or makes only part of the mandatory pickup~~  
12 ~~participant contributions within the allowed payment~~  
13 ~~period shall not be eligible to make mandatory pickup~~  
14 ~~participant contributions at a later date for the period~~  
15 ~~of USERRA leave for which the mandatory pickup~~  
16 ~~participant contributions were not timely made.~~

17 ~~(3) A State employee who is a member of the system and~~  
18 ~~performs USERRA leave from which the employee could have been~~  
19 ~~reemployed from USERRA leave had the State employee returned~~  
20 ~~to State service in the time frames required by 38 U.S.C. Ch.~~  
21 ~~43 for reemployment rights, but did not do so, shall be able~~  
22 ~~to receive creditable nonstate service as nonintervening~~  
23 ~~military service for the period of USERRA leave should the~~  
24 ~~employee later return to State service as an active member of~~  
25 ~~the system and is otherwise eligible to purchase the service~~  
26 ~~as nonintervening military service.~~

27 ~~(3.1) A State employee who is a participant in the plan~~  
28 ~~and performs USERRA leave from which the employee could have~~  
29 ~~been reemployed from USERRA leave had the employee returned~~  
30 ~~to State service in the time frames required by 38 U.S.C. Ch.~~

1 ~~43 for reemployment rights, but did not do so, shall not be~~  
2 ~~eligible to make mandatory pickup participant contributions~~  
3 ~~for the period of USERRA leave should the employee later~~  
4 ~~return to State service and be a participant in the plan.~~

5 ~~(4) [A State employee] An active member or inactive~~  
6 ~~member on leave without pay who on or after the effective~~  
7 ~~date of this subsection is granted a leave of absence under~~  
8 ~~51 Pa.C.S. § 4102 (relating to leaves of absence for certain~~  
9 ~~government employees) or a military leave under 51 Pa.C.S.~~  
10 ~~Ch. 73, that is not USERRA leave shall be able to receive~~  
11 ~~creditable nonstate service as nonintervening military~~  
12 ~~service should the employee return to State service as an~~  
13 ~~active member of the system and is otherwise eligible to~~  
14 ~~purchase the service as nonintervening military service.~~

15 ~~(4.1) An active participant or inactive participant on~~  
16 ~~leave without pay who on or after the effective date of this~~  
17 ~~paragraph is granted a leave of absence under 51 Pa.C.S. §~~  
18 ~~4102 or a military leave under 51 Pa.C.S. Ch. 73 that is not~~  
19 ~~USERRA leave shall not be able to make mandatory pickup~~  
20 ~~participant contributions during or for the leave of absence~~  
21 ~~or military leave and shall not have employer defined~~  
22 ~~contributions made during such leave, without regard to~~  
23 ~~whether or not the State employee received salary, wages,~~  
24 ~~stipends, differential wage payments or other payments from~~  
25 ~~his employer during the leave, notwithstanding any provision~~  
26 ~~to the contrary under 51 Pa.C.S. § 4102 or Ch. 73.~~

27 ~~(5) If a member dies while performing USERRA leave, then~~  
28 ~~the beneficiaries or survivor annuitants, as the case may be,~~  
29 ~~of the deceased member are entitled to any additional~~  
30 ~~benefits, including eligibility points, other than benefit~~

1 ~~accruals relating to the period of qualified military~~  
2 ~~service, provided under this part had the member resumed and~~  
3 ~~then terminated employment on account of death.~~

4 ~~(5.1) If a participant dies while performing USERRA~~  
5 ~~leave, the beneficiaries or successor payees of the deceased~~  
6 ~~participant are entitled to any additional benefits, other~~  
7 ~~than benefit accruals relating to the period of qualified~~  
8 ~~military service, provided under this part had the~~  
9 ~~participant resumed and then terminated employment on account~~  
10 ~~of death.~~

11 ~~(6) A State employee who is on a leave of absence from~~  
12 ~~his duties as a State employee for which 51 Pa.C.S. § 4102~~  
13 ~~provides that he is not to suffer a loss of pay, time or~~  
14 ~~efficiency rating shall not be an active member, receive~~  
15 ~~service credit or make member contributions for the leave of~~  
16 ~~absence, except as provided for in this part. Notwithstanding~~  
17 ~~this paragraph, any pay the member receives pursuant to 51~~  
18 ~~Pa.C.S. § 4102 shall be included in the determination of~~  
19 ~~final average salary and other calculations in the system~~  
20 ~~utilizing compensation as if the payments were compensation~~  
21 ~~under this part.~~

22 ~~Section 307. Section 5303(b) and (d)(1) of Title 71 are~~  
23 ~~amended and the section is amended by adding a subsection to~~  
24 ~~read:~~

25 ~~§ 5303. Retention and reinstatement of service credits.~~

26 ~~\* \* \*~~

27 ~~(b) Eligibility points for prospective credited service.~~

28 ~~(1) [Every] Subject to the limitations in subsection~~  
29 ~~(i), an active member of the system or a multiple service~~  
30 ~~member who is a school employee and a member of the Public~~

1 ~~School Employees' Retirement System on or after the effective~~  
2 ~~date of this part shall receive eligibility points in~~  
3 ~~accordance with section 5307 for current State service,~~  
4 ~~previous State service, or creditable nonstate service upon~~  
5 ~~compliance with sections 5501 (relating to regular member~~  
6 ~~contributions for current service), 5501.1 (relating to~~  
7 ~~shared risk contributions for Class A 3 [and], Class A 4 and~~  
8 ~~Class A 5 service), 5504 (relating to member contributions~~  
9 ~~for the purchase of credit for previous State service or to~~  
10 ~~become a full coverage member), 5505 (relating to~~  
11 ~~contributions for the purchase of credit for creditable~~  
12 ~~nonstate service), 5505.1 (relating to additional member~~  
13 ~~contributions) or 5506 (relating to incomplete payments).~~  
14 ~~Subject to the limitations in subsection (i) and sections~~  
15 ~~5306.1 (relating to election to become a Class AA member) and~~  
16 ~~5306.2 (relating to elections by members of the General~~  
17 ~~Assembly), the class or classes of service in which the~~  
18 ~~member may be credited for previous State service prior to~~  
19 ~~the effective date of this part shall be the class or classes~~  
20 ~~in which he was or could have at any time elected to be~~  
21 ~~credited for such service, except that a State employee who~~  
22 ~~first becomes a member of the system on or after January 1,~~  
23 ~~2011, or on or after December 1, 2010, as a member of the~~  
24 ~~General Assembly and:~~

25 ~~(i) is credited with Class A 3 service for such~~  
26 ~~membership, shall be credited only with Class A 3 service~~  
27 ~~for previous State service performed before January 1,~~  
28 ~~2011, that was not previously credited in the system; or~~

29 ~~(ii) is credited with Class A 4 service for such~~  
30 ~~membership, shall be credited only with Class A 4 service~~

1           ~~for previous State service performed before January 1,~~  
2           ~~2011, that was not previously credited in the system.~~  
3           ~~The class of service in which a member shall be credited for~~  
4           ~~service subsequent to the effective date of this part shall~~  
5           ~~be determined in accordance with subsection (i) and section~~  
6           ~~5306 (relating to classes of service).~~

7           ~~(1.1) Every active member of the system who elects to~~  
8           ~~convert county service to State service pursuant to section~~  
9           ~~5303.1 (relating to election to convert county service to~~  
10           ~~State service) shall receive eligibility points in accordance~~  
11           ~~with section 5307 for converted county service upon~~  
12           ~~compliance with section 5303.1(b). The class or classes of~~  
13           ~~service in which the member may be credited for converted~~  
14           ~~county service shall be determined in accordance with section~~  
15           ~~5306(e).~~

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

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

29           ~~(2) A special vestee or person otherwise eligible to be~~  
30           ~~a special vestee who returns to State service or withdraws~~

1 ~~his accumulated deductions pursuant to section 5311 (relating~~  
2 ~~to eligibility for refunds) or 5701 (relating to return of~~  
3 ~~{total} accumulated deductions) shall receive or retain~~  
4 ~~eligibility points in accordance with paragraph (1) but upon~~  
5 ~~subsequent termination of State service shall only be~~  
6 ~~eligible to be an annuitant vestee or inactive member without~~  
7 ~~regard to previous status as a special vestee and without~~  
8 ~~regard to the provisions of this part providing for special~~  
9 ~~vestees.~~

10 ~~(3) A special vestee or person otherwise eligible to be~~  
11 ~~a special vestee who becomes an active member of the Public~~  
12 ~~School Employees' Retirement System and elects multiple~~  
13 ~~service shall receive or retain eligibility points as~~  
14 ~~otherwise provided for in this part and 24 Pa.C.S. Pt. IV~~  
15 ~~(relating to retirement for school employees) but upon~~  
16 ~~subsequent termination of school service shall only be~~  
17 ~~eligible to be an annuitant, vestee or inactive member as~~  
18 ~~otherwise eligible as a multiple service member without~~  
19 ~~regard to previous status as a special vestee and without~~  
20 ~~regard to the provisions of this part providing for special~~  
21 ~~vestees.~~

22 ~~\* \* \*~~

23 ~~(d) Transfer of certain pension service credit.~~

24 ~~(1) Any person who was an employee of any county in this~~  
25 ~~Commonwealth on the personal staff of an appellate court~~  
26 ~~judge prior to September 9, 1985, and who had that employment~~  
27 ~~transferred to the Commonwealth pursuant to 42 Pa.C.S. § 3703~~  
28 ~~(relating to local chamber facilities) shall be a member of~~  
29 ~~the system for all service rendered as an employee of the~~  
30 ~~Commonwealth on the personal staff of an appellate court~~



~~judge subsequent to the date of the transfer unless specifically prohibited pursuant to section 5301(c) (relating to mandatory and optional membership in the system and participation in the plan). The employee shall be entitled to have any prior service credit in that county or other municipal pension plan or retirement system transferred to the system and deemed to be State service for all purposes under this part. However, for those employees who were in continuous county employment which commenced prior to July 22, 1983, section 5505.1 shall not apply. The transfer of prior service credit to the system shall occur upon the transfer, by the member, county or other municipal pension plan or retirement system, to the system of the amount of accumulated member contributions, pick up contributions and credited interest standing in the employee's county or municipal pension plan or retirement system account as of the date that these funds are transferred to the system. In the event that these funds have been refunded to the member, the transfer of service credit shall occur when the member transfers an amount equal to either the refund which the member received from the county or municipal pension plan or retirement system or the amount due under section 5504, if less. In the case of a transfer by the member, the transfer shall occur by December 31, 1987, in order for the member to receive credit for the prior service. In the case of a transfer by the county or other municipal pension plan or retirement system, the transfer shall also occur by December 31, 1987. If the amount transferred to the system by the member of a county or municipal pension plan or retirement system is greater than the amount that would have accumulated~~

1 ~~in the member's account if the employee had been a member of~~  
2 ~~the system, all excess funds shall be returned to the~~  
3 ~~employee within 90 days of the date on which such funds are~~  
4 ~~credited to the member's account in the system. Within 60~~  
5 ~~days of receipt of written notice that an employee has~~  
6 ~~elected to transfer credits under the provisions of this~~  
7 ~~subsection, the county or other municipal pension plans or~~  
8 ~~retirement systems shall be required to transfer to the~~  
9 ~~system an amount, excluding contributions due under section~~  
10 ~~5504(a), equal to the liability of the prior service in~~  
11 ~~accordance with county or other municipal pension plan or~~  
12 ~~retirement system benefit provisions, multiplied by the ratio~~  
13 ~~of system actuarial value of assets for active members to the~~  
14 ~~system actuarial accrued liability for active members. The~~  
15 ~~Public Employee Retirement Study Commission shall determine~~  
16 ~~the appropriate amount of employer contributions to be~~  
17 ~~transferred to the system by the county or other municipal~~  
18 ~~pension plans or retirement systems.~~

19 \* \* \*

20 ~~(i) Ineligibility to purchase previous State service~~  
21 ~~credit. An active member of Class A 5 or a multiple service~~  
22 ~~member who is an active member of Class T-G in the Public School~~  
23 ~~Employees' Retirement System shall not be eligible to purchase~~  
24 ~~service credit for previous State service, whether or not~~  
25 ~~previously credited in the system, except to reinstate~~  
26 ~~previously credited Class A 5 service credit for which Class A 5~~  
27 ~~accumulated deductions were withdrawn under section 5311 or~~  
28 ~~5701, and except to the extent that any other provision of law~~  
29 ~~requires or allows any period of leave to be credited as State~~  
30 ~~service after the member returns from the leave to State~~

1 ~~service.~~

2 Section 308. Sections 5303.2(a) and 5304(a) and (b) of Title  
3 71 are amended to read:

4 ~~§ 5303.2. Election to convert school service to State service.~~

5 (a) ~~Eligibility. An active member or inactive member on~~  
6 ~~leave without pay who was an employee transferred from the~~  
7 ~~Department of Education to the Department of Corrections~~  
8 ~~pursuant to section 908 B of the act of April 9, 1929 (P.L.177,~~  
9 ~~No.175), known as The Administrative Code of 1929, and who on~~  
10 ~~the effective date of that transfer did not participate in an~~  
11 ~~independent retirement program approved by the Department of~~  
12 ~~Education under 24 Pa.C.S. § 8301(a)(1) (relating to mandatory~~  
13 ~~and optional membership) or section 5301(a)(12) (relating to~~  
14 ~~mandatory and optional membership in the system and~~  
15 ~~participation in the plan), notwithstanding any other provision~~  
16 ~~of law or any collective bargaining agreement, arbitration~~  
17 ~~award, contract or term or conditions of any retirement system~~  
18 ~~or pension plan, may make a one time election to convert all~~  
19 ~~service credited in the Public School Employees' Retirement~~  
20 ~~System as of June 30, 1999, and transfer to the system all~~  
21 ~~accumulated member contributions and statutory interest credited~~  
22 ~~in the members' savings account in the Public School Employees'~~  
23 ~~Retirement System as of June 30, 1999, plus statutory interest~~  
24 ~~on that amount credited by the Public School Employees'~~  
25 ~~Retirement System from July 1, 1999, to the date of transfer to~~  
26 ~~the system.~~

27 \* \* \*

28 ~~§ 5304. Creditable nonstate service.~~

29 (a) ~~Eligibility.~~

30 (1) ~~An active member who first becomes an active member~~

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

19 ~~(2) An active member who first becomes an active member~~  
20 ~~on or after January 1, 2011, or on or after December 1, 2010,~~  
21 ~~as a member of the General Assembly and is an active member~~  
22 ~~of a class of service other than Class A 5, or a multiple~~  
23 ~~service member who first becomes an active member on or after~~  
24 ~~January 1, 2011, or on or after December 1, 2010, as a member~~  
25 ~~of the General Assembly, [and who] is a school employee and~~  
26 ~~an active member of the Public School Employees' Retirement~~  
27 ~~System in a class of service other than Class T G and is not~~  
28 ~~a member of Class A 5 shall be eligible for Class A 3 service~~  
29 ~~credit for creditable nonstate service as set forth in~~  
30 ~~subsections (b) and (c) except that intervening military~~

1 ~~service shall be credited in the class of service for which~~  
2 ~~the member was eligible at the time of entering into military~~  
3 ~~service and for which he makes the required contributions to~~  
4 ~~the fund and except that a multiple service member who is a~~  
5 ~~school employee and an active member of the Public School~~  
6 ~~Employees' Retirement System shall not be eligible to~~  
7 ~~purchase service credit for creditable nonstate service set~~  
8 ~~forth in subsection (c) (5).~~

9 ~~(3) An active member of Class A 5 or a multiple service~~  
10 ~~member who is a school employee and an active member of the~~  
11 ~~Public School Employees' Retirement System as a member of~~  
12 ~~Class T G shall be eligible for Class A 5 service credit for~~  
13 ~~creditable nonstate service as set forth in subsections (b)~~  
14 ~~and (c) (2) for which the member makes the required~~  
15 ~~contributions to the fund.~~

16 \* \* \*

17 ~~(b) Limitations on eligibility. An active member or a~~  
18 ~~multiple service member who is a school employee and an active~~  
19 ~~member of the Public School Employees' Retirement System shall~~  
20 ~~be eligible as set forth in subsection (a) to receive credit for~~  
21 ~~nonstate service provided that he does not have credit for such~~  
22 ~~service in the system or in the [school system] Public School~~  
23 ~~Employees' Retirement System and is not entitled to receive,~~  
24 ~~eligible to receive now or in the future, or is receiving~~  
25 ~~retirement benefits for such service in the system or under a~~  
26 ~~retirement system administered and wholly or partially paid for~~  
27 ~~by any other governmental agency or by any private employer, or~~  
28 ~~a retirement program approved by the employer in accordance with~~  
29 ~~section 5301(a) (12) (relating to mandatory and optional~~  
30 ~~membership in the system and participation in the plan), and~~

1 further provided, that such service is certified by the previous  
2 employer and contributions are agreed upon and made in  
3 accordance with section 5505 (relating to contributions for the  
4 purchase of credit for creditable nonstate service).

5 \* \* \*

6 Section 309. Section 5305(b) of Title 71 is amended and the  
7 section is amended by adding a subsection to read:

8 § 5305. Social security integration credits.

9 \* \* \*

10 (b) ~~Accrual of subsequent credits. Any active member who~~  
11 ~~has social security integration accumulated deductions to his~~  
12 ~~credit or is receiving a benefit on account of social security~~  
13 ~~integration credits may accrue one social security integration~~  
14 ~~credit for each year of service as a State employee on or~~  
15 ~~subsequent to March 1, 1974 and a fractional credit for a~~  
16 ~~corresponding fractional year of service provided that~~  
17 ~~contributions are made to the fund, or would have been made to~~  
18 ~~the fund but for section 5502.1 (relating to waiver of regular~~  
19 ~~member contributions and Social Security integration member~~  
20 ~~contributions) or the limitations under IRC § 401(a)(17) or~~  
21 ~~415(b), in accordance with section 5502 (relating to Social~~  
22 ~~Security integration member contributions), and he:~~

23 ~~(1) continues subsequent to March 1, 1974 as an active~~  
24 ~~member in either the [State or school system;] system in a~~  
25 ~~class of service other than Class A 5 or, if a multiple~~  
26 ~~service member, as an active member in the Public School~~  
27 ~~Employees' Retirement System in a class of service other than~~  
28 ~~Class T-G;~~

29 ~~(2) terminates such continuous service in the [State or~~  
30 ~~school] system or the Public School Employees' Retirement~~

1 ~~System and returns to active membership in the [State] system~~  
2 ~~within six months in a class of service other than Class A 5;~~  
3 ~~or~~

4 ~~(3) terminates his status as a vestee or an annuitant~~  
5 ~~and returns to State service as an active member of the~~  
6 ~~system in a class of service other than Class A 5.~~

7 \* \* \*

8 ~~(e) Class A 5 service ineligible for credit. No social~~  
9 ~~security integration credits shall accrue for any service~~  
10 ~~performed or credited as Class A 5 service.~~

11 Section 310. Section 5305.1 of Title 71 is amended to read:

12 § 5305.1. Eligibility for actuarial increase factor.

13 A person who ~~has credit for a class of service other than~~  
14 ~~Class A 5 and is:~~

15 ~~(1) an active member;~~

16 ~~(2) an inactive member on leave without pay; or~~

17 ~~(3) a multiple service member who is a school employee~~  
18 ~~and an active member of the Public School Employees'~~  
19 ~~Retirement System;~~

20 ~~who terminates State service or school service, as the case~~  
21 ~~may be, after attaining age 70 and who applies for a~~  
22 ~~superannuation annuity with an effective date of retirement the~~  
23 ~~day after the date of termination of State service or school~~  
24 ~~service shall have that person's maximum single life annuity~~  
25 ~~calculated pursuant to section 5702(a.1) (relating to maximum~~  
26 ~~single life annuity).~~

27 Section 311. Section 5306(a), (a.1), (a.2), (a.3) and (b) of  
28 Title 71 are amended and the section is amended by adding a  
29 subsection to read:

30 § 5306. Classes of service.

1 ~~(a) Class A and Class A 3 membership.~~

2 ~~(1) A State employee who is a member of Class A on the~~  
3 ~~effective date of this part or who first becomes a member of~~  
4 ~~the system subsequent to the effective date of this part and~~  
5 ~~before January 1, 2011, or before December 1, 2010, as a~~  
6 ~~member of the General Assembly, shall be classified as a~~  
7 ~~Class A member and receive credit for Class A service upon~~  
8 ~~payment of regular and additional member contributions for~~  
9 ~~Class A service, provided that the State employee does not~~  
10 ~~become a member of Class AA pursuant to subsection (a.1) or a~~  
11 ~~member of Class D 4 pursuant to subsection (a.2) or a member~~  
12 ~~of Class A 5.~~

13 ~~(2) A State employee who first becomes a member of the~~  
14 ~~system on or after January 1, 2011, or on or after December~~  
15 ~~1, 2010, as a member of the General Assembly, and, unless a~~  
16 ~~State police officer, before January 1, 2016, shall be~~  
17 ~~classified as a Class A 3 member and receive credit for Class~~  
18 ~~A 3 service upon payment of regular member contributions and~~  
19 ~~shared risk member contributions for Class A 3 service~~  
20 ~~provided that the State employee does not become a member of~~  
21 ~~Class A 4 pursuant to subsection (a.3) or a member of Class~~  
22 ~~A 5, except that a member of the judiciary shall be~~  
23 ~~classified as a member of such other class of service for~~  
24 ~~which the member of the judiciary is eligible[, ] and shall~~  
25 ~~elect and make regular member contributions unless the member~~  
26 ~~of the judiciary subsequently becomes a member of Class A 5.~~

27 ~~(3) A State police officer who is a member of Class A 3~~  
28 ~~shall have all other State service performed concurrently~~  
29 ~~with being a State police officer classed as Class A 3~~  
30 ~~service instead of any other class of service the service~~



~~might otherwise be credited as. This paragraph shall apply only to service performed concurrently with State police service. Other service performed before or after service as a State police officer shall be credited in the class of service as provided under this part.~~

~~(a.1) Class AA membership.~~

~~(1) A person who becomes a State employee and an active member of the system after June 30, 2001, and who first became an active member before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, and who is not a State police officer and not employed in a position for which a class of service other than Class A is credited or could be elected shall be classified as a Class AA member and receive credit for Class AA State service upon payment of regular member contributions for Class AA service and, subject to the limitations contained in paragraph (7) and section 5303(i) (relating to retention and reinstatement of service credits), if previously a member of Class A or previously employed in a position for which Class A service could have been earned, shall have all Class A State service (other than State service performed as a State police officer or for which a class of service other than Class A was earned or could have been elected) classified as Class AA service.~~

~~(2) A person who is a State employee on June 30, 2001, and July 1, 2001, but is not an active member of the system because membership in the system is optional or prohibited pursuant to section 5301 (relating to mandatory and optional membership in the system and participation in the plan) and who first becomes an active member after June 30, 2001, and before January 1, 2011, or before December 1, 2010, as a~~

~~member of the General Assembly, and who is not a State police officer and not employed in a position for which a class of service other than Class A is credited or could be elected shall be classified as a Class AA member and receive credit for Class AA State service upon payment of regular member contributions for Class AA service and, subject to the limitations contained in paragraph (7) and section 5303(i), if previously a member of Class A or previously employed in a position for which Class A service could have been earned, shall have all Class A State service (other than State service performed as a State Police officer or for which a class of service other than Class A was earned or could have been elected) classified as Class AA service.~~

~~(3) Provided that an election to become a Class AA member is made pursuant to section 5306.1 (relating to election to become a Class AA member), a State employee, other than a State employee who is a State police officer on or after July 1, 1989, who on June 30, 2001, and July 1, 2001, is:~~

~~(i) a member of Class A, other than a member of Class A who could have elected membership in a Class C, Class D 3, Class E 1 or Class E 2; or~~

~~(ii) an inactive member on a leave without pay from a position in which the State employee would be a Class A active member if the employee was not on leave without pay, other than a position in which the State employee could elect membership in Class C, Class D 3, Class E 1 or Class E 2;~~

~~shall be classified as a Class AA member and receive credit for Class AA State service performed after June 30,~~

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

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

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

1 ~~employee in a position in which the former State employee~~  
2 ~~could have elected a class of service other than Class A.~~

3 ~~(6) A State employee who after June 30, 2001, becomes a~~  
4 ~~State police officer or who is employed in a position in~~  
5 ~~which the member could elect membership in the system in a~~  
6 ~~class of service other than Class AA or Class D 4 shall~~  
7 ~~retain any Class AA service credited prior to becoming a~~  
8 ~~State police officer or being so employed but shall be~~  
9 ~~ineligible to receive Class AA credit thereafter and instead~~  
10 ~~shall receive Class A credit for service as a member of the~~  
11 ~~judiciary if the judicial service begins before January 1,~~  
12 ~~2016, and the State employee first becomes a member of the~~  
13 ~~system before January 1, 2016, or if he first became a member~~  
14 ~~before January 1, 2011, or December 1, 2010, as a member of~~  
15 ~~the General Assembly, or Class A 3 credit for service other~~  
16 ~~than as a member of the judiciary and other than service as a~~  
17 ~~State police officer before January 1, 2016, and he first~~  
18 ~~became a member on or after January 1, 2011, or December 1,~~  
19 ~~2010, as a member of the General Assembly, unless a class of~~  
20 ~~membership other than Class A is elected.~~

21 ~~(7) (i) State service performed as Class A service~~  
22 ~~before July 1, 2001, and State service for which Class A~~  
23 ~~service could have been credited but was not credited~~  
24 ~~because membership in the system was optional or~~  
25 ~~prohibited pursuant to section 5301 shall be credited as~~  
26 ~~Class AA service only upon the completion of all acts~~  
27 ~~necessary for the State service to be credited as Class A~~  
28 ~~service had this subsection not been enacted and upon~~  
29 ~~payment of required Class AA member contributions as~~  
30 ~~provided in section 5504 (relating to member~~

1 ~~contributions for the purchase of credit for previous~~  
2 ~~State service or to become a full coverage member).~~

3 ~~(ii) A person who is not a State employee or a~~  
4 ~~school employee on June 30, 2001, and July 1, 2001, and~~  
5 ~~who has previous State service (except a disability~~  
6 ~~annuitant who returns to State service after June 30,~~  
7 ~~2001, upon termination of the disability annuity) shall~~  
8 ~~not receive Class AA service credit for State service~~  
9 ~~performed before July 1, 2001, until such person becomes~~  
10 ~~an active member, or an active member of the Public~~  
11 ~~School Employees' Retirement System and a multiple~~  
12 ~~service member, and earns three eligibility points by~~  
13 ~~performing credited State service in a class of service~~  
14 ~~other than Class A 5 or credited school service in a~~  
15 ~~class of service other than Class T-G after June 30,~~  
16 ~~2001.~~

17 ~~(iii) Nothing in this paragraph shall be construed~~  
18 ~~to authorize a member of Class A 5 or a multiple service~~  
19 ~~member who is a member of Class T-G in the Public School~~  
20 ~~Employees' Retirement System to reinstate or purchase~~  
21 ~~credit for previously credited or uncredited State~~  
22 ~~service other than as allowed under section 5303(i).~~

23 ~~(a.2) Class of membership for members of the General~~  
24 ~~Assembly.~~

25 ~~(1) A person who:~~

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

29 ~~(ii) is a member of the General Assembly on July 1,~~  
30 ~~2001, but is not an active member of the system because~~

1 membership in the system is optional pursuant to section  
2 5301 and who becomes an active member after June 30,  
3 2001, and before December 1, 2010;  
4 and who was not a State police officer on or after July 1,  
5 1989, shall be classified as a Class D 4 member and unless he  
6 later becomes a member of Class A 5 receive credit as a Class  
7 D 4 member for all State service as a member of the system  
8 performed as a member of the General Assembly upon payment of  
9 regular member contributions for Class D 4 service and,  
10 subject to the limitations contained in subsection (a.1)(7)  
11 and section 5303(i), if previously a member of Class A or  
12 employed in a position for which Class A service could have  
13 been earned, shall receive Class AA service credit for all  
14 Class A State service, other than State service performed as  
15 a State police officer or for which a class of service other  
16 than Class A or Class D 4 was or could have been elected or  
17 credited.

18 (2) ~~Provided an election to become a Class D 4 member is~~  
19 ~~made pursuant to section 5306.2 (relating to elections by~~  
20 ~~members of the General Assembly), a State employee who was~~  
21 ~~not a State police officer on or after July 1, 1989, who on~~  
22 ~~July 1, 2001, is a member of the General Assembly and an~~  
23 ~~active member of the system and not a member of Class D 3~~  
24 ~~shall be classified as a Class D 4 member and, unless he~~  
25 ~~later becomes a member of Class A 5, receive credit as a~~  
26 ~~Class D 4 member for all State service performed as a member~~  
27 ~~of the General Assembly not credited as another class other~~  
28 ~~than Class A upon payment of regular member contributions for~~  
29 ~~Class D 4 service and, subject to the limitations contained~~  
30 ~~in paragraph (a.1)(7), shall receive Class AA service credit~~

1 ~~for all Class A State service, other than State service~~  
2 ~~performed as a State police officer or as a State employee in~~  
3 ~~a position in which the member could have elected a class of~~  
4 ~~service other than Class A, performed before July 1, 2001.~~

5 ~~(3) A member of the General Assembly who after June 30,~~  
6 ~~2001, becomes a State police officer shall retain any Class~~  
7 ~~AA service or Class D 4 service credited prior to becoming a~~  
8 ~~State police officer or being so employed but shall be~~  
9 ~~ineligible to receive Class AA or Class D 4 credit thereafter~~  
10 ~~and instead shall receive Class A credit or Class A 3 credit~~  
11 ~~if he first becomes a member of the system on or after~~  
12 ~~January 1, 2011, and before January 1, 2016, or Class A 5~~  
13 ~~credit if his most recent period of State service begins on~~  
14 ~~or after January 1, 2016.~~

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

27 ~~(a.3) Class A 4 membership. Provided that an election to~~  
28 ~~become a Class A 4 member is made pursuant to section 5306.3~~  
29 ~~(relating to election to become a Class A 4 member), a State~~  
30 ~~employee who otherwise would be a member of Class A 3 shall be~~

1 ~~classified as a Class A 4 member and receive Class A 4 credit~~  
2 ~~for all creditable State service performed after the effective~~  
3 ~~date of membership in the system, except as a member of the~~  
4 ~~judiciary, upon payment of regular member contributions and~~  
5 ~~shared risk member contributions for Class A 4 service[.],~~  
6 ~~provided that the member does not terminate service and then, on~~  
7 ~~or after January 1, 2016, returns to the State service and~~  
8 ~~elects to be a member of Class A 5 under section 5306.4~~  
9 ~~(relating to election to become a Class A 5 member and~~  
10 ~~participant).~~

11 ~~(a.4) Class A 5 membership.~~

12 ~~(1) A State employee who begins State service or becomes~~  
13 ~~a member of the system on or after January 1, 2016, other~~  
14 ~~than as a State police officer, shall be classified as a~~  
15 ~~Class A 5 member without regard to position or office held or~~  
16 ~~class of service that the employee would have been a member~~  
17 ~~of or benefits that the member would have been eligible to~~  
18 ~~accrue and receive but for this subsection and shall receive~~  
19 ~~credit for Class A 5 service upon payment of regular member~~  
20 ~~contributions for Class A 5 service.~~

21 ~~(2) The provisions of this part regarding the~~  
22 ~~establishment of and membership in Class A 5 shall apply to~~  
23 ~~all current and former members of the State Employees'~~  
24 ~~Retirement System who have returned to State service on or~~  
25 ~~after January 1, 2016, other than as a State police officer,~~  
26 ~~after a termination of State service and who have elected to~~  
27 ~~be a member of Class A 5 under section 5306.4.~~

28 ~~(3) A terminated State employee who is a member of Class~~  
29 ~~A 5 or who elects to be a member of Class A 5 under section~~  
30 ~~5306.4 who returns to State service on or after January 1,~~



~~2016, shall be subject to the provisions of this part regarding membership in Class A 5 that are in effect on the effective date of reemployment, including benefit formulas and accrual rates, eligibility for annuities and distributions, contribution rates, definitions, purchase of creditable school, nonschool, State and nonstate service provisions and actuarial and funding assumptions.~~

~~(4) An individual who is a State employee on January 1, 2016, but is not a member of the system or who first becomes a State employee on or after January 1, 2016, other than as a State police officer, shall be ineligible for active membership in any of the several classes of State service as otherwise provided for under this section other than Class A 5. Any such State employee, if eligible, may be a member of Class A 5 as a result of such State service.~~

~~(5) Notwithstanding this subsection the following shall apply:~~

~~(i) A current or former State police officer who has service as a State police officer credited as Class A service shall receive Class A service credit for any State service that otherwise would be credited as Class A 5 and shall not be eligible to be an active participant in the plan for the service.~~

~~(ii) A current or former State police officer who has service as a State police officer credited as Class A 3 or Class A 4 service before January 1, 2016, shall receive Class A 3 or Class A 4 service credit, as the case may be, for any State service that otherwise would be credited as Class A 5 and shall not be eligible to be an active participant in the plan for the service.~~

~~(iii) A person who first becomes a State police officer on or after January 1, 2016, shall receive credit for service as a State police officer as a member of Class A 3, unless the member would otherwise be eligible to receive Class A credit for service as a State police officer, upon payment of the required member contributions and shall not be eligible to be an active participant in the plan for such service. All other creditable State service shall be credited as otherwise provided under this part, including as Class A 5 service, except that any State service performed concurrently with service as an active or inactive member on leave without pay as a State police officer shall be credited as Class A 3 service and shall not be eligible for active participation in the plan. Class A 3 service provided for under this subparagraph shall be subject to an election to be credited as Class A 4 service.~~

~~(b) Other class membership.~~

~~(1) A State employee who is a member of a class of service other than Class A on the effective date of this part shall retain his membership in that class until such service is discontinued; any service thereafter shall be credited as Class A service, Class AA service, Class A 5 or Class D 4 service as provided for in this section.~~

~~(2) Notwithstanding any other provision of this section, a State employee [who] whose first period of State service began before January 1, 2016, is appointed [bail commissioner] arraignment court magistrate of the Philadelphia Municipal Court under 42 Pa.C.S. § 1123(a)(5) (relating to jurisdiction and venue) and is eligible to be a~~

~~member of the system as an arraignment court magistrate may, within 30 days of the effective date of this sentence or within 30 days of his initial appointment as a [bail commissioner] arraignment court magistrate, whichever is later, elect Class E 2 service credit for service performed as [a bail commissioner] an arraignment court magistrate until the termination of State service. This class of service multiplier for E 2 service as a bail commissioner shall be 1.5.~~

~~\*\*\*~~

~~Section 312. Sections 5306.1(c), 5306.2(b) and 5306.3(c) and (d) of Title 71 are amended to read:~~

~~§ 5306.1. Election to become a Class AA member.~~

~~\*\*\*~~

~~(c) Effect of election. An election to become a Class AA member shall become effective the later of July 1, 2001, or the date when the election is filed with the board and shall remain in effect until the termination of employment. Upon termination and a subsequent reemployment that occurs before January 1, 2016, the member's class of service shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after January 1, 2016, the State employee's eligibility for membership and class of service in the system or participation in the plan shall be as provided in this part.~~

~~\*\*\*~~

~~§ 5306.2. Elections by members of the General Assembly.~~

~~\*\*\*~~

~~(b) Effect of election. Membership as a Class D 4 member shall become effective on July 1, 2001, and shall remain in~~

1 ~~effect until the termination of service as a member of the~~  
2 ~~General Assembly. Upon termination and a subsequent reemployment~~  
3 ~~that occurs before January 1, 2016, the member's class of~~  
4 ~~service shall be credited in the class of service otherwise~~  
5 ~~provided for in this part. If the reemployment occurs on or~~  
6 ~~after January 1, 2016, the State employee's eligibility for~~  
7 ~~membership and class of service in the system or participation~~  
8 ~~in the plan shall be as provided in this part.~~

9 \* \* \*

10 ~~§ 5306.3. Election to become a Class A 4 member.~~

11 \* \* \*

12 ~~(c) Effect of election. An election to become a Class A 4~~  
13 ~~member shall be irrevocable and shall become effective on the~~  
14 ~~effective date of membership in the system and shall remain in~~  
15 ~~effect for all future [creditable] State service[.] creditable~~  
16 ~~in the system that otherwise is not credited as Class A 5~~  
17 ~~service, other than service performed as a member of the~~  
18 ~~judiciary, but shall not apply to service performed after a~~  
19 ~~termination of State service and a reemployment when the~~  
20 ~~reemployment occurs on or after January 1, 2016, and the member~~  
21 ~~elects to be a member of Class A 5 under section 5306.4~~  
22 ~~(relating to election to become a Class A 5 member and~~  
23 ~~participant). Payment of regular member contributions for Class~~  
24 ~~A 4 State service performed prior to the election of Class A 4~~  
25 ~~membership shall be made in a form, manner and time determined~~  
26 ~~by the board. Upon termination of State service and a subsequent~~  
27 ~~reemployment, a member who elected Class A 4 membership shall be~~  
28 ~~credited as a Class A 4 member for creditable State service~~  
29 ~~performed after reemployment, except as a member of the~~  
30 ~~judiciary, regardless of termination of employment, termination~~

1 ~~of membership by withdrawal of accumulated deductions or status~~  
2 ~~as an annuitant, vestee or inactive member after the termination~~  
3 ~~of service; provided that the member does not elect to be a~~  
4 ~~member of Class A 5.~~

5 ~~(d) Effect of failure to make election. Failure to elect to~~  
6 ~~become a Class A 4 member within the election period set forth~~  
7 ~~in subsection (b) shall result in all of the member's State~~  
8 ~~service, other than service performed as a member of the~~  
9 ~~judiciary or that would otherwise be credited as Class A 5 after~~  
10 ~~a termination and return to State service, being credited as~~  
11 ~~Class A 3 service and not subject to further election or~~  
12 ~~crediting as Class A 4 service. Upon termination and subsequent~~  
13 ~~employment, a member who failed to elect to become a Class A 4~~  
14 ~~member shall not be eligible to make another election to become~~  
15 ~~a Class A 4 member for either past or future State service.~~

16 ~~Section 312.1. Title 71 is amended by adding a section to~~  
17 ~~read:~~

18 ~~§ 5306.4. Election to become a Class A 5 member and~~  
19 ~~participant.~~

20 ~~(a) General rule. A person who returns to State service on~~  
21 ~~or after January 1, 2016, and becomes a member of a class of~~  
22 ~~service other than Class A 5 who has not previously declined to~~  
23 ~~elect Class A 5 membership under this section may elect to~~  
24 ~~become a member of Class A 5 and a participant in the plan.~~

25 ~~(b) Time for making election. The election to become a~~  
26 ~~Class A 5 member and participant must be made by the member~~  
27 ~~filing written notice with the board in a form and manner~~  
28 ~~determined by the board no later than 45 days after notice from~~  
29 ~~the board of the member's eligibility to elect Class A 5~~  
30 ~~membership and participation. A State employee who is eligible~~

1 ~~to elect to become a Class A 5 member and participant who begins~~  
2 ~~USERRA leave during the election period without having elected~~  
3 ~~Class A 5 membership and participation may make the election~~  
4 ~~within 45 days after being reemployed from USERRA leave.~~

5 ~~(c) Effect of election. An election to become a Class A 5~~  
6 ~~member and participant shall be irrevocable and shall become~~  
7 ~~effective on the effective date of active membership in the~~  
8 ~~system resulting from the member's return to service. Payment of~~  
9 ~~regular member contributions and shared risk member~~  
10 ~~contributions for Class A 5 State service performed prior to the~~  
11 ~~election of Class A 5 membership shall be made in a form, manner~~  
12 ~~and time determined by the board. Payment of employer defined~~  
13 ~~contributions and mandatory participant contributions to the~~  
14 ~~plan for State service performed prior to the election of~~  
15 ~~participation in the plan shall be as established in the plan~~  
16 ~~document. Upon termination and subsequent reemployment, a member~~  
17 ~~who elected Class A 5 membership and participation in the plan~~  
18 ~~shall be credited as a Class A 5 member and participant for~~  
19 ~~creditable State service performed after reemployment,~~  
20 ~~regardless of termination of employment, termination of~~  
21 ~~membership or participation by withdrawal of total accumulated~~  
22 ~~deductions, Class A 5 accumulated deductions or distribution of~~  
23 ~~all or part of accumulated total defined contributions or status~~  
24 ~~as an annuitant, vestee, inactive member, participant receiving~~  
25 ~~distributions or inactive participant after the termination of~~  
26 ~~service.~~

27 ~~(d) Effect of failure to make election. Failure to elect to~~  
28 ~~become a Class A 5 member and participant within the election~~  
29 ~~period set forth in subsection (b) shall result in all of the~~  
30 ~~member's State service being credited in the class of membership~~

~~1 otherwise provided for under this part and not subject to  
2 further election or crediting as Class A 5 service or eligible  
3 for participation in the plan. Upon termination and subsequent  
4 employment, a member who failed to elect to become a Class A 5  
5 member and participant shall not be eligible to make another  
6 election to become a Class A 5 member or participant for either  
7 past or future State service.~~

~~8 Section 312.2. Sections 5307, 5308, 5308.1 introductory  
9 paragraph and (1), 5309, 5310, 5311 and 5501 of Title 71 are  
10 amended to read:~~

~~11 § 5307. Eligibility points.~~

~~12 (a) General rule. An active member of the system shall  
13 accrue one eligibility point for each year of credited service  
14 as a member of the [State or] system and if a multiple service  
15 member as a member of the Public School Employees' Retirement  
16 System. A member shall accrue an additional two thirds of an  
17 eligibility point for each year of Class D 3 credited service.  
18 In the case of a fractional part of a year of credited service,  
19 a member shall accrue the corresponding fractional portion of  
20 eligibility points to which the class of service entitles him.~~

~~21 (a.1) USERRA leave. A member of the system or participant  
22 in the plan who is reemployed from USERRA leave or who dies  
23 while performing USERRA leave shall be granted the eligibility  
24 points that he would have accrued had he continued in his State  
25 office or employment instead of performing USERRA leave. In the  
26 event that a State employee who is reemployed from USERRA leave  
27 makes the member contributions or mandatory pickup participant  
28 contributions to be granted State service credit for the USERRA  
29 leave, no additional eligibility points will be granted.~~

~~30 (b) Transitional rule.~~

1           ~~(1) In determining whether a member who is not a State~~  
2 ~~employee or school employee on June 30, 2001, and July 1,~~  
3 ~~2001, and who has previous State service (except a disability~~  
4 ~~annuitant who returns to State service after June 30, 2001,~~  
5 ~~upon termination of the disability annuity) has the five~~  
6 ~~eligibility points required by sections 5102 (relating to~~  
7 ~~definitions), 5308(b) (relating to eligibility for~~  
8 ~~annuities), 5309 (relating to eligibility for vesting),~~  
9 ~~5704(b) (relating to disability annuities) and 5705(a)~~  
10 ~~(relating to member's options), only eligibility points~~  
11 ~~earned by performing credited State service[, ] or USERRA~~  
12 ~~leave in a class of service other than Class A 5, or credited~~  
13 ~~school service as an active member of the Public School~~  
14 ~~Employees' Retirement System in a class of service other than~~  
15 ~~Class T G after June 30, 2001, shall be counted until such~~  
16 ~~member earns one such eligibility point by performing~~  
17 ~~credited State service or credited school service after June~~  
18 ~~30, 2001, at which time all eligibility points other than~~  
19 ~~eligibility points in classes of service other than Class A 5~~  
20 ~~or Class T G as determined pursuant to subsection (a) shall~~  
21 ~~be counted.~~

22           ~~(2) Any member to whom paragraph (1) applies shall be~~  
23 ~~considered to have satisfied any requirement for five~~  
24 ~~eligibility points contained in this part if the member:~~

25           ~~(i) has ten or more eligibility points of the~~  
26 ~~applicable class of service as determined pursuant to~~  
27 ~~subsection (a); or~~

28           ~~(ii) has Class G, Class H, Class I, Class J, Class~~  
29 ~~L, Class M or Class N service and has eight or more~~  
30 ~~eligibility points of a class of service other than Class~~



1 ~~A 5 or Class T G as determined pursuant to subsection~~

2 ~~(a).~~

3 ~~(c) Transitional rule for members with Class A 5 service~~  
4 ~~credit.~~

5 ~~(1) Any provision of this part pertaining to eligibility~~  
6 ~~points applicable to the eligibility for or calculation of~~  
7 ~~annuities or benefits attributable to classes of service~~  
8 ~~other than Class A 5 shall not include any eligibility points~~  
9 ~~attributable to service credited in Class A 5 or as a member~~  
10 ~~of Class T G in the Public School Employees' Retirement~~  
11 ~~System.~~

12 ~~(2) Any provision of this part pertaining to eligibility~~  
13 ~~points applicable to the eligibility for or calculation of~~  
14 ~~annuities or benefits attributable to service in Class A 5~~  
15 ~~shall include only eligibility points attributable to service~~  
16 ~~credited in Class A 5 or if a multiple service member as a~~  
17 ~~member of Class T G in the Public School Employees'~~  
18 ~~Retirement System.~~

19 ~~(3) Only eligibility points earned as a member of Class~~  
20 ~~A 5, or if a multiple service member, as a member of Class T~~  
21 ~~G in the Public School Employees' Retirement System, shall be~~  
22 ~~applicable to any provision in this part requiring~~  
23 ~~eligibility points for the determination or payment of~~  
24 ~~benefits from the plan.~~

25 ~~§ 5308. Eligibility for annuities.~~

26 ~~(a) Superannuation annuity. Attainment of superannuation~~  
27 ~~age by an active member or an inactive member on leave without~~  
28 ~~pay with three or more eligibility points other than eligibility~~  
29 ~~points resulting from nonstate service or nonschool service~~  
30 ~~shall entitle him to receive a superannuation annuity upon~~

1 ~~termination of State service and compliance with section 5907(f)~~  
2 ~~(relating to rights and duties of State employees [and~~  
3 ~~members).], members and participants); ~~provided that only~~  
4 ~~eligibility points earned in classes of service other than Class~~  
5 ~~A 5 or, if a multiple service member, in Class T G shall be used~~  
6 ~~to determine if a member has the three eligibility points~~  
7 ~~necessary to be eligible to receive a superannuation annuity~~  
8 ~~attributable to classes of service other than Class A 5; and~~  
9 ~~further provided, that only eligibility points earned in Class~~  
10 ~~A 5 or, if a multiple service member, in Class T G shall be used~~  
11 ~~to determine if a member has the three eligibility points~~  
12 ~~necessary to be eligible to receive a superannuation annuity~~  
13 ~~attributable to Class A 5 service.~~~~

14 ~~(b) Withdrawal annuity.—~~

15 ~~(1) Any vestee or any active member or inactive member~~  
16 ~~on leave without pay who terminates State service having five~~  
17 ~~or more eligibility points and who does not have Class A 3~~  
18 ~~[or], Class A 4 or Class A 5 service credit or Class T E~~  
19 ~~[or], Class T F or Class T G service credit in the Public~~  
20 ~~School Employees' Retirement System, or who has Class G,~~  
21 ~~Class H, Class I, Class J, Class K, Class L, Class M or Class~~  
22 ~~N service and terminates State service having five or more~~  
23 ~~eligibility points, upon compliance with section 5907(f), (g)~~  
24 ~~or (h) shall be entitled to receive an annuity.~~

25 ~~(2) Any vestee, active member or inactive member on~~  
26 ~~leave without pay who has Class A 3 or Class A 4 service~~  
27 ~~credit or, if a multiple service member, Class T E or Class~~  
28 ~~T F service credit in the Public School Employees' Retirement~~  
29 ~~System who terminates State service having ten or more~~  
30 ~~eligibility points in classes of service other than Class A 5~~

1 ~~or Class T G in the Public School Employees' Retirement~~  
2 ~~System, upon compliance with section 5907(f), (g) or (h),~~  
3 ~~shall be entitled to receive an annuity based on service and~~  
4 ~~compensation in classes of service other than Class A 5 or~~  
5 ~~Class T G.~~

6 ~~(3) Any vestee, active member or inactive member on~~  
7 ~~leave without pay who has either Class A 3 [or], Class A 4 or~~  
8 ~~Class A 5 service credit or, if a multiple service member,~~  
9 ~~Class T E [or], Class T F or Class T G service credit in the~~  
10 ~~Public School Employees' Retirement System and also has~~  
11 ~~service credited in the system in one or more other classes~~  
12 ~~of service who has five or more, but fewer than ten,~~  
13 ~~eligibility points from classes of service other than Class~~  
14 ~~A 5 or Class T G, upon compliance with section 5907(f), (g)~~  
15 ~~or (h), shall be eligible to receive an annuity calculated on~~  
16 ~~his service credited in classes of service other than Class~~  
17 ~~A 3 [or], Class A 4 or Class A 5, provided that the member~~  
18 ~~has five or more eligibility points resulting from service in~~  
19 ~~classes other than Class A 3 [or], Class A 4 or Class A 5 or~~  
20 ~~Class T E [or], Class T F or Class T G service in the Public~~  
21 ~~School Employees' Retirement System.~~

22 ~~(4) In addition to any withdrawal annuity payable under~~  
23 ~~paragraph (2) or (3), any vestee, active member or inactive~~  
24 ~~member on leave without pay who terminates State service~~  
25 ~~having 25 or more eligibility points resulting from Class A 5~~  
26 ~~service credit or, if a multiple service member, Class T G~~  
27 ~~service credit in the Public School Employees' Retirement~~  
28 ~~System, upon compliance with section 5907 (f), (g) or (h)~~  
29 ~~shall be entitled to receive an annuity based on service and~~  
30 ~~compensation as a member of Class A 5 and Class T G in~~

~~1 addition to any annuity the member is eligible to receive~~  
~~2 from other classes of service. In the event a member~~  
~~3 terminates State service having ten or more, but less than 25~~  
~~4 eligibility points resulting from Class A 5 service credit~~  
~~5 or, if a multiple service member, Class T G service credit in~~  
~~6 the Public School Employees' Retirement System, the member~~  
~~7 shall be eligible to receive an annuity based on Class A 5~~  
~~8 service credit upon attainment of superannuation age.~~

~~9 (c) Disability annuity. An active member or inactive member~~  
~~10 on leave without pay who:~~

~~11 (1) has five or more eligibility points other than~~  
~~12 eligibility points resulting from service as a member of~~  
~~13 Class A 5 or membership in the Public School Employees'~~  
~~14 Retirement System [or any active member or inactive member on~~  
~~15 leave without pay who];~~

~~16 (2) is an officer of the Pennsylvania State Police or an~~  
~~17 enforcement officer; or~~

~~18 (3) has five or more eligibility points resulting from~~  
~~19 service as a member of Class A 5;~~

~~20 shall, upon compliance with section 5907(k), be entitled to a~~  
~~21 disability annuity based on service and compensation in classes~~  
~~22 other than Class A 5 if he is eligible for a disability annuity~~  
~~23 on service other than as a member of Class A 5 and a disability~~  
~~24 annuity based on service and compensation in Class A 5 if he is~~  
~~25 eligible for a disability annuity based on service and~~  
~~26 compensation as a member of Class A 5 if he becomes mentally or~~  
~~27 physically incapable of continuing to perform the duties for~~  
~~28 which he is employed and qualifies in accordance with the~~  
~~29 provisions of section 5905(c) (1) (relating to duties of the~~  
~~30 board regarding applications and elections of members).~~

1 ~~§ 5308.1. Eligibility for special early retirement.~~

2 ~~Notwithstanding any provisions of this title to the contrary,~~  
3 ~~the following special early retirement provisions shall be~~  
4 ~~applicable to specified eligible members [as follows]:~~

5 ~~(1) During the period of July 1, 1985, to September 30,~~  
6 ~~1991, an active member who has attained the age of at least~~  
7 ~~53 years and has accrued at least 30 eligibility points shall~~  
8 ~~be entitled, upon termination of State service and compliance~~  
9 ~~with section 5907(f) (relating to rights and duties of State~~  
10 ~~employees [and], members and participants), to receive a~~  
11 ~~maximum single life annuity calculated under section 5702~~  
12 ~~(relating to maximum single life annuity) without a reduction~~  
13 ~~by virtue of an effective date of retirement which is under~~  
14 ~~the superannuation age.~~

15 ~~\* \* \*~~

16 ~~§ 5309. Eligibility for vesting.~~

17 ~~Any member who:~~

18 ~~(1) Does not have Class A 3 [or], Class A 4 or Class A 5~~  
19 ~~service credit or, if a multiple service member, Class T E~~  
20 ~~[or], Class T F or Class T G service credit in the Public~~  
21 ~~School Employees' Retirement System and terminates State~~  
22 ~~service, or if a multiple service member and an active member~~  
23 ~~of the Public School Employees' Retirement System terminates~~  
24 ~~school service, with five or more eligibility points, or any~~  
25 ~~member with Class G, Class H, Class I, Class J, Class K,~~  
26 ~~Class L, Class M or Class N service with five or more~~  
27 ~~eligibility points, shall be eligible until attainment of~~  
28 ~~superannuation age to vest his retirement benefits.~~

29 ~~(2) Has only Class A 3 or Class A 4 service credit [or]~~  
30 ~~and, if a multiple service member, only Class T E or Class T~~

1 ~~F service credit in the Public School Employees' Retirement~~  
2 ~~System and terminates State service, or if a multiple service~~  
3 ~~member and an active member of the Public School Employees'~~  
4 ~~Retirement System terminates school service, with ten or more~~  
5 ~~eligibility points shall be eligible until attainment of~~  
6 ~~superannuation age to vest his retirement benefits.~~

7 ~~(3) Has either Class A 3 or Class A 4 service credit~~  
8 ~~[or] and, if a multiple service member, Class T E or Class T~~  
9 ~~F service credit in the Public School Employees' Retirement~~  
10 ~~System, also has service credited in the system in one or~~  
11 ~~more other classes of service other than Class A 5 and has~~  
12 ~~five or more, but fewer than ten, eligibility points~~  
13 ~~resulting from service in classes other than Class A 5 or~~  
14 ~~Class T G and terminates State service, or if a multiple~~  
15 ~~service member and an active member of the Public School~~  
16 ~~Employees' Retirement System terminates school service,~~  
17 ~~shall be eligible until the attainment of superannuation age~~  
18 ~~to vest his retirement benefits calculated on his service~~  
19 ~~credited in classes of service other than Class A 3 [or],~~  
20 ~~Class A 4 or Class A 5 and to be credited with statutory~~  
21 ~~interest on total accumulated deductions, regardless of~~  
22 ~~whether or not any part of his accumulated deductions are a~~  
23 ~~result of Class A 3 or Class A 4 service credit.~~

24 ~~(4) Has only Class A 5 service credit and, if a multiple~~  
25 ~~service member, only Class T G service credit in the Public~~  
26 ~~School Employees' Retirement System and terminates State~~  
27 ~~service, or, if a multiple service member and an active~~  
28 ~~member of the Public School Employees' Retirement System,~~  
29 ~~terminates school service with ten or more and less than 25~~  
30 ~~eligibility points shall be required until attainment of~~

1 ~~superannuation age to vest his retirement benefits resulting~~  
2 ~~from Class A 5 service.~~

3 ~~(5) Has only Class A 5 service credit and, if a multiple~~  
4 ~~service member, only Class T G service credit in the Public~~  
5 ~~School Employees' Retirement System and terminates State~~  
6 ~~service, or, if a multiple service member and an active~~  
7 ~~member of the Public School Employees' Retirement System,~~  
8 ~~terminates school service with 25 or more eligibility points~~  
9 ~~shall be eligible until attainment of superannuation age to~~  
10 ~~vest his retirement benefits resulting from Class A 5~~  
11 ~~service.~~

12 ~~(6) Has Class A 5 service credit and service credited in~~  
13 ~~one or more other classes of service and terminates State~~  
14 ~~service, or if a multiple service member and an active member~~  
15 ~~of the Public School Employees' Retirement System terminates~~  
16 ~~school service, shall be required or eligible to vest his~~  
17 ~~retirement benefits based on Class A 5 service until the~~  
18 ~~attainment of the applicable superannuation age if he would~~  
19 ~~be required or eligible to vest his retirement benefits based~~  
20 ~~on Class A 5 service under paragraph (4) or (5) disregarding~~  
21 ~~all classes of service other than Class A 5 and Class T G and~~  
22 ~~shall be eligible to vest his retirement benefits in each~~  
23 ~~other class of service other than Class A 5 in accordance~~  
24 ~~with the requirements of each class of service until the~~  
25 ~~attainment of the applicable superannuation ages for each~~  
26 ~~class of service for which he would be able to vest his~~  
27 ~~retirement benefits under paragraph (1), (2) or (3)~~  
28 ~~disregarding service in Class A 5 and Class T G.~~

29 ~~§ 5310. Eligibility for death benefits.~~

30 ~~In the event of the death of a member who is eligible for an~~

~~1 annuity in accordance with section 5308(a) or (b) (relating to  
2 eligibility for annuities), his beneficiary shall be entitled to  
3 a death benefit. For purposes of this section, a member with ten  
4 or more but less than 25 eligibility points resulting from Class  
5 A 5 service credit or, if a multiple service member, Class T G  
6 service credit in the Public School Employees' Retirement System  
7 shall be considered eligible for an annuity based on Class A 5  
8 service even if under superannuation age.~~

~~9 § 5311. Eligibility for refunds.~~

~~10 (a) Total accumulated deductions. Any active member,  
11 regardless of eligibility for benefits, may elect to receive his  
12 total accumulated deductions upon termination of service in lieu  
13 of any benefit from the system resulting from service in classes  
14 other than Class A 5 to which he is entitled.~~

~~15 (a.1) Class A 5 accumulated deductions. An active member  
16 who has service credited as a Class A 5 member and is not  
17 eligible to receive an immediate annuity or be a vestee as a  
18 result of his Class A 5 service may elect to receive his Class  
19 A 5 accumulated deductions upon termination of service in lieu  
20 of any benefit from the system resulting from service in Class  
21 A 5 to which he is entitled.~~

~~22 (b) Social security integration accumulated deductions. Any  
23 active member at any time may elect to receive his social  
24 security integration accumulated deductions and thereby to have  
25 all his social security integration credits and benefits  
26 therefor cancelled, and shall not be entitled to accrue any  
27 further social security integration credits or benefits; except  
28 that a disability annuitant who returns to State service in a  
29 class of service other than Class A 5 shall have the right to  
30 reinstate his social security integration accumulated deductions~~



1 ~~and credits therefor.~~

2 ~~§ 5501. Regular member contributions for current service.~~

3 ~~Regular member contributions shall be made to the fund on~~  
4 ~~behalf of each active member for current service except for any~~  
5 ~~period of current service in which the making of such~~  
6 ~~contributions has ceased solely by reason of section 5502.1~~  
7 ~~(relating to waiver of regular member contributions and Social~~  
8 ~~Security integration member contributions) or any provision of~~  
9 ~~this part relating to the limitations under IRC § 401(a)(17) or~~  
10 ~~[415(b).] 415 or limitations on contributions to the system~~  
11 ~~applicable to a Class A 5 member who is making mandatory pickup~~  
12 ~~participant contributions to the trust.~~

13 ~~Section 313. Section 5501.1(a) and (b)(1) and (7) of Title~~  
14 ~~71 are amended and the section is amended by adding a subsection~~  
15 ~~to read:~~

16 ~~§ 5501.1. Shared risk member contributions for Class A 3 [and],~~  
17 ~~Class A 4 and Class A 5 service.~~

18 ~~(a) General. Shared risk member contributions shall be made~~  
19 ~~to the fund on behalf of each member of Class A 3 [or],~~  
20 ~~Class A 4 or Class A 5 for current service credited as Class A 3 [or],~~  
21 ~~Class A 4 or Class A 5 as provided under this section, except~~  
22 ~~for any period of current service in which the making of the~~  
23 ~~contributions has ceased solely by reason of any provision of~~  
24 ~~this part relating to the limitations under IRC § 401(a)(17) or~~  
25 ~~415 or any provision of this part limiting contributions~~  
26 ~~applicable to a Class A 5 member. Shared risk member~~  
27 ~~contributions shall be credited to the members' savings account.~~

28 ~~(b) Determination of shared risk contribution rate[.] for~~  
29 ~~Class A 3 and Class A 4 service. The shared risk contribution~~  
30 ~~for Class A 3 and Class A 4 service shall be determined as~~

1 follows:

2 ~~(1) For the period from the effective date of this~~  
3 ~~section until June 30, 2014, the shared risk contribution~~  
4 ~~rate for Class A 3 and Class A 4 service shall be zero.~~

5 \* \* \*

6 ~~(7) For any fiscal year in which the actual~~  
7 ~~contributions by the Commonwealth or an employer are lower~~  
8 ~~than those required to be made under section 5507(d)~~  
9 ~~(relating to contributions to the system by the Commonwealth~~  
10 ~~and other employers), the prospective shared risk~~  
11 ~~contribution rate for those employees whose employers are not~~  
12 ~~making the contributions required by section 5507(d) shall be~~  
13 ~~zero and shall not subsequently be increased, except as~~  
14 ~~otherwise provided in this section.~~

15 \* \* \*

16 ~~(c) Determination of shared risk contribution rate for Class~~  
17 ~~A 5 service. The shared risk contribution for Class A 5 service~~  
18 ~~shall be determined as follows:~~

19 ~~(1) For the period from the effective date of this~~  
20 ~~section until June 30, 2021, the shared risk contribution~~  
21 ~~rate for Class A 5 service shall be zero.~~

22 ~~(2) For the period from July 1, 2021, to June 30, 2024,~~  
23 ~~if the annual interest rate adopted by the board for use~~  
24 ~~during the period from January 1, 2018, to December 31, 2020,~~  
25 ~~for the calculation of the normal contribution rate is more~~  
26 ~~than 1% greater than the actual rate of return, net of fees,~~  
27 ~~of the investments of the fund based on market value over the~~  
28 ~~period, the shared risk contribution rate shall be 0.5%. In~~  
29 ~~all other situations, the shared risk contribution rate shall~~  
30 ~~be zero.~~

1       ~~(3) For each subsequent three year period, the shared~~  
2 ~~risk contribution rate shall be increased by 0.5% if the~~  
3 ~~annual interest rate adopted by the board for use during the~~  
4 ~~previous ten year period for the calculation of the normal~~  
5 ~~contribution rate is more than 1% greater than the actual~~  
6 ~~rate of return, net of fees, of the investments of the fund~~  
7 ~~based on market value over the period. The shared risk~~  
8 ~~contribution rate shall be decreased by 0.5% if the annual~~  
9 ~~interest rate adopted by the board for use during the~~  
10 ~~previous ten year period for the calculation of the normal~~  
11 ~~contribution rate is equal to or less than the actual rate of~~  
12 ~~return, net of fees, of the investments of the fund based on~~  
13 ~~market value over that period.~~

14       ~~(4) Notwithstanding paragraphs (2) and (3), the shared~~  
15 ~~risk contribution rate may not be less than zero and may not~~  
16 ~~be more than the experience adjustment factor resulting from~~  
17 ~~investment gains or losses in effect on the first day when~~  
18 ~~the new rate would be applied, expressed as a percentage of~~  
19 ~~member compensation, provided that in no event may the~~  
20 ~~shared risk contribution rate be more than 2%. For the~~  
21 ~~determination of the shared risk contribution rate to be~~  
22 ~~effective July 1, 2024, the determination period shall be~~  
23 ~~January 1, 2018, through December 31, 2023. For the~~  
24 ~~determination of the shared risk contribution rate to be~~  
25 ~~effective July 1, 2027, the determination period shall be~~  
26 ~~January 1, 2018, through December 31, 2026.~~

27       ~~(5) The shared risk contribution rate and the factors~~  
28 ~~entering into its calculation shall be certified by the~~  
29 ~~actuary as part of the annual valuations and the actuarial~~  
30 ~~investigation and evaluation of the system conducted every~~

~~1 five years under section 5902(j) (relating to administrative  
2 duties of the board).~~

~~3 (6) In the event that the annual interest rate adopted  
4 by the board for the calculation is changed during the period  
5 used to determine the shared risk contribution rate, the  
6 board, with the advice of the actuary, shall determine the  
7 applicable rate during the entire period, expressed as an  
8 annual rate.~~

~~9 (7) For any fiscal year in which the actual  
10 contributions by the Commonwealth or an employer are lower  
11 than those required to be made under section 5507(d)  
12 (relating to contributions to the system by the Commonwealth  
13 and other employers), the prospective shared risk  
14 contribution rate for those employees whose employers are not  
15 making the contributions required by section 5507(d) shall be  
16 zero and shall not subsequently be increased, except as  
17 otherwise provided in this section.~~

~~18 (8) If the actuary certifies that the accrued liability  
19 contributions calculated in accordance with the actuarial  
20 cost method provided in section 5508(b), as adjusted by the  
21 experience adjustment factor, are zero or less, then the  
22 shared risk contribution rate for the next fiscal year shall  
23 be zero and shall not subsequently be increased, except as  
24 otherwise provided in this section.~~

~~25 Section 314. Sections 5502, 5502.1(b), 5503.1(a), 5504,  
26 5505(b)(1), (c), (d) and (i)(4) and 5506(a) of Title 71 are  
27 amended to read:~~

~~28 § 5502. Social Security integration member contributions.~~

~~29 Except for any period of current service in which the making  
30 of regular member contributions has ceased solely by reason of~~

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

~~21 \* \* \*~~

~~22 (b) Applicability. This section shall not apply to any  
23 member who has Class A 3 [or], Class A 4 or Class A 5 service  
24 credit.~~

~~25 § 5503.1. Pickup contributions.~~

~~26 (a) Treatment for purposes of IRC § 414(h). All  
27 contributions to the fund required to be made under sections  
28 5501 (relating to regular member contributions for current  
29 service), 5501.1 (relating to shared risk member contributions  
30 for Class A 3 [and], Class A 4 and Class A 5 service), 5502~~

1 ~~(relating to Social Security integration member contributions),~~  
2 ~~5503 (relating to joint coverage member contributions) and~~  
3 ~~[section] 5505.1 (relating to additional member contributions),~~  
4 ~~with respect to current State service rendered by an active~~  
5 ~~member on or after January 1, 1982, shall be picked up by the~~  
6 ~~Commonwealth or other employer and shall be treated as the~~  
7 ~~employer's contribution for purposes of IRC § 414(h).~~

8 \* \* \*

9 ~~§ 5504. Member contributions for the purchase of credit for~~  
10 ~~previous State service or to become a full coverage~~  
11 ~~member.~~

12 ~~(a) Amount of contributions for service in other than Class~~  
13 ~~G through N.~~

14 ~~(1) The contributions to be paid by an active member or~~  
15 ~~eligible school employee for credit [for] in the system for~~  
16 ~~the portion of total previous State service other than~~  
17 ~~service in Class G, Class H, Class I, Class J, Class K, Class~~  
18 ~~L, Class M and Class N that a member is eligible to have~~  
19 ~~credited or to become a full coverage member shall be~~  
20 ~~sufficient to provide an amount equal to the regular and~~  
21 ~~additional accumulated deductions which would have been~~  
22 ~~standing to the credit of the member for such service had~~  
23 ~~regular and additional member contributions been made with~~  
24 ~~full coverage in the class of service and at the rate of~~  
25 ~~contribution applicable during such period of previous~~  
26 ~~service and had his regular and additional accumulated~~  
27 ~~deductions been credited with statutory interest during all~~  
28 ~~periods of subsequent State service as an active member or~~  
29 ~~inactive member on leave without pay and school service as an~~  
30 ~~active member or inactive member of the Public School~~

1 ~~Employees' Retirement System up to the date of purchase.~~

2 ~~(2) Notwithstanding paragraph (1), active members [with]~~  
3 ~~who perform State service credited as Class A 3 [State]~~  
4 ~~service shall make contributions and receive credit as if the~~  
5 ~~previous State service was Class A 3 service, and active~~  
6 ~~members [with] who perform State service credited as Class A~~  
7 ~~4 [State] service shall make contributions and receive credit~~  
8 ~~as if the previous State service was Class A 4 service, even~~  
9 ~~if it would have been credited as a different class of~~  
10 ~~service had the State employee been a member of the system at~~  
11 ~~the time the service was performed unless it was mandatory~~  
12 ~~that the State employee be an active member of the system and~~  
13 ~~the previous State service is being credited as the result of~~  
14 ~~a mandatory active membership requirement.~~

15 ~~(a.1) Converted county service. No contributions shall be~~  
16 ~~required to restore credit for previously credited State service~~  
17 ~~in Class G, Class H, Class I, Class J, Class K, Class L, Class M~~  
18 ~~and Class N. Such service shall be restored upon the~~  
19 ~~commencement of payment of the contributions by an active member~~  
20 ~~of a class of service other than Class A 5 required to restore~~  
21 ~~credit in the system for all other previous State service other~~  
22 ~~than Class A 5 service.~~

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

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

12 ~~§ 5505. Contributions for the purchase of credit for creditable~~  
13 ~~nonstate service.~~

14 ~~\* \* \*~~

15 ~~(b) Nonintervening military service.—~~

16 ~~(1) (i) The amount due for the purchase of credit for~~  
17 ~~military service other than intervening military service~~  
18 ~~by a member who is eligible to make the purchase under~~  
19 ~~section 5304(a)(1) or (2) (relating to creditable~~  
20 ~~nonstate service) shall be determined by applying the~~  
21 ~~member's basic contribution rate, the additional~~  
22 ~~contribution rate plus the Commonwealth normal~~  
23 ~~contribution rate for active members at the time of~~  
24 ~~entry, subsequent to such military service, of the member~~  
25 ~~into State service to his average annual rate of~~  
26 ~~compensation, excluding compensation received for Class~~  
27 ~~A 5 service, over the first three years of such~~  
28 ~~subsequent State service and multiplying the result by~~  
29 ~~the number of years and fractional part of a year of~~  
30 ~~creditable nonintervening military service being~~



1 ~~purchased together with statutory interest during all~~  
2 ~~periods of subsequent State service as an active member~~  
3 ~~or inactive member on leave without pay and school~~  
4 ~~service as an active member or inactive member of the~~  
5 ~~Public School Employees' Retirement System to date of~~  
6 ~~purchase.~~

7 ~~(ii) The amount due for the purchase of credit for~~  
8 ~~military service other than intervening military service~~  
9 ~~by a member who is eligible to make the purchase under~~  
10 ~~section 5304(a)(3) shall be determined by applying the~~  
11 ~~member's basic contribution rate, plus the Commonwealth~~  
12 ~~normal contribution rate for active members at the time~~  
13 ~~of entry, subsequent to such military service, of the~~  
14 ~~member into Class A 5 State service to his average annual~~  
15 ~~rate of compensation received for Class A 5 service~~  
16 ~~subject to any limit each year by the application of the~~  
17 ~~Class A 5 annual compensation limit, over the first three~~  
18 ~~years of such subsequent Class A 5 State service and~~  
19 ~~multiplying the result by the number of years and~~  
20 ~~fractional part of a year of creditable nonintervening~~  
21 ~~military service being purchased, together with statutory~~  
22 ~~interest during all periods of subsequent State service~~  
23 ~~as an active member or inactive member on leave without~~  
24 ~~pay and school service as an active member or inactive~~  
25 ~~member of the Public School Employees' Retirement System~~  
26 ~~to date of purchase.~~

27 ~~(iii) Upon application for credit for such service,~~  
28 ~~payment shall be made in a lump sum within 30 days or in~~  
29 ~~the case of an active member or eligible school employee~~  
30 ~~who is an active member of the Public School Employees'~~

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

19       ~~\* \* \*~~

20      ~~(c) Intervening military service. Contributions on account~~  
21      ~~of credit for intervening military service shall be determined~~  
22      ~~by the member's regular contribution rate, shared risk~~  
23      ~~contribution rate, Social Security integration contribution~~  
24      ~~rate, the additional contribution rate which shall be applied~~  
25      ~~only to those members who began service on or after the~~  
26      ~~effective date of this amendatory act and compensation at the~~  
27      ~~time of entry of the member into active military service,~~  
28      ~~together with statutory interest during all periods of~~  
29      ~~subsequent State service as an active member or inactive member~~  
30      ~~on leave without pay and school service as an active member or~~

1 ~~inactive member of the Public School Employees' Retirement~~  
2 ~~System to date of purchase. Upon application for such credit the~~  
3 ~~amount due shall be certified in the case of each member by the~~  
4 ~~board in accordance with methods approved by the actuary, and~~  
5 ~~contributions may be made by:~~

6 ~~(1) regular monthly payments during active military~~  
7 ~~service; or~~

8 ~~(2) a lump sum payment within 30 days of certification;~~  
9 ~~or~~

10 ~~(3) salary deductions to the system in amounts agreed~~  
11 ~~upon by the member or eligible school employee who is an~~  
12 ~~active member of the Public School Employees' Retirement~~  
13 ~~System and the board.~~

14 ~~The salary deduction amortization plans agreed to by members and~~  
15 ~~the board may include a deferral of payment amounts and~~  
16 ~~statutory interest until the termination of school service or~~  
17 ~~State service as the board in its sole discretion decides to~~  
18 ~~allow. The board may limit salary deduction amortization plans~~  
19 ~~to such terms as the board in its sole discretion determines. In~~  
20 ~~the case of an eligible school employee who is an active member~~  
21 ~~of the Public School Employees' Retirement System, the agreed~~  
22 ~~upon salary deductions shall be remitted to the Public School~~  
23 ~~Employees' Retirement Board, which shall certify and transfer to~~  
24 ~~the board the amounts paid.~~

25 ~~(d) Nonmilitary and nonmagisterial service. Contributions~~  
26 ~~on account of credit for creditable nonstate service other than~~  
27 ~~military and magisterial service by State employees who first~~  
28 ~~become members of the system before January 1, 2011, or before~~  
29 ~~December 1, 2010, as a member of the General Assembly shall be~~  
30 ~~determined by applying the member's basic contribution rate, the~~

~~1 additional contribution rate plus the Commonwealth normal  
2 contribution rate for active members at the time of entry  
3 subsequent to such creditable nonstate service of the member  
4 into State service to his compensation at the time of entry into  
5 State service as a member of the system and multiplying the  
6 result by the number of years and fractional part of a year of  
7 creditable nonstate service being purchased together with  
8 statutory interest during all periods of subsequent State  
9 service as an active member or inactive member on leave without  
10 pay and school service as an active member or inactive member of  
11 the Public School Employees' Retirement System to the date of  
12 purchase. Upon application for credit for such service payment  
13 shall be made in a lump sum within 30 days or in the case of an  
14 active member or eligible school employee who is an active  
15 member of the Public School Employees' Retirement System it may  
16 be amortized with statutory interest through salary deductions  
17 to the system in amounts agreed upon by the member and the  
18 board. The salary deduction amortization plans agreed to by  
19 members and the board may include a deferral of payment amounts  
20 and statutory interest until the termination of school service  
21 or State service as the board in its sole discretion decides to  
22 allow. The board may limit salary deduction amortization plans  
23 to such terms as the board in its sole discretion determines. In  
24 the case of an eligible school employee who is an active member  
25 of the Public School Employees' Retirement System, the agreed  
26 upon salary deduction shall be remitted to the Public School  
27 Employees' Retirement Board, which shall certify and transfer to  
28 the board the amounts paid.~~

29 \* \* \*

30 (i) ~~Purchases of nonstate service credit by State employees~~

1 ~~who first became members of the system on or after December 1,~~  
2 ~~2010.~~

3           ~~\*\*\*~~

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

24 ~~§ 5506.1. Annual compensation limit under IRC § 401(a)(17).~~

25           ~~(a) General rule. In addition to other applicable~~  
26 ~~limitations set forth in this part, and notwithstanding any~~  
27 ~~provision of this part to the contrary, the annual compensation~~  
28 ~~of each noneligible member and each participant taken into~~  
29 ~~account for benefit purposes under this part shall not exceed~~  
30 ~~the limitation under IRC § 401(a)(17). On and after January 1,~~

1 ~~1996, any reference in this part to the limitation under IRC §~~  
2 ~~401(a)(17) shall mean the Omnibus Budget Reconciliation Act of~~  
3 ~~1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual~~  
4 ~~compensation limit set forth in this subsection. The OBRA '93~~  
5 ~~annual compensation limit is \$150,000, as adjusted by the~~  
6 ~~commissioner for increases in the cost of living in accordance~~  
7 ~~with IRC § 401(a)(17)(B). The cost of living adjustment in~~  
8 ~~effect for a calendar year applies to any determination period~~  
9 ~~which is a period, not exceeding 12 months, over which~~  
10 ~~compensation is determined, beginning in such calendar year. If~~  
11 ~~a determination period consists of fewer than 12 months, the~~  
12 ~~OBRA '93 compensation limit will be multiplied by a fraction,~~  
13 ~~the numerator of which is the number of months in the~~  
14 ~~determination period and the denominator of which is 12.~~

15 \* \* \*

16 Section 315. Title 71 is amended by adding a section to  
17 read:

18 ~~§ 5506.2. Application of Class A 5 annual compensation limit.~~

19 ~~(a) General rule. The Class A 5 annual compensation limit~~  
20 ~~shall be applied to the total compensation received each~~  
21 ~~calendar year for service as a member of Class A 5 and, if a~~  
22 ~~multiple service member, for service in Class T-G in the Public~~  
23 ~~School Employees' Retirement System.~~

24 ~~(b) Adjustment required. For purposes of calculating final~~  
25 ~~average salary for the determination of standard single life~~  
26 ~~annuities and other benefits resulting from Class A 5 service,~~  
27 ~~compensation received each calendar year for Class A 5 service~~  
28 ~~and, if a multiple service member, as a school employee for~~  
29 ~~service as a Class T-G member of the Public School Employees'~~  
30 ~~Retirement System shall be adjusted by first limiting the~~

~~1 compensation to the Class A 5 annual compensation limit for that~~  
~~2 year. The limited Class A 5 service compensation shall then be~~  
~~3 annualized for any part time service on the basis of the~~  
~~4 fractional portion of the year for which credit is received.~~

~~5 Section 316. Section 5507(a), (b), (d) and (e) of Title 71~~  
~~6 are amended and the section is amended by adding a subsection to~~  
~~7 read:~~

~~8 § 5507. Contributions to the system by the Commonwealth and~~  
~~9 other employers.~~

~~10 (a) Contributions on behalf of active members. The~~  
~~11 Commonwealth and other employers whose employees are members of~~  
~~12 the system or participants in the plan shall make contributions~~  
~~13 to the fund on behalf of all active members in such amounts as~~  
~~14 shall be certified by the board as necessary to provide,~~  
~~15 together with the members' total accumulated deductions and~~  
~~16 Class A 5 accumulated deductions, annuity reserves on account of~~  
~~17 prospective annuities other than those provided in sections 5708~~  
~~18 (relating to supplemental annuities), 5708.1 (relating to~~  
~~19 additional supplemental annuities), 5708.2 (relating to further~~  
~~20 additional supplemental annuities), 5708.3 (relating to~~  
~~21 supplemental annuities commencing 1994), 5708.4 (relating to~~  
~~22 special supplemental postretirement adjustment), 5708.5~~  
~~23 (relating to supplemental annuities commencing 1998), 5708.6~~  
~~24 (relating to supplemental annuities commencing 2002), 5708.7~~  
~~25 (relating to supplemental annuities commencing 2003) and 5708.8~~  
~~26 (relating to special supplemental postretirement adjustment of~~  
~~27 2002), in accordance with the actuarial cost method provided in~~  
~~28 section 5508(a), (b), (c), (d) and (f) (relating to actuarial~~  
~~29 cost method).~~

~~30 (b) Contributions on behalf of annuitants. The Commonwealth~~

1 ~~and other employers whose employees are members of the system or~~  
2 ~~participants in the plan shall make contributions on behalf of~~  
3 ~~annuitants in such amounts as shall be certified by the board as~~  
4 ~~necessary to fund the liabilities for supplemental annuities in~~  
5 ~~accordance with the actuarial cost method provided in section~~  
6 ~~5508(e) [(relating to actuarial cost method)].~~

7 ~~(b.1) Payment of employer contributions to the system.~~

8 ~~(1) Payment of employer normal contributions shall be as~~  
9 ~~a percentage of:~~

10 ~~(i) the compensation of active members in classes of~~  
11 ~~service other than Class A 5; and~~

12 ~~(ii) the compensation of active members of Class A 5~~  
13 ~~who have 25 or fewer eligibility points resulting from~~  
14 ~~Class A 5 service or, if a multiple service member, Class~~  
15 ~~T-G service up to each employee's Class A 5 annual~~  
16 ~~compensation limit.~~

17 ~~(2) Payment of accrued liability contributions as~~  
18 ~~modified by the experience adjustment factor shall be as a~~  
19 ~~percentage of compensation of active members and active~~  
20 ~~participants.~~

21 ~~\* \* \*~~

22 ~~(d) Payment of final contribution rate. Notwithstanding the~~  
23 ~~calculation of the actuarially required contribution rate and~~  
24 ~~the provisions of subsections (a) and (b), the Commonwealth and~~  
25 ~~other employers whose employees are members of the system or~~  
26 ~~participants in the plan shall make contributions to the fund on~~  
27 ~~behalf of all active members and annuitants in such amounts as~~  
28 ~~shall be certified by the board in accordance with section~~  
29 ~~5508(i).~~

30 ~~(e) Benefits completion plan contributions. In addition to~~



1 ~~all other contributions required under this section and section~~  
2 ~~5508, the Commonwealth and other employers whose employees are~~  
3 ~~members of the system shall make contributions as certified by~~  
4 ~~the board pursuant to section 5941 (relating to benefits~~  
5 ~~completion plan). Payment of contributions under this subsection~~  
6 ~~shall be as a percentage of the compensation of active members~~  
7 ~~in classes of service other than Class A 5 and the compensation~~  
8 ~~of active members of Class A 5 who have 25 or fewer eligibility~~  
9 ~~points resulting from Class A 5 service or, if a multiple~~  
10 ~~service member, Class T G up to each employee's Class A 5 annual~~  
11 ~~compensation limit.~~

12 \* \* \*

13 Section 317. Section 5508 (a), (b), (c) (1) and (3), (c) (2),  
14 (f) and (h) of Title 71 are amended and subsection (c) is  
15 amended by adding a paragraph to read:

16 § 5508. Actuarial cost method.

17 (a) ~~Employer contribution rate on behalf of active~~  
18 ~~members. The amount of the Commonwealth and other employer~~  
19 ~~contributions on behalf of all active members shall be computed~~  
20 ~~by the actuary as a percentage of the total compensation of all~~  
21 ~~active members and participants, subject to the limitations in~~  
22 ~~section 5507 (b.1) (relating to contributions to the system by~~  
23 ~~the Commonwealth and other employees), during the period for~~  
24 ~~which the amount is determined and shall be so certified by the~~  
25 ~~board. The actuarially required contribution rate on behalf of~~  
26 ~~all active members shall consist of the employer normal~~  
27 ~~contribution rate, as defined in subsection (b), and the accrued~~  
28 ~~liability contribution rate as defined in subsection (c). The~~  
29 ~~actuarially required contribution rate on behalf of all active~~  
30 ~~members shall be modified by the experience adjustment factor as~~

1 ~~calculated in subsection (f).~~

2 ~~(b) Employer normal contribution rate. The employer normal~~  
3 ~~contribution rate shall be determined after each actuarial~~  
4 ~~valuation on the basis of an annual interest rate and such~~  
5 ~~mortality and other tables as shall be adopted by the board in~~  
6 ~~accordance with generally accepted actuarial principles. The~~  
7 ~~employer normal contribution rate shall be determined as a level~~  
8 ~~percentage of the compensation of the average new active member~~  
9 ~~on which employer normal contributions are made under section~~  
10 ~~5507(b.1), which percentage, if contributed on the basis of his~~  
11 ~~prospective compensation on which employer normal contributions~~  
12 ~~are made under section 5507(b.1) through his entire period of~~  
13 ~~active State service, would be sufficient to fund the liability~~  
14 ~~for any prospective benefit payable to him in excess of that~~  
15 ~~portion funded by his prospective member contributions,~~  
16 ~~excluding shared risk member contributions. In no case shall the~~  
17 ~~employer normal contribution rate be less than zero.~~

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

19 ~~(1) For the fiscal years beginning July 1, 2002, and~~  
20 ~~July 1, 2003, the accrued liability contribution rate shall~~  
21 ~~be computed as the rate of total compensation of all active~~  
22 ~~members which shall be certified by the actuary as sufficient~~  
23 ~~to fund over a period of ten years from July 1, 2002, the~~  
24 ~~present value of the liabilities for all prospective~~  
25 ~~benefits, except for the supplemental benefits as provided in~~  
26 ~~sections 5708 (relating to supplemental annuities), 5708.1~~  
27 ~~(relating to additional supplemental annuities), 5708.2~~  
28 ~~(relating to further additional supplemental annuities),~~  
29 ~~5708.3 (relating to supplemental annuities commencing 1994),~~  
30 ~~5708.4 (relating to special supplemental postretirement~~

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

26 ~~\* \* \*~~

27 ~~(3) For the fiscal year beginning July 1, 2010, the~~  
28 ~~accrued liability contribution rate shall be computed as the~~  
29 ~~rate of total compensation of all active members which shall~~  
30 ~~be certified by the actuary as sufficient to fund in equal~~

1 dollar installments over a period of 30 years from July 1,  
2 2010, the present value of the liabilities for all  
3 prospective benefits calculated as of the immediately prior  
4 valuation date, including the supplemental benefits as  
5 provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4,  
6 5708.5, 5708.6, 5708.7 and 5708.8, but excluding the benefits  
7 payable from the retirement benefit plan established pursuant  
8 to section 5941 (relating to benefits completion plan), in  
9 excess of the actuarially calculated assets in the fund  
10 (calculated recognizing all realized and unrealized  
11 investment gains and losses each year in level annual  
12 installments over five years), including the balance in the  
13 supplemental annuity account, and the present value of  
14 employer normal contributions and of member contributions  
15 payable with respect to all active members, inactive members  
16 on leave without pay, vestees and special vestees on December  
17 31, 2009. If the accrued liability is changed by legislation  
18 enacted subsequent to December 31, 2009, and before January  
19 1, 2014, such change in liability shall be funded in equal  
20 dollar installments over a period of ten years from the first  
21 day of July following the valuation date coincident with or  
22 next following the date such legislation is enacted.

23 ~~(4) For fiscal years beginning on or after July 1, 2015,~~  
24 ~~the accrued liability contribution rate shall be computed as~~  
25 ~~provided for under paragraph (3), except that the rate shall~~  
26 ~~be computed as a rate of total compensation of all active~~  
27 ~~members and active participants. In addition to any employer~~  
28 ~~defined contributions made to the trust, the Commonwealth and~~  
29 ~~other employers of participants shall make the accrued~~  
30 ~~liability contributions to the fund certified by the board.~~

~~If the accrued liability is changed by legislation enacted subsequent to December 31, 2014, the change in liability shall be funded in equal dollar installments as a percentage of compensation of all active members and active participants over a period of ten years from the first day of July following the valuation date coincident with or next following the date such legislation is enacted. The accrued liability contribution rate shall be determined after each actuarial valuation on the basis of an annual interest rate and the mortality and other tables adopted by the board in accordance with generally accepted actuarial principles.~~

~~\* \* \*~~

~~(e) Supplemental annuity contribution rate.—~~

~~\* \* \*~~

~~(2) For fiscal years beginning on or after July 1, 2010, contributions from the Commonwealth and other employers whose employees are members of the system required to provide for the payment of supplemental annuities as provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7 and 5708.8 shall be paid as part of the accrued liability contribution rate as provided for in subsection (c) (3), and there shall not be a separate supplemental annuity contribution rate attributable to those supplemental annuities. In the event that supplemental annuities are increased by legislation enacted subsequent to December 31, 2009, the additional liability for the increase in benefits shall be funded in equal dollar installments as a percentage of compensation of all active members and active participants over a period of ten years from the first day of July following the valuation date coincident with or next~~

1 following the date such legislation is enacted.

2 ~~(f) Experience adjustment factor.~~

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

24 ~~(2) The actuarially required contribution rate shall be~~  
25 ~~the sum of the normal contribution rate, the accrued~~  
26 ~~liability contribution rate and the supplemental annuity~~  
27 ~~contribution rate, modified by the experience adjustment~~  
28 ~~factor as calculated in paragraph (1).~~

29 ~~\* \* \*~~

30 ~~(h) Temporary application of collared contribution rate.~~

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

18 \* \* \*

19 Section 318. Sections 5509, 5701 and 5701.1 of Title 71 are  
20 amended to read:

21 § 5509. Appropriations and assessments by the Commonwealth.

22 (a) Annual submission of budget. The board shall prepare  
23 and submit annually an itemized budget consisting of the amounts  
24 necessary to be appropriated by the Commonwealth out of the  
25 General Fund and special operating funds and the amounts to be  
26 assessed the other employers required to meet the separate  
27 obligations to the fund and the trust accruing during the fiscal  
28 period beginning the first day of July of the following year.

29 (b) Appropriation and payment. The General Assembly shall  
30 make an appropriation sufficient to provide for the separate

1 ~~obligations of the Commonwealth to the fund and the trust. Such~~  
2 ~~amount shall be paid by the State Treasurer through the~~  
3 ~~Department of Revenue into the fund or trust, as the case may~~  
4 ~~be, in accordance with requisitions presented by the board. The~~  
5 ~~contributions to the system by the Commonwealth on behalf of~~  
6 ~~active members who are officers of the Pennsylvania State Police~~  
7 ~~shall be charged to the General Fund and to the Motor License~~  
8 ~~Fund in the same ratios as used to apportion the appropriations~~  
9 ~~for salaries of members of the Pennsylvania State Police. The~~  
10 ~~contributions to the system by the Commonwealth on behalf of~~  
11 ~~active members who are enforcement officers and investigators of~~  
12 ~~the Pennsylvania Liquor Control Board shall be charged to the~~  
13 ~~General Fund and to the State Stores Fund.~~

14 ~~(c) Contributions from funds other than General Fund. The~~  
15 ~~amounts assessed other employers who are required to make the~~  
16 ~~necessary separate contributions to the fund and the trust out~~  
17 ~~of funds other than the General Fund shall be paid by such~~  
18 ~~employers into the fund or trust, as the case may be, in~~  
19 ~~accordance with requisitions presented by the board. The General~~  
20 ~~Fund of the Commonwealth shall not be held liable to appropriate~~  
21 ~~the moneys required to build up the reserves in the fund~~  
22 ~~necessary for the payment of benefits from the system to~~  
23 ~~employees or to make the employer defined contributions for~~  
24 ~~employees of such other employers. In case any such other~~  
25 ~~employer shall fail to provide to the fund the moneys necessary~~  
26 ~~for such purpose, then the service of such members of the system~~  
27 ~~for such period for which money is not so provided shall be~~  
28 ~~credited and pickup contributions with respect to such members~~  
29 ~~shall continue to be credited to the members' savings account.~~  
30 ~~The annuity to which such member is entitled shall be determined~~



1 ~~as actuarially equivalent to the present value of the maximum~~  
2 ~~single life annuity of each such member reduced by the amount of~~  
3 ~~employer contributions to the system payable on account and~~  
4 ~~attributable to his compensation during such service, except~~  
5 ~~that no reduction shall be made as a result of the failure of an~~  
6 ~~employer to make contributions required for a period of USERRA~~  
7 ~~leave.~~

8 ~~§ 5701. Return of [total] accumulated deductions.~~

9 ~~Any member upon termination of service may, in lieu of all~~  
10 ~~benefits payable from the system and attributable to service in~~  
11 ~~classes other than Class A 5 under this chapter to which he may~~  
12 ~~be entitled, elect to receive his total accumulated deductions.~~  
13 ~~A member who has service credited as a Class A 5 member and is~~  
14 ~~not eligible to receive an immediate annuity or be a vestee as a~~  
15 ~~result of his Class A 5 service, upon termination of service,~~  
16 ~~may, in lieu of all benefits payable from the system~~  
17 ~~attributable to service in Class A 5 under this chapter to which~~  
18 ~~he may be entitled, elect to receive his Class A 5 accumulated~~  
19 ~~deductions.~~

20 ~~§ 5701.1. Transfer of accumulated deductions.~~

21 ~~When an employee of the Juvenile Court Judges' Commission~~  
22 ~~elects membership in an independent retirement program pursuant~~  
23 ~~to section 5301(f) (relating to mandatory and optional~~  
24 ~~membership in the system and participation in the plan), the~~  
25 ~~board shall transfer directly to the trustee or administrator of~~  
26 ~~the independent retirement program all accumulated deductions~~  
27 ~~resulting from service credited while an employee of the~~  
28 ~~Juvenile Court Judges' Commission.~~

29 ~~Section 319. Section 5702(a), (a.1), (b) and (c) and~~  
30 ~~5704(a), (c), (e) and (f) of Title 71 are amended and the~~

1 ~~sections are amended by adding subsections to read:~~

2 ~~§ 5702. Maximum single life annuity.~~

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

13 ~~(1) A single life annuity that is the sum of the~~  
14 ~~standard single life [annuity multiplied by the sum of the~~  
15 ~~products,] annuities determined separately for each class of~~  
16 ~~service[, obtained by multiplying] multiplied by the~~  
17 ~~appropriate class of service multiplier [by the ratio of~~  
18 ~~years of service credited in that class to the total credited~~  
19 ~~service] applicable to each standard single life annuity. In~~  
20 ~~case the member on the effective date of retirement is under~~  
21 ~~superannuation age for any service, a reduction factor~~  
22 ~~calculated to provide benefits actuarially equivalent to an~~  
23 ~~annuity starting at superannuation age shall be applied to~~  
24 ~~the product determined for that service. The class of service~~  
25 ~~multiplier for any period of concurrent service shall be~~  
26 ~~multiplied by the proportion of total State and school~~  
27 ~~compensation during such period attributable to State service~~  
28 ~~as a member of the system. In the event a member has two~~  
29 ~~multipliers for one class of service [the class of service~~  
30 ~~multiplier to be used for calculating benefits for that class~~

1 ~~shall be the average of the two multipliers weighted by the~~  
2 ~~proportion of compensation attributable to each multiplier~~  
3 ~~during the three years of highest annual compensation in that~~  
4 ~~class of service: Provided, That in the case of a member of~~  
5 ~~Class E 1, a portion but not all of whose three years of~~  
6 ~~highest annual judicial compensation is prior to January 1,~~  
7 ~~1973, two class of service multipliers shall be calculated on~~  
8 ~~the basis of his entire judicial service, the one applying~~  
9 ~~the judicial class of service multipliers effective prior to~~  
10 ~~January 1, 1973 and the second applying the class of service~~  
11 ~~multipliers effective subsequent to January 1, 1973. The~~  
12 ~~average class of service multiplier to be used for~~  
13 ~~calculating benefits for his judicial service shall be the~~  
14 ~~average of the two calculated multipliers weighted by the~~  
15 ~~proportion of compensation attributable to each of the~~  
16 ~~calculated multipliers during the three years of highest~~  
17 ~~annual compensation in that class of service.] separate~~  
18 ~~standard single life annuities shall be calculated for the~~  
19 ~~portion of service in such class applicable to each class of~~  
20 ~~service multiplier. In the case of a member with Class A 5~~  
21 ~~service credit and credit in one or more other classes of~~  
22 ~~service who has not attained the superannuation age~~  
23 ~~applicable to Class A 5 service and is not eligible for a~~  
24 ~~withdrawal annuity, but is eligible to be a vestee based on~~  
25 ~~the Class A 5 service credit and who commences receipt of a~~  
26 ~~superannuation or withdrawal annuity, no standard single life~~  
27 ~~annuity based on the member's Class A 5 service credit shall~~  
28 ~~be paid until the attainment of the superannuation age~~  
29 ~~applicable to Class A 5 service.~~

30 (2) ~~If eligible, a single life annuity of 2% of his~~

1 ~~average noncovered salary for each year of social security~~  
2 ~~integration credit as provided for in section 5305 (relating~~  
3 ~~to social security integration credits) multiplied, if on the~~  
4 ~~effective date of retirement the member is under~~  
5 ~~superannuation age for any service, by the actuarially~~  
6 ~~determined reduction factor for that service.~~

7 ~~(3) If eligible, a single life annuity which is~~  
8 ~~actuarially equivalent to the regular and additional~~  
9 ~~accumulated deductions attributable to contributions as a~~  
10 ~~member of Class C, but not less than such annuity determined~~  
11 ~~as if the member were age 60 on the effective date of~~  
12 ~~retirement, actuarially reduced in the event the member is~~  
13 ~~under superannuation age on the effective date of retirement.~~

14 ~~(4) If eligible, a single life annuity which is~~  
15 ~~actuarially equivalent to the amount by which his regular and~~  
16 ~~additional accumulated deductions attributable to any~~  
17 ~~credited service other than as a member of Class A 3, Class~~  
18 ~~A 4, Class A 5 and Class C are greater than one half of the~~  
19 ~~actuarially equivalent value on the effective date of~~  
20 ~~retirement of the annuity as provided in paragraph (1)~~  
21 ~~attributable to service other than Class A 3, Class A 4,~~  
22 ~~Class A 5 and Class C for which regular or joint coverage~~  
23 ~~member contributions were made. [This paragraph shall not~~  
24 ~~apply to any member with State service credited as Class A 3~~  
25 ~~or Class A 4.]~~

26 ~~(5) If eligible, a single life annuity which is~~  
27 ~~actuarially equivalent to the amount by which his social~~  
28 ~~security integration accumulated deductions are greater than~~  
29 ~~one half of the actuarially equivalent value on the effective~~  
30 ~~date of retirement of the annuity provided for under~~

1 paragraph (2).

2 ~~(6) If eligible, a single life annuity sufficient~~  
3 ~~together with the annuity provided for in paragraph (1) as a~~  
4 ~~Class A, Class AA, Class A 3 and Class A 4 member and the~~  
5 ~~highest annuity provided for in paragraph (2) to which he is~~  
6 ~~entitled, or at his option could have been entitled, to~~  
7 ~~produce that percentage of [a] the sums of the standard~~  
8 ~~single life [annuity] annuities adjusted by the application~~  
9 ~~of the class of service multiplier for Class A, Class AA,~~  
10 ~~Class A 3 or Class A 4 as set forth in paragraph (1) in the~~  
11 ~~case where any service is credited as a member of Class A,~~  
12 ~~Class AA, Class A 3 or Class A 4 on the effective date of~~  
13 ~~retirement as determined by his total years of credited~~  
14 ~~service as a member of Class A, Class AA, Class A 3 and Class~~  
15 ~~A 4 and by the following table:~~

<del>Total Years of Credited Service</del>	<del>Percentage of <u>Sums of</u> Standard</del>
<del>as a Member of</del>	<del>Single Life</del>
<del>Class A,</del>	<del>[Annuity] <u>Annuities</u> Adjusted for</del>
<del>Class AA, Class A 3</del>	<del>Class A, Class AA,</del>
<del>and Class A 4</del>	<del>Class A 3 and Class A 4</del>
<del>-</del>	<del>-Class of</del>
<del>-</del>	<del>Service Multipliers</del>
35-40	100%
41	102%
42	104%
43	106%
44	108%
45 or more	110%

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

2 ~~(1) Any full coverage member who is eligible to receive~~  
3 ~~an annuity pursuant to the provisions of section 5308(a) who~~  
4 ~~terminates State service, or if a multiple service member who~~  
5 ~~is a school employee and an active member of the Public~~  
6 ~~School Employees' Retirement System who terminates school~~  
7 ~~service, on or after attaining age 70 and who applies for a~~  
8 ~~superannuation annuity to be effective the day after the~~  
9 ~~termination of State service or school service, as the case~~  
10 ~~may be, shall be entitled to receive a maximum single life~~  
11 ~~annuity as of a determination date that is equal to the~~  
12 ~~greater of subparagraph (i) or (ii), plus any annuity he may~~  
13 ~~be eligible to receive attributable to Class A 5 service~~  
14 ~~credit:~~

15 ~~(i) the sum of the annuities provided in subsection~~  
16 ~~(a)(1) through (6) calculated without including any~~  
17 ~~annuity attributable to Class A 5 service credit as of~~  
18 ~~the determination date; and~~

19 ~~(ii) the greater of clause (A) or (B):~~

20 ~~(A) the sum of the annuities provided in~~  
21 ~~subsection (a)(1), (3), (4) and (6) as of the~~  
22 ~~preceding determination date without including any~~  
23 ~~annuity attributable to Class A 5 service credit~~  
24 ~~adjusted by the actuarial increase factor, plus the~~  
25 ~~annuities provided in subsection (a)(2) and (5) as of~~  
26 ~~the determination date; and~~

27 ~~(B) the maximum single life annuity calculated~~  
28 ~~without including any annuity attributable to Class~~  
29 ~~A 5 service credit as of the preceding determination~~  
30 ~~date adjusted by the actuarial increase factor.~~

1           ~~The maximum single life annuity calculated without~~  
2 ~~including any annuity attributable to Class A 5 service~~  
3 ~~credit shall be calculated for each determination date.~~

4           ~~(2) For purposes of this subsection, the determination~~  
5 ~~date shall be:~~

6           ~~(i) the member's birthday, provided that as of such~~  
7 ~~date the member qualifies for a maximum single life~~  
8 ~~annuity under this subsection, determined excluding~~  
9 ~~eligibility for any annuity attributable to Class A 5~~  
10 ~~service credit; or~~

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

15           ~~(3) In the event an active member, an inactive member on~~  
16 ~~leave without pay or a multiple service member who is a~~  
17 ~~school employee and an active member of the Public School~~  
18 ~~Employees' Retirement System has attained age 70 before the~~  
19 ~~effective date of this subsection, or enters State service or~~  
20 ~~school service, as the case may be, after attaining age 70,~~  
21 ~~then section 5305.1 (relating to eligibility for actuarial~~  
22 ~~increase factor) and subsections (a) and (a.1) shall be~~  
23 ~~effective prospectively with respect to such member at the~~  
24 ~~member's next birthday after the effective date of this~~  
25 ~~subsection, entry into State service, or school service.~~  
26 ~~Nothing in this subsection shall be construed to provide an~~  
27 ~~actuarial increase factor for any period of service prior to the~~  
28 ~~effective date of this subsection.~~

29           ~~(b) Present value of annuity. The present value of the~~  
30 ~~maximum single life annuity as calculated in accordance with~~

1 ~~subsection (a) of this section shall be determined by~~  
2 ~~multiplying the maximum single life annuity by the cost of a~~  
3 ~~dollar annuity on the effective date of retirement, which shall~~  
4 ~~take into account any delay in the receipt of the portion of the~~  
5 ~~annuity based on Class A 5 if the effective date of retirement~~  
6 ~~is under the superannuation age applicable to Class A 5 service.~~  
7 ~~Such present value shall be decreased only as required under the~~  
8 ~~provisions of section 5506 (relating to incomplete payments),~~  
9 ~~5509(c) (relating to appropriations and assessments by the~~  
10 ~~Commonwealth) or 5703 (relating to reduction of annuities on~~  
11 ~~account of social security old age insurance benefits).~~

12 ~~(c) Limitation on amount of annuity. The annuity paid to a~~  
13 ~~member under subsection (a) attributable to any credited service~~  
14 ~~other than as a member of Class A 5 and reduced in accordance~~  
15 ~~with the option elected under section 5705 (relating to member's~~  
16 ~~options) shall not exceed the highest compensation received for~~  
17 ~~any credited service other than service credited as Class A 5~~  
18 ~~during any period of twelve consecutive months of credited~~  
19 ~~service. No limit on the total annuity paid to a member with~~  
20 ~~Class D 3 service shall be applied in the case of a member who~~  
21 ~~served as a constitutional officer of the General Assembly.~~

22 \* \* \*

23 ~~(e) Coordination of benefits. The determination and payment~~  
24 ~~of the maximum single life annuity under this section shall be~~  
25 ~~in addition to any payments a member may be entitled to receive,~~  
26 ~~has received or is receiving as a result of being a participant~~  
27 ~~in the plan.~~

28 § 5704. Disability annuities.

29 ~~(a) Amount of annuity. A member who has made application~~  
30 ~~for a disability annuity and has been found to be eligible in~~



1 ~~accordance with the provisions of section 5905(c)(1) (relating~~  
2 ~~to duties of the board regarding applications and elections of~~  
3 ~~members) shall receive a disability annuity payable from the~~  
4 ~~effective date of disability as determined by the board and~~  
5 ~~continued until a subsequent determination by the board that the~~  
6 ~~annuitant is no longer entitled to a disability annuity. [The]~~  
7 ~~If the sum of the products of the number of years and fractional~~  
8 ~~part of a year of credited service in each class and the~~  
9 ~~appropriate class of service multiplier is greater than 16.667,~~  
10 ~~then the disability annuity shall be a single life annuity that~~  
11 ~~is equal to [a] the sum of the standard single life [annuity]~~  
12 ~~annuities determined separately for each class of service~~  
13 ~~multiplied by the appropriate class of service multiplier~~  
14 ~~[applicable to the class of service at the time of disability if~~  
15 ~~the product of such class of service multiplier and the total~~  
16 ~~number of years of credited service is greater than 16.667,~~  
17 ~~otherwise the], otherwise each standard single life annuity~~  
18 ~~shall be multiplied by the lesser of the following ratios:~~  
19 
$$\text{MY}^*/\text{Y or } 16.667/\text{Y}$$
  
20 ~~where Y = total number of years of credited service, Y\* = total~~  
21 ~~years of credited service if the member were to continue as a~~  
22 ~~State employee until attaining superannuation age as applicable~~  
23 ~~to that class of service at the time of disability, or if the~~  
24 ~~member has attained superannuation age, as applicable to that~~  
25 ~~class of service at the time of disability, then the number of~~  
26 ~~years of credited service and M = the class of service~~  
27 ~~multiplier as applicable to that class of service at the~~  
28 ~~effective date of disability. A member of Class C shall receive,~~  
29 ~~in addition, any annuity to which he may be eligible under~~  
30 ~~section 5702(a)(3) (relating to maximum single life annuity).~~

1 ~~The member shall be entitled to the election of a joint and~~  
2 ~~survivor annuity on that portion of the disability annuity to~~  
3 ~~which he is entitled under section 5702.~~

4 \* \* \*

5 ~~(c) Reduction on account of earned income. Subsequent to~~  
6 ~~January 1, 1972, payments on account of disability shall be~~  
7 ~~reduced by that amount by which the earned income of the~~  
8 ~~annuitant, as reported in accordance with section 5908(b)~~  
9 ~~(relating to rights and duties of annuitants), for the preceding~~  
10 ~~calendar year together with the disability annuity payments~~  
11 ~~provided in this section other than subsection (b), for the~~  
12 ~~year, exceeds the product of:~~

13 ~~[(i)] (1) the last year's salary of the annuitant as a~~  
14 ~~[State employee] member of the system; and~~

15 ~~[(ii)] (2) the ratio of the current monthly payment to~~  
16 ~~the monthly payment at the effective date of disability;~~

17 ~~Provided, That the annuitant shall not receive less than his~~  
18 ~~member's annuity or the amount to which he may be entitled under~~  
19 ~~section 5702 whichever is greater.~~

20 \* \* \*

21 ~~(c) Termination of State service. Upon termination of~~  
22 ~~disability annuity payments in excess of an annuity calculated~~  
23 ~~in accordance with section 5702, a disability annuitant who:~~

24 ~~(1) does not have Class A 3 [or], Class A 4 or Class A 5~~  
25 ~~service credit; or~~

26 ~~(2) has Class A 3 [or], Class A 4 or Class A 5 service~~  
27 ~~credit and fewer than ten eligibility points;~~

28 ~~and who does not return to State service may file an application~~  
29 ~~with the board for an amount equal to the excess, if any, of the~~  
30 ~~sum of the shared risk accumulated deductions plus the regular~~

1 ~~and additional accumulated deductions standing to his credit at~~  
2 ~~the effective date of disability over one third of the total~~  
3 ~~disability annuity payments received. If the annuitant on the~~  
4 ~~date of termination of service was eligible for an annuity as~~  
5 ~~provided in section 5308(a) or (b) (relating to eligibility for~~  
6 ~~annuities), he may file an application with the board for an~~  
7 ~~election of an optional modification of his annuity.~~

8 ~~(f) Supplement for service connected disability.~~

9 ~~(1) If a member has been found to be eligible for a~~  
10 ~~disability annuity and if the disability has been found to be~~  
11 ~~a service connected disability and if the member is receiving~~  
12 ~~workers' compensation payments for other than medical~~  
13 ~~benefits, such member shall receive a supplement equal to~~  
14 ~~{70% of his final average salary} the amount determined under~~  
15 ~~paragraph (2) less the sum of the annuity as determined under~~  
16 ~~subsection (a) and any payments paid or payable on account of~~  
17 ~~such disability under the act of June 2, 1915 (P.L.736,~~  
18 ~~No.338), known as the Workers' Compensation Act, the act of~~  
19 ~~June 21, 1939 (P.L.566, No.284), known as The Pennsylvania~~  
20 ~~Occupational Disease Act, and the Social Security Act (49~~  
21 ~~Stat. 620, 42 U.S.C. § 301 et seq.). Such supplement shall~~  
22 ~~continue as long as he is determined to be disabled and is~~  
23 ~~receiving workers' compensation payments for other than~~  
24 ~~medical benefits on account of his service connected~~  
25 ~~disability in accordance with the Workers' Compensation Act~~  
26 ~~or The Pennsylvania Occupational Disease Act. If the member~~  
27 ~~has received a lump sum workers' compensation payment in lieu~~  
28 ~~of future weekly compensation payments, the length in weeks~~  
29 ~~and calculation of the service connected disability~~  
30 ~~supplement shall be determined by dividing the lump sum~~

1 ~~payment by the average weekly wage as determined by the~~  
2 ~~Workers' Compensation Board.~~

3 ~~(2) For a member who does not have Class A 5 service or~~  
4 ~~has only Class A 5 service, the amount to be used to~~  
5 ~~determine eligibility for the supplement under paragraph (1)~~  
6 ~~shall be 70% of his final average salary. For a member who~~  
7 ~~has Class A 5 service and other classes of service, the~~  
8 ~~amount to be used to determine eligibility for the supplement~~  
9 ~~under paragraph (1) shall be determined using the following~~  
10 ~~formula:~~

$$11 \quad A = 0.7 [(FAS^{A-5} \text{ multiplied by } Y^{A-5}/Y^A) +$$
$$12 \quad (FAS^W \text{ multiplied by } Y^W/Y^A)]$$

13 ~~(3) The following apply to the formula in paragraph (2):~~

14 ~~(i) A equals the amount used to determine the~~  
15 ~~supplement;~~

16 ~~(ii) Y<sup>A</sup> equals total years of credited service;~~

17 ~~(iii) Y<sup>W</sup> equals years of service credited in classes~~  
18 ~~of service other than Class A 5;~~

19 ~~(iv) FAS<sup>W</sup> equals final average salary calculated for~~  
20 ~~classes of service other than Class A 5;~~

21 ~~(v) Y<sup>A-5</sup> equals years of service credited in Class A~~  
22 ~~5; and~~

23 ~~(vi) FAS<sup>A-5</sup> equals final average salary calculated~~  
24 ~~for service credited in Class A 5.~~

25 \* \* \*

26 ~~(h) Coordination of benefits. The determination and payment~~  
27 ~~of a disability annuity under this section is in addition to any~~  
28 ~~payments a member may be entitled to receive, has received or is~~  
29 ~~receiving as a result of being a participant in the plan.~~

30 Section 320. Sections 5705(a), 5705.1, 5706(a), (a.1),

1 ~~(a.2), (b) and (c) (1) and 5707(a), (b), (e) and (f) of Title 71-~~  
2 ~~are amended to read:~~

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)] , vestee~~  
16 ~~or any other member upon termination of State service who is~~  
17 ~~eligible to receive an annuity as provided in section 5308(a) or~~  
18 ~~(b) (relating to eligibility for annuities) may apply for and~~  
19 ~~elect to receive either a maximum single life annuity, as-~~  
20 ~~calculated in accordance with the provisions of section 5702-~~  
21 ~~(relating to maximum single life annuity), or a reduced annuity-~~  
22 ~~certified by the actuary to be actuarially equivalent to the-~~  
23 ~~maximum single life annuity and in accordance with one of the~~  
24 ~~following options; except that no member shall elect an annuity-~~  
25 ~~payable to one or more survivor annuitants other than his spouse-~~  
26 ~~or alternate payee of such a magnitude that the present value of~~  
27 ~~the annuity payable to him for life plus any lump sum payment he~~  
28 ~~may have elected to receive is less than 50% of the present~~  
29 ~~value of his maximum single life annuity:~~

30 ~~(1) Option 1. A life annuity to the member with:~~

1           ~~(i) a guaranteed total payment attributable to all~~  
2           ~~classes of service other than Class A 5 equal to the~~  
3           ~~present value of the maximum single life annuity~~  
4           ~~attributable to all classes of service other than Class~~  
5           ~~A 5 on the effective date of retirement with the~~  
6           ~~provision that, if, at his death, he has received less~~  
7           ~~than such present value, the unpaid balance shall be~~  
8           ~~payable to his beneficiary[.]; and~~

9           ~~(ii) a guaranteed total payment attributable to~~  
10           ~~Class A 5 service equal to the present value of the~~  
11           ~~maximum single life annuity attributable to Class A 5~~  
12           ~~service on the effective date of retirement with the~~  
13           ~~provision that, if, at his death, he has received less~~  
14           ~~than such present value, the unpaid balance shall be~~  
15           ~~payable to his beneficiary.~~

16           ~~(2) Option 2. A joint and survivor annuity payable~~  
17           ~~during the lifetime of the member with the full amount of~~  
18           ~~such annuity payable thereafter to his survivor annuitant, if~~  
19           ~~living at his death.~~

20           ~~(3) Option 3. A joint and fifty percent (50%) survivor~~  
21           ~~annuity payable during the lifetime of the member with one~~  
22           ~~half of such annuity payable thereafter to his survivor~~  
23           ~~annuitant, if living at his death.~~

24           ~~(4) Option 4. Some other benefit which shall be~~  
25           ~~certified by the actuary to be actuarially equivalent to the~~  
26           ~~maximum single life annuity, subject to the following~~  
27           ~~restrictions:~~

28           ~~(i) any annuity shall be payable without reduction~~  
29           ~~during the lifetime of the member;~~

30           ~~(ii) the sum of all annuities payable to the~~

1 ~~designated survivor annuitants shall not be greater than~~  
2 ~~one and one half times the annuity payable to the member;~~  
3 ~~and~~

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

17 \* \* \*

18 ~~§ 5705.1. Payment of accumulated deductions resulting from~~  
19 ~~[Class A 3 and Class A 4] more than one class of~~  
20 ~~service.~~

21 ~~(a) Payment of accumulated deduction resulting from Class A~~  
22 ~~3 and Class A 4 service. Any superannuation or withdrawal~~  
23 ~~annuitant who:~~

24 ~~(1) has Class A 3 or Class A 4 service credit;~~

25 ~~(2) has service credited in one or more classes of~~  
26 ~~service; [and]~~

27 ~~(3) because he has five or more, but fewer than ten,~~  
28 ~~eligibility points is not eligible to receive an annuity on~~  
29 ~~his Class A 3 or Class A 4 service; and~~

30 ~~(4) does not have any service credited as Class A 5~~

1 ~~shall receive in a lump sum at the time of his retirement, in~~  
2 ~~addition to any other annuity or lump sum payment which he may~~  
3 ~~elect, his accumulated deductions resulting from his Class A 3-~~  
4 ~~or Class A 4 service credit. Payment of these accumulated-~~  
5 ~~deductions resulting from Class A 3 or Class A 4 service credit~~  
6 ~~shall not be eligible for installment payments pursuant to~~  
7 ~~section 5905.1 (relating to installment payments of accumulated-~~  
8 ~~deductions) but shall be considered a lump sum payment for~~  
9 ~~purposes of section 5905.1(d).~~

10 ~~(b) Payment of Class A 5 accumulated deductions. Any~~  
11 ~~annuitant who:~~

12 ~~(1) Is eligible to receive or is receiving an annuity as~~  
13 ~~a result of credited service other than service as a member-~~  
14 ~~of Class A 5 who has not accrued enough eligibility points to~~  
15 ~~receive an annuity or become a vestee for benefit-~~  
16 ~~attributable to his Class A 5 service on the effective date-~~  
17 ~~of retirement and has Class A 5 accumulated deductions-~~  
18 ~~standing to his credit shall receive in a lump sum upon~~  
19 ~~termination but not later than his retirement, in addition to-~~  
20 ~~any other annuity or lump sum payment which he may be~~  
21 ~~eligible to receive or elect to receive, his Class A 5-~~  
22 ~~accumulated deductions. Payment of these Class A 5-~~  
23 ~~accumulated deductions resulting from Class A 5 service-~~  
24 ~~credit shall not be eligible for installment payments under-~~  
25 ~~section 5905.1, but shall be considered a lump sum payment-~~  
26 ~~for purposes of section 5905.1(d).~~

27 ~~(2) Is a member with Class A 5 service credit and one or~~  
28 ~~more other classes of service credit who is receiving or who~~  
29 ~~has terminated State service and is eligible to receive now~~  
30 ~~or in the future an annuity based on his Class A 5 service~~



~~and is not eligible to receive an annuity based on his service credited in one or more of his other classes of service shall receive in a lump sum upon termination but later than his retirement, in addition to any other annuity which he may be eligible to receive or elect to receive for his Class A 5 service, his accumulated deductions resulting from his service credit in classes of service other than Class A 5 for which he is not eligible to receive an annuity; provided that if he has more than one class of service other than Class A 5, he may not elect to receive his accumulated deductions for any other class of service unless he either receives an annuity in all other classes other than Class A 5 that he is eligible to receive or he elects to withdraw his total accumulated deductions under sections 5311 (relating to eligibility for refund) and 5701 (relating to return of total accumulated deductions). Payment of these accumulated deductions resulting from service in classes other than Class A 5 shall not be eligible for installment payments under section 5905.1, but shall be considered a lump sum payment for purposes of section 5905.1(d).~~

~~§ 5706. Termination of annuities.~~

~~(a) General rule. If the annuitant returns to State service or enters or has entered school service and elects multiple service membership, any annuity payable to him under this part shall cease effective upon the date of his return to State service or entering school service without regard to whether he is a mandatory, optional or prohibited member of the system or participant in the plan or, if a multiple service member, whether he is a mandatory, optional or prohibited member or participant of the Public School Employees' Retirement System or~~

~~1 School Employees' Defined Contribution Plan and in the case of  
2 an annuity other than a disability annuity the present value of  
3 such annuity, adjusted for full coverage in the case of a joint  
4 coverage member who makes the appropriate back contributions for  
5 full coverage, shall be frozen as of the date such annuity  
6 ceases. An annuitant who is credited with an additional 10% of  
7 Class A and Class C service as provided in section 5302(c)  
8 (relating to credited State service) and who returns to State  
9 service shall forfeit such credited service and shall have his  
10 frozen present value adjusted as if his 10% retirement incentive  
11 had not been applied to his account. In the event that the cost  
12 of living increase enacted December 18, 1979 occurred during the  
13 period of such State or school employment, the frozen present  
14 value shall be increased, on or after the member attains  
15 superannuation age, by the percent applicable had he not  
16 returned to service. This subsection shall not apply in the case  
17 of any annuitant who may render services to the Commonwealth in  
18 the capacity of an independent contractor or as a member of an  
19 independent board or commission or as a member of a departmental  
20 administrative or advisory board or commission when such members  
21 of independent or departmental boards or commissions are  
22 compensated on a per diem basis for not more than 150 days per  
23 calendar year or as a member of an independent board or  
24 commission requiring appointment by the Governor, with advice  
25 and consent of the Senate, where the annual salary payable to  
26 the member does not exceed \$35,000 and where the member has been  
27 an annuitant for at least six months immediately preceding the  
28 appointment. Such service shall not be subject to member  
29 contributions or be eligible for qualification as creditable  
30 State service[.] or for participation in the plan, mandatory~~

1 ~~pickup participant contributions or employer defined~~  
2 ~~contributions.~~

3 ~~(a.1) Return to State service during emergency. When, in~~  
4 ~~the judgment of the employer, an emergency creates an increase~~  
5 ~~in the work load such that there is serious impairment of~~  
6 ~~service to the public, an annuitant may be returned to State~~  
7 ~~service for a period not to exceed 95 days in any calendar year~~  
8 ~~without loss of his annuity. In computing the number of days an~~  
9 ~~annuitant has returned to State service, any amount of time less~~  
10 ~~than one half of a day shall be counted as one half of a day.~~  
11 ~~For agencies, boards and commissions under the Governor's~~  
12 ~~jurisdiction, the approval of the Governor that an emergency~~  
13 ~~exists shall be required before an annuitant may be returned to~~  
14 ~~State service. This service shall not be subject to member~~  
15 ~~contributions or be eligible for qualification as creditable~~  
16 ~~State service or for participation in the plan, mandatory pickup~~  
17 ~~participant contributions or employer defined contributions.~~

18 ~~(a.2) Return of benefits. In the event an annuitant whose~~  
19 ~~annuity from the system ceases pursuant to this section receives~~  
20 ~~any annuity payment, including a lump sum payment pursuant to~~  
21 ~~section 5705 (relating to member's options) on or after the date~~  
22 ~~of his return to State service or entering school service, the~~  
23 ~~annuitant shall return to the board the amount so received from~~  
24 ~~the system plus statutory interest. The amount payable shall be~~  
25 ~~certified in each case by the board in accordance with methods~~  
26 ~~approved by the actuary and shall be paid in a lump sum within~~  
27 ~~30 days or in the case of an active member or school employee~~  
28 ~~who is an active member of the Public School Employees'~~  
29 ~~Retirement System may be amortized with statutory interest~~  
30 ~~through salary deductions to the system in amounts agreed upon~~

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

12 \* \* \*

13 ~~(b) Subsequent discontinuance of service. Upon subsequent~~  
14 ~~discontinuance of service, such member other than a former~~  
15 ~~annuitant who had the effect of his frozen present value~~  
16 ~~eliminated in accordance with subsection (c) or a former~~  
17 ~~disability annuitant shall be entitled to an annuity which is~~  
18 ~~actuarially equivalent to the sum of:~~

19 ~~(1) the present value as determined under subsection (a)~~  
20 ~~[and];~~

21 ~~(2) the present value of a maximum single life annuity~~  
22 ~~based on years of service credited in classes of service~~  
23 ~~other than Class A 5 subsequent to reentry in the system and~~  
24 ~~his final average salary computed by reference to his~~  
25 ~~compensation for service credited in classes of service other~~  
26 ~~than Class A 5 and Class T G during his entire period of~~  
27 ~~State and school service[.]; and~~

28 ~~(3) if eligible, the present value of a maximum single~~  
29 ~~life annuity based on years of service credited in Class A 5~~  
30 ~~subsequent to reentry in the system and his final average~~

1 ~~salary computed by reference to his compensation for service~~  
2 ~~credited in Class A 5 and Class T G during his entire period~~  
3 ~~of State and school service.~~

4 ~~(c) Elimination of the effect of frozen present value.~~

5 ~~(1) An annuitant who returns to State service as an~~  
6 ~~active member of the system and earns three eligibility~~  
7 ~~points by performing credited State service in a class of~~  
8 ~~service other than Class A 5 following the most recent period~~  
9 ~~of receipt of an annuity under this part, or an annuitant who~~  
10 ~~enters school service and:~~

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

12 ~~(ii) who elects multiple service membership, and~~  
13 ~~earns three eligibility points by performing credited State~~  
14 ~~service or credited school service in classes of service~~  
15 ~~other than Class A 5 or Class T G following the most recent~~  
16 ~~period of receipt of an annuity under this part, and who had~~  
17 ~~the present value of his annuity frozen in accordance with~~  
18 ~~subsection (a), shall qualify to have the effect of the~~  
19 ~~frozen present value resulting from all previous periods of~~  
20 ~~retirement eliminated, provided that all payments under~~  
21 ~~Option 4 and annuity payments payable during previous periods~~  
22 ~~of retirement plus interest as set forth in paragraph (3)~~  
23 ~~shall be returned to the fund in the form of an actuarial~~  
24 ~~adjustment to his subsequent benefits or in such form as the~~  
25 ~~board may otherwise direct.~~

26 ~~\* \* \*~~

27 ~~§ 5707. Death benefits.~~

28 ~~(a) Members eligible for annuities. Any active member,~~  
29 ~~inactive member on leave without pay, vestee or current or~~  
30 ~~former State employee performing USERRA leave who dies and was~~

1 ~~eligible for an annuity in accordance with section 5308(a) or~~  
2 ~~(b) (relating to eligibility for annuities) or special vestee~~  
3 ~~who has attained superannuation age and dies before applying for~~  
4 ~~a superannuation annuity shall be considered as having applied~~  
5 ~~for an annuity to become effective the day before his death and~~  
6 ~~in the event he has not elected an option or such election has~~  
7 ~~not been approved prior to his death, it shall be assumed that~~  
8 ~~he elected Option 1. For purposes of this subsection, a member~~  
9 ~~with ten or more, but less than 25 eligibility points resulting~~  
10 ~~from Class A 5 service credit or, if a multiple service member,~~  
11 ~~Class T-G service credit in the Public School Employees'~~  
12 ~~Retirement System shall be considered eligible for an annuity~~  
13 ~~based on Class A 5 service even if under superannuation age.~~

14 ~~(b) Members ineligible for annuities. In the event of the~~  
15 ~~death of a special vestee, an active member, an inactive member~~  
16 ~~on leave without pay or a current or former State employee~~  
17 ~~performing USERRA leave who is not entitled to a death benefit~~  
18 ~~as provided in subsection (a), his designated beneficiary shall~~  
19 ~~be paid the full amount of his total accumulated deductions and~~  
20 ~~Class A 5 accumulated deductions.~~

21 ~~(b.1) Members eligible for annuities in some classes of~~  
22 ~~service and ineligible in other classes of service. In the~~  
23 ~~event of the death of a member who is eligible for an annuity~~  
24 ~~based on service credited in some classes of service and~~  
25 ~~ineligible for an annuity for service credited in other classes~~  
26 ~~of service, a benefit shall be paid under subsection (a) based~~  
27 ~~on the service for which an annuity is deemed payable in~~  
28 ~~addition to payment under subsection (b) of the accumulated~~  
29 ~~deductions attributable to service for which the member was not~~  
30 ~~eligible for an annuity.~~

1       ~~\*\*\*~~

2       ~~(e) Annuitants electing maximum single life annuity.~~

3           ~~(1) In the event of the death of an annuitant who has~~  
4       ~~electd to receive the maximum single life annuity before he~~  
5       ~~has received in annuity payments based on his service~~  
6       ~~credited in classes other than Class A 5 the full amount of~~  
7       ~~the total accumulated deductions standing to his credit on~~  
8       ~~the effective date of retirement, the balance shall be paid~~  
9       ~~to his designated beneficiary.~~

10          ~~(2) In the event of the death of an annuitant who has~~  
11       ~~electd to receive the maximum single life annuity before he~~  
12       ~~has received in annuity payments based on his service~~  
13       ~~credited in Class A 5 the full amount of the Class A 5~~  
14       ~~accumulated deductions standing to his credit on the~~  
15       ~~effective date of retirement, the balance shall be paid to~~  
16       ~~his designated beneficiary.~~

17       ~~(f) Members subject to limitations under section 5702(c).~~  
18       ~~Subject to the limitations contained in section 401(a)(9) of the~~  
19       ~~Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §~~  
20       ~~401(a)(9)), the present value of any annuity in excess of that~~  
21       ~~payable under section 5702 (relating to maximum single life~~  
22       ~~annuity) that is not subject to the limitations under section~~  
23       ~~415(b) of the Internal Revenue Code of 1986 shall be paid in a~~  
24       ~~lump sum to the beneficiary designated by the member after the~~  
25       ~~death of the member. A beneficiary receiving a benefit under~~  
26       ~~this subsection shall not be able to elect a payment method~~  
27       ~~otherwise allowed under section 5709(b)(2) and (3) (relating to~~  
28       ~~payment of benefits from the system).~~

29       ~~Section 321. Section 5709(a) and (b) of Title 71 are amended~~  
30       ~~and the section is amended by adding a subsection to read:~~

1 ~~§ 5709. Payment of benefits from the system.~~

2 ~~(a) Annuities. [Any] Except as provided in subsection (d),~~  
3 ~~any annuity granted under the provisions of this part and paid~~  
4 ~~from the fund shall be paid in equal monthly installments.~~

5 ~~(b) Death benefits. If the amount of a death benefit~~  
6 ~~payable from the fund to a beneficiary of a member under section~~  
7 ~~5707 (relating to death benefits) or under the provisions of~~  
8 ~~Option 1 of section 5705(a)(1) (relating to member's options) is~~  
9 ~~\$10,000 or more, such beneficiary may elect to receive payment~~  
10 ~~according to one of the following options:~~

11 ~~(1) a lump sum payment;~~

12 ~~(2) an annuity actuarially equivalent to the amount~~  
13 ~~payable; or~~

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

17 ~~\* \* \*~~

18 ~~(d) Members with Class A 5 service and service in one or~~  
19 ~~more other classes of service. An annuitant whose receipt of~~  
20 ~~the portion of his annuity attributable to Class A 5 service has~~  
21 ~~been delayed to the attainment of Class A 5 superannuation age~~  
22 ~~shall have his annuity increased upon attainment of the~~  
23 ~~applicable superannuation age under the terms and conditions of~~  
24 ~~the annuity payment option selected at the time of retirement or~~  
25 ~~if applicable under section 5907(j) (relating to rights and~~  
26 ~~duties of State employees and members). In the event such a~~  
27 ~~member selected a joint and survivor annuity and died prior to~~  
28 ~~attaining the applicable superannuation age, the annuity of his~~  
29 ~~survivor annuitant, if surviving, will be increased at the time~~  
30 ~~the member would have attained Class A 5 superannuation age.~~



1       ~~Section 322. Title 71 is amended by adding a chapter to~~  
2 ~~read:~~

3   ~~CHAPTER 58~~

4                       ~~STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN~~

5 ~~Sec.~~

6 ~~5801. Establishment.~~

7 ~~5802. Plan document.~~

8 ~~5803. Individual investment accounts.~~

9 ~~5804. Participant contributions.~~

10 ~~5805. Mandatory pickup participant contributions.~~

11 ~~5806. Employer defined contributions.~~

12 ~~5806.1. Use of plan savings.~~

13 ~~5807. Eligibility for benefits.~~

14 ~~5808. Death benefits.~~

15 ~~5809. Vesting.~~

16 ~~5810. Termination of distributions.~~

17 ~~5811. Agreements with financial institutions and other~~  
18 ~~organizations.~~

19 ~~5812. Powers and duties of board.~~

20 ~~5813. Responsibility for investment loss.~~

21 ~~5814. Investments based on participants' investment allocation~~  
22 ~~choices.~~

23 ~~5815. Expenses.~~

24 ~~5816. (Reserved).~~

25 ~~5817. Tax qualification.~~

26 ~~5818. State Employees' Defined Contribution Holding Vehicle~~  
27 ~~Trust.~~

28 ~~§ 5801. Establishment.~~

29       ~~(a) State Employees' Defined Contribution Plan. The State~~  
30 ~~Employees' Defined Contribution Plan is established. The board~~

1 ~~shall administer and manage the plan which shall be a defined~~  
2 ~~contribution plan exclusively for the benefit of those State~~  
3 ~~employees who participate in the plan and their beneficiaries~~  
4 ~~within the meaning of and in conformity with IRC § 401(a). The~~  
5 ~~board shall determine the terms and provisions of the plan not~~  
6 ~~inconsistent with this part, IRC or other applicable law and~~  
7 ~~shall provide for the plan's administration.~~

8 ~~(b) State Employees' Defined Contribution Trust. The State~~  
9 ~~Employees' Defined Contribution Trust is established as part of~~  
10 ~~the plan. The trust shall be comprised of the individual~~  
11 ~~investment accounts and all assets and moneys in those accounts.~~  
12 ~~The members of the board shall be the trustees of the trust,~~  
13 ~~which shall be administered exclusively for the benefit of those~~  
14 ~~State employees who participate in the plan and their~~  
15 ~~beneficiaries within the meaning of and in conformity with IRC §~~  
16 ~~401(a). The board shall determine the terms and provisions of~~  
17 ~~the trust not inconsistent with this part, IRC or other~~  
18 ~~applicable law and shall provide for the investment and~~  
19 ~~administration of the trust.~~

20 ~~(c) Assets held in trust. All assets and income in the plan~~  
21 ~~that have been or shall be withheld or contributed by the~~  
22 ~~participants, the Commonwealth and other employers in accordance~~  
23 ~~with this part shall be held in trust in any funding vehicle~~  
24 ~~permitted by the applicable provisions of IRC for the exclusive~~  
25 ~~benefit of the participants and their beneficiaries until such~~  
26 ~~time as the funds are distributed to the participants or their~~  
27 ~~beneficiaries in accordance with the terms of the plan document.~~  
28 ~~The assets of the plan held in trust for the exclusive benefit~~  
29 ~~of the participants and their beneficiaries may be used for the~~  
30 ~~payment of the fees, costs and expenses related to the~~

1 ~~administration and investment of the plan and the trust.~~

2 ~~(d) Name for transacting business. All of the business of~~  
3 ~~the plan shall be transacted, the trust invested, all~~  
4 ~~requisitions for money drawn and payments made and all of its~~  
5 ~~cash and securities and other property shall be held by the name~~  
6 ~~of the "State Employees' Defined Contribution Plan."~~  
7 ~~Notwithstanding any other law to the contrary, the board may~~  
8 ~~establish a nominee registration procedure for the purpose of~~  
9 ~~registering securities in order to facilitate the purchase, sale~~  
10 ~~or other disposition of securities pursuant to the provisions of~~  
11 ~~this part.~~

12 ~~§ 5802. Plan document.~~

13 ~~The board shall set forth the terms and provisions of the~~  
14 ~~plan and trust in a document containing the terms and conditions~~  
15 ~~of the plan and in a trust declaration that shall be published~~  
16 ~~in the Pennsylvania Bulletin. The creation of the document~~  
17 ~~containing the terms and conditions of the plan and the trust~~  
18 ~~declaration and the establishment of the terms and provisions of~~  
19 ~~the plan and the trust need not be promulgated by regulation or~~  
20 ~~formal rulemaking and shall not be subject to the act of July~~  
21 ~~31, 1968 (P.L.769, No.240), referred to as the Commonwealth~~  
22 ~~Documents Law. A reference in this part or other law to the plan~~  
23 ~~shall include the plan document unless the context clearly~~  
24 ~~indicates otherwise.~~

25 ~~§ 5803. Individual investment accounts.~~

26 ~~The board shall establish in the trust an individual~~  
27 ~~investment account for each participant in the plan. All~~  
28 ~~contributions by a participant or an employer for or on behalf~~  
29 ~~of a participant shall be credited to the participant's~~  
30 ~~individual investment account, together with all interest and~~

1 ~~investment earnings and losses. Investment and administrative~~  
2 ~~fees, costs and expenses shall be charged to the participants'~~  
3 ~~individual investment accounts. Employer defined contributions~~  
4 ~~shall be recorded and accounted for separately from participant~~  
5 ~~contributions, but all interest, investment earnings and losses,~~  
6 ~~and investment and administrative fees, costs and expenses shall~~  
7 ~~be allocated proportionately.~~

8 ~~§ 5804. Participant contributions.~~

9 ~~(a) Mandatory contributions. A participant shall make~~  
10 ~~mandatory pickup participant contributions through payroll~~  
11 ~~deductions to the participant's individual investment account~~  
12 ~~for State service required to be credited in the plan. The~~  
13 ~~employer shall cause those contributions for service required to~~  
14 ~~be credited in the plan to be made and deducted from each~~  
15 ~~payroll or on such schedule as established by the board.~~

16 ~~(b) Voluntary contributions. A participant may make~~  
17 ~~voluntary contributions through direct trustee to trustee~~  
18 ~~transfers or through transfers of money received in an eligible~~  
19 ~~rollover into the trust to the extent allowed by IRC § 402. The~~  
20 ~~rollovers shall be made in a form and manner as determined by~~  
21 ~~the board, shall be credited to the participant's individual~~  
22 ~~investment account and shall be separately accounted for by the~~  
23 ~~board.~~

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

1 ~~§ 5805. Mandatory pickup participant contributions.~~

2 ~~(a) Treatment for purposes of IRC § 414(h). The~~  
3 ~~contributions to the trust required to be made under section~~  
4 ~~5804(a) (relating to participant contributions) with respect to~~  
5 ~~State service rendered by an active participant shall be picked~~  
6 ~~up by the Commonwealth or other employer and shall be treated as~~  
7 ~~the employer's contribution for purposes of IRC § 414(h). After~~  
8 ~~the effective date of this section, an employer employing a~~  
9 ~~participant in the plan shall pick up the required mandatory~~  
10 ~~participant contributions by a reduction in the compensation of~~  
11 ~~the participant.~~

12 ~~(b) Treatment for other purposes. For all purposes other~~  
13 ~~than the IRC, the mandatory pickup participant contributions~~  
14 ~~shall be treated as contributions made by a participant in the~~  
15 ~~same manner and to the same extent as if the contributions were~~  
16 ~~made directly by the participant and not picked up.~~

17 ~~§ 5806. Employer defined contributions.~~

18 ~~(a) Contributions for service. The Commonwealth or other~~  
19 ~~employer of an active participant shall make employer defined~~  
20 ~~contributions for service of an active participant that shall be~~  
21 ~~credited to the active participant's individual investment~~  
22 ~~account. Employer defined contributions shall be recorded and~~  
23 ~~accounted for separately from participant contributions.~~

24 ~~(b) Contributions resulting from participants reemployed~~  
25 ~~from USERRA leave. When a State employee reemployed from USERRA~~  
26 ~~leave makes the mandatory pickup participant contributions~~  
27 ~~permitted to be made for the USERRA leave, the Commonwealth or~~  
28 ~~other employer by whom the State employee is employed at the~~  
29 ~~time the participant contributions are made shall make whatever~~  
30 ~~employer defined contributions would have been made under this~~

~~1 section had the employee making the participant contributions~~  
~~2 continued to be employed in the participant's State office or~~  
~~3 position instead of performing USERRA leave. The employer~~  
~~4 defined contributions shall be placed in the participant's~~  
~~5 individual investment account as otherwise provided by this~~  
~~6 part.~~

~~7 (c) Limitations on contributions. No contributions may be~~  
~~8 allowed that would cause a violation of the limitations related~~  
~~9 to contributions applicable to governmental plans contained in~~  
~~10 IRC § 415 or in other provisions of law. In the event that any~~  
~~11 disallowed contributions are made, any employer defined~~  
~~12 contributions in excess of the limitations and investment~~  
~~13 earnings on the contributions shall be refunded to the employer~~  
~~14 by the board.~~

~~15 § 5806.1. Use of plan savings.~~

~~16 (a) Determination. The system shall determine the~~  
~~17 difference between:~~

~~18 (1) The current aggregate employer contributions and the~~  
~~19 aggregate employer contributions that would have been~~  
~~20 required by Act 120 of 2010.~~

~~21 (2) The current plan expenditures and the plan~~  
~~22 expenditures that would have been required by Act 120 of~~  
~~23 2010.~~

~~24 (b) Utilization. Any savings realized based on the~~  
~~25 implementation of the plan, as determined under subsection (a),~~  
~~26 shall be utilized to pay down the accrued unfunded liability.~~

~~27 (c) Intent. It is the intent of the General Assembly to~~  
~~28 make an annual appropriation from the General Fund to the system~~  
~~29 in the amount determined under subsection (a)(1).~~

~~30 (d) Definition. As used in this section, the term "Act 120~~

1 ~~of 2010" shall mean the act of November 23, 2010 (P.L.1269,~~  
2 ~~No.120), entitled, "An act amending Titles 24 (Education) and 71-~~  
3 ~~(State Government) of the Pennsylvania Consolidated Statutes, in~~  
4 ~~Title 24, further providing for definitions, for mandatory and-~~  
5 ~~optional membership, for contributions by the Commonwealth, for-~~  
6 ~~payments by employers, for actuarial cost method, for additional-~~  
7 ~~supplemental annuities, for further additional supplemental-~~  
8 ~~annuities, for supplemental annuities commencing 1994, for-~~  
9 ~~supplemental annuities commencing 1998, for supplemental-~~  
10 ~~annuities commencing 2002, for supplemental annuities commencing~~  
11 ~~2003, for administrative duties of board, for payments to school-~~  
12 ~~entities by Commonwealth, for eligibility points for retention-~~  
13 ~~and reinstatement of service credits and for creditable-~~  
14 ~~nonschool service; providing for election to become a Class T F-~~  
15 ~~member; further providing for classes of service, for-~~  
16 ~~eligibility for annuities, for eligibility for vesting, for-~~  
17 ~~regular member contributions, for member contributions for-~~  
18 ~~creditable school service, for contributions for purchase of-~~  
19 ~~credit for creditable nonschool service, for maximum single life-~~  
20 ~~annuity, for disability annuities, for member's options, for-~~  
21 ~~duties of board regarding applications and elections of members-~~  
22 ~~and for rights and duties of school employees and members;-~~  
23 ~~providing for Independent Fiscal Office study; in Title 71,~~  
24 ~~establishing an independent fiscal office and making a related-~~  
25 ~~repeal; further providing for definitions, for credited State-~~  
26 ~~service, for retention and reinstatement of service credits, for-~~  
27 ~~creditable nonstate service and for classes of service;-~~  
28 ~~providing for election to become a Class A 4 member; further-~~  
29 ~~providing for eligibility for annuities and for eligibility for-~~  
30 ~~vesting; providing for shared risk member contributions for-~~

1 ~~Class A 3 and Class A 4 service; further providing for waiver of~~  
2 ~~regular member contributions and Social Security integration~~  
3 ~~member contributions, for member contributions for purchase of~~  
4 ~~credit for previous State service or to become a full coverage~~  
5 ~~member, for contributions for the purchase of credit for~~  
6 ~~creditable nonstate service, for contributions by the~~  
7 ~~Commonwealth and other employers, for actuarial cost method, for~~  
8 ~~maximum single life annuity, for disability annuities and for~~  
9 ~~member's options; providing for payment of accumulated~~  
10 ~~deductions resulting from Class A 3 service; further providing~~  
11 ~~for additional supplemental annuities, for further additional~~  
12 ~~supplemental annuities, for supplemental annuities commencing~~  
13 ~~1994, for supplemental annuities commencing 1998, for~~  
14 ~~supplemental annuities commencing 2002, for supplemental~~  
15 ~~annuities commencing 2003, for special supplemental~~  
16 ~~postretirement adjustment of 2002, for administrative duties of~~  
17 ~~the board, for duties of board to advise and report to heads of~~  
18 ~~departments and members, for duties of board regarding~~  
19 ~~applications and elections of members, for installment payments~~  
20 ~~of accumulated deductions, for rights and duties of State~~  
21 ~~employees and members, for members' savings account, for State~~  
22 ~~accumulation account, for State Police Benefit Account, for~~  
23 ~~Enforcement Officers' Benefit Account, for supplemental annuity~~  
24 ~~account and for construction of part; and providing for~~  
25 ~~Independent Fiscal Office study, for retirement eligibility of~~  
26 ~~Pennsylvania State Police officers or members, for a prohibition~~  
27 ~~on the issuance of pension obligation bonds, for holding certain~~  
28 ~~public officials harmless, for construction of calculation or~~  
29 ~~actuarial method, for applicability and for certain operational~~  
30 ~~provisions."~~



1 ~~§ 5807. Eligibility for benefits.~~

2 ~~(a) Termination of service. A participant who terminates~~  
3 ~~State service shall be eligible to withdraw the vested~~  
4 ~~accumulated total defined contributions standing to the~~  
5 ~~participant's credit in the participant's individual investment~~  
6 ~~account or a lesser amount as the participant may request.~~  
7 ~~Payment shall be made in a lump sum unless the board has~~  
8 ~~established other forms of distribution in the plan document. A~~  
9 ~~participant who withdraws his vested accumulated total defined~~  
10 ~~contributions shall no longer be a participant in the plan,~~  
11 ~~notwithstanding that the former State employee may continue to~~  
12 ~~be a member of the system with Class A 5 service credit or may~~  
13 ~~have contracted to receive an annuity or other form of payment~~  
14 ~~from a provider retained by the board for such purposes.~~

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

21 ~~(c) (Reserved).~~

22 ~~(d) Prohibited distributions. A participant who also is a~~  
23 ~~member of the system must be terminated from all positions that~~  
24 ~~result in either membership in the system or participation in~~  
25 ~~the plan to be eligible to receive a distribution.~~

26 ~~(e) Loans. Loans or other distributions, including hardship~~  
27 ~~or unforeseeable emergency distributions, from the plan to State~~  
28 ~~employees who have not terminated State service are not~~  
29 ~~permitted, except as required by law.~~

30 ~~(f) Small individual investment accounts. A participant who~~

1 ~~terminates State service and whose vested accumulated total~~  
2 ~~defined contributions are below the threshold established by law~~  
3 ~~as of the date of termination of service may be paid the vested~~  
4 ~~accumulated total defined contributions in a lump sum as~~  
5 ~~provided in IRC § 401(a)(31).~~

6 ~~§ 5808. Death benefits.~~

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

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

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

28 ~~§ 5809. Vesting.~~

29 ~~(a) Participant and voluntary contributions. Subject to the~~  
30 ~~forfeiture and attachment provisions of section 5953 (relating~~

~~to taxation, attachment and assignment of funds) or otherwise as provided by law, a participant shall be vested with respect to all mandatory pickup participant contributions and voluntary contributions paid by or on behalf of the participant to the trust in addition to interest and investment gains or losses on the participant contributions but not including investment fees and administrative charges.~~

~~(b) Employer defined contributions.~~

~~(1) Subject to the forfeiture and attachment provisions of section 5953 or otherwise as provided by law, a participant with three eligibility points as provided under section 5307(c)(3) (relating to eligibility points) shall be vested with respect to all employer defined contributions paid to the participant's individual investment account in the trust in addition to interest and investment gains and losses on the employer defined contributions but not including investment fees and administrative charges.~~

~~(2) Nonvested employer defined contributions and the interest and investment gains and losses on the nonvested employer defined contributions that are forfeited when a participant terminates State service before accruing three eligibility points as provided under section 5307(c)(3) are credited to the participant's most recent employer's future obligation assessed under section 5509 (relating to appropriations and assessments by the Commonwealth).~~

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

1 ~~§ 5810. Termination of distributions.~~

2 ~~(a) Return to State service.~~

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

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

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

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

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

1 ~~§ 5811. Agreements with financial institutions and other~~  
2 ~~organizations.~~

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

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

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

13 ~~(3) Proposals received shall be evaluated based on~~  
14 ~~specific criteria adopted by the board. The criteria shall~~  
15 ~~include experience, customer service history and other~~  
16 ~~criteria.~~

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

19 ~~§ 5812. Powers and duties of board.~~

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

23 ~~(1) The board may commingle or pool assets with the~~  
24 ~~assets of other persons or entities.~~

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

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

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

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

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

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

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

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

24       ~~(10) The board may establish procedures to provide for~~  
25 ~~the lawful payment of benefits.~~

26       ~~(11) The board shall determine what constitutes a~~  
27 ~~termination of State service.~~

28       ~~(12) The board may establish procedures for~~  
29 ~~distributions of small accounts as required or permitted by~~  
30 ~~the IRC.~~

1       ~~(13) The board may establish procedures in the plan~~  
2 ~~document or promulgate rules and regulations as it deems~~  
3 ~~necessary for the administration and management of the plan,~~  
4 ~~including, but not limited to, establishing:~~

5           ~~(i) Procedures for eligible participants to change~~  
6 ~~their investment choices on a periodic basis or make~~  
7 ~~other elections regarding their participation in the~~  
8 ~~plan.~~

9           ~~(ii) Procedures for deducting mandatory pickup~~  
10 ~~participant contributions from a participant's~~  
11 ~~compensation.~~

12           ~~(iii) Procedures for rollovers and trustee to~~  
13 ~~trustee transfers allowed under the IRC and permitted as~~  
14 ~~part of the plan.~~

15           ~~(iv) Standards and criteria for providing not less~~  
16 ~~than ten options in accordance with three or more~~  
17 ~~providers of investment options to eligible individuals~~  
18 ~~regarding investments of amounts deferred under the plan.~~  
19 ~~The standards and criteria must provide for variety of~~  
20 ~~investment options and shall be reviewed in accordance~~  
21 ~~with criteria established by the board. One of the~~  
22 ~~available options must serve as the default option for~~  
23 ~~participants who do not make a timely election and, to~~  
24 ~~the extent commercially available, one option must have~~  
25 ~~an annuity.~~

26           ~~(v) Standards and criteria for disclosing to the~~  
27 ~~participants the anticipated and actual income~~  
28 ~~attributable to amounts invested, property rights and all~~  
29 ~~fees, costs and expenses to be made against amounts~~  
30 ~~deferred to cover the fees, costs and expenses of~~

1 ~~administering and managing the plan or trust.~~

2 ~~(vi) Procedures, standards and criteria for the~~  
3 ~~making of distributions from the plan upon termination~~  
4 ~~from employment or death or in other circumstances~~  
5 ~~consistent with the purpose of the plan.~~

6 ~~(14) The board may waive any reporting or information~~  
7 ~~requirement contained in this part if the board determines~~  
8 ~~that the information is not needed for the administration of~~  
9 ~~the plan.~~

10 ~~(15) The board may contract any services and duties in~~  
11 ~~lieu of staff, except final adjudications and as prohibited~~  
12 ~~by law. Any duties or responsibilities of the board not~~  
13 ~~required by law to be performed by the board can be delegated~~  
14 ~~to a third party provider subject to appeal to the board.~~

15 ~~(16) The board may provide that any duties of the~~  
16 ~~employer or information provided by the participant to the~~  
17 ~~employer be performed or received directly by the board.~~

18 ~~(17) The provisions and restrictions of the act of July~~  
19 ~~2, 2010 (P.L.266, No.44), known as the Protecting~~  
20 ~~Pennsylvania's Investments Act, shall not apply to the plan~~  
21 ~~or trust or the investments of the plan or trust, but the~~  
22 ~~board may offer to the plan participants investment vehicles~~  
23 ~~that would be allowed under the Protecting Pennsylvania's~~  
24 ~~Investments Act.~~

25 ~~(18) The board shall ensure that participants are~~  
26 ~~provided with educational materials about investment options~~  
27 ~~and choices.~~

28 ~~§ 5813. Responsibility for investment loss.~~

29 ~~The board, the Commonwealth, an employer or other political~~  
30 ~~subdivision shall not be responsible for any investment loss~~



~~1 incurred under the plan or for the failure of any investment to  
2 earn any specific or expected return or to earn as much as any  
3 other investment opportunity, whether or not the other  
4 opportunity was offered to participants in the plan.~~

~~5 § 5814. Investments based on participants' investment  
6 allocation choices.~~

~~7 (a) Investment by participant. All contributions, interest  
8 and investment earnings shall be invested based on a  
9 participant's investment allocation choices. All investment  
10 allocation choices shall be credited proportionally between  
11 participant contributions and employer defined contributions.  
12 Each participant shall be credited individually with the amount  
13 of contributions, interest and investment earnings.~~

~~14 (b) Investment of contributions made by entities other than  
15 the Commonwealth. Investment of contributions by any  
16 corporation, institution, insurance company or custodial bank  
17 that the board has approved shall not be unreasonably delayed,  
18 and in no case may the investment of contributions be delayed  
19 more than 30 days from the date of payroll deduction or the date  
20 voluntary contributions are made to the date that funds are  
21 invested. Any interest earned on the funds pending investment  
22 shall be allocated to the Commonwealth and credited to the  
23 individual investment accounts of participants who are then  
24 participating in the plan unless the interest is used to defray  
25 administrative costs and fees that would otherwise be required  
26 to be borne by participants who are then participating in the  
27 plan.~~

~~28 § 5815. Expenses.~~

~~29 All fees, costs and expenses of administering the plan and  
30 the trust and investing the assets of the trust shall be borne~~

~~1 by the participants and paid from assessments against the~~  
~~2 balances of the individual investment accounts as established by~~  
~~3 the board, except that for fiscal years ending before July 1,~~  
~~4 2016, the fees, costs and expenses of establishing and~~  
~~5 administering the plan and the trust shall be paid by the~~  
~~6 Commonwealth through annual appropriations from the General~~  
~~7 Fund, made on the basis of estimates from the board.~~

~~8 § 5816. (Reserved).~~

~~9 § 5817. Tax qualification.~~

~~10 (a) Required distributions. All payments pursuant to this~~  
~~11 chapter shall start and be made in compliance with the minimum~~  
~~12 distribution requirements and incidental death benefit rules of~~  
~~13 IRC § 401(a).~~

~~14 (b) Limitations. The following shall apply:~~

~~15 (1) (i) Except as provided under subparagraph (ii) and~~  
~~16 notwithstanding a provision of this part, a contribution~~  
~~17 or benefit related to the plan may not exceed any~~  
~~18 limitation under IRC § 415 with respect to governmental~~  
~~19 plans which is in effect on the date the contribution or~~  
~~20 benefit payment takes effect.~~

~~21 (ii) An increase in a limitation under IRC § 415~~  
~~22 shall apply to all participants on and after the~~  
~~23 effective date of this section.~~

~~24 (iii) For the purposes of this paragraph, the term~~  
~~25 "government plans" shall have the same meaning as the~~  
~~26 term has in IRC § 414(d).~~

~~27 (2) (i) Except as provided under subparagraph (ii), an~~  
~~28 amendment of this part on or after the effective date of~~  
~~29 this section that increases contributions or benefits for~~  
~~30 active participants, inactive participants or~~

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

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

~~§ 5818. State Employees' Defined Contribution Holding Vehicle Trust.~~

~~(a) Establishment. The State Employees' Defined Contribution Holding Vehicle Trust is established as part of the plan. The holding vehicle trust shall be comprised of the individual investment accounts and all assets and moneys in those accounts from January 1, 2016, until the earlier of the date the board certifies that the State Employees' Defined Contribution Trust is operational and able to accept participant and employer contributions or December 31, 2016. The members of the board shall be the trustees of the holding vehicle trust, which shall be held in a separate account, established by the Treasury Department and shall not be inconsistent with this part, the IRC or other applicable law. The holding vehicle trust shall be administered exclusively for the benefit of those State employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a) subject to the requirements of Chapter 59 (relating to administration, funds, accounts, general provisions).~~

~~(b) Assets held in trust. All assets and income in the holding vehicle trust that are withheld or contributed by the~~

1 ~~participants, the Commonwealth and other employers in accordance~~  
2 ~~with this part shall be held in trust as permitted by the~~  
3 ~~applicable provisions of the IRC for the exclusive benefit of~~  
4 ~~the participants and their beneficiaries until such time as the~~  
5 ~~funds are transferred to the State Employees' Defined~~  
6 ~~Contribution Trust in accordance with the terms of the plan~~  
7 ~~document. The assets of the holding vehicle trust may be used~~  
8 ~~for the payment of the fees, costs and expenses related to the~~  
9 ~~administration and investment of the holding vehicle trust and~~  
10 ~~transfer of assets to the State Employees' Defined Contribution~~  
11 ~~Trust.~~

12 ~~(c) Mandatory pickup participant contributions. All~~  
13 ~~mandatory pickup participant contributions and employer defined~~  
14 ~~contributions that are required under sections 5804 (relating to~~  
15 ~~participant contributions), 5805 (relating to mandatory pickup~~  
16 ~~participant contributions) and 5806 (relating to employer~~  
17 ~~defined contributions) to be made to the State Employees'~~  
18 ~~Defined Contribution Trust upon certification of such trust~~  
19 ~~shall be made to the holding vehicle trust prior to the date the~~  
20 ~~board certifies the State Employees' Defined Contribution Trust.~~  
21 ~~The employer shall cause those contributions for service~~  
22 ~~required to be credited in the plan to be made and deducted from~~  
23 ~~each payroll or on such schedule as established by the board and~~  
24 ~~such participant contributions shall be picked up by the~~  
25 ~~Commonwealth or other employer and shall be treated as the~~  
26 ~~employer's contribution for purposes of IRC § 414(h). On and~~  
27 ~~after the effective date of this section, an employer employing~~  
28 ~~a participant in the plan shall pick up the required mandatory~~  
29 ~~participant contributions by a reduction in the compensation of~~  
30 ~~the participant. No participant is permitted to make voluntary~~

1 ~~contributions to the holding vehicle trust.~~

2 ~~(d) Treatment for other purposes. For all purposes other~~  
3 ~~than the IRC, the mandatory pickup participant contributions~~  
4 ~~shall be treated as contributions made by a participant in the~~  
5 ~~same manner and to the same extent as if the contributions were~~  
6 ~~made directly by the participant and not picked up.~~

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

15 ~~(f) Death benefits. In the event of the death of an active~~  
16 ~~participant or inactive participant, the board shall pay to the~~  
17 ~~participant's beneficiary the vested balance in the~~  
18 ~~participant's individual investment account in a lump sum.~~

19 ~~(g) Interest. Upon the disbursement of a return of Class A~~  
20 ~~5 accumulated deductions to a participant who has terminated~~  
21 ~~State service or of a death benefit to a participant's~~  
22 ~~designated beneficiaries or upon the transfer of all assets in~~  
23 ~~the holding vehicle trust to the State Employees' Defined~~  
24 ~~Contribution Trust or December 31, 2016, whichever occurs first,~~  
25 ~~the Commonwealth shall make an interest payment to the holding~~  
26 ~~vehicle trust. The interest payment shall be equal to 4% annual~~  
27 ~~rate of return on the mandatory pickup participant contributions~~  
28 ~~and employer defined contributions made for the participant,~~  
29 ~~increased or decreased for any investment losses or earnings~~  
30 ~~while in the holding vehicle trust, but in no case shall the~~

1 ~~interest payment be less than zero.~~

2 ~~(h) Responsibility for loss of investment opportunity. The~~  
3 ~~board, the Commonwealth, an employer or other political~~  
4 ~~subdivision shall not be responsible for the failure of any~~  
5 ~~investment in the holding vehicle trust to earn any specific or~~  
6 ~~expected return greater than the 4% interest rate paid under~~  
7 ~~subsection (g) or to earn as much as any other investment~~  
8 ~~opportunity, whether or not the other opportunity was offered to~~  
9 ~~participants in the holding vehicle trust.~~

10 ~~(i) Termination of holding vehicle trust. After the~~  
11 ~~disbursement or transfer of all assets in the holding vehicle~~  
12 ~~trust and the certification by the board that no further~~  
13 ~~liabilities from the holding vehicle trust exist, the holding~~  
14 ~~vehicle trust shall be closed, and this section, except for~~  
15 ~~subsection (h), shall become inoperative.~~

16 Section 323. Section 5901(a), (c) and (d) of Title 71 are  
17 amended to read:

18 § 5901. The State Employees' Retirement Board.

19 (a) Status and membership. The board shall be an  
20 independent administrative board and consist of 11 members: the  
21 State Treasurer, ex officio, two Senators, two members of the  
22 House of Representatives and six members appointed by the  
23 Governor, one of whom shall be an annuitant of the system or a  
24 participant in the plan who has terminated State service and is  
25 receiving or is eligible to receive distributions, for terms of  
26 four years, subject to confirmation by the Senate. At least five  
27 board members shall be active members of the system or active  
28 participants in the plan, and at least two shall have ten or  
29 more years of credited State service or shall have been active  
30 participants in the plan for ten calendar years. The chairman of

1 ~~the board shall be designated by the Governor from among the~~  
2 ~~members of the board. Each member of the board who is a member~~  
3 ~~of the General Assembly may appoint a duly authorized designee~~  
4 ~~to act in his stead. In the event that a board member, who is~~  
5 ~~designated as an active participant or as a participant in the~~  
6 ~~plan who is receiving or is eligible to receive distributions,~~  
7 ~~receives a total distribution of his interest in the plan, that~~  
8 ~~board member may continue to serve on the board for the~~  
9 ~~remainder of his term.~~

10 \* \* \*

11 ~~(c) Oath of office. Each member of the board shall take an~~  
12 ~~oath of office that he will, so far as it devolves upon him,~~  
13 ~~diligently and honestly, administer the affairs of said board,~~  
14 ~~the system and the plan and that he will not knowingly violate~~  
15 ~~or willfully permit to be violated any of the provisions of law~~  
16 ~~applicable to this part. Such oath shall be subscribed by the~~  
17 ~~member taking it and certified by the officer before whom it is~~  
18 ~~taken and shall be immediately filed in the Office of the~~  
19 ~~Secretary of the Commonwealth.~~

20 ~~(d) Compensation and expenses. The members of the board who~~  
21 ~~are members of the system or participants in the plan shall~~  
22 ~~serve without compensation but shall not suffer loss of salary~~  
23 ~~or wages through serving on the board. The members of the board~~  
24 ~~who are not members of the system or participants in the plan~~  
25 ~~shall receive \$100 per day when attending meetings and all board~~  
26 ~~members shall be reimbursed for any necessary expenses. However,~~  
27 ~~when the duties of the board as mandated are not executed, no~~  
28 ~~compensation or reimbursement for expenses of board members~~  
29 ~~shall be paid or payable during the period in which such duties~~  
30 ~~are not executed.~~

1       ~~\*\*\*~~

2       Section 324. Sections 5902(a.1), (b), (c), (e), (h), (i),  
3       (j), (k), (m) and (n) and 5903(a) and (b) of Title 71 are  
4       amended and the sections are amended by adding subsections to  
5       read:

6       § 5902. Administrative duties of the board.

7       ~~\*\*\*~~

8       ~~(a.1) Secretary. The secretary shall act as chief~~  
9       ~~administrative officer for the board with respect to both the~~  
10       ~~system and the plan. In addition to other powers and duties~~  
11       ~~conferred upon and delegated to the secretary by the board, the~~  
12       ~~secretary shall:~~

13             ~~(1) Serve as the administrative agent of the board.~~

14             ~~(2) Serve as liaison between the board and applicable~~  
15       ~~legislative committees, the Treasury Department, the~~  
16       ~~Department of the Auditor General, and between the board and~~  
17       ~~the investment counsel and the mortgage supervisor in~~  
18       ~~arranging for investments to secure maximum returns to the~~  
19       ~~fund.~~

20             ~~(3) Review and analyze proposed legislation and~~  
21       ~~legislative developments affecting the system or the plan and~~  
22       ~~present findings to the board, legislative committees, and~~  
23       ~~other interested groups or individuals.~~

24             ~~(4) Direct the maintenance of files and records and~~  
25       ~~preparation of periodic reports required for actuarial~~  
26       ~~evaluation studies.~~

27             ~~(5) Receive inquiries and requests for information~~  
28       ~~concerning the system or the plan from the press,~~  
29       ~~Commonwealth officials, State employees, the general public,~~  
30       ~~research organizations, and officials and organizations from~~



1 ~~other states, and provide information as authorized by the~~  
2 ~~board.~~

3 ~~(6) (i) Supervise a staff of administrative, technical,~~  
4 ~~and clerical employees engaged in record keeping and~~  
5 ~~clerical processing activities for both the system and~~  
6 ~~the plan in maintaining files of members and~~  
7 ~~participants, accounting for contributions, processing~~  
8 ~~payments to annuitants and terminated participants,~~  
9 ~~preparing required reports, and retirement counseling.~~

10 ~~(ii) The board may utilize the staff of employees~~  
11 ~~provided for under this paragraph for both the system and~~  
12 ~~the plan but shall allocate the fees, costs and expenses~~  
13 ~~incurred under this paragraph between the system and the~~  
14 ~~plan as appropriate.~~

15 ~~(b) Professional personnel.—~~

16 ~~(1) The board shall contract for the services of a chief~~  
17 ~~medical examiner, an actuary, investment advisors and~~  
18 ~~counselors, and such other professional personnel as it deems~~  
19 ~~advisable. The board may, with the approval of the Attorney~~  
20 ~~General, contract for legal services.~~

21 ~~(2) The board may utilize the same individuals and firms~~  
22 ~~contracted under this subsection for both the system and the~~  
23 ~~plan but shall allocate the fees, costs and expenses incurred~~  
24 ~~under this subsection between the system and the plan as~~  
25 ~~appropriate.~~

26 ~~(c) Expenses.—~~

27 ~~(1) The board shall, through the Governor, submit to the~~  
28 ~~General Assembly annually a budget covering the~~  
29 ~~administrative expenses of [this part] the system and a~~  
30 ~~separate budget covering the administrative expenses of the~~

1 ~~plan which budgets shall include those expenses necessary to~~  
2 ~~establish the plan and trust.~~

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

6 ~~(3) For fiscal years ending on or before June 30, 2017,~~  
7 ~~such expenses of the plan as approved by the General Assembly~~  
8 ~~in an appropriation bill shall be paid from the General Fund.~~  
9 ~~For fiscal years beginning on or after July 1, 2017, such~~  
10 ~~expenses of the plan as approved by the General Assembly~~  
11 ~~shall be paid from interest, pursuant to section 5814(b)~~  
12 ~~(relating to investments based on participants' investment~~  
13 ~~allocation choices), or assessments on the balances of the~~  
14 ~~participants' individual investment accounts.~~

15 ~~(4) Concurrently with its administrative budget, the~~  
16 ~~board shall also submit to the General Assembly annually a~~  
17 ~~list of proposed expenditures which the board intends to pay~~  
18 ~~through the use of directed commissions, together with a list~~  
19 ~~of the actual expenditures from the past year actually paid~~  
20 ~~by the board through the use of directed commissions. All~~  
21 ~~such directed commission expenditures shall be made by the~~  
22 ~~board for the exclusive benefit of the system and its~~  
23 ~~members.~~

24 \* \* \*

25 (e) Records.—

26 ~~(1) The board shall keep a record of all its proceedings~~  
27 ~~which shall be open to [inspection] access by the public,~~  
28 ~~except as otherwise provided in this part or by other law.~~

29 ~~(2) Any record, material or data received, prepared,~~  
30 ~~used or retained by the board or its employees, investment~~

1 ~~professionals or agents relating to an investment shall not~~  
2 ~~constitute a public record subject to public [inspection]~~  
3 ~~access under the act of [June 21, 1957 (P.L.390, No.212),~~  
4 ~~referred to as the Right to Know Law] February 14, 2008~~  
5 ~~(P.L.6, No.3), known as the Right to Know Law, if, in the~~  
6 ~~reasonable judgment of the board, the [inspection] access~~  
7 ~~would:~~

8 ~~(i) in the case of an alternative investment or~~  
9 ~~alternative investment vehicle, involve the release of~~  
10 ~~sensitive investment or financial information relating to~~  
11 ~~the alternative investment or alternative investment~~  
12 ~~vehicle which the fund or trust was able to obtain only~~  
13 ~~upon agreeing to maintain its confidentiality;~~

14 ~~(ii) cause substantial competitive harm to the~~  
15 ~~person from whom sensitive investment or financial~~  
16 ~~information relating to the investment was received; or~~

17 ~~(iii) have a substantial detrimental impact on the~~  
18 ~~value of an investment to be acquired, held or disposed~~  
19 ~~of by the fund or trust or would cause a breach of the~~  
20 ~~standard of care or fiduciary duty set forth in this~~  
21 ~~part.~~

22 ~~(3) (i) The sensitive investment or financial~~  
23 ~~information excluded from [inspection] access under~~  
24 ~~paragraph (2) (i), to the extent not otherwise excluded~~  
25 ~~from [inspection] access, shall constitute a public~~  
26 ~~record subject to public [inspection] access under the~~  
27 ~~Right to Know Law once the board is no longer required by~~  
28 ~~its agreement to maintain confidentiality.~~

29 ~~(ii) The sensitive investment or financial~~  
30 ~~information excluded from [inspection] access under~~

1 paragraph(2) (ii), to the extent not otherwise excluded  
2 from [inspection] access, shall constitute a public  
3 record subject to public [inspection] access under the  
4 Right to Know Law once:

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

8 (B) the entity in which the investment was made  
9 is liquidated;

10 whichever is later.

11 (iii) The sensitive investment or financial  
12 information excluded from [inspection] access under  
13 paragraph(2) (iii), to the extent not otherwise excluded  
14 from [inspection] access, shall constitute a public  
15 record subject to public [inspection] access under the  
16 Right to Know Law once:

17 (A) the [inspection] access no longer has a  
18 substantial detrimental impact on the value of an  
19 investment of the fund or trust and would not cause a  
20 breach of the standard of care or fiduciary duty set  
21 forth in this part; or

22 (B) the entity in which the investment was made  
23 is liquidated;

24 whichever is later.

25 (4) Except for the provisions of paragraph (3), nothing  
26 in this subsection shall be construed to designate any  
27 record, material or data received, prepared, used or retained  
28 by the board or its employees, investment professionals or  
29 agents relating to an investment as a public record subject  
30 to public [inspection] access under the Right to Know Law.

1       ~~(5) Any record, material or data received, prepared,~~  
2       ~~used or retained by the board or its employees, or agents~~  
3       ~~relating to the contributions, account value or benefits~~  
4       ~~payable to or on account of a participant shall not~~  
5       ~~constitute a public record subject to public access under the~~  
6       ~~Right to Know Law if, in the reasonable judgment of the~~  
7       ~~board, the access would disclose any of the following:~~

8               ~~(i) The existence, date, amount and any other~~  
9               ~~information pertaining to the rollover contributions or~~  
10              ~~trustee to trustee transfers, of any participant.~~

11              ~~(ii) The investment options selections of any~~  
12              ~~participant.~~

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

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

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

20       ~~(6) Nothing in this subsection shall be construed to~~  
21       ~~designate any record, material or data received, prepared,~~  
22       ~~used or retained by the board or its employees, or agents~~  
23       ~~relating to the contributions, account value or benefits~~  
24       ~~payable to or on account of a participant as a public record~~  
25       ~~subject to public access under the Right to Know Law.~~

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

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

1 fiduciary duties.

2 (ii) This paragraph shall apply to a record,  
3 material or data under this subsection, notwithstanding  
4 any of the following:

5 (A) Whether the record, material or data was  
6 created, generated or stored before the effective  
7 date of this paragraph.

8 (B) Whether the record, material or data was  
9 previously released or made public.

10 (C) Whether a request for the record, material  
11 or data was made or is pending final response under  
12 the Right to Know Law.

13 \* \* \*

14 ~~(h) Regulations and procedures. The board shall, with the~~  
15 ~~advice of the Attorney General and the actuary, adopt and~~  
16 ~~promulgate rules and regulations for the uniform administration~~  
17 ~~of the system. The actuary shall approve in writing all~~  
18 ~~computational procedures used in the calculation of~~  
19 ~~contributions and benefits pertaining to the system, and the~~  
20 ~~board shall by resolution adopt such computational procedures,~~  
21 ~~prior to their application by the board. Such rules, regulations~~  
22 ~~and computational procedures as so adopted from time to time and~~  
23 ~~as in force and effect at any time, together with such tables as~~  
24 ~~are adopted pursuant to subsection (j) as necessary for the~~  
25 ~~calculation of annuities and other benefits, shall be as~~  
26 ~~effective as if fully set forth in this part. Any actuarial~~  
27 ~~assumption specified in or underlying any such rule, regulation~~  
28 ~~or computational procedure and utilized as a basis for~~  
29 ~~determining any benefit shall be applied in a uniform manner.~~

30 ~~(i) Data. The board shall keep in convenient form such data~~

1 ~~as are stipulated by the actuary in order that an annual~~  
2 ~~actuarial valuation of the various accounts of the fund can be~~  
3 ~~completed within six months of the close of each calendar year.~~

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

30 ~~(k) Certification of employer contributions to fund. The~~

1 ~~board shall, each year in addition to the itemized budget~~  
2 ~~required under section 5509 (relating to appropriations and~~  
3 ~~assessments by the Commonwealth), certify, as a percentage of~~  
4 ~~the members' payroll, the shared risk contribution rate, the~~  
5 ~~employers' contributions as determined pursuant to section 5508~~  
6 ~~(relating to actuarial cost method) necessary for the funding of~~  
7 ~~prospective annuities for active members and the annuities of~~  
8 ~~annuitants and certify the rates and amounts of the employers'~~  
9 ~~normal contributions as determined pursuant to section 5508(b),~~  
10 ~~accrued liability contributions as determined pursuant to~~  
11 ~~section 5508(c), supplemental annuities contribution rate as~~  
12 ~~determined pursuant to section 5508(e), the experience~~  
13 ~~adjustment factor as determined pursuant to section 5508(f), the~~  
14 ~~collared contribution rate pursuant to section 5508(h) and the~~  
15 ~~final contribution rate pursuant to section 5508(i), which shall~~  
16 ~~be paid to the fund and credited to the appropriate accounts.~~  
17 ~~The board may allocate the final contribution rate and certify~~  
18 ~~various employer contribution rates and amounts based upon the~~  
19 ~~different benefit eligibility, class of service multiplier,~~  
20 ~~superannuation age, final average salary calculation,~~  
21 ~~compensation limits and other benefit differences resulting from~~  
22 ~~State service credited for individual members even though such~~  
23 ~~allocated employer contribution rate on behalf of any given~~  
24 ~~member may be more or less than 5% of the member's compensation~~  
25 ~~for the period from July 1, 2010, to June 30, 2011, or may~~  
26 ~~differ from the prior year's contribution for that member by~~  
27 ~~more or less than the percentages used to calculate the collared~~  
28 ~~contribution rate for that year and may be below any minimum~~  
29 ~~contribution rate established for the collared contribution rate~~  
30 ~~or final contribution rate. These certifications shall be~~



1 ~~regarded as final and not subject to modification by the~~  
2 ~~Secretary of the Budget.~~

3 \* \* \*

4 ~~(m) Annual financial statement. The board shall prepare and~~  
5 ~~have published, on or before July 1 of each year, [a financial~~  
6 ~~statement] financial statements as of the calendar year ending~~  
7 ~~December 31 of the previous year showing the condition of the~~  
8 ~~fund, the trust and the various accounts, including, but not~~  
9 ~~limited to, the board's accrual and expenditure of directed~~  
10 ~~commissions, and setting forth such other facts,~~  
11 ~~recommendations, and data as may be of use in the advancement of~~  
12 ~~knowledge concerning annuities and other benefits provided by~~  
13 ~~this part. The board shall submit said financial [statement]~~  
14 ~~statements to the Governor and shall file copies with the head~~  
15 ~~of each department for the use of the State employees and the~~  
16 ~~public.~~

17 ~~(n) Independent [audit] audits. The board shall provide for~~  
18 ~~[an annual audit] annual audits of the system and the plan by~~  
19 ~~[an] independent certified public [accountant] accountants,~~  
20 ~~which [audit] audits shall include the board's accrual and~~  
21 ~~expenditure of directed commissions. The board may use the same~~  
22 ~~independent certified public accountant for the audits of both~~  
23 ~~the system and the plan.~~

24 \* \* \*

25 ~~(p) Participant and employer contributions to trust. The~~  
26 ~~board shall, each year in addition to any fees and itemized~~  
27 ~~budget required under section 5509 (relating to appropriations~~  
28 ~~and assessments by the Commonwealth), certify, as a percentage~~  
29 ~~of each participant's compensation, the employer defined~~  
30 ~~contributions, which shall be paid to the trust and credited to~~

~~1 each participant's individual investment account. These  
2 certifications shall be regarded as final and not subject to  
3 modification by the Secretary of the Budget. The board shall  
4 cause all mandatory pickup participant contributions made on  
5 behalf of a participant and all voluntary contributions made by  
6 a participant to be credited to the participant's individual  
7 investment account.~~

~~8 § 5903. Duties of the board to advise and report to heads of  
9 departments [and], members and participants.~~

~~10 (a) Manual of regulations. The board shall, with the advice  
11 of the Attorney General and the actuary, prepare and provide,  
12 within 90 days of the effective date of this part, a manual  
13 incorporating rules and regulations consistent with the  
14 provisions of this part to the heads of departments who shall  
15 make the information contained therein available to the general  
16 membership. The board shall thereafter advise the heads of  
17 departments within 90 days of any changes in such rules and  
18 regulations due to changes in the law or due to changes in  
19 administrative policies. As soon as practicable after the  
20 commissioner's announcement with respect thereto, the board  
21 shall also advise the heads of departments as to any cost of  
22 living adjustment for the succeeding calendar year in the amount  
23 of the limitation under IRC § 401(a)(17) and the dollar amounts  
24 of the limitations under IRC § [415(b)] 415. As soon as  
25 practicable after January 1 of each year, the board shall also  
26 advise the heads of departments of the employees for whom,  
27 pursuant to section 5502.1 (relating to waiver of regular member  
28 contributions and Social Security integration member  
29 contributions), pickup contributions are not to be made.~~

~~30 (b) Member status statements and certifications. The board~~

1 ~~shall furnish annually to the head of each department on or~~  
2 ~~before April 1, a statement for each member employed in such~~  
3 ~~department showing the total accumulated deductions and Class A~~  
4 ~~5 accumulated deductions standing to his credit as of December~~  
5 ~~31 of the previous year and requesting the member to make any~~  
6 ~~necessary corrections or revisions regarding his designated~~  
7 ~~beneficiary. In addition, for each member employed in any~~  
8 ~~department and for whom the department has furnished the~~  
9 ~~necessary information, the board shall certify the number of~~  
10 ~~years and fractional part of a year of credited service~~  
11 ~~attributable to each class of service, the number of years and~~  
12 ~~fractional part of a year attributable to social security~~  
13 ~~integration credits in each class of service and, in the case of~~  
14 ~~a member eligible to receive an annuity, the benefit to which he~~  
15 ~~is entitled upon the attainment of superannuation age.~~

16 ~~(b.1) Participant status statements. The board shall~~  
17 ~~furnish annually to each participant, on or before April 1 and~~  
18 ~~more frequently as the board may agree or as required by law, a~~  
19 ~~statement showing the accumulated total defined contributions~~  
20 ~~credited to the participant's individual investment account, the~~  
21 ~~nature and type of investments and the investment allocation of~~  
22 ~~future contributions as of December 31 of the previous year and~~  
23 ~~requesting the participant to make any necessary correction or~~  
24 ~~revision regarding his designated beneficiary.~~

25 \* \* \*

26 Section 325. Section 5904(c) of Title 71 is amended to read:  
27 § 5904. Duties of the board to report to the Public School  
28 Employees' Retirement Board.

29 \* \* \*

30 (c) Applications for benefits for school employees. Upon

1 ~~receipt of notification and the required data from the Public~~  
2 ~~School Employees' Retirement Board that a former State employee~~  
3 ~~who elected multiple service has applied for a public school~~  
4 ~~employees' retirement benefit or, in the event of his death, his~~  
5 ~~legally constituted representative has applied for such benefit,~~  
6 ~~the board shall:~~

7       ~~(1) certify to the Public School Employees' Retirement~~  
8 ~~Board;~~

9             ~~(i) the salary history as a member of the State~~  
10 ~~Employees' Retirement System and the final average salary~~  
11 ~~as calculated on the basis of the compensation received~~  
12 ~~as a State and school employee; and~~

13             ~~(ii) the annuity or benefit to which the member or~~  
14 ~~his beneficiary is entitled as modified according to the~~  
15 ~~option selected; and~~

16       ~~(2) transfer to the Public School Employees' Retirement~~  
17 ~~Fund the total accumulated deductions or Class A 5~~  
18 ~~accumulated deductions standing to such member's credit and~~  
19 ~~the actuarial reserve required on account of years of~~  
20 ~~credited service in the State system, final average salary~~  
21 ~~determined on the basis of his compensation in both systems~~  
22 ~~and the average noncovered salary to be charged to the State~~  
23 ~~accumulation account, the State Police benefit account or the~~  
24 ~~enforcement officers' benefit account, as each case may~~  
25 ~~require.~~

26       ~~\* \* \*~~

27       ~~Section 326. Section 5905(b), (c.1), (f) and (g) of Title 71~~  
28 ~~are amended and the section is amended by adding subsections to~~  
29 ~~read:~~

30       ~~§ 5905. Duties of the board regarding applications and~~

1 ~~elections of members and participants.~~

2 ~~\* \* \*~~

3 ~~(b) School employees electing multiple service status. Upon~~  
4 ~~receipt of notification from the Public School Employees'~~  
5 ~~Retirement Board that a former State employee has become an~~  
6 ~~active member in the Public School Employees' Retirement System~~  
7 ~~and has elected to become a member with multiple service status~~  
8 ~~the board shall:~~

9 ~~(1) in case of a member receiving an annuity from the~~  
10 ~~system:~~

11 ~~(i) discontinue payments, transfer the present value~~  
12 ~~of the member's annuity at the time of entering school~~  
13 ~~service, plus the amount withdrawn in a lump sum payment,~~  
14 ~~on or after the date of entering school service, pursuant~~  
15 ~~to section 5705 (relating to member's options), with~~  
16 ~~statutory interest to date of transfer, minus the amount~~  
17 ~~to be returned to the board on account of return to~~  
18 ~~service, that the board has determined is to be credited~~  
19 ~~in the members' savings account, from the annuity reserve~~  
20 ~~account to the members' savings account and resume~~  
21 ~~crediting of statutory interest on the amount restored to~~  
22 ~~his credit;~~

23 ~~(ii) transfer the balance of the present value of~~  
24 ~~the total annuity, minus the amount to be returned to the~~  
25 ~~board on account of return to service that the board has~~  
26 ~~determined is to be credited in the State accumulation~~  
27 ~~account, from the annuity reserve account to the State~~  
28 ~~accumulation account; and~~

29 ~~(iii) certify to the member the amount of lump sum~~  
30 ~~and annuity payments with statutory interest the member~~

1 ~~is to return to the board and, of those amounts, which~~  
2 ~~amount shall be credited to the members' savings account~~  
3 ~~and credited with statutory interest as such payments are~~  
4 ~~returned and which amount shall be credited to the State~~  
5 ~~accumulation account; or~~

6 ~~(2) in case of a member who is not receiving an annuity~~  
7 ~~and has not withdrawn his total accumulated deductions or~~  
8 ~~Class A 5 accumulated deductions, continue or resume the~~  
9 ~~crediting of statutory interest on his total accumulated~~  
10 ~~deductions and Class A 5 accumulated deductions during the~~  
11 ~~period his total accumulated deductions and Class A 5~~  
12 ~~accumulated deductions remain in the fund; or~~

13 ~~(3) in case of a former State employee who is not~~  
14 ~~receiving an annuity from the system and his total~~  
15 ~~accumulated deductions or Class A 5 accumulated deductions~~  
16 ~~were withdrawn, certify to the former State employee the~~  
17 ~~accumulated deductions as they would have been at the time of~~  
18 ~~his separation had he been a full coverage member together~~  
19 ~~with statutory interest for all periods of subsequent State~~  
20 ~~and school service to the date of repayment and the amount of~~  
21 ~~such total accumulated deductions or Class A 5 accumulated~~  
22 ~~deduction he is eligible to restore. Such amount shall be~~  
23 ~~restored by him and shall be credited with statutory interest~~  
24 ~~as such payments are restored.~~

25 \* \* \*

26 ~~(c.1) Termination of service by members. In the case of any~~  
27 ~~member terminating State service who is entitled to an annuity~~  
28 ~~and who is not then a disability annuitant, the board shall~~  
29 ~~advise such member in writing of any benefits from the system to~~  
30 ~~which he may be entitled under the provisions of this part and~~

1 shall have the member prepare, on or before the date of  
2 termination of State service, one or more of the following three  
3 forms, a copy of which shall be given to the member and the  
4 original of which shall be filed with the board:

5 (1) ~~an application for the return of total accumulated~~  
6 ~~deductions and if eligible, for the return of Class A 5-~~  
7 ~~accumulated deductions;~~

8 (2) ~~if eligible, an election to vest his retirement~~  
9 ~~rights and, if he is a joint coverage member and so desires,~~  
10 ~~elect to become a full coverage member and agree to pay~~  
11 ~~within 30 days of the date of termination of service the lump~~  
12 ~~sum required; or~~

13 (3) ~~if eligible, an application for an immediate annuity~~  
14 ~~and, if he desires:~~

15 (i) ~~an election to convert his medical, major-~~  
16 ~~medical and hospitalization insurance coverage to the~~  
17 ~~plan for State annuitants; and~~

18 (ii) ~~if he is a joint coverage member, an election~~  
19 ~~to become a full coverage member and an agreement to pay~~  
20 ~~within 30 days of date of termination of service the lump~~  
21 ~~sum required.~~

22 ~~(c.2) Termination of service by participants. In the case~~  
23 ~~of a participant terminating State service, the board shall~~  
24 ~~advise the participant in writing of the vested accumulated~~  
25 ~~total defined contributions credited to the participant's~~  
26 ~~individual investment account as of the date stated in the~~  
27 ~~writing, any notices regarding rollover or other matters~~  
28 ~~required by IRC or other law, the obligation of the participant~~  
29 ~~to commence distributions from the plan by the participant's~~  
30 ~~required beginning date and the ability to receive all or part~~

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

4 \* \* \*

5 ~~(e.2) Notification to inactive participants approaching~~  
6 ~~required beginning date. The board shall notify in writing each~~  
7 ~~inactive participant who has terminated State service and has~~  
8 ~~not commenced distribution by 90 days before the participant's~~  
9 ~~required beginning date that the inactive participant has an~~  
10 ~~obligation to commence distributions by the required beginning~~  
11 ~~date in a form and manner required by IRC § 401(a)(9) and other~~  
12 ~~applicable provisions of the IRC.~~

13 ~~(f) Initial annuity payment and certification. The board~~  
14 ~~shall make the first monthly payment to a member who is eligible~~  
15 ~~for an annuity within 60 days of the filing of his application~~  
16 ~~for an annuity or, in the case of a vestee or special vestee who~~  
17 ~~has deferred the filing of his application to a date later than~~  
18 ~~90 days following attainment of superannuation age, within 60~~  
19 ~~days of the effective date of retirement, and receipt of the~~  
20 ~~required data from the head of the department and, if the member~~  
21 ~~has Class G, Class H, Class I, Class J, Class K, Class L, Class~~  
22 ~~M or Class N service, any data required from the county~~  
23 ~~retirement system or pension plan to which the member was a~~  
24 ~~contributor before being a State employee. Concurrently, the~~  
25 ~~board shall certify to such member:~~

26 ~~(1) the total accumulated deductions and Class A 5~~  
27 ~~accumulated deductions standing to his credit showing~~  
28 ~~separately the amount contributed by the member, the pickup~~  
29 ~~contribution and the interest credited to the date of~~  
30 ~~termination of service;~~



1           ~~(2) the number of years and fractional part of a year~~  
2           ~~credited in each class of service;~~

3           ~~(3) the final average salary on which his annuity is~~  
4           ~~based as well as any applicable reduction factors due to age~~  
5           ~~and/or election of an option; and~~

6           ~~(4) the total annuity payable under the option elected~~  
7           ~~and the amount and effective date of any future reduction~~  
8           ~~under section 5703 (relating to reduction of annuities on~~  
9           ~~account of social security old age insurance benefits).~~

10          ~~(f.1) Initial payment to participants. The board shall make~~  
11          ~~the initial payment to a participant who has applied for a~~  
12          ~~distribution within 60 days of the filing of the application.~~

13          ~~(g) Death benefits. Upon receipt of notification from the~~  
14          ~~head of a department of the death of an active member, a member~~  
15          ~~performing USERRA leave [or], a member on leave without pay, an~~  
16          ~~active participant, an inactive participant on leave without pay~~  
17          ~~or a former participant performing USERRA leave, the board shall~~  
18          ~~advise the designated beneficiary of the benefits to which he is~~  
19          ~~entitled, and shall make the first payment to the beneficiary~~  
20          ~~within 60 days of receipt of certification of death and other~~  
21          ~~necessary data. If no beneficiary designation is in effect at~~  
22          ~~the date of the member's death or no notice has been filed with~~  
23          ~~the board to pay the amount of the benefits to the member's~~  
24          ~~estate, the board is authorized to pay the benefits to the~~  
25          ~~executor, administrator, surviving spouse or next of kin of the~~  
26          ~~deceased member, and payment pursuant [hereto] to this~~  
27          ~~subsection shall fully discharge the fund from any further~~  
28          ~~liability to make payment of such benefits to any other person.~~  
29          ~~If the surviving spouse or next of kin of the deceased member~~  
30          ~~cannot be found for the purpose of paying the benefits for a~~

1 ~~period of seven years from the date of death of the member, then~~  
2 ~~the benefits shall be escheated to the Commonwealth for the~~  
3 ~~benefit of the fund. If no beneficiary designation is in effect~~  
4 ~~at the date of a participant's death or no notice has been filed~~  
5 ~~with the board to pay the amount of the benefits to the~~  
6 ~~participant's estate, the board may pay the benefits to the~~  
7 ~~surviving spouse, executor, administrator or next of kin of the~~  
8 ~~deceased participant, and payment pursuant to this subsection~~  
9 ~~shall fully discharge the fund from any further liability to~~  
10 ~~make payment of such benefits to any other person.~~

11 \* \* \*

12 Section 327. Section 5905.1(a), (b) and (d) of Title 71 are  
13 amended to read:

14 § 5905.1. ~~Installment payments of accumulated deductions.~~

15 (a) ~~General rule. Notwithstanding any other provision of~~  
16 ~~this part, whenever a member elects to withdraw his total~~  
17 ~~accumulated deductions or Class A 5 accumulated deductions~~  
18 ~~pursuant to section 5311(a) (relating to eligibility for~~  
19 ~~refunds) or 5701 (relating to return of [total] accumulated~~  
20 ~~deductions) or elects to receive a portion of his benefit~~  
21 ~~payable as a lump sum pursuant to section 5705(a)(4)(iii)~~  
22 ~~(relating to member's options), the member may elect to receive~~  
23 ~~the amount in not more than four installments.~~

24 (b) ~~Payment of first installment. The payment of the first~~  
25 ~~installment shall be made in the amount and within seven days of~~  
26 ~~the date specified by the member, except as follows:~~

27 (1) ~~Upon receipt of a member's application to withdraw~~  
28 ~~his total accumulated deductions or Class A 5 accumulated~~  
29 ~~deductions as provided in section 5311(a) or 5701 and upon~~  
30 ~~receipt of all required data from the head of the department~~

1 ~~and, if the member has Class G, Class H, Class I, Class J,~~  
2 ~~Class K, Class L, Class M or Class N service, any data~~  
3 ~~required from the county retirement system or pension plan to~~  
4 ~~which the member was a contributor before being transferred~~  
5 ~~to State employment, the board shall not be required to pay~~  
6 ~~the first installment prior to 45 days after the filing of~~  
7 ~~the application and the receipt of the data or the date of~~  
8 ~~termination of service, whichever is later.~~

9 ~~(2) In the case of an election as provided in section~~  
10 ~~5705(a)(4)(iii) by a member terminating service within 60~~  
11 ~~days prior to the end of a calendar year and upon receipt of~~  
12 ~~all required data from the head of the department and, if the~~  
13 ~~member has Class G, Class H, Class I, Class J, Class K, Class~~  
14 ~~L, Class M or Class N service, any data required from the~~  
15 ~~county retirement system or pension plan to which the member~~  
16 ~~was a contributor before being transferred to State~~  
17 ~~employment, the board shall not be required to pay the first~~  
18 ~~installment prior to 21 days after the later of the filing of~~  
19 ~~the application and the receipt of the data or the date of~~  
20 ~~termination of service, but, unless otherwise directed by the~~  
21 ~~member, the payment shall be made no later than 45 days after~~  
22 ~~the filing of the application and the receipt of the data or~~  
23 ~~the date of termination of service, whichever is later.~~

24 ~~(3) In the case of an election as provided in section~~  
25 ~~5705(a)(4)(iii) by a member who is not terminating service~~  
26 ~~within 60 days prior to the end of a calendar year and upon~~  
27 ~~receipt of all required data from the head of the department~~  
28 ~~and, if the member has Class G, Class H, Class I, Class J,~~  
29 ~~Class K, Class L, Class M or Class N service, any data~~  
30 ~~required from the county retirement system or pension plan to~~

1 ~~which the member was a contributor before being transferred~~  
2 ~~to State employment, the board shall not be required to pay~~  
3 ~~the first installment prior to 45 days after the filing of~~  
4 ~~the application and the receipt of the data or the date of~~  
5 ~~termination of service, whichever is later.~~

6 \* \* \*

7 ~~(d) Statutory interest. Any lump sum, including a lump sum~~  
8 ~~payable pursuant to section 5705.1 (relating to payment of~~  
9 ~~accumulated deductions resulting from [Class A 3 and Class A 4]~~  
10 ~~more than one class of service), or installment payable shall~~  
11 ~~include statutory interest credited to the date of payment,~~  
12 ~~except in the case of a member, other than a vestee or special~~  
13 ~~vestee, who has not filed his application prior to 90 days~~  
14 ~~following his termination of service.~~

15 ~~Section 328. Sections 5906(a), (b), (d), (e), (g), (h), (i),~~  
16 ~~(j) and (l) and 5907(a), (c), (d), (e) and (f) of Title 71 are~~  
17 ~~amended and the sections are amended by adding subsections to~~  
18 ~~read:~~

19 ~~§ 5906. Duties of heads of departments.~~

20 ~~(a) Status of members and participants. The head of~~  
21 ~~department shall, at the end of each pay period, notify the~~  
22 ~~board in a manner prescribed by the board of salary changes~~  
23 ~~effective during that period for any members and participants of~~  
24 ~~the department, the date of all removals from the payroll, and~~  
25 ~~the type of leave of any members and participants of the~~  
26 ~~department who have been removed from the payroll for any time~~  
27 ~~during that period, and:~~

28 ~~(1) if the removal is due to leave without pay, he shall~~  
29 ~~furnish the board with the date of beginning leave and the~~  
30 ~~date of return to service, and the reason for leave; or~~

1           ~~(2) if the removal is due to a transfer to another~~  
2           ~~department, he shall furnish such department and the board~~  
3           ~~with a complete State service record, including past State~~  
4           ~~service in other departments or agencies, or creditable~~  
5           ~~nonstate service; or~~

6           ~~(3) if the removal is due to termination of State~~  
7           ~~service, he shall furnish the board with a complete State~~  
8           ~~service record, including service in other departments or~~  
9           ~~agencies, or creditable nonstate service and;~~

10           ~~(i) in the case of death of the member or~~  
11           ~~participant, the head of the department shall so notify~~  
12           ~~the board;~~

13           ~~(ii) in the case of a service connected disability~~  
14           ~~of a member, the head of department shall, to the best of~~  
15           ~~his ability, investigate the circumstances surrounding~~  
16           ~~the disablement of the member and submit in writing to~~  
17           ~~the board information which shall include but not~~  
18           ~~necessarily be limited to the following: date, place and~~  
19           ~~time of disablement to the extent ascertainable; nature~~  
20           ~~of duties being performed at such time; and whether or~~  
21           ~~not the duties being performed were authorized and~~  
22           ~~included among the member's regular duties. In addition,~~  
23           ~~the head of department shall furnish in writing to the~~  
24           ~~board all such other information as may be related to the~~  
25           ~~member's disablement;~~

26           ~~(iii) in the case of a member terminating from The~~  
27           ~~Pennsylvania State University who is a member of the~~  
28           ~~system with five or more but less than ten eligibility~~  
29           ~~points and who has terminated State service on June 30,~~  
30           ~~1997, because of the transfer of his job position or~~

1 ~~duties to a controlled organization of the Penn State~~  
2 ~~Geisinger Health System or because of the elimination of~~  
3 ~~his job position or duties due to the transfer of other~~  
4 ~~job positions or duties to a controlled organization of~~  
5 ~~the Penn State Geisinger Health System, the head of the~~  
6 ~~department shall so certify to the board.~~

7 ~~(b) Records and information. At any time at the request of~~  
8 ~~the board and at termination of service of a member or a~~  
9 ~~participant, the head of department shall furnish service and~~  
10 ~~compensation records and such other information as the board may~~  
11 ~~require and shall maintain and preserve such records as the~~  
12 ~~board may direct for the expeditious discharge of its duties.~~

13 \* \* \*

14 ~~(c.1) Participant and employer defined contributions. The~~  
15 ~~head of department shall:~~

16 ~~(1) Cause the mandatory pickup participant contributions~~  
17 ~~on behalf of a participant to be made.~~

18 ~~(2) Cause the employer defined contributions on behalf~~  
19 ~~of a participant to be made.~~

20 ~~(3) Notify the board at times and in a manner prescribed~~  
21 ~~by the board of the compensation of any participant to whom~~  
22 ~~the limitation under IRC § 401(a)(17) either applies or is~~  
23 ~~expected to apply and cause the participant's contributions~~  
24 ~~to be deducted from payroll to cease at the limitation under~~  
25 ~~IRC § 401(a)(17) on the payroll date if and when such limit~~  
26 ~~shall be reached.~~

27 ~~(4) Certify to the State Treasurer the amounts picked up~~  
28 ~~and deducted and the employer defined contributions being~~  
29 ~~made and send the total amount picked up, deducted and~~  
30 ~~contributed together with a duplicate of the voucher to the~~

~~1 secretary of the board every pay period or on such schedule  
2 as established by the board.~~

~~3 (d) New employees subject to mandatory membership or  
4 participation. Upon the assumption of duties of each new State  
5 employee whose membership in the system or plan is mandatory,  
6 the head of department shall cause an application for membership  
7 or participation and a nomination of beneficiary to be made by  
8 such employee and filed with the board and shall make pickup  
9 contributions or mandatory pickup participant contributions from  
10 the effective date of State employment.~~

~~11 (e) New employees subject to optional membership or  
12 participation. The head of department shall, upon the  
13 employment or entering into office of any State employee whose  
14 membership in the system or participation in the plan is not  
15 mandatory, inform such employee of his opportunity to become a  
16 member of the system or participant in the plan. If such  
17 employee so elects, the head of department shall cause an  
18 application for membership or participation and a nomination of  
19 beneficiary to be made by him and filed with the board and shall  
20 cause proper contributions to be made from the effective date of  
21 membership or participation.~~

~~22 \* \* \*~~

~~23 (g) Former school employee contributors. The head of  
24 department shall, upon the employment of a former contributor to  
25 the Public School Employees' Retirement System who is not an  
26 annuitant of the Public School Employees' Retirement System,  
27 advise such employee [of his] if he has a right to elect within  
28 365 days of entry into the system or, for a member of Class A 5,  
29 if he has a right to elect within 45 days of entry into the  
30 system, to become a multiple service member, and in the case of~~

1 ~~any such employee who so elects and has withdrawn his~~  
2 ~~accumulated deductions, require him to reinstate his credit in~~  
3 ~~the Public School Employees' Retirement System. The head of the~~  
4 ~~department shall advise the board of such election.~~

5 ~~(h) Former school employee annuitants. The head of~~  
6 ~~department shall, upon the employment of an annuitant of the~~  
7 ~~Public School Employees' Retirement System who applies for~~  
8 ~~membership in the system, advise such employee [that] if he may~~  
9 ~~elect multiple service membership within 365 days of entry into~~  
10 ~~the system or, for a member of Class A 5, if he has a right to~~  
11 ~~elect multiple service within 45 days of entry into the system,~~  
12 ~~and if he so elects his public school employee's annuity will be~~  
13 ~~discontinued effective upon the date of his return to State~~  
14 ~~service and, upon termination of State service and application~~  
15 ~~for an annuity, the annuity will be adjusted in accordance with~~  
16 ~~section 5706 (relating to termination of annuities). The head of~~  
17 ~~department shall advise the board of such election.~~

18 ~~(i) Annual statement to members. Annually, upon receipt~~  
19 ~~from the board, the head of department shall furnish to each~~  
20 ~~member the statement specified in section 5903(b) (relating to~~  
21 ~~duties of the board to advise and report to heads of departments~~  
22 ~~[and], members and participants).~~

23 ~~(j) Termination of service. The head of department shall,~~  
24 ~~in the case of any member terminating State service who is~~  
25 ~~ineligible for an annuity before attainment of superannuation~~  
26 ~~age, advise such member in writing of any benefits to which he~~  
27 ~~may be entitled under the provisions of this part and shall have~~  
28 ~~the member prepare, on or before the date of termination of~~  
29 ~~State service, an application for the return of total~~  
30 ~~accumulated deductions and Class A 5 accumulated deductions or,~~



1 ~~on or before September 30, 1997, an application to be vested as~~  
2 ~~a special vestee, if eligible.~~

3 \* \* \*

4 ~~(1) State employees performing USERRA or military related~~  
5 ~~leave of absence. The head of department shall report to the~~  
6 ~~board any State employee who ceases to be an active member or~~  
7 ~~active participant to perform USERRA service, or who is granted~~  
8 ~~a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves~~  
9 ~~of absence for certain government employees) or a military leave~~  
10 ~~of absence under 51 Pa.C.S. § 7302 (relating to granting~~  
11 ~~military leaves of absence), the date on which the USERRA~~  
12 ~~service, leave of absence or military leave of absence began,~~  
13 ~~the date on which the State employee is reemployed from USERRA~~  
14 ~~leave or returns after the leave of absence or military leave of~~  
15 ~~absence, if the event occurs, and any other information the~~  
16 ~~board may require or direct.~~

17 \* \* \*

18 ~~§ 5907. Rights and duties of State employees [and], members and~~  
19 ~~participants.~~

20 ~~(a) Information on new employees. Upon his assumption of~~  
21 ~~duties each new State employee shall furnish the head of~~  
22 ~~department with a complete record of his previous State service,~~  
23 ~~his school service or creditable nonstate service, and proof of~~  
24 ~~his date of birth and current status in the system and the plan~~  
25 ~~and in the Public School Employees' Retirement System and the~~  
26 ~~School Employees' Defined Contribution Plan. Willful failure to~~  
27 ~~provide the information required by this subsection to the~~  
28 ~~extent available upon entrance into the system shall result in~~  
29 ~~the forfeiture of the right of the member to subsequently assert~~  
30 ~~any right to benefits based on any of the required information~~

1 ~~which he failed to provide. In any case in which the board finds~~  
2 ~~that a member is receiving an annuity based on false~~  
3 ~~information, the total amount received predicated on such false~~  
4 ~~information together with statutory interest doubled and~~  
5 ~~compounded shall be deducted from the present value of any~~  
6 ~~remaining benefits to which the member is legally entitled.~~

7 \* \* \*

8 ~~(b.1) Application for participation. On or after January 1,~~  
9 ~~2016, in the case of an employee who is not currently a~~  
10 ~~participant in the plan and whose participation is mandatory, or~~  
11 ~~in the case of an employee whose participation is not mandatory~~  
12 ~~but is permitted and who desires to become a participant in the~~  
13 ~~plan, the new employee shall execute an application for~~  
14 ~~participation and a nomination of a beneficiary.~~

15 ~~(c) Multiple service membership. Any [active member] State~~  
16 ~~employee who is an active member in a class of service other~~  
17 ~~than Class A 5 who was formerly an active member in the Public~~  
18 ~~School Employees' Retirement System in a class of service other~~  
19 ~~than Class T G may elect to become a multiple service member.~~  
20 ~~Such election shall occur no later than 365 days after becoming~~  
21 ~~an active member in a class of service other than Class A 5 in~~  
22 ~~this system. Any State employee who is an active member of Class~~  
23 ~~A 5 who was formerly an active member in Public School~~  
24 ~~Employees' Retirement System in Class T G may elect to become a~~  
25 ~~multiple service member. Such election shall occur no later than~~  
26 ~~45 days after becoming an active member of Class A 5. A State~~  
27 ~~employee who is eligible to elect to become a multiple service~~  
28 ~~member who begins USERRA leave during the election period~~  
29 ~~without having elected multiple service membership may make the~~  
30 ~~election within 365 days, or 45 days if a member of Class A 5,~~

1 ~~after being reemployed from USERRA leave.~~

2 ~~(d) Credit for previous service or change in membership~~  
3 ~~status. Any active member or eligible school employee who~~  
4 ~~desires to receive credit for the portion of his total previous~~  
5 ~~State service or creditable nonstate service to which he is~~  
6 ~~entitled, or a joint coverage member who desires to become a~~  
7 ~~full coverage member, shall so notify the board and upon written~~  
8 ~~agreement by the member and the board as to the manner of~~  
9 ~~payment of the amount due, the member shall receive credit for~~  
10 ~~such service as of the date of such agreement.~~

11 \* \* \*

12 ~~(d.2) Contributions for USERRA leave. Any active~~  
13 ~~participant or inactive participant on leave without pay or~~  
14 ~~former participant who was reemployed from USERRA leave who~~  
15 ~~desires to make mandatory pickup participant contributions for~~  
16 ~~his USERRA leave shall so notify the board within the time~~  
17 ~~period required under 38 U.S.C. Ch. 43 (relating to employment~~  
18 ~~and reemployment rights of members of the uniformed services)~~  
19 ~~and IRC § 414(u) of his desire to make such contributions. Upon~~  
20 ~~making the permitted mandatory pickup participant contributions~~  
21 ~~within the allowed time period, the head of department shall~~  
22 ~~make the corresponding employer defined contributions at the~~  
23 ~~same time.~~

24 ~~(d.3) Voluntary contributions by a participant. Any~~  
25 ~~participant who desires to make voluntary contributions to be~~  
26 ~~credited to his individual investment account shall notify the~~  
27 ~~board and, upon compliance with the requirements, procedures and~~  
28 ~~limitations established by the board in the plan document, may~~  
29 ~~do so subject to the limitations under IRC §§ 401(a) and 415 and~~  
30 ~~other applicable law.~~

1 ~~(e) Beneficiary for death benefits from system. Every~~  
2 ~~member shall nominate a beneficiary by written designation filed~~  
3 ~~with the board as provided in section 5906(d) or (e) (relating~~  
4 ~~to duties of heads of departments) to receive the death benefit~~  
5 ~~payable under section 5707 (relating to death benefits) or the~~  
6 ~~benefit payable under the provisions of Option 1 of section~~  
7 ~~5705(a)(1) (relating to member's options). Such nomination may~~  
8 ~~be changed at any time by the member by written designation~~  
9 ~~filed with the board. A member may also nominate a contingent~~  
10 ~~beneficiary or beneficiaries to receive the death benefit~~  
11 ~~provided under section 5707 or the benefit payable under the~~  
12 ~~provisions of Option 1 of section 5705(a)(1).~~

13 ~~(e.1) Beneficiary for death benefits from the plan. Every~~  
14 ~~participant shall nominate a beneficiary by written designation~~  
15 ~~filed with the board as provided in section 5906(d) or (e) to~~  
16 ~~receive the death benefit payable under section 5808 (relating~~  
17 ~~to death benefits). A participant may also nominate a contingent~~  
18 ~~beneficiary or beneficiaries to receive the death benefit~~  
19 ~~provided under section 5808. Such nomination may be changed at~~  
20 ~~any time by the participant by written designation filed with~~  
21 ~~the board.~~

22 ~~(e.2) Beneficiaries for employees who are members and~~  
23 ~~participants. A State employee who is both a member of the~~  
24 ~~system and a participant in the plan may designate or nominate~~  
25 ~~different persons to be beneficiaries, survivor annuitants and~~  
26 ~~successor payees for his benefits from the system and the plan.~~

27 ~~(f) Termination of service by members. Each member who~~  
28 ~~terminates State service and who is not then a disability~~  
29 ~~annuitant shall execute on or before the date of termination of~~  
30 ~~service one or more of the appropriate [application]~~

1 ~~applications, duly attested by the member or his legally-~~  
2 ~~constituted representative, electing to:~~

3 ~~(1) withdraw his total accumulated deductions and if-~~  
4 ~~eligible withdraw his Class A 5 accumulated deductions; or~~

5 ~~(2) if eligible, vest his retirement rights; and if he-~~  
6 ~~is a joint coverage member, and so desires, elect to become a-~~  
7 ~~full coverage member and agree to pay within 30 days of the-~~  
8 ~~date of termination of service the lump sum required; or~~

9 ~~(3) if eligible, receive an immediate annuity and may,~~

10 ~~(i) if eligible, elect to convert his medical, major-~~  
11 ~~medical, and hospitalization coverage to the plan for-~~  
12 ~~State annuitants; and~~

13 ~~(ii) if he is a joint coverage member, elect to-~~  
14 ~~become a full coverage member and agree to pay within 30-~~  
15 ~~days of date of termination of service the lump sum-~~  
16 ~~required.~~

17 \* \* \*

18 ~~(g.1) Deferral of retirement rights. If a participant~~  
19 ~~terminates State service and does not commence receiving a~~  
20 ~~distribution, he shall nominate a beneficiary, and he may~~  
21 ~~anytime thereafter, but no later than his required beginning~~  
22 ~~date, withdraw the accumulated total defined contributions~~  
23 ~~standing to his credit or apply for another form of distribution~~  
24 ~~required by law or authorized by the board.~~

25 \* \* \*

26 ~~Section 329. Sections 5931(b), 5932, 5933, 5934, 5935, 5936,~~  
27 ~~5937, 5938, 5939, 5951, 5953, 5953.1, 5953.2, 5953.3 and~~  
28 ~~5953.4(a) of Title 71 are amended to read:~~

29 ~~§ 5931. Management of fund and accounts.~~

30 \* \* \*

1       ~~(b) Crediting of interest. The board, annually, shall allow~~  
2 ~~the required interest on the mean amount for the preceding year~~  
3 ~~to the credit of each of the accounts other than the individual~~  
4 ~~investment accounts. The amount so allowed shall be credited~~  
5 ~~thereto by the board and transferred from the interest reserve~~  
6 ~~account.~~

7       ~~\* \* \*~~

8       ~~§ 5932. State Employees' Retirement Fund.~~

9       ~~(a) General rule. The fund shall consist of all balances in~~  
10 ~~the several separate accounts set apart to be used under the~~  
11 ~~direction of the board for the benefit of members of the system;~~  
12 ~~and the Treasury Department shall credit to the fund all moneys~~  
13 ~~received from the Department of Revenue arising from the~~  
14 ~~contributions relating to or on behalf of members of the system~~  
15 ~~required under the provisions of Chapter 55 (relating to~~  
16 ~~contributions), and any income earned by the investments or~~  
17 ~~moneys of said fund. There shall be established and maintained~~  
18 ~~by the board the several ledger accounts specified in sections~~  
19 ~~5933 (relating to members' savings account), 5934 (relating to~~  
20 ~~State accumulation account), 5935 (relating to annuity reserve~~  
21 ~~account), 5936 (relating to State Police benefit account), 5937~~  
22 ~~(relating to enforcement officers' benefit account), 5938~~  
23 ~~(relating to supplemental annuity account) and 5939 (relating to~~  
24 ~~interest reserve account).~~

25       ~~(b) Individual investment accounts and trust. The~~  
26 ~~individual investment accounts that are part of the trust shall~~  
27 ~~not be part of the fund. Mandatory pickup participant~~  
28 ~~contributions, voluntary contributions and employer defined~~  
29 ~~contributions made under this part and any income earned by the~~  
30 ~~investment of such contributions shall not be paid or credited~~

1 ~~to the fund but shall be paid to the trust and credited to the~~  
2 ~~individual investment accounts.~~

3 ~~§ 5933. Members' savings account.~~

4 ~~(a) Credits to account. The members' savings account shall~~  
5 ~~be the ledger account to which shall be credited the amounts of~~  
6 ~~the pickup contributions made by the Commonwealth or other~~  
7 ~~employer and contributions or lump sum payments made by active~~  
8 ~~members in accordance with the provisions of sections 5501~~  
9 ~~(relating to regular member contributions for current service),~~  
10 ~~5501.1 (relating to shared risk member contributions for Class~~  
11 ~~A 3 [and], Class A 4 and Class A 5 service), 5502 (relating to~~  
12 ~~social security integration member contributions), 5503~~  
13 ~~(relating to joint coverage member contributions), 5504~~  
14 ~~(relating to member contributions for the purchase of credit for~~  
15 ~~previous State service or to become a full coverage member),~~  
16 ~~5505.1 (relating to additional member contributions) and 5505~~  
17 ~~(relating to contributions for the purchase of credit for~~  
18 ~~creditable nonstate service) and transferred from the members'~~  
19 ~~savings account of the Public School Employees' Retirement~~  
20 ~~System in accordance with the provisions of section 5303.2~~  
21 ~~(relating to election to convert school service to State~~  
22 ~~service).~~

23 ~~(b) Interest and transfers from account. The members'~~  
24 ~~savings account in total and the individual member accounts~~  
25 ~~shall be credited with statutory interest. The total accumulated~~  
26 ~~deductions and Class A 5 accumulated deductions credited to a~~  
27 ~~member whose application for an annuity has been approved shall~~  
28 ~~be transferred from the members' savings account to the annuity~~  
29 ~~reserve account provided for in section 5935 (relating to~~  
30 ~~annuity reserve account), except in the case of a member who is~~

1 ~~an officer of the Pennsylvania State Police or an enforcement~~  
2 ~~officer the total accumulated deductions and Class A 5~~  
3 ~~accumulated deductions to his credit shall be transferred from~~  
4 ~~the members' savings account to the State Police benefit account~~  
5 ~~provided for in section 5936 (relating to State Police benefit~~  
6 ~~account) or to the enforcement officers benefit account provided~~  
7 ~~for in section 5937 (relating to enforcement officers' benefit~~  
8 ~~account), as the case may be.~~

9 ~~(c) Charges to account. Upon the election of a member to~~  
10 ~~withdraw his total accumulated deductions or Class A 5~~  
11 ~~accumulated deductions or upon the transfer of accumulated~~  
12 ~~deductions pursuant to section 5701.1 (relating to transfer of~~  
13 ~~accumulated deductions), the payment of such amount shall be~~  
14 ~~charged to the members' savings account.~~

15 ~~§ 5934. State accumulation account.~~

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



1 ~~with section 5303.2(e) (relating to election to convert school-~~  
2 ~~service to State service), except amounts credited to the-~~  
3 ~~members' savings account, and all amounts paid by the Department-~~  
4 ~~of Corrections in accordance with section 5303.2(f) also shall-~~  
5 ~~be credited to the State accumulation account. The State-~~  
6 ~~accumulation account shall be credited with valuation interest.-~~  
7 ~~The reserves necessary for the payment of annuities and death-~~  
8 ~~benefits resulting from membership in the system as approved by-~~  
9 ~~the board and as provided in Chapter 57 (relating to benefits)-~~  
10 ~~shall be transferred from the State accumulation account to the-~~  
11 ~~annuity reserve account provided for in section 5935 (relating-~~  
12 ~~to annuity reserve account), except that the reserves necessary-~~  
13 ~~on account of a member who is an officer of the Pennsylvania-~~  
14 ~~State Police or an enforcement officer shall be transferred from-~~  
15 ~~the State accumulation account to the State Police benefit-~~  
16 ~~account provided for in section 5936 (relating to State Police-~~  
17 ~~benefit account) or to the enforcement officers' benefit account-~~  
18 ~~as provided for in section 5937 (relating to enforcement-~~  
19 ~~officers' benefit account) as the case may be. The reserves-~~  
20 ~~necessary for the payment of supplemental annuities in excess of-~~  
21 ~~those reserves credited to the supplemental annuity account on-~~  
22 ~~June 30, 2010, shall be transferred from the State accumulation-~~  
23 ~~account to the supplemental annuity account. In the event that-~~  
24 ~~supplemental annuities are increased by legislation enacted-~~  
25 ~~after December 31, 2009, the necessary reserves shall be-~~  
26 ~~transferred from the State accumulation account to the-~~  
27 ~~supplemental annuity account.~~

28 ~~§ 5935. Annuity reserve account.~~

29 ~~(a) Credits and charges to account. The annuity reserve-~~  
30 ~~account shall be the ledger account to which shall be credited-~~

1 ~~the reserves held for payment of annuities and death benefits on~~  
2 ~~account of all annuitants except in the case of members who are~~  
3 ~~officers of the Pennsylvania State Police or enforcement~~  
4 ~~officers. The annuity reserve account shall be credited with~~  
5 ~~valuation interest. After the transfers provided in sections~~  
6 ~~5933 (relating to members' savings account), 5934 (relating to~~  
7 ~~State accumulation account) and 5938 (relating to supplemental~~  
8 ~~annuity account), all annuity and death benefit payments~~  
9 ~~resulting from membership in the system except those payable to~~  
10 ~~any member who retires as an officer of the Pennsylvania State~~  
11 ~~Police or an enforcement officer shall be charged to the annuity~~  
12 ~~reserve account and paid from the fund.~~

13 ~~(b) Transfers from account. Should an annuitant other than~~  
14 ~~a member who was retired as an officer of the Pennsylvania State~~  
15 ~~Police or an enforcement officer be subsequently restored to~~  
16 ~~active service as a member of the system or as a participant in~~  
17 ~~the plan, the present value of his member's annuity at the time~~  
18 ~~of reentry into State service shall be transferred from the~~  
19 ~~annuity reserve account and placed to his individual credit in~~  
20 ~~the members' savings account. In addition, the actuarial reserve~~  
21 ~~for his annuity less the amount transferred to the members'~~  
22 ~~savings account shall be transferred from the annuity reserve~~  
23 ~~account to the State accumulation account.~~

24 ~~§ 5936. State Police benefit account.~~

25 ~~(a) Credits and charges to account. The State Police~~  
26 ~~benefit account shall be the ledger account to which shall be~~  
27 ~~credited all contributions received under the provisions of the~~  
28 ~~act of May 12, 1943 (P.L.259, No.120), and any additional~~  
29 ~~Commonwealth or other employer contributions provided for in~~  
30 ~~section 5507 (relating to contributions to the system by the~~

1 ~~Commonwealth and other employers) which are creditable to the~~  
2 ~~State Police benefit account. The State Police benefit account~~  
3 ~~shall be credited with the required interest. In addition, upon~~  
4 ~~the filing of an application for an annuity by a member who is~~  
5 ~~an officer of the Pennsylvania State Police, the total~~  
6 ~~accumulated deductions and Class A 5 accumulated deductions~~  
7 ~~standing to the credit of the member in the members' savings~~  
8 ~~account and the necessary reserves from the State accumulation~~  
9 ~~account shall be transferred to the State Police benefit~~  
10 ~~account. Thereafter, the total annuity of such annuitant shall~~  
11 ~~be charged to the State Police benefit account and paid from the~~  
12 ~~fund.~~

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

1 ~~§ 5937. Enforcement officers' benefit account.~~

2 ~~(a) Credits and charges to account. The enforcement~~  
3 ~~officers' benefit account shall be the ledger account to which~~  
4 ~~shall be credited moneys transferred from the enforcement~~  
5 ~~officers' retirement account in the State Stores Fund according~~  
6 ~~to the provisions of the act of April 12, 1951 (P.L.90, No.21),~~  
7 ~~known as the Liquor Code, and any additional Commonwealth or~~  
8 ~~other employer contributions provided for in section 5507~~  
9 ~~(relating to contributions to the system by the Commonwealth and~~  
10 ~~other employers) which are creditable to the enforcement~~  
11 ~~officers' benefit account. The enforcement officers' benefit~~  
12 ~~account shall be credited with the required interest. In~~  
13 ~~addition, upon the filing of an application for an annuity by a~~  
14 ~~member who is an enforcement officer of the Pennsylvania Liquor~~  
15 ~~Control Board, the total accumulated deductions and Class A 5-~~  
16 ~~accumulated deductions standing to the credit of the member in~~  
17 ~~the members' savings account and the necessary reserves from the~~  
18 ~~State accumulation account shall be transferred to the~~  
19 ~~enforcement officers' benefit account. Thereafter, the total~~  
20 ~~annuity of such annuitant shall be charged to the enforcement~~  
21 ~~officers' benefit account and paid from the fund.~~

22 ~~(b) Transfers from account. Should the said annuitant be~~  
23 ~~subsequently restored to active service as a member of the~~  
24 ~~system or as a participant in the plan, the present value of the~~  
25 ~~member's annuity at the time of reentry into State service shall~~  
26 ~~be transferred from the enforcement officers' benefit account~~  
27 ~~and placed to his individual credit in the members' savings~~  
28 ~~account. In addition, the actuarial reserve for his annuity~~  
29 ~~calculated as if he had been a member of Class A if the~~  
30 ~~annuitant does not have any Class AA, Class A 3 or Class A 4~~

1 ~~service credited; as if he had been a member of Class AA if the~~  
2 ~~annuitant does have Class AA service credited; as if he had been~~  
3 ~~a member of Class A 3 if the annuitant has Class A 3 State~~  
4 ~~service credited; or as if he had been a member of Class A 4 if~~  
5 ~~the annuitant has Class A 4 service credited, less the amount~~  
6 ~~transferred to the members' savings account shall be transferred~~  
7 ~~from the enforcement officers' benefit account to the State~~  
8 ~~accumulation account. Upon subsequent retirement other than as~~  
9 ~~an enforcement officer the actuarial reserve remaining in the~~  
10 ~~enforcement officers' benefit account shall be transferred to~~  
11 ~~the appropriate reserve account.~~

12 ~~§ 5938. Supplemental annuity account.~~

13 ~~The supplemental annuity account shall be the ledger account~~  
14 ~~to which shall be credited all contributions from the~~  
15 ~~Commonwealth and other employers in accordance with section~~  
16 ~~5507(b) (relating to contributions to the system by the~~  
17 ~~Commonwealth and other employers) for the payment of the~~  
18 ~~supplemental annuities provided in sections 5708 (relating to~~  
19 ~~supplemental annuities), 5708.1 (relating to additional~~  
20 ~~supplemental annuities), 5708.2 (relating to further additional~~  
21 ~~supplemental annuities), 5708.3 (relating to supplemental~~  
22 ~~annuities commencing 1994), 5708.4 (relating to special~~  
23 ~~supplemental postretirement adjustment), 5708.5 (relating to~~  
24 ~~supplemental annuities commencing 1998), 5708.6 (relating to~~  
25 ~~supplemental annuities commencing 2002), 5708.7 (relating to~~  
26 ~~supplemental annuities commencing 2003) and 5708.8 (relating to~~  
27 ~~special supplemental postretirement adjustment of 2002) made~~  
28 ~~before July 1, 2010, the amount transferred from the State~~  
29 ~~accumulation account to provide all additional reserves~~  
30 ~~necessary as of June 30, 2010, to pay such supplemental~~

~~1 annuities and adjustments, and the amounts transferred from the  
2 State accumulation account to provide all additional reserves  
3 necessary as a result of supplemental annuities enacted after  
4 December 31, 2009. The supplemental annuity account shall be  
5 credited with valuation interest. The reserves necessary for the  
6 payment of such supplemental annuities shall be transferred from  
7 the supplemental annuity account to the annuity reserve account  
8 as provided in section 5935 (relating to annuity reserve  
9 account).~~

~~10 § 5939. Interest reserve account.~~

~~11 The interest reserve account shall be the ledger account to  
12 which shall be credited all income earned by the fund and to  
13 which shall be charged all administrative and investment  
14 expenses incurred by the fund. At the end of each year the  
15 required interest shall be transferred from the interest reserve  
16 account to the credit of each of the accounts of the fund in  
17 accordance with the provisions of this subchapter. In addition,  
18 at the end of each accounting period, the interest reserve  
19 account shall be credited or charged with all recognized changes  
20 in the market valuation of the investments of the fund. The  
21 administrative and investment expenses of the board relating to  
22 the administration of the system and investments of the fund  
23 shall be paid from the fund out of earnings. Any surplus or  
24 deficit in the interest reserve account at the end of each year  
25 shall be transferred to the State accumulation account.~~

~~26 § 5951. State guarantee regarding the system.~~

~~27 The required interest charges payable, the maintenance of  
28 reserves in the fund, and the payment of all annuities and other  
29 benefits granted by the board from the system under the  
30 provisions of this part relating to the establishment and~~

1 ~~administration of the system~~ are hereby made obligations of the  
2 Commonwealth. All income, interest, and dividends derived from  
3 deposits and investments ~~of the system~~ authorized by this part  
4 shall be used for the payment of the said obligations of the  
5 Commonwealth and shall not be used for any obligations of the  
6 ~~plan or trust.~~

7 ~~§ 5953. Taxation, attachment and assignment of funds.~~

8 ~~(a) General rule.—~~

9 ~~(1) Except as provided in paragraphs (2), (3) and (4),~~  
10 ~~the right of a person to any benefit or right accrued or~~  
11 ~~accruing under the provisions of this part and the moneys in~~  
12 ~~the fund and the trust are hereby exempt from any State or~~  
13 ~~municipal tax, levy and sale, garnishment, attachment,~~  
14 ~~spouse's election, or any other process whatsoever and the~~  
15 ~~provisions of Article XIII.1 of the act of April 9, 1929~~  
16 ~~(P.L.343, No.176), known as The Fiscal Code, and no~~  
17 ~~participant or beneficiary, successor payee, or alternate~~  
18 ~~payee of a participant shall have the ability to commute,~~  
19 ~~sell, assign, alienate, anticipate, mortgage, pledge,~~  
20 ~~hypothecate, commutate or otherwise transfer or convey any~~  
21 ~~benefit or interest in an individual investment account or~~  
22 ~~rights to receive or direct distributions under this part or~~  
23 ~~under agreements entered into under this part except as~~  
24 ~~otherwise provided in this part and in the case of either a~~  
25 ~~member or a participant except for a set off by the~~  
26 ~~Commonwealth in the case provided in subparagraph (i), and~~  
27 ~~shall be unassignable except:~~

28 ~~(i) To the Commonwealth in the case of a member or~~  
29 ~~participant who is terminating State service and has been~~  
30 ~~determined to be obligated to the Commonwealth for the~~

1 ~~repayment of money owed on account of his employment or~~  
2 ~~to the fund on account of a loan from a credit union to a~~  
3 ~~member which has been satisfied by the board from the~~  
4 ~~fund.~~

5 ~~(ii) To a credit union as security for a loan to a~~  
6 ~~member not to exceed \$750 and interest not to exceed 6%~~  
7 ~~per annum discounted and/or fines thereon if the credit~~  
8 ~~union is now or hereafter organized and incorporated~~  
9 ~~under the laws of this Commonwealth and the membership of~~  
10 ~~such credit union is limited solely to officials and~~  
11 ~~employees of the Commonwealth and if such credit union~~  
12 ~~has paid to the fund \$3 for each such assignment.~~

13 ~~(2) (i) Rights under this part shall be subject to~~  
14 ~~forfeiture as provided by the act of July 8, 1978~~  
15 ~~(P.L.752, No.140), known as the Public Employee Pension~~  
16 ~~Forfeiture Act, and by or pursuant to section 16(b) of~~  
17 ~~Article V of the Constitution of Pennsylvania.~~  
18 ~~Forfeitures under this subsection or under any other~~  
19 ~~provision of law may not be applied to increase the~~  
20 ~~benefits that any member would otherwise receive under~~  
21 ~~this part.~~

22 ~~(ii) Notwithstanding this paragraph and the~~  
23 ~~provisions of section 16(b) of Article V of the~~  
24 ~~Constitution of Pennsylvania, the act of July 8, 1978~~  
25 ~~(P.L.752, No.140), known as the Public Employee Pension~~  
26 ~~Forfeiture Act, or 42 Pa.C.S. § 3352 (relating to pension~~  
27 ~~rights), the accumulated mandatory participant~~  
28 ~~contributions and accumulated voluntary contributions~~  
29 ~~standing to the credit of a participant shall not be~~  
30 ~~forfeited but shall be available for payment of fines and~~



~~restitution as provided by law. Amounts in the trust that have been ordered to be distributed to an alternate payee as the result of an equitable distribution of marital property as part of an approved domestic relations order entered before the date of the order or action in a court or other tribunal resulting in a forfeiture of a participant's interest in the trust shall not be subject to the provisions of section 16(b) of Article V of the Constitution of Pennsylvania, the Public Employee Pension Forfeiture Act, or 42 Pa.C.S. § 3352. Any accumulated employer defined contributions forfeited as a result of this paragraph or other law shall be retained by the board and notwithstanding sections 5812(2) (relating to powers and duties of board), 5815 (relating to expenses) and 5902(c) (relating to administrative duties of the board) used for the payment of expenses of the plan.~~

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

~~(4) Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this paragraph, a "distributee" includes a member [and], a participant, a member's surviving spouse [and], a participant's surviving spouse, a member's former spouse who is an alternate payee under an approved domestic relations order[.], a participant's former spouse who is an alternate~~

~~payee under an approved domestic relations order and anyone else authorized under the IRC and the plan terms approved by the board to have an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this paragraph, the term "eligible rollover distribution" has the meaning given such term by IRC § 402(f)(2)(A), and "eligible retirement plan" has the meaning given such term by IRC § 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it accepts the distributee's eligible rollover distribution; however, in the case of an eligible rollover distribution to a surviving spouse, an eligible retirement plan is an "individual retirement account" or an "individual retirement annuity" as those terms are defined in IRC § 408(a) and (b).~~

~~(b) Authorized payments from fund. The board shall be authorized to pay from the fund:~~

~~(1) In the case of a member or participant who is terminating service, the amount determined after certification by the head of the department that the member or participant is so obligated, and after review and approval by the department or agency's legal representative or upon receipt of an assignment from the member or participant in the amount so certified[.], except that no payment shall be made from the individual investment account of a participant until the participant otherwise applies for and receives a distribution and shall not exceed the amount of the distribution.~~

~~(2) In the case of a loan to a member the amount of the loan and any fine or interest due thereon to the credit union~~

1 ~~except 5% of the total amount due which is to be retained in~~  
2 ~~the fund as a collection fee:~~

3 ~~(i) if the member obtaining the loan shall have been~~  
4 ~~in default in required payments for a period of not less~~  
5 ~~than two years; or~~

6 ~~(ii) at such time as the Department of Banking shall~~  
7 ~~require the credit union to charge the amount of the loan~~  
8 ~~against the reserve fund of such credit union.~~

9 ~~Any member who shall have pledged such rights as security for~~  
10 ~~a loan from a credit union and, on whose behalf the board shall~~  
11 ~~have made any payment by reason of that member's default, may~~  
12 ~~not thereafter pledge or assign such rights to a credit union.~~

13 ~~(3) In the case of a participant whose former spouse is~~  
14 ~~an alternate payee of an equitable distribution of marital~~  
15 ~~assets under an approved domestic relations order, a lump sum~~  
16 ~~of the alternate payee's interest in the participant's~~  
17 ~~accumulated total defined contributions. This paragraph shall~~  
18 ~~apply without regard to whether the participant has not~~  
19 ~~terminated, is terminating or has terminated State service.~~

20 ~~§ 5953.1. Approval of domestic relations orders.~~

21 ~~(a) Certification regarding members. A domestic relations~~  
22 ~~order pertaining to a member of the system shall be certified as~~  
23 ~~an approved domestic relations order by the secretary of the~~  
24 ~~board, or his designated representative, only if that order~~  
25 ~~meets all of the following:~~

26 ~~(1) Requires the system to provide any type or form of~~  
27 ~~benefit or any option applicable to members already provided~~  
28 ~~under this part.~~

29 ~~(2) Requires the system to provide no more than the~~  
30 ~~total amount of benefits than the member would otherwise~~

1 ~~receive (determined on the basis of actuarial value) unless~~  
2 ~~increased benefits are paid to the member or alternate payee~~  
3 ~~based upon cost of living increases or increases based on~~  
4 ~~other than actuarial value.~~

5 ~~(3) Specifies the amount or percentage of the member's~~  
6 ~~benefits to be paid by the system to each such alternate~~  
7 ~~payee or the manner in which such amount or percentage is to~~  
8 ~~be determined.~~

9 ~~(4) Specifies the retirement option to be selected by~~  
10 ~~the member upon retirement or states that the member may~~  
11 ~~select any retirement option offered by this part upon~~  
12 ~~retirement.~~

13 ~~(5) Specifies the name and last known mailing address,~~  
14 ~~if any, of the member and the name and last known mailing~~  
15 ~~address of each alternate payee covered by the order and~~  
16 ~~states that it is the responsibility of each alternate payee~~  
17 ~~to keep a current mailing address on file with the system.~~

18 ~~(6) Does not grant an alternate payee any of the rights,~~  
19 ~~options or privileges of a member under this part.~~

20 ~~(7) Requires the member to execute an authorization~~  
21 ~~allowing each alternate payee to monitor the member's~~  
22 ~~compliance with the terms of the domestic relations order~~  
23 ~~through access to information concerning the member~~  
24 ~~maintained by the system.~~

25 ~~(a.1) Certification regarding participants. A domestic~~  
26 ~~relations order pertaining to a participant shall be certified~~  
27 ~~as an approved domestic relations order by the secretary of the~~  
28 ~~board, or his designated representative, only if the order meets~~  
29 ~~all of the following:~~

30 ~~(1) Does not require the segregation of the alternate~~

1 ~~payee's share of the participant's individual investment~~  
2 ~~account into a subaccount or newly established individual~~  
3 ~~account titled in the name of the alternate payee.~~

4 ~~(2) Does not require the plan to recover or distribute~~  
5 ~~any funds which were distributed to the participant or at the~~  
6 ~~participant's direction prior to the approval of the domestic~~  
7 ~~relations order by the secretary of the board or his~~  
8 ~~designated representative.~~

9 ~~(3) Requires the plan to pay to the alternate payee no~~  
10 ~~more than the lesser of the vested amount of the~~  
11 ~~participant's individual investment account specified by the~~  
12 ~~domestic relations order or the vested amount of the~~  
13 ~~participant's individual investment account as of the date of~~  
14 ~~the transfer of the alternate payee's share to the alternate~~  
15 ~~payee.~~

16 ~~(4) States that the plan shall not be required to recoup~~  
17 ~~or make good for losses in value to the participant's~~  
18 ~~individual investment account incurred between the date of~~  
19 ~~the valuation of the account used for equitable distribution~~  
20 ~~purposes and the date of distribution to the alternate payee.~~

21 ~~(5) Specifies the amount or percentage of the~~  
22 ~~participant's individual investment account to be paid to the~~  
23 ~~alternate payee and the date upon which the valuation is~~  
24 ~~based.~~

25 ~~(6) Specifies the name and last known mailing address,~~  
26 ~~if any, of the participant and the name and last known~~  
27 ~~mailing address of each alternate payee covered by the order~~  
28 ~~and states that it is the responsibility of each alternate~~  
29 ~~payee to keep a current mailing address on file with the~~  
30 ~~plan.~~

1 ~~(7) Does not grant an alternate payee the rights,~~  
2 ~~privileges or options available to a participant.~~

3 ~~(8) Includes provisions for the deferred distribution of~~  
4 ~~the equitable distribution share of benefits payable from any~~  
5 ~~defined benefit pension program administered by the system in~~  
6 ~~which the participant may have an interest as a member of the~~  
7 ~~system or states that the alternate payee may not receive any~~  
8 ~~portion or any benefits payable to the participant as a~~  
9 ~~result of his membership in the system.~~

10 ~~(9) Requires the immediate distribution of the alternate~~  
11 ~~payee's share of the participant's individual investment~~  
12 ~~account, which may be made by direct payment, eligible~~  
13 ~~rollover or trustee to trustee transfer to another eligible~~  
14 ~~plan or qualified account owned by the alternate payee.~~

15 ~~(10) In the case of a participant who is currently~~  
16 ~~receiving distributions from the plan as of the date the~~  
17 ~~domestic relations order is approved by the secretary of the~~  
18 ~~board or his designated representative, may not order the~~  
19 ~~board to pay the alternate payee more than the balance~~  
20 ~~available in the participant's individual investment account~~  
21 ~~as of the date the order is approved.~~

22 ~~(b) Determination by secretary. Within a reasonable period~~  
23 ~~after receipt of a domestic relations order, the secretary of~~  
24 ~~the board, or his designated representative, shall determine~~  
25 ~~whether this order is an approved domestic relations order and~~  
26 ~~notify the member or participant and each alternate payee of~~  
27 ~~this determination. Notwithstanding any other provision of law,~~  
28 ~~the exclusive remedy of any member, participant or alternate~~  
29 ~~payee aggrieved by a decision of the secretary of the board, or~~  
30 ~~his designated representative, shall be the right to an~~

1 adjudication by the board under 2 Pa.C.S. Ch. 5 Subch. A  
2 ~~(relating to practice and procedure) with appeal therefrom to~~  
3 ~~the Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to~~  
4 ~~judicial review) and 42 Pa.C.S. § 763(a)(1) (relating to direct~~  
5 ~~appeals from government agencies).~~

6 ~~(c) Other orders. The requirements for approval identified~~  
7 ~~in [subsection (a)] subsections (a) and (a.1) shall not apply to~~  
8 ~~any domestic relations order which is an order for support as~~  
9 ~~the term is defined at 23 Pa.C.S. § 4302 (relating to~~  
10 ~~definitions) or an order for the enforcement of arrearages as~~  
11 ~~provided in 23 Pa.C.S. § 3703 (relating to enforcement of~~  
12 ~~arrearsages). These orders shall be approved to the extent that~~  
13 ~~they do not attach moneys in excess of the limits on attachments~~  
14 ~~as established by the laws of the United States and this~~  
15 ~~Commonwealth[.], require distributions of benefits in a manner~~  
16 ~~which would violate the laws of the United States, any other~~  
17 ~~state or this Commonwealth or require the distribution of funds~~  
18 ~~for support or enforcement of arrearages against a participant~~  
19 ~~who is not receiving distributions from the plan at the time the~~  
20 ~~order is entered. These orders may be approved notwithstanding~~  
21 ~~any other provision of this part or the plan that would require~~  
22 ~~a distribution of accumulated employer defined contributions in~~  
23 ~~the form of an annuity or to require the purchase of an annuity.~~

24 ~~(d) Obligation discharged. Only the requirements of this~~  
25 ~~part and any regulations promulgated hereunder shall be used to~~  
26 ~~govern the approval or disapproval of a domestic relations~~  
27 ~~order. Therefore, if the secretary of the board, or his~~  
28 ~~designated representative, acts in accordance with the~~  
29 ~~provisions of this part and any promulgated regulations in~~  
30 ~~approving or disapproving a domestic relations order, then the~~

1 ~~obligations of the system or the plan with respect to such~~  
2 ~~approval or disapproval shall be discharged.~~

3 ~~§ 5953.2. Irrevocable beneficiary.~~

4 ~~Notwithstanding any other provision of this part, a domestic~~  
5 ~~relations order may provide for an irrevocable beneficiary. A~~  
6 ~~domestic relations order requiring the nomination of an~~  
7 ~~irrevocable beneficiary shall be deemed to be one that requires~~  
8 ~~a member or participant to nominate an alternate payee as a~~  
9 ~~beneficiary and that prohibits the removal or change of that~~  
10 ~~beneficiary without approval of a court of competent~~  
11 ~~jurisdiction, except by operation of law. Such a domestic~~  
12 ~~relations order may be certified as an approved domestic~~  
13 ~~relations order by the secretary of the board, or his designated~~  
14 ~~representative, after the member or participant makes such~~  
15 ~~nomination, in which case the irrevocable beneficiary so ordered~~  
16 ~~by the court cannot be changed by the member or participant~~  
17 ~~without approval by the court.~~

18 ~~§ 5953.3. Irrevocable survivor annuitant.~~

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



1 ~~the member without approval by the court. A person ineligible to~~  
2 ~~be designated as a survivor annuitant may not be designated as~~  
3 ~~an irrevocable survivor annuitant.~~

4 ~~§ 5953.4. Amendment of approved domestic relations orders.~~

5 ~~(a) Deceased alternate payee. In the event that the~~  
6 ~~alternate payee predeceases the member or the participant and~~  
7 ~~there are benefits payable to the alternate payee, the divorce~~  
8 ~~court may amend the approved domestic relations order to~~  
9 ~~substitute a person for the deceased alternate payee to receive~~  
10 ~~any benefits payable to the deceased alternate payee.~~

11 \* \* \*

12 ~~Section 330. Title 71 is amended by adding a section to~~  
13 ~~read:~~

14 ~~§ 5953.6. Irrevocable successor payee.~~

15 ~~(a) Condition. Notwithstanding any other provision of this~~  
16 ~~part, a domestic relations order pertaining to a participant may~~  
17 ~~provide for an irrevocable successor payee if the participant is~~  
18 ~~receiving a payment pursuant to a payment option provided by the~~  
19 ~~board that allows for a successor payee.~~

20 ~~(b) Determination. A domestic relations order requiring the~~  
21 ~~designation of an irrevocable successor payee shall be deemed to~~  
22 ~~be one that requires a participant who is receiving payments~~  
23 ~~from an annuity or other distribution option to designate an~~  
24 ~~alternate payee as a successor payee and that prohibits the~~  
25 ~~removal or change of the successor payee without approval of a~~  
26 ~~court of competent jurisdiction, except by operation of law.~~

27 ~~(c) Certification. A domestic relations order under~~  
28 ~~subsection (b) may be certified as an approved domestic~~  
29 ~~relations order by the secretary of the board or his designated~~  
30 ~~representative. If a domestic relations order is certified under~~

1 ~~this subsection, the irrevocable successor payee ordered by the~~  
2 ~~court shall not be changed by the participant without approval~~  
3 ~~by the court.~~

4 ~~(d) Ineligibility. A person ineligible to be designated as~~  
5 ~~a successor payee shall not be designated as an irrevocable~~  
6 ~~successor payee. A court shall not name an irrevocable successor~~  
7 ~~payee if the alternate payee is eligible to receive a lump sum~~  
8 ~~distribution of the alternate payee's portion of the marital~~  
9 ~~portion of the pension benefit.~~

10 Section 331. Sections 5954, 5955 and 5957 of Title 71 are  
11 amended to read:

12 § 5954. Fraud and adjustment of errors.

13 (a) Penalty for fraud. Any person who shall knowingly make  
14 any false statement or shall falsify or permit to be falsified  
15 any record or records of this system or plan in any attempt to  
16 defraud the system or plan as a result of such act shall be  
17 guilty of a misdemeanor of the second degree.

18 (b) Adjustment of errors. Should any change or mistake in  
19 records result in any member, participant, beneficiary [or],  
20 survivor annuitant or successor payee receiving from the system  
21 or plan more or less than he would have been entitled to receive  
22 had the records been correct, then regardless of the intentional  
23 or unintentional nature of the error and upon the discovery of  
24 such error, the board shall correct the error and if the error  
25 affects contributions to or payments from the system, then so  
26 far as practicable shall adjust the payments which may be made  
27 for and to such person in such a manner that the actuarial  
28 equivalent of the benefit to which he was correctly entitled  
29 shall be paid. If the error affects contributions to or payments  
30 from the plan, the board shall take action as provided for in

1 ~~the plan document.~~

2 ~~§ 5955. Construction of part.~~

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

1 administering this part, for those State employees who are  
2 members of each such collective bargaining unit, the date  
3 January 1, 2011, contained in this part, except in this section,  
4 shall be replaced with the date of the day immediately following  
5 the expiration of each such collective bargaining agreement. The  
6 provisions of this part insofar as they are the same as those of  
7 existing law are intended as a continuation of such laws and not  
8 as new enactments. The provisions of this part shall not affect  
9 any act done, liability incurred, right accrued or vested, or  
10 any suit or prosecution pending or to be instituted to enforce  
11 any right or penalty or to punish any offense under the  
12 authority of any repealed laws.

13 ~~(b) References. References in this part to the Internal~~  
14 ~~Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 1 et seq.)~~  
15 ~~or the Uniformed Services Employment and Reemployment Rights Act~~  
16 ~~of 1994 (Public Law 103 353, 108 Stat. 3149), including~~  
17 ~~administrative regulations promulgated under the Internal~~  
18 ~~Revenue Code of 1986 or the Uniformed Services Employment and~~  
19 ~~Reemployment Rights Act of 1994, are intended to include laws~~  
20 ~~and regulations:~~

21 ~~(1) In effect on the effective date of this subsection.~~

22 ~~(2) Amended, supplemented or supplanted on and after the~~  
23 ~~effective date of this subsection.~~

24 ~~(c) Officer or member of the Pennsylvania State Police.~~

25 ~~(1) Notwithstanding a provision of subsection (a) or~~  
26 ~~section 12.1 of the act of November 23, 2010 (P.L.1269,~~  
27 ~~No.120), regarding the continued effectiveness of pension or~~  
28 ~~retirement benefits or rights previously established by or as~~  
29 ~~a result of a binding arbitration award issued before July 1,~~  
30 ~~1989, pursuant to the act of June 24, 1968 (P.L.237, No.111),~~

~~referred to as the Policemen and Firemen Collective Bargaining Act, and implemented by the board, the pension or retirement benefits or rights of a State employee who is a current or former State police officer or who becomes a State police officer after the effective date of this subsection shall be as provided in this part as if the binding arbitration award was not issued, except as provided under this subsection.~~

~~(2) A State employee who is a current or former State police officer or who becomes a State police officer after the effective date of this subsection who:~~

~~(i) terminates State service before January 1, 2016;~~

~~or~~

~~(ii) terminates State service on or after January 1, 2015 and, does not have service credited in Class A 5 shall be eligible to receive the maximum single life annuity, before optional modification under section 5705 (relating to member's options), that the State employee would have been eligible to receive if this subsection had not been enacted.~~

~~(3) A State employee who is a current or former State police officer or who becomes a State police officer after the effective date of this subsection who has service credited in Class A 5 and who terminates State service on or after January 1, 2016, shall be eligible to receive a maximum single life annuity before optional modification under section 5705 equal to the sum of:~~

~~(i) if eligible, the maximum single life annuity that the State employee would have been eligible to receive without regard to any eligibility points, service credit, compensation or contributions attributable to~~

~~Class A 5 service if this subsection had not been enacted except that service credit and eligibility points for service other than as a member of Class A 5 shall be adjusted for any concurrent service as a member of Class A 5; and~~

~~(ii) if eligible, the maximum single life annuity that the State employee is eligible to receive under this part attributable to Class A 5 service and, if a multiple service member, Class T G service.~~

~~(4) (Reserved).~~

~~(5) As used in this subsection, "binding arbitration award" means a binding arbitration award issued before July 1, 1989, pursuant to the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, and implemented by the board.~~

~~(d) Application to members of certain collective bargaining units. As applied to members of the collective bargaining units represented by the Fraternal Order of Police, Lodge #85 and the Pennsylvania State Rangers Association who become State employees as a result of entering into State service on or after January 1, 2016, and before July 1, 2016, any references in the provisions of this part pertaining to membership in Class A 5 and eligibility or ineligibility for membership in other classes of service and participation in the plan to December 31, 2015, or January 1, 2016, shall be read as June 30, 2016, and July 1, 2016, respectively.~~

~~(e) Adverse inference. Nothing in this part shall be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC which are applicable to participants in the plan do~~

1 ~~not apply to the participants or to members of the system and~~  
2 ~~the benefits payable under this part.~~

3 ~~(f) Applicability. A terminated State employee who has~~  
4 ~~Class A 5 service credit and who returns to State service on or~~  
5 ~~after January 1, 2016, shall be subject to the provisions of~~  
6 ~~this part regarding participation in the plan or membership in~~  
7 ~~the system that are in effect on the effective date of~~  
8 ~~reemployment, including, but not limited to, benefit formulas~~  
9 ~~and accrual rates, eligibility for annuities and distributions,~~  
10 ~~contribution rates, definitions, purchase of creditable school,~~  
11 ~~nonschool, State and nonstate service provisions and actuarial~~  
12 ~~and funding assumptions.~~

13 ~~(g) Furloughs. For purposes of sections 5302 (relating to~~  
14 ~~credited State service), 5306 (relating to classes of service)~~  
15 ~~and this section, a State employee who is furloughed under~~  
16 ~~section 802 of the act of August 5, 1941 (P.L. 752, No. 286),~~  
17 ~~known as the Civil Service Act, and reemployed pursuant to the~~  
18 ~~Civil Service Act in any class of service or civil service~~  
19 ~~status which was previously held, shall not be treated as having~~  
20 ~~been terminated from State service and beginning a new period of~~  
21 ~~State service.~~

22 ~~§ 5957. Independent Fiscal Office study.~~

23 ~~The Independent Fiscal Office shall study and analyze the~~  
24 ~~implementation of shared risk contributions under section 5501.1~~  
25 ~~(relating to shared risk member contributions for Class A 3~~  
26 ~~[and], Class A 4 and Class A 5 service) and its impact on the~~  
27 ~~system. The study shall be completed by December 31, 2015, and~~  
28 ~~shall be transmitted to the Appropriations Committee and the~~  
29 ~~Finance Committee of the Senate, the Appropriations Committee~~  
30 ~~and the Finance Committee of the House of Representatives and to~~

1 ~~the Governor.~~

2 ~~ARTICLE IV~~

3 ~~Section 401. The following words and phrases when used in~~  
4 ~~this article shall have the meanings given to them in this~~  
5 ~~section unless the context clearly indicates otherwise:~~

6 ~~"School Retirement Board." The Public School Employees'~~  
7 ~~Retirement Board.~~

8 ~~"School System." The Public School Employees' Retirement~~  
9 ~~System.~~

10 ~~"State Retirement Board." The State Employees' Retirement~~  
11 ~~Board.~~

12 ~~"State System." The State Employees' Retirement System.~~

13 ~~Section 402. The following apply to reservation of~~  
14 ~~legislative authority:~~

15 ~~(1) In regard to the School System:~~

16 ~~(i) The following provisions shall not create an~~  
17 ~~express or implied contractual right in a member of the~~  
18 ~~School System, a participant in the School Employees'~~  
19 ~~Defined Contribution Plan or another person claiming an~~  
20 ~~interest in the account of a member or participant:~~

21 ~~(A) A provision of this act which amends 24~~  
22 ~~Pa.C.S. Pt. IV or 51 Pa.C.S. Ch. 77, in relation to~~  
23 ~~requirements for any of the following:~~

24 ~~(I) Qualification of the School Employees'~~  
25 ~~Defined Contribution Plan as a qualified pension~~  
26 ~~plan under sections 401(a) and 415(b) of the~~  
27 ~~Internal Revenue Code of 1986 (Public Law 99-514,~~  
28 ~~26 U.S.C. §§ 401(a) and 415(b)).~~

29 ~~(II) Compliance with the Uniformed Services~~  
30 ~~Employment and Reemployment Rights Act of 1994~~



1 ~~(Public Law 103 353, 108 Stat. 3149).~~

2 ~~(III) Contribution to, participation in or~~  
3 ~~benefit from the School Employees' Defined~~  
4 ~~Contribution Plan or School Employees' Defined~~  
5 ~~Contribution Trust.~~

6 ~~(IV) Contribution to, membership in or~~  
7 ~~benefit attributable from Class T G service in~~  
8 ~~the School System or, if a multiple service~~  
9 ~~member, from Class A 5 service in the State~~  
10 ~~System.~~

11 ~~(V) A domestic relations order regarding an~~  
12 ~~alternate payee of a participant in the School~~  
13 ~~Employees' Defined Contribution Plan.~~

14 ~~(B) A construction of 24 Pa.C.S. Pt. IV or 51~~  
15 ~~Pa.C.S. Ch. 77, a regulation promulgated under 24~~  
16 ~~Pa.C.S. Pt. IV or 51 Pa.C.S. Ch. 77 or a term or~~  
17 ~~provision of the School Employees' Defined~~  
18 ~~Contribution Plan or School Employees' Defined~~  
19 ~~Contribution Trust established by statute or in the~~  
20 ~~plan document or trust declaration.~~

21 ~~(ii) The provisions of 24 Pa.C.S. Pt. IV shall~~  
22 ~~remain subject to the Internal Revenue Code of 1986 and~~  
23 ~~the Uniformed Services Employment and Reemployment Rights~~  
24 ~~Act of 1994 and regulations promulgated under those~~  
25 ~~statutes.~~

26 ~~(iii) The General Assembly reserves to itself the~~  
27 ~~further exercise of its legislative power to amend or~~  
28 ~~supplement the provisions of 24 Pa.C.S. Pt. IV in order~~  
29 ~~to maintain the qualification of the system as a~~  
30 ~~qualified pension plan under section 401(a) of the~~

1 ~~Internal Revenue Code of 1986 (26 U.S.C. § 401(a)) and~~  
2 ~~other applicable provisions of the Internal Revenue Code~~  
3 ~~of 1986 and the Uniformed Services Employment and~~  
4 ~~Reemployment Rights Act of 1994.~~

5 ~~(2) In regard to the State System:~~

6 ~~(i) The following provisions shall not create an~~  
7 ~~express or implied contractual right in a member of the~~  
8 ~~State System, a participant in the State Employees'~~  
9 ~~Defined Contribution Plan or another person claiming an~~  
10 ~~interest in the account of a member or participant:~~

11 ~~(A) A provision of this act which amends 51~~  
12 ~~Pa.C.S. § 7306 or 71 Pa.C.S. Pt. XXV, in relation to~~  
13 ~~requirements for any of the following:~~

14 ~~(I) Qualification of the State Employees'~~  
15 ~~Defined Contribution Plan as a qualified pension~~  
16 ~~plan under sections 401(a) and 415(b) of the~~  
17 ~~Internal Revenue Code of 1986 (26 U.S.C. §§~~  
18 ~~401(a) and 415(b)).~~

19 ~~(II) Compliance with the Uniformed Services~~  
20 ~~Employment and Reemployment Rights Act of 1994.~~

21 ~~(III) Contribution to, participation in or~~  
22 ~~benefit from the State Employees' Defined~~  
23 ~~Contribution Plan or State Employees' Defined~~  
24 ~~Contribution Trust.~~

25 ~~(IV) Contribution to, membership in or~~  
26 ~~benefit attributable from Class A-5 service in~~  
27 ~~the State System or, if a multiple service~~  
28 ~~member, from Class T-G service in the School~~  
29 ~~System.~~

30 ~~(V) A domestic relations order regarding an~~

1 ~~alternate payee of a participant in the State~~  
2 ~~Employees' Defined Contribution Plan.~~

3 ~~(B) A construction of 51 Pa.C.S. Ch. 77 or 71~~  
4 ~~Pa.C.S. Pt. XXV, a regulation promulgated under 51~~  
5 ~~Pa.C.S. Ch. 77 or 71 Pa.C.S. Pt. XXV or a term or~~  
6 ~~provision of the State Employees' Defined~~  
7 ~~Contribution Plan or State Employees' Defined~~  
8 ~~Contribution Trust established by statute or in the~~  
9 ~~plan document or trust declaration.~~

10 ~~(ii) The provisions of 71 Pa.C.S. Pt. XXV shall~~  
11 ~~remain subject to the Internal Revenue Code of 1986 and~~  
12 ~~the Uniformed Services Employment and Reemployment Rights~~  
13 ~~Act of 1994 and regulations promulgated under those~~  
14 ~~statutes.~~

15 ~~(iii) The General Assembly reserves to itself the~~  
16 ~~further exercise of its legislative power to amend or~~  
17 ~~supplement the provisions of 71 Pa.C.S. Pt. XXV:~~

18 ~~(A) in order to maintain the qualification of~~  
19 ~~the State System as a qualified pension plan under~~  
20 ~~section 401(a) of the Internal Revenue Code of 1986~~  
21 ~~(26 U.S.C. § 401) and other applicable provisions of~~  
22 ~~the Internal Revenue Code of 1986 and the Uniformed~~  
23 ~~Services Employment and Reemployment Rights Act of~~  
24 ~~1994; and~~

25 ~~(B) as a matter of fiscal or public policy.~~

26 ~~Section 403. Nothing in this act shall be construed to mean~~  
27 ~~that:~~

28 ~~(1) a calculation or actuarial method used by the School~~  
29 ~~Retirement Board, its actuaries or the School System was not~~  
30 ~~in accordance with the provisions of 24 Pa.C.S. Pt. IV or~~

1 ~~other applicable law prior to the effective date of this~~  
2 ~~paragraph; or~~

3 ~~(2) a calculation or actuarial method used by the State~~  
4 ~~Retirement Board, its actuaries or the State System was not~~  
5 ~~in accordance with the provisions of 71 Pa.C.S. Pt. XXV or~~  
6 ~~other applicable law prior to the effective date of this~~  
7 ~~paragraph.~~

8 ~~Section 404. The following apply to accrued liability:~~

9 ~~(1) In regard to the School System:~~

10 ~~(i) (Reserved).~~

11 ~~(ii) Payments required to fund a change in accrued~~  
12 ~~liability resulting from this act shall be subject to~~  
13 ~~limits imposed under this act on employer contributions~~  
14 ~~to the School System.~~

15 ~~(iii) For purposes of 24 Pa.C.S. §§ 8326, 8327 and~~  
16 ~~8328, changes under this paragraph shall not be~~  
17 ~~considered to be costs added by legislation.~~

18 ~~(2) In regard to the State System:~~

19 ~~(i) Notwithstanding any other provision of law, a~~  
20 ~~change in accrued liability of the State System created~~  
21 ~~under this act as a result of changes in benefits shall~~  
22 ~~be funded in equal dollar installments over a period of~~  
23 ~~20 years beginning July 1, 2015.~~

24 ~~(ii) (Reserved).~~

25 ~~(iii) Payments required to fund a change in accrued~~  
26 ~~liability resulting from this act shall be subject to~~  
27 ~~limits imposed under this act on employer contributions~~  
28 ~~to the State System.~~

29 ~~(iv) For purposes of 71 Pa.C.S. §§ 5501.2, 5507 and~~  
30 ~~5508, changes under this paragraph shall not be~~

1 ~~considered to be costs added by legislation.~~

2 ~~Section 405. The following shall apply to construction~~  
3 ~~related to Federal law:~~

4 ~~(1) In regard to the School System:~~

5 ~~(i) This act shall be construed and administered in~~  
6 ~~such a manner that the School System and the School~~  
7 ~~Employees' Defined Contribution Plan satisfy the~~  
8 ~~requirements necessary to qualify as a qualified pension~~  
9 ~~plan under section 401(a) of the Internal Revenue Code of~~  
10 ~~1986 (Public Law 99 514, 26 U.S.C. § 401(a)), other~~  
11 ~~applicable provisions of the Internal Revenue Code of~~  
12 ~~1986 and the Uniformed Services Employment and~~  
13 ~~Reemployment Rights Act of 1994 (Public Law 103 353, 108~~  
14 ~~Stat. 3149). Regulations promulgated by the School~~  
15 ~~Retirement Board and terms and conditions of the plan~~  
16 ~~document and trust declaration adopted by the School~~  
17 ~~Retirement Board may include provisions necessary to~~  
18 ~~accomplish the purpose of this subparagraph.~~

19 ~~(ii) Nothing in this act shall be construed to~~  
20 ~~require a member of Class T G to make contributions to~~  
21 ~~the School System in excess of the limits established by~~  
22 ~~section 415(n)(3)(A)(iii) of the Internal Revenue Code of~~  
23 ~~1986 (26 U.S.C. § 415(n)(3)(A)(iii)). A contribution made~~  
24 ~~by a member of Class T G which is determined to be in~~  
25 ~~excess of the limits shall be refunded to the member in a~~  
26 ~~lump sum subject to withholding for all applicable taxes~~  
27 ~~and penalties as soon as administratively possible after~~  
28 ~~the determination is made. A refund under this~~  
29 ~~subparagraph shall not affect the benefit payable to the~~  
30 ~~member and shall not be treated as or deemed to be a~~

1 ~~withdrawal of the member's accumulated deductions.~~

2 ~~(2) As to the State System:~~

3 ~~(i) This act shall be construed and administered in~~  
4 ~~a manner that the State System and the State Employees'~~  
5 ~~Defined Contribution Plan shall satisfy the requirements~~  
6 ~~necessary to qualify as a qualified pension plan under~~  
7 ~~section 401(a) of the Internal Revenue Code of 1986 (26~~  
8 ~~U.S.C. § 401(a)), other applicable provisions of the~~  
9 ~~Internal Revenue Code of 1986 and the Uniformed Services~~  
10 ~~Employment and Reemployment Rights Act of 1994. The~~  
11 ~~regulations promulgated by the State Retirement Board and~~  
12 ~~the terms and conditions of the plan document and trust~~  
13 ~~declaration adopted by the State Retirement Board may~~  
14 ~~include provisions necessary to accomplish the purpose of~~  
15 ~~this subparagraph.~~

16 ~~(ii) Nothing in this act shall be construed or~~  
17 ~~deemed to imply that any member of Class A 5 shall be~~  
18 ~~required to make contributions to the State System in~~  
19 ~~excess of the limits established by section 415(n)(3)(A)~~  
20 ~~(iii) of the Internal Revenue Code of 1986 (26 U.S.C. §~~  
21 ~~415(n)(3)(A)(iii)). A contribution made by a member of~~  
22 ~~Class A 5 which is determined to be in excess of the~~  
23 ~~limits shall be refunded to the member in a lump sum~~  
24 ~~subject to withholding for all applicable taxes and~~  
25 ~~penalties as soon as administratively possible after the~~  
26 ~~determination is made. A refund under this subparagraph~~  
27 ~~shall not affect the benefit payable to the member and~~  
28 ~~shall not be treated as or deemed to be a withdrawal of~~  
29 ~~the member's accumulated deductions.~~

30 ~~(iii) Nothing in this act shall be construed to mean~~

1 ~~that an interpretation or application of 71 Pa.C.S. Pt.~~  
2 ~~XXV or benefits available to members of the State System~~  
3 ~~was not in accordance with 71 Pa.C.S. Pt. XXV or other~~  
4 ~~applicable law, including the Internal Revenue Code of~~  
5 ~~1986 and the Uniformed Services Employment and~~  
6 ~~Reemployment Rights Act of 1994, before the effective~~  
7 ~~date of this subparagraph.~~

8 ~~Section 406. The following shall apply to immunity from~~  
9 ~~personal liability:~~

10 ~~(1) Notwithstanding any other provision of law,~~  
11 ~~fiduciary requirement, actuarial standard of practice or~~  
12 ~~other requirement, no member of the School Retirement Board~~  
13 ~~nor an actuary, employee or official of the School System~~  
14 ~~shall be held liable or in breach or violation of a law or~~  
15 ~~standard, as an individual, in an official capacity or as a~~  
16 ~~governmental or corporate entity, for an action or~~  
17 ~~calculation related to calculating and certifying a final~~  
18 ~~contribution rate as provided under this act that is~~  
19 ~~different from the actuarially required contribution rate as~~  
20 ~~appropriately calculated under 24 Pa.C.S. Pt. IV.~~

21 ~~(2) Notwithstanding any other provision of law,~~  
22 ~~fiduciary requirement, actuarial standard of practice or~~  
23 ~~other requirement, no member of the State Retirement Board~~  
24 ~~nor an actuary employee or official of the State System shall~~  
25 ~~be held liable or in breach or violation of a law or~~  
26 ~~standard, as an individual, in an official capacity or as a~~  
27 ~~governmental or corporate entity, for an action or~~  
28 ~~calculation related to calculating and certifying a final~~  
29 ~~contribution rate as provided under this act that is~~  
30 ~~different from the actuarially required contribution rate as~~

1 ~~appropriately calculated under 71 Pa.C.S. Pt. XXV.~~  
2 ~~Section 407. Nothing in this act shall be deemed to permit~~  
3 ~~the restoration of service credit or a retirement benefit which:~~  
4 ~~(1) was or is subject to section 16 of Article V of the~~  
5 ~~Constitution of Pennsylvania or 42 Pa.C.S. § 3352; or~~  
6 ~~(2) the subject of an order of forfeiture under the act~~  
7 ~~of July 8, 1978 (P.L.752, No.140), known as the Public~~  
8 ~~Employee Pension Forfeiture Act.~~  
9 ~~Section 408. If a provision of this act or its application~~  
10 ~~to any person or circumstance is held invalid, the invalidity~~  
11 ~~shall not affect other provisions or applications of this act~~  
12 ~~that can be given effect without the invalid provision or~~  
13 ~~application.~~  
14 ~~Section 409. This act shall take effect immediately.~~

15 ARTICLE I

<--

16 SECTION 101. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE  
17 PAYEE," "BASIC CONTRIBUTION RATE," "BENEFICIARY," "CLASS OF  
18 SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSCHOOL  
19 SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"  
20 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "ELIGIBLE  
21 ANNUITANTS," "FINAL AVERAGE SALARY," "INACTIVE MEMBER,"  
22 "INTERVENING MILITARY SERVICE," "IRREVOCABLE BENEFICIARY,"  
23 "LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING ORGANIZATION,"  
24 "MEMBER'S ANNUITY," "MULTIPLE SERVICE," "REEMPLOYED FROM USERRA  
25 LEAVE," "REQUIRED BEGINNING DATE," "SALARY DEDUCTIONS," "SHARED  
26 RISK CONTRIBUTION RATE," "STANDARD SINGLE LIFE ANNUITY,"  
27 "SUPERANNUATION OR NORMAL RETIREMENT AGE," "VALUATION INTEREST"  
28 AND "VESTEE" IN SECTION 8102 OF TITLE 24 OF THE PENNSYLVANIA  
29 CONSOLIDATED STATUTES, AMENDED OR ADDED DECEMBER 28, 2015  
30 (P.L.529, NO.93), ARE AMENDED AND THE SECTION IS AMENDED BY



1 ADDING DEFINITIONS TO READ:

2 § 8102. DEFINITIONS.

3 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS PART SHALL  
4 HAVE, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, THE  
5 MEANINGS GIVEN TO THEM IN THIS SECTION:

6 \* \* \*

7 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF  
8 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON  
9 ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY  
10 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS  
11 AND EXPENSES CREDITED OR CHARGED THEREON.

12 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL  
13 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE  
14 TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER  
15 WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR  
16 FEES, COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

17 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE  
18 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED  
19 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY  
20 CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE  
21 CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN  
22 THE TRUST.

23 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF ANY  
24 AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A DIRECT  
25 TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH ANY  
26 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS  
27 AND EXPENSES CREDITED OR CHARGED THEREON.

28 \* \* \*

29 "ACTIVE MEMBER." A SCHOOL EMPLOYEE FOR WHOM PICKUP  
30 CONTRIBUTIONS ARE BEING MADE TO THE FUND OR FOR WHOM SUCH

1 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE  
2 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART  
3 RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF  
4 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C.  
5 § 401(A) (17) OR 415) [.] , OR LIMITATIONS ON CONTRIBUTIONS TO THE  
6 SYSTEM APPLICABLE TO CLASS T-G MEMBERS WHEN THE CLASS T-G MEMBER  
7 IS MAKING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO THE  
8 TRUST.

9 "ACTIVE PARTICIPANT." A SCHOOL EMPLOYEE FOR WHOM MANDATORY  
10 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR  
11 FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR SCHOOL  
12 SERVICE REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE  
13 SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE  
14 LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL  
15 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)  
16 OR 415).

17 \* \* \*

18 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR  
19 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A  
20 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A  
21 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT  
22 UNDER THIS PART.

23 \* \* \*

24 "BASIC CONTRIBUTION RATE." FOR CLASS T-A, T-B AND T-C  
25 SERVICE, THE RATE OF 6 1/4%. FOR CLASS T-D SERVICE, THE RATE OF  
26 7 1/2%. FOR ALL ACTIVE MEMBERS ON THE EFFECTIVE DATE OF THIS  
27 PROVISION WHO ARE CURRENTLY PAYING 5 1/4% AND ELECT CLASS T-D  
28 SERVICE, THE RATE OF 6 1/2%. FOR CLASS T-E SERVICE, THE RATE OF  
29 7 1/2%. FOR CLASS T-F SERVICE, THE RATE OF 10.30%. FOR CLASS T-G  
30 SERVICE FOR MEMBERS WITH LESS THAN 25 ELIGIBILITY POINTS ACCRUED

1 AS A CLASS T-G MEMBER, THE RATE OF 6%, UP TO THE DEFINED BENEFIT  
2 COMPENSATION LIMIT. FOR CLASS T-G SERVICE FOR MEMBERS WITH MORE  
3 THAN 25 ELIGIBILITY POINTS ACCRUED AS A CLASS T-G MEMBER, THE  
4 RATE OF ZERO.

5 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON  
6 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER  
7 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON  
8 THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR  
9 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A PARTICIPANT  
10 TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED TOTAL DEFINED  
11 CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH OF THE  
12 PARTICIPANT.

13 \* \* \*

14 "CLASS OF SERVICE MULTIPLIER."

15	CLASS OF SERVICE	MULTIPLIER
16	T-A	.714
17	T-B	.625
18	T-C	1.000
19	T-D	1.000
20	T-E	1.000
21	T-F	1.000
22	<u>T-G</u>	<u>1.000</u>

23 \* \* \*

24 "COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP  
25 PARTICIPANT CONTRIBUTIONS PLUS ANY REMUNERATION RECEIVED AS A  
26 SCHOOL EMPLOYEE EXCLUDING REIMBURSEMENTS FOR EXPENSES INCIDENTAL  
27 TO EMPLOYMENT AND EXCLUDING ANY BONUS, SEVERANCE PAYMENTS, ANY  
28 OTHER REMUNERATION OR OTHER EMOLUMENT RECEIVED BY A SCHOOL  
29 EMPLOYEE DURING HIS SCHOOL SERVICE WHICH IS NOT BASED ON THE  
30 STANDARD SALARY SCHEDULE UNDER WHICH HE IS RENDERING SERVICE,

1 PAYMENTS FOR UNUSED SICK LEAVE OR VACATION LEAVE, BONUSES OR  
2 OTHER COMPENSATION FOR ATTENDING SCHOOL SEMINARS AND  
3 CONVENTIONS, PAYMENTS UNDER HEALTH AND WELFARE PLANS BASED ON  
4 HOURS OF EMPLOYMENT OR ANY OTHER PAYMENT OR EMOLUMENT WHICH MAY  
5 BE PROVIDED FOR IN A COLLECTIVE BARGAINING AGREEMENT WHICH MAY  
6 BE DETERMINED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD  
7 TO BE FOR THE PURPOSE OF ENHANCING COMPENSATION AS A FACTOR IN  
8 THE DETERMINATION OF FINAL AVERAGE SALARY, AND EXCLUDING  
9 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN  
10 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER  
11 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN  
12 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER  
13 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF  
14 ABSENCE), LEAVE GRANTED UNDER SECTION 1178 OF THE ACT OF MARCH  
15 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF  
16 1949, OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES OF  
17 LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS DEFINED  
18 IN IRC § 414(U) (12) AND ANY OTHER PAYMENTS, PROVIDED, HOWEVER,  
19 THAT THE LIMITATION UNDER SECTION 401(A) (17) OF THE INTERNAL  
20 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17))  
21 TAKEN INTO ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS,  
22 INCLUDING REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS,  
23 REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO EACH MEMBER WHO  
24 FIRST BECAME A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
25 SYSTEM ON OR AFTER JULY 1, 1996, AND WHO BY REASON OF SUCH FACT  
26 IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE  
27 PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION  
28 LIMIT UNDER IRC § 401(A) (17)), AND SHALL APPLY TO EACH  
29 PARTICIPANT PERTAINING TO HIS PARTICIPATION IN THE PLAN.

30 \* \* \*

1 "CREDITABLE NONSCHOOL SERVICE." SERVICE [OTHER THAN SERVICE  
2 AS A SCHOOL EMPLOYEE] FOR WHICH AN ACTIVE MEMBER MAY OBTAIN  
3 CREDIT IN THE SYSTEM OTHER THAN SERVICE AS A SCHOOL EMPLOYEE.

4 "CREDITED SERVICE." SCHOOL OR CREDITABLE NONSCHOOL SERVICE  
5 FOR WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND,  
6 OR FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH  
7 SERVICE WERE NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS  
8 PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415  
9 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26  
10 U.S.C. § 401(A) (17) OR 415), OR LIMITATIONS ON CONTRIBUTIONS TO  
11 THE SYSTEM APPLICABLE TO CLASS T-G MEMBERS WHEN THE CLASS T-G  
12 MEMBER IS MAKING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO  
13 THE TRUST OR FOR WHICH SALARY DEDUCTIONS OR LUMP SUM PAYMENTS TO  
14 THE SYSTEM HAVE BEEN AGREED UPON IN WRITING.

15 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE  
16 FOLLOWING DATES:

17 (1) THE LAST [DATE] DAY OF SERVICE FOR WHICH PICKUP  
18 CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR[, ] FOR WHICH  
19 THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE WERE  
20 NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART  
21 RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415  
22 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26  
23 U.S.C. § 401(A) (17) OR 415), OR LIMITATIONS ON CONTRIBUTIONS  
24 APPLICABLE TO A CLASS T-G MEMBER;

25 (2) IN THE CASE OF AN INACTIVE MEMBER OR AN INACTIVE  
26 PARTICIPANT, THE EFFECTIVE DATE OF HIS RESIGNATION OR THE  
27 DATE HIS EMPLOYMENT IS FORMALLY DISCONTINUED BY HIS EMPLOYER  
28 OR TWO YEARS FOLLOWING THE LAST DAY OF SERVICE FOR WHICH  
29 CONTRIBUTIONS WERE MADE, WHICHEVER IS EARLIEST[.]; OR

30 (3) THE LAST DAY OF SERVICE FOR WHICH MANDATORY PICKUP

1        PARTICIPANT CONTRIBUTIONS ARE MADE FOR AN ACTIVE PARTICIPANT.  
2        "DEFINED BENEFIT COMPENSATION LIMIT." FOR FISCAL YEAR 2017-  
3        2018, THE AMOUNT OF \$50,000. FOR EACH SUBSEQUENT FISCAL YEAR,  
4        THIS AMOUNT SHALL BE INCREASED BY 1% PER YEAR, COMPOUNDED  
5        ANNUALLY, ROUNDED TO THE NEAREST \$100.

6        \* \* \*

7        "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S  
8        INTEREST IN EITHER THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND  
9        OR THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH,  
10       WHICH IS PAYABLE UNDER THIS PART.

11       "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,  
12       INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED  
13       ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF  
14       COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW  
15       WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR  
16       FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO  
17       RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR  
18       PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE  
19       DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF  
20       SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING  
21       TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS  
22       PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF  
23       ARREARAGES) .

24       \* \* \*

25       "ELIGIBLE ANNUITANTS." ALL CURRENT AND PROSPECTIVE  
26       ANNUITANTS WITH 24 1/2 OR MORE ELIGIBILITY POINTS EARNED IN A  
27       CLASS OTHER THAN CLASS T-G AND ALL CURRENT AND PROSPECTIVE  
28       DISABILITY ANNUITANTS WHO BECOME ELIGIBLE FOR DISABILITY  
29       ANNUITIES WHILE IN A CLASS OF SERVICE OTHER THAN CLASS T-G.  
30       BEGINNING JANUARY 1, 1995, "ELIGIBLE ANNUITANTS" SHALL INCLUDE

1 MEMBERS WITH 15 OR MORE ELIGIBILITY POINTS EARNED IN A CLASS  
2 OTHER THAN CLASS T-G WHO TERMINATED OR WHO TERMINATE SCHOOL  
3 SERVICE ON OR AFTER ATTAINING SUPERANNUATION RETIREMENT AGE AND  
4 WHO ARE ANNUITANTS WITH AN EFFECTIVE DATE OF RETIREMENT AFTER  
5 SUPERANNUATION AGE.

6 \* \* \*

7 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS MADE TO AN  
8 ACTIVE PARTICIPANT'S ACCOUNT BY AN EMPLOYER TO THE TRUST TO BE  
9 CREDITED IN THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT  
10 ACCOUNT AS FOLLOWS:

11 (1) FOR PARTICIPANTS WHO HAVE LESS THAN 25 ELIGIBILITY  
12 POINTS CREDITED AS A MEMBER OF CLASS T-G, OR IF A MULTIPLE  
13 SERVICE MEMBER IN CLASS A-5 OF THE STATE EMPLOYEES'  
14 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EQUAL TO 0.5% OF  
15 COMPENSATION UP TO THE DEFINED BENEFIT COMPENSATION LIMIT AND  
16 4% OF COMPENSATION ABOVE SUCH LIMIT.

17 (2) FOR PARTICIPANTS WHO HAVE MORE THAN 25 ELIGIBILITY  
18 POINTS CREDITED AS A MEMBER OF CLASS T-G, OR IF A MULTIPLE  
19 SERVICE MEMBER IN CLASS A-5 OF THE STATE EMPLOYEES'  
20 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EQUAL TO 4% OF  
21 COMPENSATION.

22 "FINAL AVERAGE SALARY." [THE] AS FOLLOWS:

23 (1) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND  
24 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE  
25 OTHER THAN CLASS T-G, THE HIGHEST AVERAGE COMPENSATION  
26 RECEIVED AS AN ACTIVE MEMBER DURING ANY THREE NONOVERLAPPING  
27 PERIODS OF 12 CONSECUTIVE MONTHS MONTHS, EXCLUDING  
28 COMPENSATION RECEIVED FROM SCHOOL SERVICE CREDITED AS A  
29 MEMBER OF CLASS T-G, WITH THE COMPENSATION FOR PART-TIME  
30 SERVICE BEING ANNUALIZED ON THE BASIS OF THE FRACTIONAL

1 PORTION OF THE SCHOOL YEAR FOR WHICH CREDIT IS RECEIVED;  
2 EXCEPT, IF THE EMPLOYEE WAS NOT A MEMBER IN A CLASS OF  
3 SERVICE OTHER THAN CLASS T-G FOR THREE SUCH PERIODS, THE  
4 TOTAL COMPENSATION RECEIVED AS AN ACTIVE MEMBER IN A CLASS OF  
5 SERVICE OTHER THAN CLASS T-G ANNUALIZED IN THE CASE OF PART-  
6 TIME SERVICE DIVIDED BY THE NUMBER OF SUCH PERIODS OF  
7 MEMBERSHIP IN A CLASS OF SERVICE OTHER THAN CLASS T-G; IN THE  
8 CASE OF A MEMBER WITH MULTIPLE SERVICE CREDIT, THE FINAL  
9 AVERAGE SALARY, FOR PURPOSES OF CALCULATING ALL ANNUITIES AND  
10 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE  
11 OTHER THAN CLASS T-G, SHALL BE DETERMINED BY REFERENCE TO  
12 COMPENSATION RECEIVED BY HIM AS A SCHOOL EMPLOYEE OR A STATE  
13 EMPLOYEE OR BOTH, EXCLUDING COMPENSATION RECEIVED FOR SERVICE  
14 PERFORMED AS A MEMBER OF CLASS T-G OR CLASS A-5 IN THE STATE  
15 EMPLOYEES' RETIREMENT SYSTEM; AND, IN THE CASE OF A  
16 NONELIGIBLE MEMBER, SUBJECT TO THE APPLICATION OF THE  
17 PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION  
18 LIMIT UNDER IRC § 401(A)(17)). [FINAL]

19 (2) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND  
20 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO SERVICE AS A MEMBER  
21 OF CLASS T-G, THE HIGHEST AVERAGE COMPENSATION RECEIVED AS AN  
22 ACTIVE MEMBER OF CLASS T-G DURING ANY FIVE FISCAL YEARS, AS  
23 LIMITED EACH FISCAL YEAR BY THE DEFINED BENEFIT COMPENSATION  
24 LIMIT, WITH THE LIMITED COMPENSATION FOR PART-TIME SERVICE  
25 BEING ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF  
26 THE SCHOOL YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT, IF THE  
27 EMPLOYEE WAS NOT A MEMBER OF CLASS T-G FOR FIVE SUCH PERIODS,  
28 THE TOTAL COMPENSATION RECEIVED AS AN ACTIVE MEMBER OF CLASS  
29 T-G ANNUALIZED IN THE CASE OF PART-TIME SERVICE DIVIDED BY  
30 THE NUMBER OF SUCH PERIODS OF MEMBERSHIP IN CLASS T-G; IN THE



1 CASE OF A MEMBER WITH MULTIPLE SERVICE CREDIT, THE FINAL  
2 AVERAGE SALARY, FOR PURPOSES OF CALCULATING ALL ANNUITIES AND  
3 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO CLASS T-G SERVICE,  
4 SHALL BE DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY  
5 HIM AS A SCHOOL EMPLOYEE FOR SERVICE CREDITED AS CLASS T-G OR  
6 AS A STATE EMPLOYEE FOR SERVICE CREDITED AS CLASS A-5, OR  
7 BOTH; AND, IN THE CASE OF A NONELIGIBLE MEMBER, SUBJECT TO  
8 THE APPLICATION OF THE PROVISIONS OF SECTION 8325.1.

9 (3) FOR ALL MEMBERS, FINAL AVERAGE SALARY SHALL BE  
10 DETERMINED BY INCLUDING IN COMPENSATION, PAYMENTS DEEMED TO  
11 HAVE BEEN MADE TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO  
12 THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN  
13 SECTION 8302(D) (2) (RELATING TO CREDITED SCHOOL SERVICE) AND  
14 PAYMENTS MADE TO A MEMBER ON LEAVE OF ABSENCE UNDER 51  
15 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN  
16 GOVERNMENT EMPLOYEES) AS PROVIDED IN SECTION 8302(D) (6) .

17 \* \* \*

18 "HOLDING VEHICLE TRUST." THE SCHOOL EMPLOYEES' DEFINED  
19 CONTRIBUTION HOLDING VEHICLE TRUST.

20 "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS  
21 ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE  
22 MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR  
23 CURRENT SCHOOL SERVICE ARE NOT BEING MADE SOLELY BY REASON OF  
24 ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER  
25 SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF 1986  
26 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415) OR BECAUSE  
27 THE MEMBER IS ON USERRA LEAVE, OR LIMITATIONS ON CONTRIBUTIONS  
28 TO THE SYSTEM APPLICABLE TO A CLASS T-G MEMBER WHO IS MAKING  
29 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO THE TRUST, BUT WHO  
30 HAS ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT IN THE FUND

1 AND FOR WHOM CONTRIBUTIONS HAVE BEEN MADE WITHIN THE LAST TWO  
2 SCHOOL YEARS OR A MULTIPLE SERVICE MEMBER WHO IS ACTIVE IN THE  
3 STATE EMPLOYEES' RETIREMENT SYSTEM.

4 "INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY  
5 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST,  
6 EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM SUCH  
7 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE  
8 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART  
9 RELATING TO LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE  
10 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §  
11 401(A) (17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED  
12 CONTRIBUTIONS STANDING TO HIS CREDIT IN THE TRUST AND WHO HAS  
13 NOT FILED AN APPLICATION FOR AN ANNUITY.

14 "INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO  
15 WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A  
16 PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH  
17 THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INVESTMENT  
18 EARNINGS AFTER DEDUCTION FOR FEES, COSTS AND EXPENSES,  
19 INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

20 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A  
21 MEMBER WHO WAS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE  
22 SYSTEM IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED  
23 SERVICES OR FORCES OF THE UNITED STATES IN ORDER TO MEET A DRAFT  
24 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH  
25 OBLIGATIONAL SERVICE AND WHO BECOMES A SCHOOL EMPLOYEE AND AN  
26 ACTIVE MEMBER OF THE SYSTEM WITHIN 90 DAYS OF THE EXPIRATION OF  
27 SUCH SERVICE.

28 \* \* \*

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

1 PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO RECEIVE ALL  
2 OR A PORTION OF THE ACCUMULATED DEDUCTIONS, VESTED ACCUMULATED  
3 TOTAL DEFINED CONTRIBUTIONS OR LUMP SUM BENEFIT PAYABLE UPON THE  
4 DEATH OF SUCH MEMBER OR PARTICIPANT.

5 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY  
6 DESIGNATED IN WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS  
7 TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO  
8 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH  
9 OF SUCH PARTICIPANT.

10 \* \* \*

11 "LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING  
12 ORGANIZATION." PAID LEAVE GRANTED TO AN ACTIVE MEMBER OR ACTIVE  
13 PARTICIPANT BY AN EMPLOYER FOR PURPOSES OF WORKING FULL TIME FOR  
14 OR SERVING FULL TIME AS AN OFFICER OF A STATEWIDE EMPLOYEE  
15 ORGANIZATION OR A LOCAL COLLECTIVE BARGAINING REPRESENTATIVE  
16 UNDER THE ACT OF JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE  
17 PUBLIC EMPLOYE RELATIONS ACT: PROVIDED, THAT GREATER THAN ONE-  
18 HALF OF THE MEMBERS OF THE EMPLOYEE ORGANIZATION ARE ACTIVE  
19 MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE PLAN; THAT  
20 THE EMPLOYER SHALL FULLY COMPENSATE THE MEMBER OR PARTICIPANT,  
21 INCLUDING, BUT NOT LIMITED TO, SALARY, WAGES, PENSION AND  
22 RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER DEFINED  
23 CONTRIBUTIONS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN  
24 FULL-TIME ACTIVE SERVICE; AND THAT THE EMPLOYEE ORGANIZATION  
25 SHALL FULLY REIMBURSE THE EMPLOYER FOR SUCH SALARY, WAGES,  
26 PENSION AND RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER  
27 DEFINED CONTRIBUTIONS, AND OTHER BENEFITS AND SENIORITY.

28 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." EITHER OF THE  
29 FOLLOWING:

30 (1) FOR PARTICIPANTS WHO HAVE ACCRUED LESS THAN 25

1 ELIGIBILITY POINTS CREDITED AS A MEMBER OF CLASS T-G OR, IF A  
2 MULTIPLE SERVICE MEMBER, OF CLASS A-5 IN THE STATE EMPLOYEES'  
3 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EQUAL 1% OF  
4 COMPENSATION REQUIRED TO BE CREDITED IN THE PLAN UP TO THE  
5 DEFINED BENEFIT COMPENSATION LIMIT AND 7% OF COMPENSATION  
6 ABOVE SUCH LIMIT.

7 (2) FOR PARTICIPANTS WHO HAVE ACCRUED MORE THAN 25  
8 ELIGIBILITY POINTS CREDITED AS A MEMBER OF CLASS T-G OR, IF A  
9 MULTIPLE SERVICE MEMBER, OF CLASS A-5 IN THE STATE EMPLOYEES'  
10 RETIREMENT SYSTEM, CONTRIBUTIONS SHALL EQUAL 7% OF  
11 COMPENSATION REQUIRED TO BE CREDITED IN THE PLAN.

12 \* \* \*

13 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS  
14 ACTUARIALLY EQUIVALENT ON THE EFFECTIVE DATE OF RETIREMENT AND  
15 TAKING INTO ACCOUNT ANY DELAY IN THE RECEIPT OF THE PORTION OF  
16 THE ANNUITY BASED ON CLASS T-G SERVICE, IF THE EFFECTIVE DATE OF  
17 RETIREMENT IS UNDER SUPERANNUATION AGE APPLICABLE TO CLASS T-G  
18 SERVICE, TO THE SUM OF THE ACCUMULATED DEDUCTIONS AND THE  
19 SHARED-RISK MEMBER CONTRIBUTIONS AND STATUTORY INTEREST CREDITED  
20 ON THE DEDUCTIONS AND CONTRIBUTIONS STANDING TO THE MEMBER'S  
21 CREDIT IN THE MEMBERS' SAVINGS ACCOUNT.

22 \* \* \*

23 "MULTIPLE SERVICE." CREDITED SERVICE OF A MEMBER WHO HAS  
24 ELECTED TO COMBINE HIS CREDITED SERVICE IN BOTH THE PUBLIC  
25 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE STATE EMPLOYEES'  
26 RETIREMENT SYSTEM. A CLASS T-G MEMBER IS ELIGIBLE TO ELECT  
27 MULTIPLE SERVICE MEMBERSHIP ONLY FOR SERVICE CREDITED AS CLASS  
28 A-5 SERVICE IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

29 \* \* \*

30 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT

1 OR PARTICIPANT RECEIVING DISTRIBUTIONS.

2 "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE  
3 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS  
4 INDIVIDUAL INVESTMENT ACCOUNT, BUT WHO HAS NOT RECEIVED A TOTAL  
5 DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT  
6 ACCOUNT.

7 \* \* \*

8 "PLAN." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AS  
9 ESTABLISHED BY THE PROVISIONS OF THIS PART AND THE BOARD.

10 "PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER  
11 SECTION 8402 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS  
12 AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD  
13 REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF  
14 THE PLAN AND TRUST.

15 \* \* \*

16 "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE  
17 MEMBERSHIP OR ACTIVE PARTICIPATION AS A SCHOOL EMPLOYEE AFTER A  
18 PERIOD OF USERRA LEAVE, IF THE RESUMPTION OF ACTIVE MEMBERSHIP  
19 OR ACTIVE PARTICIPATION WAS WITHIN THE TIME PERIOD AND UNDER  
20 CONDITIONS AND CIRCUMSTANCES SUCH THAT THE SCHOOL EMPLOYEE WAS  
21 ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38 U.S.C. CH. 43 (RELATING  
22 TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE  
23 UNIFORMED SERVICES).

24 \* \* \*

25 "REQUIRED BEGINNING DATE." THE [BEGINNING DATE] LATEST DATE  
26 BY WHICH DISTRIBUTIONS OF A MEMBER'S INTEREST OR A PARTICIPANT'S  
27 INTEREST IN HIS INDIVIDUAL INVESTMENT ACCOUNT MUST COMMENCE  
28 UNDER SECTION 401(A)(9) OF THE INTERNAL REVENUE CODE OF 1986  
29 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(9)).

30 \* \* \*

1 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,  
2 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE  
3 PARTICIPANT OR THE STATE SERVICE COMPENSATION OF A MULTIPLE  
4 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'  
5 RETIREMENT SYSTEM AND PAID INTO THE FUND OR TRUST.

6 \* \* \*

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

11 "STANDARD SINGLE LIFE ANNUITY." FOR CLASS T-A, T-B AND T-C  
12 CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% OF THE  
13 FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS  
14 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A MEMBER.  
15 FOR CLASS T-D CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO  
16 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER  
17 OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE. FOR  
18 CLASS T-E CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2%  
19 OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF  
20 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A  
21 MEMBER. FOR CLASS T-F CREDITED SERVICE OF A MEMBER, AN ANNUITY  
22 EQUAL TO 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE  
23 TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED  
24 SERVICE OF A MEMBER. FOR CLASS T-G CREDITED SERVICE OF A MEMBER,  
25 AN ANNUITY EQUAL TO 2% OF THE FINAL AVERAGE SALARY, MULTIPLIED  
26 BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF  
27 CREDITED SERVICE OF A MEMBER, EXCEPT THAT SUCH TOTAL NUMBER OF  
28 YEARS SHALL NOT EXCEED 25.

29 "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED  
30 CONTRIBUTION PLAN FOR STATE EMPLOYEES ESTABLISHED BY 71 PA.C.S.

1 PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND  
2 OFFICERS).

3 \* \* \*

4 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN  
5 WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO THE BOARD TO  
6 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE  
7 PARTICIPANT.

8 \* \* \*

9 "SUPERANNUATION OR NORMAL RETIREMENT AGE."

10	CLASS OF SERVICE	AGE
11	T-A	62 OR ANY AGE UPON ACCRUAL OF
12		35 ELIGIBILITY POINTS
13	T-B	62
14	T-C AND T-D	62 OR AGE 60 PROVIDED THE
15		MEMBER HAS AT LEAST 30
16		ELIGIBILITY POINTS OR ANY
17		AGE UPON ACCRUAL OF 35
18		ELIGIBILITY POINTS,
19		<u>EXCLUDING ANY ELIGIBILITY</u>
20		<u>POINTS ACCRUED AS A</u>
21		<u>MEMBER OF CLASS T-G, AND</u>
22		<u>IF A MULTIPLE SERVICE</u>
23		<u>MEMBER, CLASS A-5</u>
24	T-E AND T-F	65 WITH ACCRUAL OF AT LEAST
25		THREE ELIGIBILITY POINTS
26		OR A COMBINATION OF AGE
27		AND ELIGIBILITY POINTS
28		TOTALING 92, PROVIDED THE
29		MEMBER HAS ACCRUED AT
30		LEAST 35 ELIGIBILITY

1 POINTS, EXCLUDING ANY  
2 ELIGIBILITY POINTS  
3 ACCRUED AS A MEMBER OF  
4 CLASS T-G, AND IF A  
5 MULTIPLE SERVICE MEMBER,  
6 CLASS A-5  
7 T-G 65 WITH ACCRUAL OF AT LEAST  
8 THREE ELIGIBILITY POINTS  
9 ACCRUED SOLELY AS A  
10 RESULT OF CLASS T-G  
11 SERVICE OR, IF A MULTIPLE  
12 SERVICE MEMBER, CLASS A-5  
13 SERVICE

14 \* \* \*

15 "TRUST." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST  
16 ESTABLISHED UNDER CHAPTER 84 (RELATING TO SCHOOL EMPLOYEES'  
17 DEFINED CONTRIBUTION PLAN).

18 \* \* \*

19 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM,  
20 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND  
21 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

22 "VESTEE." A MEMBER WITH FIVE OR MORE ELIGIBILITY POINTS IN A  
23 CLASS OF SERVICE OTHER THAN CLASS T-E, CLASS T-F, CLASS T-G OR  
24 CLASS A-5 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM WHO HAS  
25 TERMINATED SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS  
26 IN THE FUND AND IS DEFERRING FILING OF AN APPLICATION FOR  
27 RECEIPT OF AN ANNUITY. FOR CLASS T-E AND CLASS T-F MEMBERS, A  
28 MEMBER WITH TEN OR MORE ELIGIBILITY POINTS IN A CLASS OF SERVICE  
29 OTHER THAN CLASS T-G OR, IF A MULTIPLE SERVICE MEMBER, CLASS A-5  
30 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM WHO HAS TERMINATED



1 SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS IN THE FUND  
2 AND IS DEFERRING FILING OF AN APPLICATION FOR RECEIPT OF AN  
3 ANNUITY. FOR CLASS T-G MEMBERS, A MEMBER WITH TEN OR MORE  
4 ELIGIBILITY POINTS CREDITED AS A MEMBER OF CLASS T-G OR, IF A  
5 MULTIPLE SERVICE MEMBER, OF CLASS A-5 IN THE STATE EMPLOYEES  
6 RETIREMENT SYSTEM, WHO HAS TERMINATED SCHOOL SERVICE, AND EITHER  
7 IS NOT ELIGIBLE TO BEGIN RECEIVING AN IMMEDIATE ANNUITY OR, IF  
8 ELIGIBLE, HAS ELECTED TO DEFER FILING OF AN APPLICATION FOR  
9 RECEIPT OF AN ANNUITY.

10 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A  
11 PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL  
12 INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT  
13 CONTRIBUTIONS BY AN ELIGIBLE ROLLOVER OR DIRECT TRUSTEE-TO-  
14 TRUSTEE TRANSFER.

15 SECTION 102. SECTION 8103 OF TITLE 24 IS AMENDED BY ADDING  
16 SUBSECTIONS TO READ:

17 § 8103. CONSTRUCTION OF PART.

18 \* \* \*

19 (F) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF  
20 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF SCHOOL  
21 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART, OR THE PLAN  
22 DOCUMENT ESTABLISHED BY THE BOARD, AND NO COLLECTIVE BARGAINING  
23 AGREEMENT NOR ANY ARBITRATION AWARD BETWEEN THE EMPLOYER AND ITS  
24 EMPLOYEES OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL  
25 BE CONSTRUED TO CHANGE ANY OF THE PROVISIONS IN THIS PART, TO  
26 REQUIRE THE BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS  
27 NOT SET FORTH IN THIS PART OR NOT ESTABLISHED BY THE BOARD IN  
28 THE PLAN DOCUMENT, TO REQUIRE THE BOARD TO MODIFY, AMEND OR  
29 CHANGE ANY OF THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT OR  
30 OTHERWISE REQUIRE ACTION BY ANY OTHER GOVERNMENT BODY PERTAINING

1 TO PENSION OR RETIREMENT BENEFITS OR RIGHTS OF SCHOOL EMPLOYEES.

2 (G) REFERENCES TO CERTAIN FEDERAL STATUTES.--REFERENCES IN  
3 THIS PART TO THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND  
4 REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT.  
5 3149), INCLUDING ADMINISTRATIVE REGULATIONS PROMULGATED UNDER  
6 THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT  
7 RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS AND REGULATIONS  
8 IN EFFECT ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION.

9 (H) CONSTRUCTION.--

10 (1) THIS PART MAY NOT BE CONSTRUED TO MEAN THAT THE  
11 LIMITATIONS ON BENEFITS OR OTHER REQUIREMENTS UNDER IRC §  
12 401(A) OR OTHER APPLICABLE PROVISIONS OF THE IRC THAT ARE  
13 APPLICABLE TO PARTICIPANTS IN THE PLAN DO NOT APPLY TO THE  
14 PARTICIPANTS OR TO THE MEMBERS OF THE SYSTEM AND THE BENEFITS  
15 PAYABLE UNDER THIS PART.

16 (2) THIS PART MAY NOT BE CONSTRUED TO MEAN THAT AN  
17 INTERPRETATION OR APPLICATION OF A PROVISION OF THIS PART OR  
18 BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES'  
19 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH THE PROVISIONS  
20 OF PART IV OR OTHER APPLICABLE LAW, INCLUDING THE IRC AND THE  
21 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF  
22 1994 BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION.

23 (3) THIS PART MAY NOT BE CONSTRUED TO MEAN THAT THE  
24 RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR DATA THAT  
25 WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER SECTION 8502(E) (2)  
26 (RELATING TO ADMINISTRATIVE DUTIES OF BOARD) IS A VIOLATION  
27 OF THE FIDUCIARY DUTIES OF THE BOARD.

28 (I) APPLICABILITY.--THE FOLLOWING SHALL APPLY:

29 (1) THE PROVISIONS OF THIS PART REGARDING THE  
30 ESTABLISHMENT OF AND PARTICIPATION IN THE PLAN SHALL APPLY TO

1 CURRENT AND FORMER MEMBERS OF THE SYSTEM WHO RETURN TO SCHOOL  
2 SERVICE ON OR AFTER JULY 1, 2017, AFTER A TERMINATION OF  
3 SCHOOL SERVICE, NOTWITHSTANDING THE FOLLOWING:

4 (I) WHETHER THE TERMINATION OCCURRED BEFORE, ON OR  
5 AFTER JULY 1, 2017.

6 (II) WHETHER THE SCHOOL EMPLOYEE WAS AN ANNUITANT,  
7 INACTIVE MEMBER OR VESTEE OR WITHDREW ACCUMULATED  
8 DEDUCTIONS DURING THE PERIOD OF TERMINATION.

9 (2) A TERMINATED SCHOOL EMPLOYEE WHO RETURNS TO SCHOOL  
10 SERVICE ON OR AFTER JULY 1, 2017, IS SUBJECT TO THE  
11 PROVISIONS OF THIS PART REGARDING PARTICIPATION IN THE PLAN  
12 OR MEMBERSHIP IN THE SYSTEM THAT ARE IN EFFECT ON THE  
13 EFFECTIVE DATE OF REEMPLOYMENT, INCLUDING, BUT NOT LIMITED  
14 TO, BENEFIT FORMULAS AND ACCRUAL RATES, ELIGIBILITY FOR  
15 ANNUITIES AND DISTRIBUTIONS, CONTRIBUTION RATES, DEFINITIONS,  
16 PURCHASE OF CREDITABLE SCHOOL AND NONSCHOOL SERVICE  
17 PROVISIONS, PURCHASE OF CREDITABLE STATE AND NONSTATE SERVICE  
18 PROVISIONS, AND ACTUARIAL AND FUNDING ASSUMPTIONS.

19 SECTION 102.1. SECTION 8103.1 OF TITLE 24, ADDED DECEMBER  
20 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

21 § 8103.1. NOTICE TO MEMBERS.

22 NOTICE BY PUBLICATION, INCLUDING, BUT NOT LIMITED TO,  
23 NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,  
24 MANUALS AND ELECTRONIC NOTICE, INCLUDING, BUT NOT LIMITED TO, E-  
25 MAIL OR PUBLICLY ACCESSIBLE INTERNET WEBSITES, DISTRIBUTED OR  
26 MADE AVAILABLE TO MEMBERS IN A MANNER REASONABLY CALCULATED TO  
27 GIVE ACTUAL NOTICE OF THE PROVISIONS OF THIS PART THAT REQUIRE  
28 NOTICE TO MEMBERS AND PARTICIPANTS SHALL BE DEEMED SUFFICIENT  
29 NOTICE FOR ALL PURPOSES.

30 SECTION 103. TITLE 24 IS AMENDED BY ADDING A SECTION TO

1 READ:

2 § 8103.2. REFERENCE TO PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
3 SYSTEM.

4 (A) GENERAL RULE.--UNLESS THE CONTEXT CLEARLY INDICATES  
5 OTHERWISE, A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES'  
6 RETIREMENT SYSTEM IN A STATUTORY PROVISION, OTHER THAN THIS PART  
7 AND 71 PA.C.S. PT. XXV (RELATING TO RETIREMENT FOR STATE  
8 EMPLOYEES AND OFFICERS), SHALL INCLUDE A REFERENCE TO THE PLAN,  
9 AND A REFERENCE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND  
10 SHALL INCLUDE A REFERENCE TO THE TRUST.

11 (B) CERTAIN AGREEMENTS.--THE AGREEMENT OF AN EMPLOYER TO  
12 MAKE CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS  
13 MEMBERS IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE  
14 CONTRIBUTIONS TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE  
15 PLAN.

16 SECTION 104. SECTION 8301 OF TITLE 24 IS AMENDED TO READ:  
17 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND  
18 PARTICIPATION IN THE PLAN.

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

22 (1) ANY OFFICER OR EMPLOYEE OF THE [DEPARTMENT OF  
23 EDUCATION] DEPARTMENT, STATE-OWNED EDUCATIONAL INSTITUTIONS,  
24 COMMUNITY COLLEGES, AREA VOCATIONAL-TECHNICAL SCHOOLS,  
25 TECHNICAL INSTITUTES, OR [THE] THE PENNSYLVANIA STATE  
26 UNIVERSITY AND WHO IS A MEMBER OF THE STATE EMPLOYEES'  
27 RETIREMENT SYSTEM OR A MEMBER OF ANOTHER RETIREMENT PROGRAM  
28 APPROVED BY THE EMPLOYER.

29 (2) ANY SCHOOL EMPLOYEE WHO IS NOT A MEMBER OF THE  
30 SYSTEM AND WHO IS EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR

1 LESS THAN 80 FULL-DAY SESSIONS OR 500 HOURS IN ANY FISCAL  
2 YEAR OR ANNUITANT WHO RETURNS TO SCHOOL SERVICE UNDER THE  
3 PROVISIONS OF SECTION 8346(B) (RELATING TO TERMINATION OF  
4 ANNUITIES).

5 (3) ANY OFFICER OR EMPLOYEE OF A GOVERNMENTAL ENTITY WHO  
6 SUBSEQUENT TO DECEMBER 22, 1965 AND PRIOR TO JULY 1, 1975  
7 ADMINISTERS, SUPERVISES, OR TEACHES CLASSES FINANCED WHOLLY  
8 OR IN PART BY THE FEDERAL GOVERNMENT SO LONG AS HE CONTINUES  
9 IN SUCH SERVICE.

10 (4) ANY PART-TIME SCHOOL EMPLOYEE WHO HAS AN INDIVIDUAL  
11 RETIREMENT ACCOUNT PURSUANT TO THE FEDERAL ACT OF SEPTEMBER  
12 2, 1974 (PUBLIC LAW 93-406, 88 STAT. 829), KNOWN AS THE  
13 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

14 (B) PROHIBITED MEMBERSHIP IN SYSTEM.--THE SCHOOL EMPLOYEES  
15 CATEGORIZED IN SUBSECTION (A) (1) AND (2) SHALL NOT HAVE THE  
16 RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.

17 (C) OPTIONAL MEMBERSHIP IN SYSTEM.--THE SCHOOL EMPLOYEES  
18 CATEGORIZED IN SUBSECTION (A) (3) AND, IF OTHERWISE ELIGIBLE,  
19 SUBSECTION (A) (4) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN  
20 THE SYSTEM. ONCE SUCH ELECTION IS EXERCISED, MEMBERSHIP SHALL  
21 COMMENCE FROM THE ORIGINAL DATE OF ELIGIBILITY AND SHALL  
22 CONTINUE UNTIL THE TERMINATION OF SUCH SERVICE.

23 (D) MANDATORY PARTICIPATION IN PLAN.--THE SCHOOL EMPLOYEES  
24 WHO ARE MANDATORY MEMBERS OF CLASS T-G SHALL BE MANDATORY  
25 PARTICIPANTS IN THE PLAN AS OF THE EFFECTIVE DATE OF MEMBERSHIP  
26 IN THE SYSTEM.

27 (E) OPTIONAL PARTICIPATION IN PLAN.--THE SCHOOL EMPLOYEES  
28 WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS MEMBERS OF CLASS T-G  
29 SHALL BE OPTIONAL PARTICIPANTS IN THE PLAN. THE SCHOOL EMPLOYEES  
30 WHO ELECT MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS T-G ALSO

1 ELECT PARTICIPATION IN THE PLAN AS OF THE EFFECTIVE DATE OF  
2 MEMBERSHIP IN THE SYSTEM.

3 SECTION 105. SECTIONS 8302(A), (B) (1) AND (2), (C) AND (D)  
4 AND 8303(C) OF TITLE 24 ARE AMENDED AND THE SECTIONS ARE AMENDED  
5 BY ADDING SUBSECTIONS TO READ:

6 § 8302. CREDITED SCHOOL SERVICE.

7 (A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED  
8 SCHOOL SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A  
9 FULL-TIME SALARIED SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF  
10 CREDIT FOR EACH SCHOOL YEAR OR THE CORRESPONDING FRACTION  
11 THEREOF, IN ACCORDANCE WITH THE PROPORTION OF THE FULL SCHOOL  
12 YEAR FOR WHICH THE REQUIRED REGULAR MEMBER CONTRIBUTIONS HAVE  
13 BEEN MADE TO THE FUND, OR FOR WHICH SUCH CONTRIBUTIONS OTHERWISE  
14 REQUIRED FOR SUCH SERVICE WERE NOT MADE TO THE FUND SOLELY BY  
15 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS  
16 UNDER IRC § 401(A) (17) OR 415 OR LIMITATIONS ON CONTRIBUTIONS  
17 APPLICABLE TO A CLASS T-G MEMBER. A PER DIEM OR HOURLY SCHOOL  
18 EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED SERVICE FOR EACH  
19 NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS IN WHICH HE IS  
20 EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND, OR  
21 WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH LIMITATIONS UNDER  
22 THE IRC, OR LIMITATIONS ON CONTRIBUTIONS APPLICABLE TO A CLASS  
23 T-G MEMBER FOR AT LEAST 180 FULL-DAY SESSIONS OR 1,100 HOURS OF  
24 EMPLOYMENT. IF SUCH MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE  
25 MADE TO THE FUND FOR LESS THAN 180 FULL-DAY SESSIONS OR 1,100  
26 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A YEAR  
27 DETERMINED BY THE RATIO OF THE NUMBER OF FULL-DAY SESSIONS OR  
28 HOURS OF SERVICE ACTUALLY RENDERED TO 180 FULL-DAY SESSIONS OR  
29 1,100 HOURS, AS THE CASE MAY BE. A PART-TIME SALARIED EMPLOYEE  
30 SHALL BE CREDITED WITH THE FRACTIONAL PORTION OF THE YEAR WHICH

1 CORRESPONDS TO THE SERVICE ACTUALLY RENDERED AND FOR WHICH  
2 CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND EXCEPT FOR  
3 THE LIMITATIONS UNDER THE IRC OR LIMITATIONS APPLICABLE TO A  
4 CLASS T-G MEMBER IN RELATION TO THE SERVICE REQUIRED AS A  
5 COMPARABLE FULL-TIME SALARIED EMPLOYEE. IN NO CASE SHALL A  
6 MEMBER RECEIVE MORE THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12  
7 CONSECUTIVE MONTHS OR A MEMBER WHO HAS ELECTED MULTIPLE SERVICE  
8 RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE THAN ONE YEAR OF  
9 CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS.

10 (B) APPROVED LEAVES OF ABSENCE.--AN ACTIVE MEMBER SHALL  
11 RECEIVE CREDIT, AND AN ACTIVE PARTICIPANT SHALL RECEIVE  
12 ELIGIBILITY POINTS, FOR AN APPROVED LEAVE OF ABSENCE PROVIDED  
13 THAT:

14 (1) THE MEMBER RETURNS FOR A PERIOD AT LEAST EQUAL TO  
15 THE LENGTH OF THE LEAVE OR ONE YEAR AS A MEMBER OF THE SYSTEM  
16 AND, FOR CLASS T-G MEMBERS, THE PARTICIPANT RETURNS TO SCHOOL  
17 SERVICE AS AN ACTIVE PARTICIPANT IN THE PLAN, WHICHEVER IS  
18 LESS, TO THE SCHOOL DISTRICT WHICH GRANTED HIS LEAVE, UNLESS  
19 SUCH CONDITION IS WAIVED BY THE EMPLOYER; AND

20 (2) THE PROPER CONTRIBUTIONS ARE MADE BY THE MEMBER AND  
21 THE EMPLOYER AND, FOR CLASS T-G MEMBERS, BY THE ACTIVE  
22 PARTICIPANT AND THE EMPLOYER.

23 \* \* \*

24 (C) CANCELLATION OF CREDITED SERVICE.--

25 (1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE  
26 [CANCELLED] CANCELED IF A MEMBER WITHDRAWS HIS ACCUMULATED  
27 DEDUCTIONS[.] EXCEPT THAT:

28 (I) A MEMBER WITH CLASS T-G SERVICE CREDIT AND ONE  
29 OR MORE OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE  
30 HIS SERVICE CREDIT IN THE CLASSES OF SERVICE OTHER THAN

1 CLASS T-G CANCELED WHEN THE MEMBER RECEIVES A LUMP SUM  
2 PAYMENT OF ACCUMULATED DEDUCTIONS RELATING TO THE CLASS  
3 T-G SERVICE; AND

4 (II) A MEMBER WITH CLASS T-G SERVICE CREDIT AND ONE  
5 OR MORE OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE  
6 HIS SERVICE CREDIT AS A MEMBER OF CLASS T-G CANCELED WHEN  
7 THE MEMBER RECEIVES A LUMP SUM PAYMENT OF ACCUMULATED  
8 DEDUCTIONS RESULTING FROM THE OTHER CLASSES OF SERVICE.

9 (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL  
10 DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER  
11 SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM.

12 (D) CREDIT FOR MILITARY SERVICE.--A SCHOOL EMPLOYEE WHO HAS  
13 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM AS  
14 FOLLOWS:

15 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS  
16 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A  
17 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY  
18 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED  
19 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE  
20 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73  
21 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL  
22 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE  
23 PERIOD OF MILITARY SERVICE BEGAN, NOTWITHSTANDING IF THE  
24 MEMBER IS NOT DEFINED AS AN EMPLOYEE UNDER 51 PA.C.S. § 7301  
25 (RELATING TO DEFINITIONS).

26 (1.1) SCHOOL EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT OR  
27 EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306(A), (B) AND (C)  
28 (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT  
29 BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION,  
30 EXCEPT OTHERWISE PROVIDED UNDER THIS SUBSECTION.



1 (2) A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY  
2 RECEIVE CREDIT AS PROVIDED BY THIS PARAGRAPH.

3 (I) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM USERRA  
4 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED  
5 AS NOT HAVING INCURRED A BREAK IN SCHOOL SERVICE BY  
6 REASON OF THE USERRA LEAVE AND SHALL BE GRANTED  
7 ELIGIBILITY POINTS AS IF THE SCHOOL EMPLOYEE HAD NOT BEEN  
8 ON THE USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS  
9 REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE  
10 SYSTEM SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,  
11 SHARED-RISK MEMBER CONTRIBUTIONS AND ANY OTHER MEMBER  
12 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS  
13 REQUIRED BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND  
14 REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES)  
15 AND IRC § 414(U) AS IF THE SCHOOL EMPLOYEE HAD CONTINUED  
16 IN HIS SCHOOL OFFICE OR EMPLOYMENT AND PERFORMED SCHOOL  
17 SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA  
18 LEAVE, THEN THE SCHOOL EMPLOYEE SHALL BE GRANTED SCHOOL  
19 SERVICE CREDIT FOR THE PERIOD OF USERRA LEAVE. THE  
20 EMPLOYEE SHALL HAVE HIS BENEFITS, RIGHTS AND OBLIGATIONS  
21 DETERMINED UNDER THIS PART AS IF HE WAS AN ACTIVE MEMBER  
22 WHO PERFORMED CREDITABLE SCHOOL SERVICE DURING THE USERRA  
23 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE  
24 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON  
25 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE SCHOOL SERVICE  
26 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

27 (II) FOR PURPOSES OF DETERMINING WHETHER A SCHOOL  
28 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR  
29 SCHOOL SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE  
30 WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER

1           OF THE SYSTEM TERMINATES SCHOOL SERVICE OR DIES IN SCHOOL  
2           SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT  
3           PERIOD, SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE SHALL  
4           BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS WERE  
5           PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT OF  
6           THE REQUIRED MEMBER CONTRIBUTIONS SHALL BE TREATED AS AN  
7           INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF SECTION  
8           8325 (RELATING TO INCOMPLETE PAYMENTS). UPON A SUBSEQUENT  
9           RETURN TO SCHOOL SERVICE OR TO STATE SERVICE AS A  
10          MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER  
11          CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE  
12          TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER  
13          WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP  
14          SUM UNDER SECTION 8345 (A) (4) (RELATING TO MEMBER'S  
15          OPTIONS). FOR THIS PURPOSE, THE EXCLUSION OF CLASS T-E  
16          AND CLASS T-F MEMBERS FROM ELECTING A FORM OF PAYMENT  
17          UNDER SECTION 8345 (A) (4) (III) SHALL BE IGNORED.

18                 (III) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM  
19          USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM AND WHO  
20          DOES NOT MAKE THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES  
21          ONLY PART OF THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE  
22          ALLOWED PAYMENT PERIOD SHALL NOT BE:

23                         (A) GRANTED CREDITED SERVICE FOR THE PERIOD OF  
24                         USERRA LEAVE FOR WHICH THE REQUIRED MEMBER  
25                         CONTRIBUTIONS WERE NOT TIMELY MADE.

26                         (B) ELIGIBLE TO SUBSEQUENTLY MAKE CONTRIBUTIONS.

27                         (C) GRANTED EITHER SCHOOL SERVICE CREDIT OR  
28                         NONSCHOOL SERVICE CREDIT FOR THE PERIOD OF USERRA  
29                         LEAVE FOR WHICH THE REQUIRED MEMBER CONTRIBUTIONS  
30                         WERE NOT TIMELY MADE.

1           (3) A SCHOOL EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND  
2 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN  
3 REEMPLOYED FROM USERRA LEAVE HAD THE SCHOOL EMPLOYEE RETURNED  
4 TO SCHOOL SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C.  
5 CH. 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE  
6 ABLE TO RECEIVE CREDITABLE NONSCHOOL SERVICE AS  
7 NONINTERVENING MILITARY SERVICE FOR THE PERIOD OF USERRA  
8 LEAVE IF THE EMPLOYEE LATER RETURNS TO SCHOOL SERVICE AND IS  
9 OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE AS NONINTERVENING  
10 MILITARY SERVICE.

11           (4) [A SCHOOL EMPLOYEE] AN ACTIVE OR INACTIVE MEMBER  
12 WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS  
13 GRANTED A LEAVE OF ABSENCE UNDER SECTION 1178 OF THE PUBLIC  
14 SCHOOL CODE, A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102  
15 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT  
16 EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73, THAT  
17 IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE CREDITABLE  
18 NONSCHOOL SERVICE AS NONINTERVENING MILITARY SERVICE SHOULD  
19 THE EMPLOYEE RETURN TO SCHOOL SERVICE AS AN ACTIVE MEMBER OF  
20 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE  
21 AS NONINTERVENING MILITARY SERVICE.

22           (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THE  
23 BENEFICIARIES OR SURVIVOR ANNUITANTS OF THE DECEASED MEMBER  
24 SHALL BE ENTITLED TO ANY ADDITIONAL BENEFITS, INCLUDING  
25 ELIGIBILITY POINTS, OTHER THAN BENEFIT ACCRUALS RELATING TO  
26 THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS  
27 PART AS IF THE MEMBER RESUMED AND THEN TERMINATED EMPLOYMENT  
28 ON ACCOUNT OF DEATH.

29           (6) A SCHOOL EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM  
30 HIS DUTIES AS A SCHOOL EMPLOYEE AND FOR WHICH 51 PA.C.S. §

1 4102 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR  
2 EFFICIENCY SHALL NOT BE AN ACTIVE MEMBER, RECEIVE SERVICE  
3 CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF ABSENCE  
4 EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING THIS  
5 PARAGRAPH, ANY PAY THE MEMBER RECEIVES UNDER SECTION 1178 OF  
6 THE PUBLIC SCHOOL CODE OR 51 PA.C.S. § 4102 SHALL BE INCLUDED  
7 IN THE DETERMINATION OF FINAL AVERAGE SALARY AND OTHER  
8 CALCULATIONS IN THE SYSTEM UTILIZING COMPENSATION AS IF THE  
9 PAYMENTS WERE COMPENSATION UNDER THIS PART.

10 (E) MILITARY SERVICE BY PARTICIPANT.--A PARTICIPANT WHO HAS  
11 PERFORMED USERRA LEAVE SHALL BE TREATED AND MAY MAKE  
12 CONTRIBUTIONS AS FOLLOWS:

13 (1) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE  
14 SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN SCHOOL  
15 SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE GRANTED  
16 ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT BEEN ON  
17 USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED FROM USERRA  
18 LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP PARTICIPANT  
19 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS REQUIRED  
20 BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS IF THE PARTICIPANT  
21 HAD CONTINUED IN HIS SCHOOL EMPLOYMENT AND PERFORMED SCHOOL  
22 SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA  
23 LEAVE, THE PARTICIPANT'S EMPLOYER SHALL MAKE THE  
24 CORRESPONDING EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE  
25 SHALL HAVE HIS CONTRIBUTIONS, BENEFITS, RIGHTS AND  
26 OBLIGATIONS DETERMINED UNDER THIS PART AS IF HE WAS AN ACTIVE  
27 PARTICIPANT WHO PERFORMED SCHOOL SERVICE DURING THE USERRA  
28 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE NOT  
29 BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON WHICH  
30 THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO RECEIVE

1 SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE WERE DETERMINED,  
2 INCLUDING THE RIGHT TO MAKE VOLUNTARY CONTRIBUTIONS AS  
3 PERMITTED BY LAW.

4 (2) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE  
5 AND DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT  
6 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP  
7 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT PERIOD  
8 SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT  
9 CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS AT A LATER DATE FOR  
10 THE PERIOD OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP  
11 PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

12 (3) A PARTICIPANT WHO PERFORMS USERRA LEAVE FROM WHICH  
13 THE EMPLOYEE COULD HAVE BEEN REEMPLOYED FROM USERRA LEAVE HAD  
14 THE SCHOOL EMPLOYEE RETURNED TO SCHOOL SERVICE IN THE TIME  
15 FRAMES REQUIRED BY 38 U.S.C. CH. 43 FOR REEMPLOYMENT RIGHTS,  
16 BUT DID NOT DO SO, SHALL NOT BE ELIGIBLE TO MAKE MANDATORY  
17 PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS  
18 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER  
19 RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN.

20 (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO,  
21 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED  
22 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 OR A MILITARY  
23 LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT USERRA LEAVE SHALL  
24 NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT  
25 CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS DURING OR FOR THE  
26 LEAVE OF ABSENCE OR MILITARY LEAVE AND SHALL NOT HAVE  
27 EMPLOYER DEFINED CONTRIBUTIONS MADE DURING SUCH LEAVE,  
28 WITHOUT REGARD TO WHETHER OR NOT THE PARTICIPANT RECEIVED  
29 SALARY, WAGES, STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER  
30 PAYMENTS FROM HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING

1 ANY PROVISION TO THE CONTRARY IN 51 PA.C.S. § 4102 OR CH. 73.

2 (5) IF A PARTICIPANT DIES WHILE PERFORMING USERRA LEAVE,  
3 THEN THE BENEFICIARIES OR SUCCESSOR PAYEES, AS THE CASE MAY  
4 BE, OF THE DECEASED PARTICIPANT ARE ENTITLED TO ANY  
5 ADDITIONAL BENEFITS, OTHER THAN BENEFIT ACCRUALS RELATING TO  
6 THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS  
7 PART HAD THE PARTICIPANT RESUMED AND THEN TERMINATED  
8 EMPLOYMENT ON ACCOUNT OF DEATH.

9 § 8303. ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF  
10 SERVICE CREDITS.

11 \* \* \*

12 (C) PURCHASE OF PREVIOUS CREDITABLE SERVICE.--[EVERY]  
13 SUBJECT TO THE LIMITATIONS IN SUBSECTION (C.1), AN ACTIVE MEMBER  
14 OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE  
15 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE  
16 EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND RECEIVE  
17 ELIGIBILITY POINTS:

18 (1) AS A MEMBER OF CLASS T-C, CLASS T-E OR CLASS T-F FOR  
19 PREVIOUS CREDITABLE SCHOOL SERVICE OR CREDITABLE NONSCHOOL  
20 SERVICE; [OR]

21 (2) AS A MEMBER OF CLASS T-D FOR PREVIOUS CREDITABLE  
22 SCHOOL SERVICE, PROVIDED THE MEMBER ELECTS TO BECOME A CLASS  
23 T-D MEMBER PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION  
24 TO BECOME A CLASS T-D MEMBER); OR

25 (3) AS A MEMBER OF CLASS T-G FOR PREVIOUS CREDITABLE  
26 SCHOOL SERVICE PERFORMED AS A CLASS T-G MEMBER;

27 UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE  
28 MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE;  
29 EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT  
30 SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.

1       (C.1) INELIGIBILITY TO PURCHASE PREVIOUS SCHOOL SERVICE  
2 CREDIT.--AN ACTIVE MEMBER OF CLASS T-G, OR A MULTIPLE SERVICE  
3 MEMBER WHO IS AN ACTIVE MEMBER OF CLASS A-5 IN THE STATE  
4 EMPLOYEES' RETIREMENT SYSTEM, SHALL NOT BE ELIGIBLE TO PURCHASE  
5 SERVICE CREDIT FOR PREVIOUS SCHOOL SERVICE, WHETHER OR NOT  
6 PREVIOUSLY CREDITED IN THE SYSTEM, EXCEPT TO REINSTATE  
7 PREVIOUSLY CREDITED CLASS T-G SERVICE CREDIT FOR WHICH  
8 ACCUMULATED DEDUCTIONS WERE WITHDRAWN, AND EXCEPT TO THE EXTENT  
9 THAT ANY OTHER PROVISION OF LAW REQUIRES OR ALLOWS THE CREDITING  
10 OF ANY PERIOD OF LEAVE TO BE PURCHASED AS SCHOOL SERVICE AFTER  
11 THE MEMBER RETURNS FROM THE LEAVE TO SCHOOL SERVICE.

12       \* \* \*

13       SECTION 106. SECTION 8304(A) OF TITLE 24 IS AMENDED TO READ:  
14 § 8304. CREDITABLE NONSCHOOL SERVICE.

15       (A) ELIGIBILITY.--AN ACTIVE MEMBER IN A CLASS OTHER THAN  
16 CLASS T-G, OR A MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE MEMBER  
17 OF THE STATE EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OTHER THAN  
18 CLASS A-5, SHALL BE ELIGIBLE TO RECEIVE CLASS T-C, CLASS T-E OR  
19 CLASS T-F SERVICE CREDIT FOR CREDITABLE NONSCHOOL SERVICE AND  
20 CLASS T-D, CLASS T-E OR CLASS T-F SERVICE FOR INTERVENING  
21 MILITARY SERVICE, PROVIDED THE MEMBER BECOMES A CLASS T-D MEMBER  
22 PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION TO BECOME A  
23 CLASS T-D MEMBER) OR CLASS T-F MEMBER PURSUANT TO SECTION 8305.2  
24 (RELATING TO ELECTION TO BECOME A CLASS T-F MEMBER) OR 8305  
25 (RELATING TO CLASSES OF SERVICE), AS SET FORTH IN SUBSECTION (B)  
26 PROVIDED THAT HE IS NOT ENTITLED TO RECEIVE, ELIGIBLE TO RECEIVE  
27 NOW OR IN THE FUTURE, OR IS RECEIVING RETIREMENT BENEFITS FOR  
28 SUCH SERVICE UNDER A RETIREMENT SYSTEM ADMINISTERED AND WHOLLY  
29 OR PARTIALLY PAID FOR BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY  
30 PRIVATE EMPLOYER, OR A RETIREMENT PROGRAM APPROVED BY THE

1 EMPLOYER IN ACCORDANCE WITH SECTION 8301 (A) (1) (RELATING TO  
2 MANDATORY AND OPTIONAL MEMBERSHIP), AND FURTHER PROVIDED THAT  
3 SUCH SERVICE IS CERTIFIED BY THE PREVIOUS EMPLOYER AND THE  
4 MANNER OF PAYMENT OF THE AMOUNT DUE IS AGREED UPON BY THE  
5 MEMBER, THE EMPLOYER, AND THE BOARD. AN ACTIVE MEMBER WHO IS A  
6 MEMBER OF CLASS T-G OR A MULTIPLE SERVICE MEMBER WHO IS A STATE  
7 EMPLOYEE AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT  
8 SYSTEM AS A MEMBER OF CLASS A-5 SHALL BE ELIGIBLE FOR CLASS T-G  
9 SERVICE CREDIT FOR CREDITABLE NONSCHOOL SERVICE AS SET FORTH IN  
10 SUBSECTION (B) (2) FOR WHICH THE MEMBER MAKES THE REQUIRED  
11 CONTRIBUTIONS TO THE FUND.

12 \* \* \*

13 SECTION 107. SECTION 8305 (A), (B), (C) (1) AND (4), (D) AND  
14 (E) OF TITLE 24 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING  
15 A SUBSECTION TO READ:

16 § 8305. CLASSES OF SERVICE.

17 (A) CLASS T-C MEMBERSHIP.--A SCHOOL EMPLOYEE WHO IS A MEMBER  
18 OF CLASS T-C ON THE EFFECTIVE DATE OF THIS PART OR WHO BECOMES A  
19 MEMBER OF THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS  
20 PART SHALL BE CLASSIFIED AS A CLASS T-C MEMBER, PROVIDED THE  
21 SCHOOL EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS T-D PURSUANT  
22 TO SUBSECTION (C) AND DOES NOT BECOME A MEMBER OF CLASS T-G  
23 PURSUANT TO SUBSECTION (F).

24 (B) OTHER CLASS MEMBERSHIP.--A SCHOOL EMPLOYEE WHO IS A  
25 MEMBER OF A CLASS OF SERVICE OTHER THAN CLASS T-C ON THE  
26 EFFECTIVE DATE OF THIS PART MAY ELECT TO BECOME A MEMBER OF  
27 CLASS T-C OR CLASS T-D OR MAY RETAIN HIS MEMBERSHIP IN SUCH  
28 OTHER CLASS UNTIL THE SERVICE IS DISCONTINUED OR HE ELECTS TO  
29 BECOME A FULL COVERAGE MEMBER OR ELECTS TO PURCHASE CREDIT FOR  
30 PREVIOUS SCHOOL OR CREDITABLE NONSCHOOL SERVICE. ANY SERVICE



1 THEREAFTER AS A MEMBER OF THE SYSTEM SHALL BE CREDITED AS CLASS  
2 T-C [OR], T-D OR T-G SERVICE AS APPLICABLE.

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

4 (1) A PERSON WHO BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE  
5 MEMBER, OR A PERSON WHO BECOMES A MULTIPLE SERVICE MEMBER WHO  
6 IS A STATE EMPLOYEE AND A MEMBER OF THE STATE EMPLOYEES'  
7 RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF THIS  
8 SUBSECTION SHALL BE CLASSIFIED AS A CLASS T-D MEMBER UPON  
9 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS. ANY PRIOR SCHOOL  
10 SERVICE CREDITED AS CLASS T-C SERVICE SHALL BE CREDITED AS  
11 CLASS T-D SERVICE, SUBJECT TO THE LIMITATIONS CONTAINED IN  
12 PARAGRAPH (4) AND SECTION 8303(C.1) (RELATING TO ELIGIBILITY  
13 POINTS FOR RETENTION AND REINSTATEMENT OF SERVICE CREDITS).

14 \* \* \*

15 (4) (I) SCHOOL SERVICE PERFORMED AS CLASS T-C SERVICE  
16 BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION SHALL BE  
17 CREDITED AS CLASS T-D SERVICE ONLY UPON COMPLETION OF ALL  
18 ACTS NECESSARY FOR THE SCHOOL SERVICE TO BE CREDITED AS  
19 CLASS T-C SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED.

20 (II) A PERSON WHO IS NOT A SCHOOL EMPLOYEE OR A  
21 STATE EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND  
22 WHO HAS PREVIOUS SCHOOL SERVICE SHALL NOT RECEIVE CLASS  
23 T-D SERVICE CREDIT FOR SCHOOL SERVICE PERFORMED BEFORE  
24 JULY 1, 2001, UNTIL THE PERSON BECOMES AN ACTIVE MEMBER  
25 OR AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT  
26 SYSTEM AND A MULTIPLE SERVICE MEMBER AND EARNS THREE  
27 ELIGIBILITY POINTS BY PERFORMING CREDITED SCHOOL SERVICE  
28 IN A CLASS OTHER THAN CLASS T-G OR STATE SERVICE IN A  
29 CLASS OTHER THAN CLASS A-5 AFTER JUNE 30, 2001. THIS  
30 SUBPARAGRAPH DOES NOT APPLY TO A DISABILITY ANNUITANT WHO

1 RETURNS TO SCHOOL SERVICE AFTER JUNE 30, 2001, UPON  
2 TERMINATION OF THE DISABILITY ANNUITY.

3 (D) CLASS T-E MEMBERSHIP.--NOTWITHSTANDING ANY OTHER  
4 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN  
5 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE  
6 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE  
7 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF  
8 THIS SUBSECTION SHALL BE CLASSIFIED AS A CLASS T-E MEMBER UPON  
9 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND THE SHARED-RISK  
10 CONTRIBUTIONS, PROVIDED THE MEMBER DOES NOT TERMINATE SERVICE  
11 AND THEN RETURN TO SERVICE ON OR AFTER JULY 1, 2017.

12 (E) CLASS T-F MEMBERSHIP.--NOTWITHSTANDING ANY OTHER  
13 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN  
14 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE  
15 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE  
16 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF  
17 THIS SUBSECTION AND WHO IS ELIGIBLE TO BECOME A CLASS T-E MEMBER  
18 SHALL HAVE THE RIGHT TO ELECT INTO CLASS T-F MEMBERSHIP,  
19 PROVIDED THE PERSON ELECTS TO BECOME A CLASS T-F MEMBER PURSUANT  
20 TO SECTION 8305.2 (RELATING TO ELECTION TO BECOME A CLASS T-F  
21 MEMBER), UPON WRITTEN ELECTION FILED WITH THE BOARD AND PAYMENT  
22 OF REGULAR MEMBER CONTRIBUTIONS AND THE SHARED-RISK  
23 CONTRIBUTIONS, PROVIDED THE MEMBER DOES NOT TERMINATE SERVICE  
24 AND THEN RETURN TO SERVICE ON OR AFTER JULY 1, 2017.

25 (F) CLASS T-G MEMBERSHIP.--A PERSON WHO FIRST BECOMES A  
26 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER, OR A PERSON WHO FIRST  
27 BECOMES A MULTIPLE SERVICE MEMBER WHO IS A STATE EMPLOYEE AND A  
28 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER  
29 JULY 1, 2017, SHALL BE CLASSIFIED AS A CLASS T-G MEMBER UPON  
30 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND THE SHARED RISK

1 CONTRIBUTIONS.

2 SECTION 108. SECTIONS 8305.1(C) AND 8305.2(C) OF TITLE 24  
3 ARE AMENDED TO READ:

4 § 8305.1. ELECTION TO BECOME A CLASS T-D MEMBER.

5 \* \* \*

6 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS T-D  
7 MEMBER SHALL REMAIN IN EFFECT UNTIL THE TERMINATION OF  
8 EMPLOYMENT. THOSE MEMBERS WHO, ON THE EFFECTIVE DATE OF THIS  
9 SECTION, CONTRIBUTE AT THE RATE OF 5 1/4% SHALL BE DEEMED TO  
10 HAVE ACCEPTED THE BASIC CONTRIBUTION RATE OF 6 1/2% FOR ALL  
11 CLASS T-D SERVICE PERFORMED ON OR AFTER JANUARY 1, 2002. THOSE  
12 MEMBERS WHO, ON THE EFFECTIVE DATE OF THIS SECTION, CONTRIBUTE  
13 AT THE RATE OF 6 1/4% SHALL BE DEEMED TO HAVE ACCEPTED THE BASIC  
14 CONTRIBUTION RATE OF 7 1/2% FOR ALL CLASS T-D SERVICE PERFORMED  
15 ON OR AFTER JANUARY 1, 2002. UPON TERMINATION AND A SUBSEQUENT  
16 REEMPLOYMENT THAT OCCURS BEFORE JULY 1, 2017, THE CLASS OF  
17 SERVICE OF THE SCHOOL EMPLOYEE SHALL BE CREDITED IN THE CLASS OF  
18 SERVICE OTHERWISE PROVIDED FOR IN THIS PART. IF THE REEMPLOYMENT  
19 OCCURS ON OR AFTER JULY 1, 2017, THE SCHOOL EMPLOYEE'S  
20 ELIGIBILITY FOR MEMBERSHIP AND CLASS OF SERVICE IN THE SYSTEM OR  
21 PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART.

22 \* \* \*

23 § 8305.2. ELECTION TO BECOME A CLASS T-F MEMBER.

24 \* \* \*

25 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS T-F  
26 MEMBER SHALL BE IRREVOCABLE AND SHALL COMMENCE FROM THE ORIGINAL  
27 DATE OF ELIGIBILITY[. A MEMBER WHO ELECTS CLASS T-F MEMBERSHIP  
28 SHALL RECEIVE CLASS T-F SERVICE CREDIT ON ANY AND ALL FUTURE  
29 SERVICE, REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR  
30 HAS A BREAK IN SERVICE.] AND SHALL REMAIN IN EFFECT FOR ALL

1 FUTURE SCHOOL SERVICE CREDITABLE IN THE SYSTEM THAT OTHERWISE  
2 WOULD NOT BE CREDITED AS CLASS T-G SERVICE.

3 \* \* \*

4 SECTION 108.1. TITLE 24 IS AMENDED BY ADDING A SECTION TO  
5 READ:

6 § 8305.3. ELECTION TO BECOME A CLASS T-G MEMBER.

7 (A) GENERAL RULE.--A MEMBER WHO RETURNS TO SCHOOL SERVICE ON  
8 OR AFTER JULY 1, 2017, MAY MAKE A ONE-TIME ELECTION TO BECOME A  
9 MEMBER OF CLASS T-G.

10 (B) TIME FOR MAKING ELECTION.--A MEMBER MUST ELECT TO BECOME  
11 A CLASS T-G MEMBER BY FILING A WRITTEN ELECTION WITH THE BOARD  
12 WITHIN 45 DAYS OF NOTIFICATION BY THE BOARD OF THE MEMBER'S  
13 ELIGIBILITY TO ELECT CLASS T-G MEMBERSHIP AND PARTICIPATION. A  
14 SCHOOL EMPLOYEE WHO IS ELIGIBLE TO BECOME A CLASS T-G MEMBER WHO  
15 BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING  
16 ELECTED CLASS T-G MEMBERSHIP MAY MAKE THE ELECTION WITHIN 45  
17 DAYS AFTER BEING REEMPLOYED FROM USERRA LEAVE.

18 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS T-G  
19 MEMBER SHALL BE IRREVOCABLE AND SHALL COMMENCE FROM THE ORIGINAL  
20 DATE OF THE MEMBER'S RETURN TO SERVICE. A MEMBER WHO ELECTS  
21 CLASS T-G MEMBERSHIP SHALL RECEIVE CLASS T-G SERVICE CREDIT ON  
22 ANY AND ALL FUTURE SERVICE, REGARDLESS OF WHETHER THE MEMBER  
23 TERMINATES SERVICE OR HAS A BREAK IN SERVICE.

24 (D) EFFECT OF FAILURE TO MAKE ELECTION.--A MEMBER WHO FAILS  
25 TO TIMELY FILE AN ELECTION TO BECOME A CLASS T-G MEMBER SHALL  
26 NEVER BE ABLE TO ELECT CLASS T-G SERVICE, REGARDLESS OF WHETHER  
27 THE MEMBER TERMINATES SERVICE OR HAS A BREAK IN SERVICE.

28 SECTION 108.2. SECTIONS 8306 AND 8307(B) AND (C) OF TITLE 24  
29 ARE AMENDED TO READ:

30 § 8306. ELIGIBILITY POINTS.

1 (A) GENERAL RULE.--AN ACTIVE MEMBER OF THE SYSTEM SHALL  
2 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE  
3 AS A MEMBER OF THE [SCHOOL OR STATE RETIREMENT] SYSTEM OR IF A  
4 MULTIPLE SERVICE MEMBER, AS A MEMBER OF THE STATE EMPLOYEES'  
5 RETIREMENT SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO-  
6 THIRDS OF AN ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3  
7 CREDITED SERVICE UNDER THE STATE EMPLOYEES' RETIREMENT SYSTEM.  
8 IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE,  
9 A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF AN  
10 ELIGIBILITY POINT.

11 (A.1) USERRA LEAVE.--A MEMBER OR PARTICIPANT WHO IS  
12 REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA  
13 LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE  
14 ACCRUED HAD HE CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT  
15 INSTEAD OF PERFORMING USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS  
16 REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER OR MANDATORY  
17 PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED SCHOOL SERVICE  
18 CREDIT FOR THE USERRA LEAVE, NO ADDITIONAL ELIGIBILITY POINTS  
19 MAY BE GRANTED.

20 (B) TRANSITIONAL RULE.--FOR THE PURPOSES OF THE TRANSITION:

21 (1) IN DETERMINING WHETHER A MEMBER, OTHER THAN A  
22 DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE  
23 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY, WHO IS  
24 NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001,  
25 AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE, HAS  
26 THE FIVE ELIGIBILITY POINTS REQUIRED BY THE DEFINITION OF  
27 "VESTEE" IN SECTIONS 8102 (RELATING TO DEFINITIONS), 8307  
28 (RELATING TO ELIGIBILITY FOR ANNUITIES), 8308 (RELATING TO  
29 ELIGIBILITY FOR VESTING) AND 8345 (RELATING TO MEMBER'S  
30 OPTIONS), ONLY ELIGIBILITY POINTS EARNED BY PERFORMING

1 CREDITED SCHOOL SERVICE, USERRA LEAVE CREDITED AS AN ACTIVE  
2 MEMBER OF THE SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS  
3 T-G OR CREDITED STATE SERVICE AS AN ACTIVE MEMBER OF THE  
4 STATE EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OTHER THAN  
5 CLASS A-5 AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL SUCH  
6 MEMBER EARNS ONE SUCH ELIGIBILITY POINT BY PERFORMING  
7 CREDITED SCHOOL SERVICE OR CREDITED STATE SERVICE AFTER JUNE  
8 30, 2001, AT WHICH TIME ALL ELIGIBILITY POINTS, OTHER THAN  
9 ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS T-G  
10 OR CLASS A-5, AS DETERMINED UNDER SUBSECTION (A) SHALL BE  
11 COUNTED.

12 (2) A MEMBER SUBJECT TO PARAGRAPH (1) SHALL BE  
13 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE  
14 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER HAS  
15 AT LEAST TEN ELIGIBILITY POINTS DETERMINED UNDER SUBSECTION  
16 (A) .

17 (C) TRANSITIONAL RULE FOR MEMBERS WITH CLASS T-G SERVICE  
18 CREDIT.--

19 (1) ANY PROVISION OF THIS PART PERTAINING TO ELIGIBILITY  
20 POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF  
21 ANNUITIES OR BENEFITS ATTRIBUTABLE TO CLASSES OF SERVICE  
22 OTHER THAN CLASS T-G SHALL NOT INCLUDE ANY ELIGIBILITY POINTS  
23 ATTRIBUTABLE TO SERVICE CREDITED IN CLASS T-G OR AS A MEMBER  
24 OF CLASS A-5 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

25 (2) ANY PROVISION OF THIS PART PERTAINING TO ELIGIBILITY  
26 POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF  
27 ANNUITIES OR BENEFITS ATTRIBUTABLE TO SERVICE IN CLASS T-G  
28 SHALL INCLUDE ONLY ELIGIBILITY POINTS ATTRIBUTABLE TO SERVICE  
29 CREDITED IN CLASS T-G OR IF A MULTIPLE SERVICE MEMBER AS A  
30 MEMBER OF CLASS A-5 IN THE STATE EMPLOYEES' RETIREMENT

1 SYSTEM.

2 (3) ONLY ELIGIBILITY POINTS EARNED AS A MEMBER OF CLASS  
3 T-G, OR IF A MULTIPLE SERVICE MEMBER AS A MEMBER OF CLASS A-5  
4 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM, SHALL BE  
5 APPLICABLE TO ANY PROVISION IN THIS PART REQUIRING  
6 ELIGIBILITY POINTS FOR THE DETERMINATION OR PAYMENT OF  
7 BENEFITS FROM THE PLAN.

8 § 8307. ELIGIBILITY FOR ANNUITIES.

9 \* \* \*

10 (B) WITHDRAWAL ANNUITY.--

11 (1) A VESTEE IN CLASS T-C OR CLASS T-D WITH FIVE OR MORE  
12 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-C OR  
13 CLASS T-D MEMBER WHO TERMINATES SCHOOL SERVICE HAVING FIVE OR  
14 MORE ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN  
15 CLASS T-G, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5, SHALL,  
16 UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN  
17 EARLY ANNUITY BASED ON THE SERVICE CREDITED AS A CLASS T-C OR  
18 T-D MEMBER.

19 (2) A VESTEE IN CLASS T-E OR CLASS T-F WITH TEN OR MORE  
20 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-E OR  
21 CLASS T-F MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR  
22 MORE ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN  
23 CLASS T-G, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5, SHALL,  
24 UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN  
25 EARLY ANNUITY BASED ON THE SERVICE CREDITED AS A CLASS T-E OR  
26 T-F MEMBER.

27 (3) A VESTEE WITH CLASS T-G SERVICE CREDIT WHO  
28 TERMINATES SCHOOL SERVICE WITH AT LEAST 25 ELIGIBILITY POINTS  
29 CREDITED AS A CLASS T-G MEMBER, OR IF A MULTIPLE SERVICE  
30 MEMBER, AS CLASS A-5, SHALL, UPON FILING A PROPER

1 APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY FROM THE  
2 SYSTEM BASED ON THE ELIGIBILITY POINTS CREDITED AS A CLASS T-  
3 G OR CLASS A-5 MEMBER.

4 (4) A MEMBER WHO IS VESTED WITH CLASS T-C, T-D, T-E OR  
5 T-F CREDITED SERVICE AND WHO ALSO IS VESTED WITH TEN OR MORE  
6 BUT LESS THAN 25 ELIGIBILITY POINTS CREDITED AS A RESULT OF  
7 CLASS T-G SERVICE, OR IF A MULTIPLE SERVICE MEMBER, AS CLASS  
8 A-5, SHALL, UPON FILING A PROPER APPLICATION, BE ENTITLED TO  
9 RECEIVE:

10 (I) AN EARLY ANNUITY BASED ON THE CREDITED SERVICE  
11 IN CLASSES OTHER THAN T-G OR, IF A MULTIPLE SERVICE  
12 MEMBER, CLASS A-5 SERVICE, TO BE PAID UPON THE EFFECTIVE  
13 DATE OF RETIREMENT.

14 (II) AN ANNUITY BASED ON THE CLASS T-G CREDITED  
15 SERVICE, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5  
16 SERVICE, TO BE PAID UPON ATTAINMENT OF SUPERANNUATION AGE  
17 FOR SUCH CLASS T-G SERVICE.

18 (C) DISABILITY ANNUITY.--AN ACTIVE OR INACTIVE MEMBER WHO  
19 HAS [CREDIT FOR AT LEAST FIVE YEARS OF SERVICE] FIVE OR MORE  
20 ELIGIBILITY POINTS OTHER THAN ELIGIBILITY POINTS RESULTING FROM  
21 SERVICE AS A MEMBER OF CLASS T-G, OR HAS FIVE OR MORE  
22 ELIGIBILITY POINTS AS A MEMBER OF CLASS T-G, SHALL, UPON FILING  
23 OF A PROPER APPLICATION, BE ENTITLED TO A DISABILITY ANNUITY  
24 BASED ON SERVICE AND COMPENSATION IN CLASSES OTHER THAN CLASS T-  
25 G IF HE IS ELIGIBLE FOR A DISABILITY ANNUITY ON SERVICE AND  
26 COMPENSATION OTHER THAN CLASS T-G, AND A DISABILITY ANNUITY  
27 BASED ON SERVICE AND COMPENSATION AS A MEMBER OF CLASS T-G IF HE  
28 IS ELIGIBLE FOR A DISABILITY ANNUITY ON SERVICE AND COMPENSATION  
29 AS A MEMBER OF CLASS T-G, IF HE BECOMES MENTALLY OR PHYSICALLY  
30 INCAPABLE OF CONTINUING TO PERFORM THE DUTIES FOR WHICH HE IS



1 EMPLOYED AND QUALIFIES FOR AN ANNUITY IN ACCORDANCE WITH THE  
2 PROVISIONS OF SECTION 8505(C) (1) (RELATING TO DUTIES OF BOARD  
3 REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS) .

4 SECTION 108.3. SECTION 8308 OF TITLE 24, AMENDED DECEMBER  
5 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

6 § 8308. ELIGIBILITY FOR VESTING.

7 ELIGIBILITY FOR VESTING SHALL BE AS FOLLOWS:

8 (1) ANY CLASS T-C OR CLASS T-D MEMBER WHO TERMINATES  
9 SCHOOL SERVICE WITH FIVE OR MORE ELIGIBILITY POINTS SHALL BE  
10 ENTITLED TO VEST HIS RETIREMENT BENEFITS UNTIL THE MEMBER'S  
11 REQUIRED BEGINNING DATE. ANY CLASS T-E OR CLASS T-F MEMBER  
12 WHO TERMINATES SCHOOL SERVICE WITH TEN OR MORE ELIGIBILITY  
13 POINTS SHALL BE ENTITLED TO VEST HIS RETIREMENT BENEFITS  
14 UNTIL HIS REQUIRED BEGINNING DATE.

15 (2) ANY MEMBER WHO HAS ONLY CLASS T-G SERVICE, OR IF A  
16 MULTIPLE SERVICE MEMBER ONLY CLASS A-5 SERVICE, WITH TEN OR  
17 MORE ELIGIBILITY POINTS BUT LESS THAN 25 ELIGIBILITY POINTS  
18 WHO TERMINATES SCHOOL SERVICE MUST VEST HIS RETIREMENT  
19 BENEFIT UNTIL ATTAINMENT OF SUPERANNUATION AGE. ANY SUCH  
20 MEMBER WITH 25 OR MORE ELIGIBILITY POINTS WHO TERMINATES  
21 SCHOOL SERVICE SHALL BE ENTITLED TO VEST HIS RETIREMENT  
22 BENEFIT UNTIL ATTAINMENT OF SUPERANNUATION AGE.

23 (3) ANY MEMBER WHO HAS CLASS T-G SERVICE CREDIT AND  
24 SERVICE CREDITED IN ONE OR MORE OTHER CLASSES OF SERVICE AND  
25 TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE SERVICE MEMBER  
26 AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT  
27 SYSTEM TERMINATES STATE SERVICE, SHALL BE ELIGIBLE TO VEST  
28 HIS RETIREMENT BENEFITS IN EACH CLASS IN ACCORDANCE WITH THE  
29 REQUIREMENTS FOR THAT CLASS OF SERVICE.

30 SECTION 108.4. SECTION 8309 OF TITLE 24 IS AMENDED TO READ:

1 § 8309. ELIGIBILITY FOR DEATH BENEFITS.

2 ELIGIBILITY FOR DEATH BENEFITS SHALL BE AS FOLLOWS:

3 (1) IN THE EVENT OF THE DEATH OF A MEMBER WHO IS  
4 ELIGIBLE FOR AN ANNUITY IN ACCORDANCE WITH SECTION 8307(A) OR  
5 (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) HIS BENEFICIARY  
6 SHALL BE ENTITLED TO A DEATH BENEFIT AS PROVIDED IN SECTION  
7 8347 (RELATING TO DEATH BENEFITS). IN THE EVENT OF THE DEATH  
8 OF A MEMBER NOT ELIGIBLE FOR AN ANNUITY HIS BENEFICIARY SHALL  
9 RECEIVE THE ACCUMULATED DEDUCTIONS STANDING TO THE MEMBER'S  
10 CREDIT IN THE FUND.

11 (2) A MEMBER WITH AT LEAST TEN ELIGIBILITY POINTS  
12 CREDITED AS A RESULT OF CLASS T-G SERVICE OR, IF A MULTIPLE  
13 SERVICE MEMBER, IN CLASS A-5 IN THE STATE EMPLOYEES'  
14 RETIREMENT SYSTEM WHO DIES AND IS UNDER SUPERANNUATION AGE  
15 SHALL BE ENTITLED TO A DEATH BENEFIT BASED ON SUCH SERVICE AS  
16 PROVIDED IN SECTION 8347.

17 SECTION 108.5. SECTIONS 8310, 8321(A) AND 8322.1(A) OF TITLE  
18 24, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO  
19 READ:

20 § 8310. ELIGIBILITY FOR REFUNDS.

21 UPON TERMINATION OF SERVICE ANY ACTIVE MEMBER, REGARDLESS OF  
22 ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS ACCUMULATED  
23 DEDUCTIONS BY HIS REQUIRED BEGINNING DATE IN LIEU OF ANY BENEFIT  
24 FROM THE SYSTEM TO WHICH HE IS ENTITLED. A CLASS T-G MEMBER WHO  
25 TERMINATES SERVICE AND IS NOT ELIGIBLE FOR AN IMMEDIATE ANNUITY  
26 OR ELIGIBLE TO BECOME A VESTEE AS A RESULT OF SUCH CLASS T-G  
27 SERVICE MAY ELECT TO RECEIVE HIS ACCUMULATED DEDUCTIONS IN LIEU  
28 OF ANY BENEFIT FROM THE SYSTEM ACCRUED AS A CLASS T-G MEMBER.

29 § 8321. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

30 (A) GENERAL.--REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO

1 THE FUND ON BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE  
2 EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF  
3 SUCH CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION  
4 OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A) (17)  
5 OR 415[.] OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM  
6 APPLICABLE TO A CLASS T-G MEMBER WHEN THE CLASS T-G MEMBER IS  
7 MAKING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO THE TRUST.

8 (B) CLASS T-E [AND], CLASS T-F AND CLASS T-G SHARED-RISK  
9 CONTRIBUTIONS.--COMMENCING WITH THE ANNUAL ACTUARIAL VALUATION  
10 PERFORMED UNDER SECTION 8502(J) (RELATING TO ADMINISTRATIVE  
11 DUTIES OF BOARD), FOR THE PERIOD ENDING JUNE 30, 2014, FOR CLASS  
12 T-E AND CLASS T-F MEMBERS, AND FOR THE PERIOD ENDING JUNE 30,  
13 2019, FOR CLASS T-G MEMBERS, AND EVERY THREE YEARS THEREAFTER,  
14 THE BOARD SHALL COMPARE THE ACTUAL INVESTMENT RATE OF RETURN,  
15 NET OF FEES, TO THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD  
16 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE, BASED ON  
17 THE MARKET VALUE OF ASSETS, FOR THE PRIOR TEN-YEAR PERIOD. IF  
18 THE ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, IS LESS THAN  
19 THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY AN AMOUNT OF 1%  
20 OR MORE, THE SHARED-RISK CONTRIBUTION RATE OF CLASS T-E [AND],  
21 CLASS T-F AND CLASS T-G MEMBERS WILL INCREASE BY .5%. IF THE  
22 ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, IS EQUAL TO OR  
23 EXCEEDS THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD, THE  
24 SHARED-RISK CONTRIBUTIONS RATE OF CLASS T-E [AND], CLASS T-F AND  
25 CLASS T-G MEMBERS WILL DECREASE BY .5%. CLASS T-E [AND], CLASS  
26 T-F AND CLASS T-G MEMBERS WILL CONTRIBUTE AT THE TOTAL MEMBER  
27 CONTRIBUTION RATE IN EFFECT WHEN THEY ARE HIRED. THE TOTAL  
28 MEMBER CONTRIBUTION RATE FOR CLASS T-E MEMBERS SHALL NOT BE LESS  
29 THAN 7.5%, NOR MORE THAN 9.5%. THE TOTAL MEMBER CONTRIBUTION  
30 RATE FOR CLASS T-F MEMBERS SHALL NOT BE LESS THAN 10.3%, NOR

1 MORE THAN 12.3%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-  
2 G MEMBERS SHALL NOT BE LESS THAN 6% NOR MORE THAN 8%.  
3 NOTWITHSTANDING THIS SUBSECTION, IF THE SYSTEM'S ACTUARIAL  
4 FUNDED STATUS IS 100% OR MORE AS OF THE DATE USED FOR THE  
5 COMPARISON REQUIRED UNDER THIS SUBSECTION, AS DETERMINED IN THE  
6 CURRENT ANNUAL ACTUARIAL VALUATION, THE SHARED-RISK CONTRIBUTION  
7 RATE SHALL BE ZERO. IN THE EVENT THAT THE ANNUAL INTEREST RATE  
8 ADOPTED BY THE BOARD FOR THE CALCULATION OF THE NORMAL  
9 CONTRIBUTION RATE IS CHANGED DURING THE PERIOD USED TO DETERMINE  
10 THE SHARED-RISK CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF  
11 THE ACTUARY, SHALL DETERMINE THE APPLICABLE RATE DURING THE  
12 ENTIRE PERIOD, EXPRESSED AS AN ANNUAL RATE. THE FOLLOWING  
13 PROVISIONS SHALL APPLY:

14 (1) UNTIL THE SYSTEM HAS A TEN-YEAR PERIOD OF INVESTMENT  
15 RATE OF RETURN EXPERIENCE FOLLOWING [THE EFFECTIVE DATE OF  
16 THIS SUBSECTION] JULY 1, 2011, THE LOOK-BACK PERIOD SHALL  
17 BEGIN NOT EARLIER THAN:

18 (I) JULY 1, 2011, FOR CLASS T-E AND T-F MEMBERS; AND  
19 (II) THE EFFECTIVE DATE OF THIS [SUBSECTION]  
20 SUBPARAGRAPH FOR CLASS T-G MEMBERS.

21 (2) FOR ANY FISCAL YEAR IN WHICH THE EMPLOYER  
22 CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION RATE  
23 UNDER SECTION 8328 (H) (RELATING TO ACTUARIAL COST METHOD),  
24 THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-E [AND] T-F  
25 AND T-G MEMBERS SHALL BE PROSPECTIVELY RESET TO THE BASIC  
26 CONTRIBUTION RATE.

27 (3) THERE SHALL BE NO INCREASE IN THE MEMBER  
28 CONTRIBUTION RATE IF THERE HAS NOT BEEN AN EQUIVALENT  
29 INCREASE TO THE EMPLOYER CONTRIBUTION RATE OVER THE PREVIOUS  
30 THREE-YEAR PERIOD.

1 § 8322.1. PICKUP CONTRIBUTIONS.

2 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL  
3 CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS  
4 8321 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT  
5 SERVICE), 8322 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS)  
6 AND 8305 (RELATING TO CLASSES OF SERVICE), WITH RESPECT TO  
7 CURRENT SCHOOL SERVICE RENDERED BY AN ACTIVE MEMBER ON OR AFTER  
8 JANUARY 1, 1983, SHALL BE PICKED UP BY THE EMPLOYER AND SHALL BE  
9 TREATED AS THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC §  
10 414(H).

11 \* \* \*

12 SECTION 108.6. SECTIONS 8323(A), (C) AND (D)(1), 8324(A),  
13 (B), (C) AND (D), 8325.1(A), 8326(A) AND (C) AND 8327 OF TITLE  
14 24 ARE AMENDED TO READ:

15 § 8323. MEMBER CONTRIBUTIONS FOR CREDITABLE SCHOOL SERVICE.

16 (A) PREVIOUS SCHOOL SERVICE, SABBATICAL LEAVE AND FULL  
17 COVERAGE.--THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR  
18 AN ELIGIBLE STATE EMPLOYEE FOR CREDIT IN THE SYSTEM FOR  
19 REINSTATEMENT OF [ALL] THE PORTION OF PREVIOUSLY CREDITED SCHOOL  
20 SERVICE, SCHOOL SERVICE NOT PREVIOUSLY CREDITED, SABBATICAL  
21 LEAVE AS IF HE HAD BEEN IN FULL-TIME DAILY ATTENDANCE THAT A  
22 MEMBER IS ELIGIBLE TO HAVE CREDITED, OR FULL-COVERAGE MEMBERSHIP  
23 SHALL BE SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE  
24 ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE  
25 CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR MEMBER  
26 CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE AT THE RATE OF  
27 CONTRIBUTION NECESSARY TO BE CREDITED AS CLASS T-C SERVICE,  
28 CLASS T-D SERVICE IF THE MEMBER IS A CLASS T-D MEMBER, CLASS T-E  
29 SERVICE IF THE MEMBER IS A CLASS T-E MEMBER OR CLASS T-F SERVICE  
30 IF THE MEMBER IS A CLASS T-F MEMBER AND HAD SUCH CONTRIBUTIONS

1 BEEN CREDITED WITH STATUTORY INTEREST DURING THE PERIOD THE  
2 CONTRIBUTIONS WOULD HAVE BEEN MADE AND DURING ALL PERIODS OF  
3 SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER  
4 AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON  
5 LEAVE WITHOUT PAY UP TO THE DATE OF PURCHASE.

6 \* \* \*

7 (C) APPROVED LEAVE OF ABSENCE OTHER THAN SABBATICAL LEAVE  
8 AND ACTIVATED MILITARY SERVICE LEAVE.--THE CONTRIBUTIONS TO BE  
9 PAID BY AN ACTIVE MEMBER FOR CREDIT FOR AN APPROVED LEAVE OF  
10 ABSENCE, OTHER THAN SABBATICAL LEAVE AND ACTIVATED MILITARY  
11 SERVICE LEAVE, SHALL BE SUFFICIENT TO TRANSFER HIS MEMBERSHIP TO  
12 CLASS T-C OR TO CLASS T-D IF THE MEMBER IS A CLASS T-D MEMBER,  
13 TO CLASS T-E IF THE MEMBER IS A CLASS T-E MEMBER [OR], TO CLASS  
14 T-F IF THE MEMBER IS A CLASS T-F MEMBER OR TO CLASS T-G IF THE  
15 MEMBER IS A CLASS T-G MEMBER, AND FURTHER TO PROVIDE AN ANNUITY  
16 AS A CLASS T-C MEMBER OR CLASS T-D MEMBER IF THE MEMBER IS A  
17 CLASS T-D MEMBER, TO CLASS T-E IF THE MEMBER IS A CLASS T-E  
18 MEMBER [OR], TO CLASS T-F IF THE MEMBER IS A CLASS T-F MEMBER OR  
19 TO CLASS T-G IF THE MEMBER IS A CLASS T-G MEMBER, FOR SUCH  
20 ADDITIONAL CREDITED SERVICE. SUCH AMOUNT SHALL BE THE SUM OF THE  
21 AMOUNT REQUIRED IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION  
22 (B) AND AN AMOUNT DETERMINED AS THE SUM OF THE MEMBER'S BASIC  
23 CONTRIBUTION RATE AND THE NORMAL CONTRIBUTION RATE AS PROVIDED  
24 IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) DURING SUCH  
25 PERIOD MULTIPLIED BY THE COMPENSATION WHICH WAS RECEIVED OR  
26 WHICH WOULD HAVE BEEN RECEIVED DURING SUCH PERIOD AND WITH  
27 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND  
28 STATE SERVICE UP TO THE DATE OF PURCHASE.

29 \* \* \*

30 (D) CERTIFICATION AND PAYMENT OF CONTRIBUTIONS.--

1           (1) IN ALL CASES OTHER THAN FOR THE PURCHASE OF CREDIT  
2 FOR SABBATICAL LEAVE AND ACTIVATED MILITARY SERVICE LEAVE  
3 BEGINNING BEFORE THE EFFECTIVE DATE OF PARAGRAPH (2), THE  
4 AMOUNT PAYABLE SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE  
5 WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID IN A  
6 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR  
7 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE  
8 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH  
9 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN  
10 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY  
11 DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE  
12 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY  
13 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE  
14 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.  
15 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO  
16 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
17 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE  
18 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
19 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE  
20 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER  
21 TO THE BOARD THE AMOUNTS PAID.

22           \* \* \*

23 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE  
24           NONSCHOOL SERVICE AND NONCREDITABLE SCHOOL SERVICE.

25       (A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO  
26 PURCHASE CREDIT AS A MEMBER OF CLASS T-C, CLASS T-E [OR], CLASS  
27 T-F OR CLASS T-G FOR CREDITABLE NONSCHOOL SERVICE OF AN ACTIVE  
28 MEMBER OR AN ELIGIBLE STATE EMPLOYEE SHALL BE PAID EITHER BY THE  
29 MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, THE COMMONWEALTH, OR A  
30 COMBINATION THEREOF, AS PROVIDED BY LAW.

1 (B) NONINTERVENING MILITARY SERVICE.--

2 (1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR  
3 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE BY A  
4 MEMBER NOT IN CLASS T-G SHALL BE DETERMINED BY APPLYING THE  
5 MEMBER'S BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION  
6 RATE AS PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST  
7 METHOD) AT THE TIME OF ENTRY OF THE MEMBER INTO SCHOOL  
8 SERVICE SUBSEQUENT TO SUCH MILITARY SERVICE TO ONE-THIRD OF  
9 HIS TOTAL COMPENSATION RECEIVED DURING THE FIRST THREE YEARS  
10 OF SUCH SUBSEQUENT CREDITED SCHOOL SERVICE, EXCLUDING  
11 COMPENSATION RECEIVED FOR CLASS T-G SERVICE, AND MULTIPLYING  
12 THE PRODUCT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A  
13 YEAR OF CREDITABLE NONINTERVENING MILITARY SERVICE BEING  
14 PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS  
15 OF SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE  
16 MEMBER AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE  
17 MEMBER ON LEAVE WITHOUT PAY TO DATE OF PURCHASE.

18 (2) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR  
19 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE BY A  
20 MEMBER WHO IS ELIGIBLE TO MAKE THE PURCHASE UNDER SECTION  
21 8304 (RELATING TO CREDITABLE NONSCHOOL SERVICE) SHALL BE  
22 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE,  
23 PLUS THE COMMONWEALTH'S NORMAL CONTRIBUTION RATE FOR ACTIVE  
24 MEMBERS AT THE TIME OF ENTRY, SUBSEQUENT TO SUCH MILITARY  
25 SERVICE, OF THE MEMBER INTO CLASS T-G SERVICE TO HIS AVERAGE  
26 ANNUAL RATE OF COMPENSATION RECEIVED FOR CLASS T-G SERVICE  
27 SUBJECT TO ANY LIMIT EACH YEAR BY THE APPLICATION OF THE  
28 CLASS T-G DEFINED BENEFIT COMPENSATION LIMIT, OVER THE FIRST  
29 THREE YEARS OF SUCH SUBSEQUENT CLASS T-G SERVICE AND  
30 MULTIPLYING THE RESULT BY THE NUMBER OF YEARS AND FRACTIONAL



1 PART OF A YEAR OF CREDITABLE NONINTERVENING MILITARY SERVICE  
2 BEING PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL  
3 PERIODS OF SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR  
4 INACTIVE MEMBER AND STATE SERVICE AS AN ACTIVE MEMBER OR  
5 INACTIVE MEMBER ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'  
6 RETIREMENT SYSTEM TO DATE OF PURCHASE.

7 (3) UPON CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE  
8 MADE IN A LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE  
9 MEMBER OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER  
10 OF THE STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED  
11 WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE  
12 SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD.  
13 THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS  
14 AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND  
15 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR  
16 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO  
17 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION  
18 PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION  
19 DETERMINES. IN THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS  
20 AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM,  
21 THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE  
22 STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND  
23 TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION MAY BE  
24 FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON COMPLETION OF  
25 THREE YEARS OF SUBSEQUENT CREDITED SCHOOL SERVICE AND SHALL  
26 BE CREDITED AS CLASS T-C SERVICE. IN THE EVENT THAT A CLASS  
27 T-E MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY  
28 SERVICE, THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-E  
29 SERVICE. IN THE EVENT THAT A CLASS T-F MEMBER MAKES A  
30 PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH

1 SERVICE SHALL BE CREDITED AS CLASS T-F SERVICE.

2 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT  
3 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED  
4 BY THE MEMBER'S BASIC CONTRIBUTION RATE AND COMPENSATION AT THE  
5 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,  
6 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF  
7 SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER  
8 AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON  
9 LEAVE WITHOUT PAY TO DATE OF PURCHASE. UPON APPLICATION FOR SUCH  
10 CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN THE CASE OF EACH  
11 MEMBER BY THE BOARD, IN ACCORDANCE WITH METHODS APPROVED BY THE  
12 ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY ONE OF THE FOLLOWING  
13 METHODS:

14 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY  
15 SERVICE.

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

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

1 (D) OTHER CREDITABLE NONSCHOOL SERVICE AND NONCREDITABLE  
2 SCHOOL SERVICE.--

3 (1) CONTRIBUTIONS ON ACCOUNT OF CLASS T-C CREDIT FOR  
4 CREDITABLE NONSCHOOL SERVICE OTHER THAN MILITARY SERVICE  
5 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC  
6 CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS  
7 PROVIDED IN SECTION 8328 AT THE TIME OF THE MEMBER'S ENTRY  
8 INTO SCHOOL SERVICE SUBSEQUENT TO SUCH CREDITABLE NONSCHOOL  
9 SERVICE TO HIS TOTAL COMPENSATION RECEIVED DURING THE FIRST  
10 YEAR OF SUBSEQUENT CREDITED SCHOOL SERVICE AND MULTIPLYING  
11 THE PRODUCT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A  
12 YEAR OF CREDITABLE NONSCHOOL SERVICE BEING PURCHASED TOGETHER  
13 WITH STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT  
14 SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER OR  
15 STATE SERVICE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER  
16 ON LEAVE WITHOUT PAY TO THE DATE OF PURCHASE, EXCEPT THAT IN  
17 THE CASE OF PURCHASE OF CREDIT FOR CREDITABLE NONSCHOOL  
18 SERVICE AS SET FORTH IN SECTION 8304(B)(5) (RELATING TO  
19 CREDITABLE NONSCHOOL SERVICE) THE MEMBER SHALL PAY ONLY THE  
20 EMPLOYEE'S SHARE UNLESS OTHERWISE PROVIDED BY LAW. UPON  
21 CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE MADE IN A  
22 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR  
23 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE  
24 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH  
25 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN  
26 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY  
27 DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE  
28 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY  
29 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE  
30 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.

1 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO  
2 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
3 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE  
4 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
5 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE  
6 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER  
7 TO THE BOARD THE AMOUNTS PAID.

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

30 (3) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E OR CLASS T-F

1 CREDIT FOR NONCREDITABLE SCHOOL SERVICE OTHER THAN MILITARY  
2 SERVICE SHALL BE THE PRESENT VALUE OF THE FULL ACTUARIAL COST  
3 OF THE INCREASE IN THE PROJECTED SUPERANNUATION ANNUITY  
4 CAUSED BY THE ADDITIONAL SERVICE CREDITED ON ACCOUNT OF THE  
5 PURCHASE. UPON CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY  
6 BE MADE IN A LUMP SUM WITHIN 90 DAYS OR, IN THE CASE OF AN  
7 ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE  
8 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, IT MAY BE  
9 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS  
10 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE  
11 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY  
12 THE MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT  
13 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF  
14 SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE  
15 DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY  
16 DEDUCTION AMORTIZATION PLANS TO THE TERMS AS THE BOARD IN ITS  
17 SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE  
18 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'  
19 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE  
20 REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH  
21 SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

22 \* \* \*

23 § 8325.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).

24 (A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE  
25 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY  
26 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION  
27 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO  
28 ACCOUNT FOR BENEFIT PURPOSES UNDER THIS SUBCHAPTER SHALL NOT  
29 EXCEED THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JULY  
30 1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC

1 § 401 (A) (17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF  
2 1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL  
3 COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93  
4 ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE  
5 COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE  
6 WITH IRC § 401 (A) (17) (B). THE COST-OF-LIVING ADJUSTMENT IN  
7 EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD  
8 WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH  
9 COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF  
10 A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE  
11 OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION,  
12 THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE  
13 DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.

14 \* \* \*

15 § 8326. CONTRIBUTIONS BY THE COMMONWEALTH.

16 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE  
17 COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE FUND ON BEHALF OF  
18 ALL ACTIVE MEMBERS AND PARTICIPANTS, INCLUDING MEMBERS AND  
19 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE, IN AN AMOUNT  
20 EQUAL TO ONE-HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY  
21 TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY  
22 RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS  
23 PART IN ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST  
24 METHOD). IN CASE A SCHOOL EMPLOYEE HAS ELECTED MEMBERSHIP IN A  
25 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER, THE COMMONWEALTH  
26 SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS MEMBERSHIP AN  
27 AMOUNT NO GREATER THAN THE AMOUNT IT WOULD HAVE CONTRIBUTED HAD  
28 THE EMPLOYEE BEEN A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
29 RETIREMENT SYSTEM.

30 \* \* \*

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

2 (1) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE  
3 FUND ON BEHALF OF ALL ACTIVE MEMBERS AND PARTICIPANTS,  
4 INCLUDING MEMBERS AND PARTICIPANTS ON ACTIVATED MILITARY  
5 SERVICE LEAVE, FOR SERVICE PERFORMED AFTER JUNE 30, 1995, IN  
6 THE FOLLOWING MANNER:

7 (I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES  
8 OF EMPLOYERS THAT ARE SCHOOL ENTITIES, NO COMMONWEALTH  
9 CONTRIBUTIONS SHALL BE MADE.

10 (II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES  
11 OF EMPLOYERS THAT ARE NOT SCHOOL ENTITIES, THE AMOUNT  
12 COMPUTED UNDER SUBSECTION (A).

13 (2) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE  
14 FUND ON BEHALF OF ANNUITANTS FOR ALL AMOUNTS DUE TO THE FUND  
15 AFTER JUNE 30, 1995, INCLUDING, BUT NOT LIMITED TO, AMOUNTS  
16 DUE PURSUANT TO SECTION 8328(D) AND (F), IN THE FOLLOWING  
17 MANNER:

18 (I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES  
19 OF EMPLOYERS WHO ARE SCHOOL ENTITIES, NO COMMONWEALTH  
20 CONTRIBUTIONS SHALL BE MADE.

21 (II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES  
22 OF EMPLOYERS WHO ARE NOT SCHOOL ENTITIES, THE AMOUNT  
23 COMPUTED UNDER SUBSECTION (B).

24 \* \* \*

25 § 8327. PAYMENTS BY EMPLOYERS.

26 (A) [GENERAL RULE.--EACH] TIMING OF PAYMENTS.--

27 (1) FOR PAYMENTS PRIOR TO JUNE 30, 2017, EACH EMPLOYER,  
28 INCLUDING THE COMMONWEALTH AS EMPLOYER OF EMPLOYEES OF THE  
29 [DEPARTMENT OF EDUCATION] DEPARTMENT, STATE-OWNED COLLEGES  
30 AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY,

1 WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND SCHOOL FOR  
2 VETERANS' CHILDREN, AND [THE] THE PENNSYLVANIA STATE  
3 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND EACH QUARTER IN  
4 AN AMOUNT EQUAL TO ONE-HALF THE SUM OF THE PERCENTAGES, AS  
5 DETERMINED UNDER SECTION 8328 (RELATING TO ACTUARIAL COST  
6 METHOD), APPLIED TO THE TOTAL COMPENSATION DURING THE PAY  
7 PERIODS IN THE PRECEDING QUARTER OF ALL ITS EMPLOYEES WHO  
8 WERE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING  
9 MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE. IN THE EVENT A  
10 MEMBER ON ACTIVATED MILITARY SERVICE LEAVE DOES NOT RETURN TO  
11 SERVICE FOR THE NECESSARY TIME OR RECEIVES AN UNDESIRABLE,  
12 BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES NOT ELECT TO  
13 RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE UNDER SECTION  
14 8302(B.1)(3) (RELATING TO CREDITED SCHOOL SERVICE), THE  
15 CONTRIBUTIONS MADE BY THE EMPLOYER ON BEHALF OF SUCH MEMBER  
16 SHALL BE RETURNED WITH VALUATION INTEREST UPON APPLICATION BY  
17 THE EMPLOYER.

18 (2) FOR PAYMENTS AFTER JUNE 30, 2017, EACH EMPLOYER,  
19 INCLUDING THE COMMONWEALTH AS EMPLOYER OF EMPLOYEES OF THE  
20 DEPARTMENT, STATE-OWNED COLLEGES AND UNIVERSITIES, THADDEUS  
21 STEVENS COLLEGE OF TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL  
22 FOR THE DEAF AND THE PENNSYLVANIA STATE UNIVERSITY, SHALL  
23 MAKE PAYMENTS TO THE FUND EACH MONTH IN AN AMOUNT EQUAL TO  
24 ONE-HALF THE SUM OF THE PERCENTAGES, AS DETERMINED UNDER  
25 SECTION 8328, APPLIED TO THE TOTAL COMPENSATION DURING THE  
26 PAY PERIODS IN THE PRECEDING MONTH OF ALL ITS EMPLOYEES WHO  
27 WERE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING  
28 MEMBERS ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE, PLUS  
29 THE ACCRUED LIABILITY CONTRIBUTION RATE APPLIED TO THE TOTAL  
30 COMPENSATION OF ALL ACTIVE PARTICIPANTS IN THE PLAN. IN THE



1 EVENT A MEMBER ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE  
2 DOES NOT RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES  
3 AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES  
4 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED OR USERRA MILITARY  
5 SERVICE UNDER SECTION 8302(B.1)(3), THE CONTRIBUTIONS MADE BY  
6 THE EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH  
7 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

8 (B) DEDUCTION FROM APPROPRIATIONS.--

9 (1) TO FACILITATE THE PAYMENT OF AMOUNTS DUE FROM ANY  
10 EMPLOYER TO THE FUND AND THE TRUST THROUGH THE STATE  
11 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE  
12 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION  
13 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID  
14 INTO THE FUND AND THE TRUST FROM THE AMOUNT OF ANY MONEYS DUE  
15 TO ANY EMPLOYER ON ACCOUNT OF ANY APPROPRIATION FOR SCHOOLS  
16 OR OTHER PURPOSES AMOUNTS EQUAL TO THE EMPLOYER AND PICKUP  
17 CONTRIBUTIONS WHICH AN EMPLOYER IS REQUIRED TO PAY TO THE  
18 FUND AND THE TRUST, AS CERTIFIED BY THE BOARD, AND AS REMAINS  
19 UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD OTHERWISE BE  
20 PAID TO THE EMPLOYER. SUCH AMOUNT SHALL BE CREDITED TO THE  
21 APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST.

22 (2) TO FACILITATE THE PAYMENTS OF AMOUNTS DUE FROM ANY  
23 CHARTER SCHOOL, AS DEFINED IN ARTICLE XVII-A OF THE ACT OF  
24 MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL  
25 CODE OF 1949, TO THE FUND AND THE TRUST THROUGH THE STATE  
26 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE  
27 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION  
28 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID  
29 INTO THE FUND AND THE TRUST FROM ANY FUNDS APPROPRIATED TO  
30 THE [DEPARTMENT OF EDUCATION] DEPARTMENT FOR BASIC EDUCATION

1 OF THE CHARTERING SCHOOL DISTRICT OF A CHARTER SCHOOL AND  
2 PUBLIC SCHOOL EMPLOYEES' RETIREMENT CONTRIBUTIONS AMOUNTS  
3 EQUAL TO THE EMPLOYER AND PICKUP CONTRIBUTIONS WHICH A  
4 CHARTER SCHOOL IS REQUIRED TO PAY TO THE FUND AND THE TRUST,  
5 AS CERTIFIED BY THE BOARD, AND AS REMAINS UNPAID ON THE DATE  
6 SUCH APPROPRIATIONS WOULD OTHERWISE BE PAID TO THE CHARTERING  
7 SCHOOL DISTRICT OR CHARTER SCHOOL. SUCH AMOUNTS SHALL BE  
8 CREDITED TO THE APPROPRIATE ACCOUNTS IN THE FUND AND THE  
9 TRUST. ANY REDUCTION IN PAYMENTS TO A CHARTERING SCHOOL  
10 DISTRICT MADE PURSUANT TO THIS SECTION SHALL BE DEDUCTED FROM  
11 THE AMOUNT DUE TO THE CHARTER SCHOOL DISTRICT PURSUANT TO THE  
12 PUBLIC SCHOOL CODE OF 1949.

13 (C) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 1995, AND BEFORE  
14 JULY 1, 2017.--AFTER JUNE 30, 1995, AND BEFORE JULY 1, 2017,  
15 EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER OF  
16 EMPLOYEES OF THE [DEPARTMENT OF EDUCATION] DEPARTMENT, STATE-  
17 OWNED COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF  
18 TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF[, SCOTLAND  
19 SCHOOL FOR VETERANS' CHILDREN] AND THE PENNSYLVANIA STATE  
20 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND AND THE TRUST EACH  
21 QUARTER IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER:

22 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT  
23 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER  
24 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY  
25 PERIODS IN THE PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE  
26 ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE  
27 PLAN DURING SUCH PERIOD, INCLUDING MEMBERS OR ACTIVE  
28 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE. IN THE  
29 EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE DOES NOT  
30 RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES AN

1 UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES  
2 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE  
3 UNDER SECTION 8302(B.1) (3), THE CONTRIBUTION MADE BY THE  
4 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH  
5 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

6 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE  
7 AMOUNT COMPUTED UNDER SUBSECTION (A).

8 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN  
9 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL  
10 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS  
11 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A  
12 NONELIGIBLE MEMBER ON THE BASIS OF WHICH MEMBER  
13 CONTRIBUTIONS HAVE NOT BEEN MADE BY REASON OF THE LIMITATION  
14 UNDER IRC § 401(A) (17), EXCEPT AS OTHERWISE PROVIDED IN THIS  
15 PART. ANY AMOUNT OF CONTRIBUTION TO THE FUND PAID BY THE  
16 EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE BASIS OF  
17 COMPENSATION WHICH WAS SUBJECT TO EXCLUSION FROM TOTAL  
18 COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS  
19 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON  
20 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH  
21 VALUATION INTEREST.

22 (D) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 2017.--AFTER JUNE  
23 30, 2017, EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER  
24 OF EMPLOYEES OF THE DEPARTMENT, STATE-OWNED COLLEGES AND  
25 UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY, WESTERN  
26 PENNSYLVANIA SCHOOL FOR THE DEAF AND THE PENNSYLVANIA STATE  
27 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND AND THE TRUST EACH  
28 MONTH IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER:

29 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT  
30 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER

1 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY  
2 PERIODS IN THE PRECEDING MONTH OF ALL EMPLOYEES WHO WERE  
3 ACTIVE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING  
4 MEMBERS ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE, PLUS  
5 THE ACCRUED LIABILITY CONTRIBUTION RATE APPLIED TO THE TOTAL  
6 COMPENSATION OF ALL ACTIVE PARTICIPANTS IN THE PLAN. IN THE  
7 EVENT A MEMBER ON ACTIVATED OR USERRA MILITARY SERVICE LEAVE  
8 DOES NOT RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES  
9 AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES  
10 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED OR USERRA MILITARY  
11 SERVICE UNDER SECTION 8302 (B.1) (3), THE CONTRIBUTION MADE BY  
12 THE EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH  
13 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

14 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE  
15 AMOUNT COMPUTED UNDER SUBSECTION (A).

16 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN  
17 COMPUTING THE AMOUNT OF PAYMENT DUE EACH MONTH, THERE SHALL  
18 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS  
19 SUBSECTION AND SUBSECTION (A), ANY AMOUNT OF COMPENSATION OF  
20 A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF WHICH  
21 MEMBER OR PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY  
22 REASON OF THE LIMITATION UNDER IRC § 401(A) (17). ANY AMOUNT  
23 OF CONTRIBUTION TO THE FUND PAID BY THE EMPLOYER ON BEHALF OF  
24 A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF  
25 COMPENSATION WHICH WAS SUBJECT TO EXCLUSION FROM TOTAL  
26 COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS  
27 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON  
28 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH  
29 VALUATION INTEREST.

30 (E) DEEMED AGREED TO.--THE AGREEMENT OF AN EMPLOYER LISTED

1 IN THE DEFINITION OF SCHOOL EMPLOYEE UNDER SECTION 8102  
2 (RELATING TO DEFINITIONS) OR ANY OTHER LAW TO MAKE CONTRIBUTIONS  
3 TO THE FUND OR TO ENROLL ITS EMPLOYEES AS MEMBERS IN THE SYSTEM  
4 SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE CONTRIBUTIONS TO THE  
5 TRUST OR ENROLL ITS EMPLOYEES IN THE PLAN.

6 (F) CONTRIBUTIONS.--THE EMPLOYER EMPLOYING A PARTICIPANT  
7 SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT CONTRIBUTIONS  
8 BY A REDUCTION IN THE COMPENSATION OF THE PARTICIPANT.

9 (G) CONTRIBUTIONS RESULTING FROM MEMBERS REEMPLOYED FROM  
10 USERRA LEAVE.--WHEN A SCHOOL EMPLOYEE REEMPLOYED FROM USERRA  
11 LEAVE MAKES THE MEMBER CONTRIBUTIONS REQUIRED TO BE GRANTED  
12 SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE AFTER JUNE 30, 2016,  
13 EITHER BY ACTUAL PAYMENT OR BY ACTUARIAL DEBT UNDER SECTION 8325  
14 (RELATING TO INCOMPLETE PAYMENTS), THE EMPLOYER THAT EMPLOYED  
15 THE SCHOOL EMPLOYEE WHEN THE MEMBER CONTRIBUTIONS WERE MADE OR  
16 THE LAST EMPLOYER BEFORE TERMINATION IN THE CASE OF PAYMENT  
17 UNDER SECTION 8325 SHALL MAKE THE EMPLOYER CONTRIBUTIONS THAT  
18 WOULD HAVE BEEN MADE UNDER THIS SECTION IF THE EMPLOYEE MAKING  
19 THE MEMBER CONTRIBUTIONS AFTER HE IS REEMPLOYED FROM USERRA  
20 LEAVE CONTINUED TO BE EMPLOYED IN HIS SCHOOL OFFICE OR POSITION  
21 INSTEAD OF PERFORMING USERRA LEAVE.

22 SECTION 109. SECTION 8328 (A), (B), (C) (4), (D) (2), (E) AND  
23 (F) OF TITLE 24 ARE AMENDED AND SUBSECTIONS (C), (D) AND (G) ARE  
24 AMENDED BY ADDING PARAGRAPHS TO READ:

25 § 8328. ACTUARIAL COST METHOD.

26 (A) EMPLOYER CONTRIBUTION RATE.--THE AMOUNT OF THE TOTAL  
27 EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A  
28 PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND  
29 ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH  
30 THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD.

1 THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE  
2 FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (H) PLUS THE  
3 PREMIUM ASSISTANCE CONTRIBUTION RATE AS COMPUTED IN SUBSECTION  
4 (F). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL CONSIST OF  
5 THE NORMAL CONTRIBUTION RATE AS DEFINED IN SUBSECTION (B), THE  
6 ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C)  
7 AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE AS DEFINED IN  
8 SUBSECTION (D). BEGINNING JULY 1, 2004, THE ACTUARIALLY REQUIRED  
9 CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT  
10 FACTORS AS CALCULATED IN SUBSECTION (E).

11 (B) NORMAL CONTRIBUTION RATE.--[THE]

12 (1) FOR FISCAL YEARS ENDING BEFORE JULY 1, 2016, THE  
13 NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH  
14 ACTUARIAL VALUATION. UNTIL ALL ACCRUED LIABILITY  
15 CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL CONTRIBUTION  
16 RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL INTEREST  
17 RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED  
18 BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL  
19 PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION OF THE  
20 AVERAGE NEW ACTIVE MEMBER, WHICH PERCENTAGE, IF CONTRIBUTED  
21 ON THE BASIS OF HIS PROSPECTIVE COMPENSATION THROUGH THE  
22 ENTIRE PERIOD OF ACTIVE SCHOOL SERVICE, WOULD BE SUFFICIENT  
23 TO FUND THE LIABILITY FOR ANY PROSPECTIVE BENEFIT PAYABLE TO  
24 HIM, IN EXCESS OF THAT PORTION FUNDED BY HIS PROSPECTIVE  
25 MEMBER CONTRIBUTIONS, EXCLUDING THE SHARED-RISK  
26 CONTRIBUTIONS.

27 (2) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2016,  
28 THE NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH  
29 ACTUARIAL VALUATION. UNTIL ALL ACCRUED LIABILITY  
30 CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL CONTRIBUTION

1 RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL INTEREST  
2 RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED  
3 BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL  
4 PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION OF ALL  
5 ACTIVE MEMBERS IN CLASSES OF SERVICE OTHER THAN CLASS T-G,  
6 AND FOR CLASS T-G MEMBERS, AS LIMITED:

7 (I) BY THE DEFINED BENEFIT COMPENSATION LIMIT.

8 (II) TO CLASS T-G MEMBERS WHO HAVE LESS THAN 25  
9 ELIGIBILITY POINTS AS A MEMBER OF CLASS T-G, OR IF A  
10 MULTIPLE SERVICE MEMBER, AS A MEMBER OF CLASS A-5,  
11 WHICH PERCENTAGE, IF CONTRIBUTED ON THE BASIS OF THE MEMBER'S  
12 PROSPECTIVE COMPENSATION THROUGH THE ENTIRE PERIOD OF ACTIVE  
13 SCHOOL SERVICE, AS LIMITED BY THE DEFINED BENEFIT  
14 COMPENSATION LIMIT, WOULD BE SUFFICIENT TO FUND THE LIABILITY  
15 FOR ANY PROSPECTIVE BENEFIT PAYABLE TO HIM, IN EXCESS OF THAT  
16 PORTION FUNDED BY HIS PROSPECTIVE MEMBER CONTRIBUTIONS,  
17 EXCLUDING THE SHARED-RISK CONTRIBUTIONS. IN NO CASE SHALL THE  
18 EMPLOYER NORMAL COST BE LESS THAN ZERO.

19 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

20 \* \* \*

21 (4) FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, THE  
22 ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE  
23 RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL  
24 BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND AS A LEVEL  
25 PERCENTAGE OF COMPENSATION OVER A PERIOD OF 24 YEARS FROM  
26 JULY 1, 2011, THE PRESENT VALUE OF THE LIABILITIES FOR ALL  
27 PROSPECTIVE BENEFITS CALCULATED AS OF JUNE 30, 2010,  
28 INCLUDING THE SUPPLEMENTAL BENEFITS AS PROVIDED IN SECTIONS  
29 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND  
30 8348.7, IN EXCESS OF THE ACTUARIALY CALCULATED ASSETS IN THE

1 FUND (CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED  
2 INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL  
3 INSTALLMENTS OVER A TEN-YEAR PERIOD). IN THE EVENT THAT THE  
4 ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED  
5 SUBSEQUENT TO JUNE 30, 2010, BUT BEFORE JULY 1, 2015, SUCH  
6 ADDITIONAL LIABILITY SHALL BE FUNDED AS A LEVEL PERCENTAGE OF  
7 COMPENSATION OVER A PERIOD OF TEN YEARS FROM THE JULY 1  
8 SECOND SUCCEEDING THE DATE SUCH LEGISLATION IS ENACTED.

9 (5) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2017,  
10 THE ACTUARIALLY CALCULATED ASSETS IN THE FUND DETERMINED IN  
11 ACCORDANCE WITH PARAGRAPH (4) SHALL BE NO LESS THAN 70% AND  
12 NO MORE THAN 130% OF MARKET VALUE. IN THE EVENT THAT THE  
13 ACCRUED LIABILITY IS CHANGED BY LEGISLATION ENACTED  
14 SUBSEQUENT TO JUNE 30, 2015, SUCH CHANGE IN LIABILITY SHALL  
15 BE FUNDED AS A LEVEL PERCENTAGE OF COMPENSATION OF ALL ACTIVE  
16 MEMBERS AND ACTIVE PARTICIPANTS, AS APPLICABLE, OVER A PERIOD  
17 OF TEN YEARS FROM THE JULY 1 SECOND SUCCEEDING THE DATE SUCH  
18 LEGISLATION IS ENACTED.

19 (D) SUPPLEMENTAL ANNUITY CONTRIBUTION RATE.--

20 \* \* \*

21 (2) FOR FISCAL YEARS BEGINNING JULY 1, 2011, AND ENDING  
22 JUNE 30, 2017, CONTRIBUTIONS FROM THE COMMONWEALTH AND OTHER  
23 EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM REQUIRED  
24 TO PROVIDE FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES AS  
25 PROVIDED IN SECTIONS 8348, 8348.1, 8348.2, 8348.3, 8348.4,  
26 8348.5, 8348.6 AND 8348.7 SHALL BE PAID AS PART OF THE  
27 ACCRUED LIABILITY CONTRIBUTION RATE AS PROVIDED FOR IN  
28 SUBSECTION (C) (4), AND THERE SHALL NOT BE A SEPARATE  
29 SUPPLEMENTAL ANNUITY CONTRIBUTION RATE ATTRIBUTABLE TO THOSE  
30 SUPPLEMENTAL ANNUITIES. IN THE EVENT THAT SUPPLEMENTAL



1 ANNUITIES ARE INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO  
2 JUNE 30, 2010, [THE] BUT BEFORE JULY 1, 2015, SUCH ADDITIONAL  
3 LIABILITY FOR THE INCREASE IN BENEFITS SHALL BE FUNDED AS A  
4 LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD OF TEN YEARS  
5 FROM THE JULY 1 SECOND SUCCEEDING THE DATE SUCH LEGISLATION  
6 IS ENACTED.

7 (3) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2017,  
8 CONTRIBUTIONS FROM EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF  
9 THE SYSTEM REQUIRED TO PROVIDE FOR THE PAYMENT OF  
10 SUPPLEMENTAL ANNUITIES AS PROVIDED IN SECTIONS 8348, 8348.1,  
11 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND 8348.7 SHALL BE  
12 PAID AS PART OF THE ACCRUED LIABILITY CONTRIBUTION RATE AS  
13 PROVIDED FOR IN SUBSECTION (C) (4), AND THERE SHALL NOT BE A  
14 SEPARATE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE ATTRIBUTABLE  
15 TO THOSE SUPPLEMENTAL ANNUITIES. IN THE EVENT THAT  
16 SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED  
17 SUBSEQUENT TO JUNE 30, 2015, THE ADDITIONAL LIABILITY FOR THE  
18 INCREASE IN BENEFITS SHALL BE FUNDED AS A LEVEL PERCENTAGE OF  
19 COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS  
20 OVER A PERIOD OF TEN YEARS FROM THE JULY 1 SECOND SUCCEEDING  
21 THE DATE SUCH LEGISLATION IS ENACTED.

22 (E) EXPERIENCE ADJUSTMENT FACTOR.--

23 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED  
24 LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING  
25 JULY 1, 2011, AND ENDING JUNE 30, 2017, ANY INCREASE OR  
26 DECREASE IN THE UNFUNDED ACCRUED LIABILITY, EXCLUDING THE  
27 GAINS OR LOSSES ON THE ASSETS OF THE HEALTH INSURANCE  
28 ACCOUNT, DUE TO ACTUAL EXPERIENCE DIFFERING FROM ASSUMED  
29 EXPERIENCE, CHANGES IN ACTUARIAL ASSUMPTIONS, CHANGES IN  
30 CONTRIBUTIONS CAUSED BY THE FINAL CONTRIBUTION RATE BEING

1 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE,  
2 ACTIVE MEMBERS MAKING SHARED-RISK CONTRIBUTIONS OR CHANGES IN  
3 THE TERMS AND CONDITIONS OF THE BENEFITS PROVIDED BY THE  
4 SYSTEM BY JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER  
5 THAN LEGISLATION, INCLUDING, BUT NOT LIMITED TO,  
6 REINTERPRETATION OF THE PROVISIONS OF THIS PART, SHALL BE  
7 AMORTIZED AS A LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD  
8 OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND SUCCEEDING THE  
9 ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES.

10 (2) [(RESERVED).] FOR FISCAL YEARS BEGINNING ON OR AFTER  
11 JULY 1, 2017, ANY INCREASE OR DECREASE IN THE UNFUNDED  
12 ACCRUED LIABILITY, EXCLUDING THE GAINS OR LOSSES ON THE  
13 ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL  
14 EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE, CHANGES IN  
15 ACTUARIAL ASSUMPTIONS, CHANGES IN CONTRIBUTIONS CAUSED BY THE  
16 FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY  
17 REQUIRED CONTRIBUTION RATE, ACTIVE MEMBERS MAKING SHARED-RISK  
18 CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE  
19 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE  
20 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT  
21 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART,  
22 SHALL BE AMORTIZED AS A LEVEL PERCENTAGE OF THE COMPENSATION  
23 OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS OVER A PERIOD  
24 OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND SUCCEEDING THE  
25 ACTUARIAL VALUATION DETERMINING SUCH INCREASES OR DECREASES.

26 (F) PREMIUM ASSISTANCE CONTRIBUTION RATE.--FOR EACH FISCAL  
27 YEAR BEGINNING WITH JULY 1, 1991, THE TOTAL CONTRIBUTION RATE AS  
28 CALCULATED ACCORDING TO THIS SECTION SHALL BE INCREASED ANNUALLY  
29 IN THE FULL AMOUNT CERTIFIED BY THE BOARD AS NECESSARY TO FUND  
30 THE PREMIUM ASSISTANCE PROGRAM IN ACCORDANCE WITH SECTION 8509

1 (RELATING TO HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM),  
2 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SECTION. THE TOTAL  
3 CONTRIBUTION RATE UNDER THIS SUBSECTION SHALL BE A PERCENTAGE OF  
4 THE COMPENSATION OF ALL ACTIVE MEMBERS IN CLASSES OF SERVICE  
5 OTHER THAN CLASS T-G AND THE COMPENSATION OF ACTIVE MEMBERS OF  
6 CLASS T-G WHO HAVE 25 OR FEWER ELIGIBILITY POINTS RESULTING FROM  
7 CLASS T-G SERVICE, OR IF A MULTIPLE SERVICE MEMBER, AS CLASS A-5  
8 SERVICE, UP TO THE DEFINED BENEFIT COMPENSATION LIMIT.

9 (G) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--

10 \* \* \*

11 (3) FOR PURPOSES OF APPLYING THE COLLARED CONTRIBUTION  
12 RATE, COMPENSATION FOR DETERMINING THE NORMAL CONTRIBUTION  
13 RATE SHALL BE DEFINED AS THE TOTAL COMPENSATION OF ALL ACTIVE  
14 MEMBERS AND ACTIVE PARTICIPANTS, AS APPLICABLE.

15 \* \* \*

16 SECTION 110. SECTION 8330 OF TITLE 24 IS AMENDED TO READ:  
17 § 8330. APPROPRIATIONS BY THE COMMONWEALTH.

18 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE  
19 AND THROUGH THE GOVERNOR SUBMIT ANNUALLY TO THE GENERAL ASSEMBLY  
20 AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS NECESSARY TO BE  
21 APPROPRIATED BY THE COMMONWEALTH OUT OF THE GENERAL FUND  
22 REQUIRED TO MEET THE SEPARATE OBLIGATIONS TO THE FUND AND THE  
23 TRUST ACCRUING DURING THE FISCAL PERIOD BEGINNING JULY 1 OF THE  
24 FOLLOWING YEAR.

25 (B) APPROPRIATION AND PAYMENT.--THE GENERAL ASSEMBLY SHALL  
26 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE  
27 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH  
28 AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE  
29 DEPARTMENT OF REVENUE INTO THE FUND OR THE TRUST, AS THE CASE  
30 MAY BE, WITHIN 30 DAYS OF RECEIPT OF THE REQUISITION PRESENTED

1 EACH QUARTER BY THE BOARD.

2 SECTION 110.1. SECTION 8341 OF TITLE 24, AMENDED DECEMBER  
3 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

4 § 8341. RETURN OF ACCUMULATED DEDUCTIONS.

5 ACCUMULATED DEDUCTIONS MAY BE RETURNED AS FOLLOWS:

6 (1) ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU  
7 OF ALL BENEFITS PAYABLE FROM THE SYSTEM AND ATTRIBUTABLE TO  
8 SERVICE IN CLASSES OTHER THAN CLASS T-G UNDER THIS CHAPTER TO  
9 WHICH HE MAY BE ENTITLED, ELECT TO RECEIVE HIS ACCUMULATED  
10 DEDUCTIONS BY HIS REQUIRED BEGINNING DATE.

11 (2) A CLASS T-G MEMBER WHO TERMINATES SERVICE AND IS NOT  
12 ELIGIBLE FOR AN IMMEDIATE ANNUITY OR ELIGIBLE TO BECOME A  
13 VESTEE AS A RESULT OF SUCH CLASS T-G SERVICE MAY ELECT TO  
14 RECEIVE HIS ACCUMULATED DEDUCTIONS IN LIEU OF ANY BENEFIT  
15 FROM THE SYSTEM ACCRUED AS A CLASS T-G MEMBER.

16 (3) A MEMBER WITH VESTED CLASS T-G SERVICE CREDIT MAY  
17 NOT, IN LIEU OF ALL BENEFITS PAYABLE FROM THE SYSTEM UNDER  
18 THIS PART TO WHICH HE MAY BE ENTITLED, ELECT TO RECEIVE HIS  
19 ACCUMULATED DEDUCTIONS ON THE PORTION OF THE BENEFIT RELATING  
20 TO HIS CLASS T-G SERVICE.

21 SECTION 111. SECTIONS 8342(A) AND 8344(A), (B) AND (D) OF  
22 TITLE 24 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING  
23 SUBSECTIONS TO READ:

24 § 8342. MAXIMUM SINGLE LIFE ANNUITY.

25 (A) GENERAL RULE.--UPON TERMINATION OF SERVICE, ANY FULL  
26 COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT  
27 TO THE PROVISIONS OF SECTION 8307(A) OR (B) (RELATING TO  
28 ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN  
29 ACCORDANCE WITH THE PROVISIONS OF SECTION 8507(F) (RELATING TO  
30 RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS], MEMBERS AND

1 PARTICIPANTS) SHALL BE ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE  
2 ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND EQUAL TO THE  
3 SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES BEGINNING AT THE  
4 EFFECTIVE DATE OF RETIREMENT AND, IN CASE THE MEMBER ON THE  
5 EFFECTIVE DATE OF RETIREMENT IS UNDER SUPERANNUATION AGE,  
6 MULTIPLIED BY A REDUCTION FACTOR CALCULATED TO PROVIDE BENEFITS  
7 ACTUARIALLY EQUIVALENT TO AN ANNUITY STARTING AT SUPERANNUATION  
8 AGE: PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE  
9 CASE OF ANY MEMBER EXCEPT A CLASS T-G MEMBER WHO HAS ATTAINED  
10 AGE 55 AND HAS 25 OR MORE ELIGIBILITY POINTS SUCH SUM OF SINGLE  
11 LIFE ANNUITIES SHALL BE REDUCED BY A PERCENTAGE DETERMINED BY  
12 MULTIPLYING THE NUMBER OF MONTHS, INCLUDING A FRACTION OF A  
13 MONTH AS A FULL MONTH, BY WHICH THE EFFECTIVE DATE OF RETIREMENT  
14 PRECEDES SUPERANNUATION AGE BY 1/4%: FURTHER PROVIDED, IN NO  
15 EVENT SHALL A CLASS T-E OR CLASS T-F MEMBER RECEIVE AN ANNUAL  
16 BENEFIT, CALCULATED AS OF THE EFFECTIVE DATE OF RETIREMENT,  
17 GREATER THAN THE MEMBER'S FINAL AVERAGE SALARY ATTRIBUTABLE TO  
18 CLASS T-E OR T-F SERVICE:

19 (1) A [STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE]  
20 SINGLE LIFE ANNUITY THAT IS THE SUM OF ANNUITIES DETERMINED  
21 SEPARATELY FOR EACH CLASS OF SERVICE [MULTIPLIER] AND  
22 CALCULATED ON THE BASIS OF THE NUMBER OF YEARS OF CREDITED  
23 SCHOOL SERVICE OTHER THAN CONCURRENT SERVICE.

24 (2) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE  
25 CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF  
26 THE NUMBER OF YEARS OF CONCURRENT SERVICE AND MULTIPLIED BY  
27 THE RATIO OF TOTAL COMPENSATION RECEIVED IN THE SCHOOL SYSTEM  
28 DURING THE PERIOD OF CONCURRENT SERVICE TO THE TOTAL  
29 COMPENSATION RECEIVED DURING SUCH PERIOD.

30 (3) A SUPPLEMENTAL ANNUITY SUCH THAT THE TOTAL ANNUITY

1 PRIOR TO ANY OPTIONAL MODIFICATION OR ANY REDUCTION DUE TO  
2 RETIREMENT PRIOR TO SUPERANNUATION AGE SHALL BE AT LEAST \$100  
3 FOR EACH FULL YEAR OF CREDITED SERVICE.

4 \* \* \*

5 (D) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT  
6 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE  
7 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,  
8 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT  
9 IN THE PLAN.

10 § 8344. DISABILITY ANNUITIES.

11 (A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION  
12 FOR A DISABILITY ANNUITY AS PROVIDED IN SECTION 8507(K)  
13 (RELATING TO RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND  
14 MEMBERS], MEMBERS AND PARTICIPANTS) AND HAS BEEN FOUND TO BE  
15 ELIGIBLE IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 8307(C)  
16 (RELATING TO ELIGIBILITY FOR ANNUITIES) AND 8505(C)(1) (RELATING  
17 TO DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF  
18 MEMBERS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM THE  
19 EFFECTIVE DATE OF DISABILITY AND CONTINUED UNTIL A SUBSEQUENT  
20 DETERMINATION BY THE BOARD THAT THE ANNUITANT IS NO LONGER  
21 ENTITLED TO A DISABILITY ANNUITY. THE DISABILITY ANNUITY SHALL  
22 BE A SINGLE LIFE ANNUITY THAT IS EQUAL TO A SUM OF THE STANDARD  
23 SINGLE LIFE [ANNUITY] ANNUITIES DETERMINED SEPARATELY FOR EACH  
24 CLASS OF SERVICE IF THE TOTAL NUMBER OF YEARS OF CREDITED  
25 SERVICE IS GREATER THAN 16.667, OTHERWISE [THE] EACH STANDARD  
26 SINGLE LIFE ANNUITY SHALL BE MULTIPLIED BY THE LESSER OF THE  
27 FOLLOWING RATIOS:

28 
$$Y^*/Y \text{ OR } 16.667/Y$$

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

1 AS A SCHOOL EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE, OR IF  
2 THE MEMBER HAS ATTAINED SUPERANNUATION AGE THEN THE NUMBER OF  
3 YEARS OF CREDITED SERVICE. IN NO EVENT SHALL THE DISABILITY  
4 ANNUITY PLUS ANY COST-OF-LIVING INCREASES BE LESS THAN \$100 FOR  
5 EACH FULL YEAR OF CREDITED SERVICE. THE MEMBER SHALL BE ENTITLED  
6 TO THE ELECTION OF A JOINT AND SURVIVOR ANNUITY ON THAT PORTION  
7 OF THE DISABILITY ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION  
8 8342 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY).

9 (B) REDUCTION ON ACCOUNT OF EARNED INCOME.--PAYMENTS ON  
10 ACCOUNT OF DISABILITY SHALL BE REDUCED BY THAT AMOUNT BY WHICH  
11 THE EARNED INCOME OF THE ANNUITANT, AS REPORTED IN ACCORDANCE  
12 WITH SECTION 8508(B) (RELATING TO RIGHTS AND DUTIES OF  
13 ANNUITANTS) FOR THE PRECEDING YEAR TOGETHER WITH THE DISABILITY  
14 ANNUITY PAYMENTS FOR THE YEAR, EXCEEDS THE GREATER OF \$5,000 OR  
15 THE LAST YEAR'S SALARY OF THE ANNUITANT AS A [SCHOOL EMPLOYEE]  
16 MEMBER OF THE SYSTEM, PROVIDED THAT THE ANNUITANT SHALL NOT  
17 RECEIVE LESS THAN HIS MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE  
18 MAY BE ENTITLED UNDER SECTION 8342, WHICHEVER IS GREATER.

19 \* \* \*

20 (D) WITHDRAWAL OF ACCUMULATED DEDUCTIONS.--UPON TERMINATION  
21 OF DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY  
22 CALCULATED IN ACCORDANCE WITH SECTION 8342, A DISABILITY  
23 ANNUITANT WHO:

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

25 (2) IS A CLASS T-E [OR] CLASS T-F OR CLASS T-G MEMBER  
26 WITH LESS THAN TEN ELIGIBILITY POINTS AND WHO DOES NOT RETURN  
27 TO SCHOOL SERVICE MAY FILE AN APPLICATION WITH THE BOARD FOR  
28 AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS, SHARED-RISK  
29 MEMBER CONTRIBUTIONS AND STATUTORY INTEREST STANDING TO HIS  
30 CREDIT AT THE EFFECTIVE DATE OF DISABILITY LESS THE TOTAL

1 PAYMENTS RECEIVED ON ACCOUNT OF HIS MEMBER'S ANNUITY.

2 \* \* \*

3 (F) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT  
4 OF A DISABILITY ANNUITY UNDER THIS SECTION SHALL BE IN ADDITION  
5 TO ANY PAYMENTS A SCHOOL EMPLOYEE MAY BE ENTITLED TO RECEIVE,  
6 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT  
7 IN THE PLAN.

8 SECTION 112. SECTIONS 8345(A) AND 8346 OF TITLE 24, AMENDED  
9 DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ:

10 § 8345. MEMBER'S OPTIONS.

11 (A) GENERAL RULE.--ANY CLASS T-C OR CLASS T-D MEMBER WHO IS  
12 A VESTEE WITH FIVE OR MORE ELIGIBILITY POINTS, ANY CLASS T-E OR  
13 CLASS T-F MEMBER WHO IS A VESTEE WITH TEN OR MORE ELIGIBILITY  
14 POINTS, [OR] ANY [OTHER] ELIGIBLE MEMBER UPON TERMINATION OF  
15 SCHOOL SERVICE [WHO HAS NOT WITHDRAWN HIS ACCUMULATED DEDUCTIONS  
16 AS PROVIDED IN SECTION 8341 (RELATING TO RETURN OF ACCUMULATED  
17 DEDUCTIONS)] WHO IS ELIGIBLE TO RECEIVE AN ANNUITY, OR A CLASS  
18 T-G MEMBER WHO IS A VESTEE WITH AT LEAST 25 ELIGIBILITY POINTS  
19 RESULTING FROM SERVICE CREDITED AS A MEMBER OF CLASS T-G, MAY  
20 APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE  
21 ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF  
22 SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A  
23 REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY  
24 EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN ACCORDANCE  
25 WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO MEMBER SHALL  
26 ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR ANNUITANTS  
27 OTHER THAN HIS SPOUSE OR ALTERNATE PAYEE OF SUCH A MAGNITUDE  
28 THAT THE PRESENT VALUE OF THE ANNUITY PAYABLE TO HIM FOR LIFE  
29 PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO RECEIVE IS LESS  
30 THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM SINGLE LIFE ANNUITY



1 AND NO MEMBER MAY ELECT A PAYMENT OPTION THAT WOULD PROVIDE  
2 BENEFITS THAT DO NOT SATISFY THE MINIMUM DISTRIBUTION  
3 REQUIREMENTS OR WOULD VIOLATE THE INCIDENTAL DEATH BENEFIT RULES  
4 OF IRC § 401(A) (9) . IN NO EVENT SHALL A CLASS T-E OR CLASS T-F  
5 MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF THE EFFECTIVE  
6 DATE OF RETIREMENT, GREATER THAN THE MEMBER'S FINAL AVERAGE  
7 SALARY.

8 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH:  
9 (I) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO  
10 CLASSES OF SERVICE OTHER THAN CLASS T-G EQUAL TO THE  
11 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY  
12 ATTRIBUTABLE TO CLASSES OF SERVICE OTHER THAN CLASS T-G  
13 ON THE EFFECTIVE DATE OF RETIREMENT WITH THE PROVISION  
14 THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS THAN SUCH  
15 PRESENT VALUE, THE UNPAID BALANCE SHALL BE PAYABLE TO HIS  
16 BENEFICIARY[.]; AND

17 (II) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO  
18 CLASS T-G SERVICE EQUAL TO THE PRESENT VALUE OF THE  
19 MAXIMUM SINGLE LIFE ANNUITY ATTRIBUTABLE TO CLASS T-G  
20 SERVICE ON THE EFFECTIVE DATE OF RETIREMENT WITH THE  
21 PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS  
22 THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE  
23 PAYABLE TO HIS BENEFICIARY.

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

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

1 ANNUITANT, IF LIVING AT HIS DEATH.

2 (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE  
3 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE  
4 MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING  
5 RESTRICTIONS:

6 (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION  
7 DURING THE LIFETIME OF THE MEMBER.

8 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE  
9 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN  
10 THE ANNUITY PAYABLE TO THE MEMBER.

11 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A  
12 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT  
13 EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS  
14 STANDING TO THE CREDIT OF THE MEMBER. THE BALANCE OF THE  
15 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED  
16 IN ACCORDANCE WITH SECTION 8342(B) SHALL BE PAID IN THE  
17 FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A  
18 SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR  
19 ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS  
20 OF SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH. THIS  
21 SUBPARAGRAPH SHALL NOT APPLY TO A CLASS T-E [OR], CLASS  
22 T-F OR CLASS T-G MEMBER.

23 \* \* \*

24 § 8346. TERMINATION OF ANNUITIES.

25 (A) GENERAL RULE.--IF AN ANNUITANT RETURNS TO SCHOOL SERVICE  
26 OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE  
27 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART  
28 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL  
29 SERVICE OR ENTERING STATE SERVICE WITHOUT REGARD TO WHETHER HE  
30 IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR

1 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,  
2 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR  
3 PARTICIPANT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR STATE  
4 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND IN THE CASE OF AN  
5 ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF  
6 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT  
7 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR  
8 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY  
9 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF  
10 MEMBERSHIP SERVICE AS PROVIDED IN SECTION 8302(B.2) (RELATING TO  
11 CREDITED SCHOOL SERVICE) AND WHO RETURNS TO SCHOOL SERVICE,  
12 EXCEPT AS PROVIDED IN SUBSECTION (B), SHALL FORFEIT SUCH  
13 CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE  
14 ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN APPLIED  
15 TO HIS ACCOUNT. IN THE EVENT THAT THE COST-OF-LIVING INCREASE  
16 ENACTED DECEMBER 18, 1979, OCCURRED DURING THE PERIOD OF SUCH  
17 STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE SHALL BE  
18 INCREASED, ON OR AFTER THE MEMBER ATTAINS SUPERANNUATION AGE, BY  
19 THE PERCENT APPLICABLE HAD HE NOT RETURNED TO SERVICE.

20 (A.1) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE  
21 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES  
22 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO  
23 SECTION 8345 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE  
24 OF HIS RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE, THE  
25 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM  
26 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE  
27 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS  
28 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN  
29 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR A STATE EMPLOYEE  
30 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT

1 SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY  
2 DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER  
3 AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO  
4 BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT  
5 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL  
6 SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION  
7 DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION  
8 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE  
9 DISCRETION DETERMINES. IN THE CASE OF A STATE EMPLOYEE WHO IS AN  
10 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE  
11 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE  
12 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO  
13 THE BOARD THE AMOUNTS PAID.

14 (A.2) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--IF A  
15 FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM USERRA LEAVE WHO HAD  
16 RECEIVED ANY PAYMENTS OR ANNUITY FROM THE SYSTEM DURING THE  
17 USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE BOARD THE AMOUNT  
18 RECEIVED PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE  
19 CERTIFIED BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY  
20 THE ACTUARY AND:

- 21 (1) SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS; OR
- 22 (2) IN THE CASE OF AN ACTIVE MEMBER, MAY BE AMORTIZED  
23 WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS IN AMOUNTS  
24 AGREED UPON BY THE MEMBER AND THE BOARD FOR NOT LONGER THAN A  
25 PERIOD THAT STARTS WITH THE DATE OF REEMPLOYMENT AND  
26 CONTINUING FOR UP TO THREE TIMES THE LENGTH OF THE MEMBER'S  
27 IMMEDIATE PAST PERIOD OF USERRA LEAVE. A REPAYMENT PERIOD  
28 UNDER THIS PARAGRAPH MAY NOT EXCEED FIVE YEARS OR A LONGER  
29 TIME AS AGREED TO BETWEEN THE BOARD AND THE MEMBER.

30 (B) RETURN TO SCHOOL SERVICE DURING EMERGENCY.--WHEN, IN THE

1 JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE IN  
2 THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF SERVICE  
3 TO THE PUBLIC OR IN THE EVENT OF A SHORTAGE OF APPROPRIATE  
4 SUBJECT CERTIFIED TEACHERS OR OTHER PERSONNEL, AN ANNUITANT OR  
5 PARTICIPANT RECEIVING DISTRIBUTIONS MAY BE RETURNED TO SCHOOL  
6 SERVICE FOR A PERIOD NOT TO EXTEND BEYOND THE SCHOOL YEAR DURING  
7 WHICH THE EMERGENCY OR SHORTAGE OCCURS, WITHOUT LOSS OF HIS  
8 ANNUITY OR DISTRIBUTIONS, PROVIDED THAT THE ANNUITANT MEETS THE  
9 CONDITIONS SET FORTH IN SUBSECTION (B.2). THE ANNUITANT SHALL  
10 NOT BE ENTITLED TO EARN ANY CREDITED SERVICE, AND NO  
11 CONTRIBUTIONS MAY BE MADE BY THE ANNUITANT, THE EMPLOYER OR THE  
12 COMMONWEALTH ON ACCOUNT OF SUCH EMPLOYMENT. SUCH SERVICE SHALL  
13 NOT BE SUBJECT TO MEMBER CONTRIBUTIONS OR BE ELIGIBLE FOR  
14 QUALIFICATION AS CREDITABLE SCHOOL SERVICE OR FOR PARTICIPATION  
15 IN THE PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR  
16 EMPLOYER DEFINED CONTRIBUTIONS.

17 (B.1) RETURN TO SCHOOL SERVICE IN AN EXTRACURRICULAR  
18 POSITION.--

19 (1) AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS  
20 MAY BE EMPLOYED UNDER SEPARATE CONTRACT BY A PUBLIC SCHOOL OR  
21 CHARTER SCHOOL IN AN EXTRACURRICULAR POSITION PERFORMED  
22 PRIMARILY OUTSIDE REGULAR INSTRUCTIONAL HOURS AND NOT PART OF  
23 MANDATED CURRICULUM WITHOUT LOSS OF ANNUITY, PROVIDED THAT  
24 THE ANNUITANT MEETS THE CONDITIONS SET FORTH IN SUBSECTION  
25 (B.2). [NEITHER THE ANNUITANT NOR] THE ANNUITANT, THE  
26 PARTICIPANT RECEIVING DISTRIBUTION AND THE EMPLOYER SHALL NOT  
27 MAKE CONTRIBUTIONS TO THE MEMBER'S SAVINGS ACCOUNT, THE  
28 INDIVIDUAL INVESTMENT ACCOUNT OR STATE ACCUMULATION ACCOUNT  
29 RESPECTIVELY FOR SUCH SERVICE. FURTHER, SUCH CONTRACT SHALL  
30 CONTAIN A WAIVER WHEREBY THE ANNUITANT WAIVES ANY POTENTIAL

1 RETIREMENT BENEFITS THAT COULD ARISE FROM THE CONTRACT AND  
2 RELEASES THE EMPLOYER AND THE BOARD FROM ANY LIABILITY FOR  
3 SUCH BENEFITS. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR  
4 PARTICIPANT CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS  
5 CREDITABLE SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN,  
6 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER  
7 DEFINED CONTRIBUTIONS.

8 (2) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO  
9 ABRIDGE OR LIMIT ANY RIGHTS PROVIDED UNDER A COLLECTIVE  
10 BARGAINING AGREEMENT OR ANY RIGHTS PROVIDED UNDER THE ACT OF  
11 JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE  
12 RELATIONS ACT.

13 (3) FOR PURPOSES OF THIS SUBSECTION, THE TERM  
14 "EXTRACURRICULAR POSITION" MEANS A CONTRACT POSITION FILLED  
15 BY AN ANNUITANT THAT IS SEPARATE FROM THE ESTABLISHED  
16 ACADEMIC COURSE STRUCTURE, INCLUDING THE POSITION OF ATHLETIC  
17 DIRECTOR.

18 (B.2) LIMITATION ON RETURN TO SCHOOL SERVICE BY AN ANNUITANT  
19 DURING EMERGENCY OR IN AN EXTRACURRICULAR POSITION.--

20 (1) AN ANNUITANT MAY RETURN TO SCHOOL SERVICE UNDER  
21 SUBSECTION (B) OR (B.1), PROVIDED THE ANNUITANT OTHERWISE  
22 MEETS THE REQUIREMENTS OF SUBSECTION (B) OR (B.1) AND HAS  
23 ATTAINED THE AGE SET FORTH IN IRC § 401(A)(36) OR THE  
24 APPLICABLE "NORMAL RETIREMENT AGE" IN 26 C.F.R. § 1.401(A)-  
25 1(B)(2) (RELATING TO POST-ERISA QUALIFIED PLANS AND QUALIFIED  
26 TRUSTS; IN GENERAL).

27 (2) AN ANNUITANT WHO HAS NOT REACHED THE AGE AS SET  
28 FORTH IN IRC § 401(A)(36), OR THE APPLICABLE "NORMAL  
29 RETIREMENT AGE" UNDER 26 C.F.R. § 1.401(A)-1(B)(2), MAY  
30 RETURN TO SERVICE UNDER SUBSECTION (B) OR (B.1) PROVIDED THE

1 ANNUITANT OTHERWISE MEETS THE REQUIREMENTS OF SUBSECTION (B)  
2 OR (B.1) AND HAS HAD A BREAK IN SERVICE, AS SET FORTH IN  
3 PARAGRAPH (3).

4 (3) FOR PURPOSES OF THIS SUBSECTION, A BREAK IN SERVICE  
5 OCCURS WHEN A MEMBER HAS A BONA FIDE TERMINATION OF SERVICE.  
6 THE FOLLOWING FACTORS WILL BE CONSIDERED IN DETERMINING  
7 WHETHER THERE HAD BEEN A BONA FIDE TERMINATION OF SERVICE:

8 (I) WHETHER THE CHANGE IN THE EMPLOYMENT  
9 RELATIONSHIP IS MORE THAN A FORMAL OR TECHNICAL CHANGE,  
10 REQUIRING THE SEVERING OF THE EMPLOYMENT CONNECTION WITH  
11 THE EMPLOYER;

12 (II) WHETHER THERE HAS BEEN A REASONABLE  
13 ANTICIPATION OR PREARRANGED AGREEMENT BETWEEN THE MEMBER  
14 AND THE EMPLOYER THAT A RETURN TO SCHOOL SERVICE UNDER  
15 THIS SECTION SHALL TAKE PLACE;

16 (III) THE AMOUNT OF TIME THAT HAS ELAPSED FROM THE  
17 DATE THE MEMBER BECOMES AN ANNUITANT AND THE RETURN TO  
18 SCHOOL SERVICE;

19 (IV) WHETHER THE SERVICES ARE A CONTINUATION OF THE  
20 ANNUITANT'S PREVIOUS SERVICE WITH THE SAME EMPLOYER; AND

21 (V) SUCH OTHER FACTORS AS THE BOARD MAY DEEM  
22 APPROPRIATE.

23 (C) SUBSEQUENT DISCONTINUANCE OF SERVICE.--UPON SUBSEQUENT  
24 DISCONTINUANCE OF SERVICE, SUCH [MEMBER] TERMINATING SCHOOL  
25 EMPLOYEE OTHER THAN A FORMER ANNUITANT WHO HAD THE EFFECT OF HIS  
26 FROZEN PRESENT VALUE ELIMINATED IN ACCORDANCE WITH SUBSECTION  
27 (D) OR A FORMER DISABILITY ANNUITANT SHALL BE ENTITLED TO AN  
28 ANNUITY WHICH IS ACTUARIALLY EQUIVALENT TO [THE SUM OF] THE  
29 PRESENT VALUE AS DETERMINED UNDER SUBSECTION (A) [AND THE] TO  
30 WHICH SHALL BE ADDED, IF THE SERVICE AFTER REEMPLOYMENT WAS AS A

1 MEMBER OF THE SYSTEM:

2       (1) THE PRESENT VALUE OF A MAXIMUM SINGLE LIFE ANNUITY  
3       BASED ON YEARS OF SERVICE CREDITED IN CLASSES OF SERVICE  
4       OTHER THAN CLASS T-G SUBSEQUENT TO REENTRY IN THE SYSTEM AND  
5       HIS FINAL AVERAGE SALARY COMPUTED BY REFERENCE TO HIS  
6       COMPENSATION FOR SERVICE CREDITED IN CLASSES OF SERVICE OTHER  
7       THAN CLASS T-G AS A MEMBER OF THE SYSTEM OR AS CLASS A-5 AS A  
8       MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM DURING HIS  
9       ENTIRE PERIOD OF SCHOOL AND STATE SERVICE.

10       (2) IF ELIGIBLE, THE PRESENT VALUE OF A MAXIMUM SINGLE  
11       LIFE ANNUITY BASED ON YEARS OF SERVICE CREDITED IN CLASS T-G  
12       SUBSEQUENT TO REENTRY IN THE SYSTEM AND HIS FINAL AVERAGE  
13       SALARY COMPUTED BY REFERENCE TO HIS COMPENSATION FOR SERVICE  
14       CREDITED IN CLASS T-G AND CLASS A-5 DURING HIS ENTIRE PERIOD  
15       OF SCHOOL AND STATE SERVICE.

16 (D) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

17       (1) AN ANNUITANT WHO RETURNS TO SCHOOL SERVICE AS AN  
18       ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY  
19       POINTS BY PERFORMING CREDITED SCHOOL SERVICE OR REEMPLOYMENT  
20       FROM USERRA LEAVE IN A CLASS OF SERVICE OTHER THAN CLASS T-G  
21       FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY  
22       UNDER THIS PART, OR AN ANNUITANT WHO ENTERS STATE SERVICE  
23       AND:

24               (I) IS A MULTIPLE SERVICE MEMBER; OR

25               (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND  
26       EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE  
27       SERVICE, REEMPLOYMENT FROM USERRA LEAVE, IN A CLASS OF  
28       SERVICE OTHER THAN CLASS A-5 OR CREDITED SCHOOL SERVICE IN A  
29       CLASS OF SERVICE OTHER THAN CLASS T-G FOLLOWING THE MOST  
30       RECENT PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND



1 WHO HAD THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE  
2 WITH SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE  
3 FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF  
4 RETIREMENT ELIMINATED, PROVIDED THAT ALL PAYMENTS UNDER  
5 OPTION 4 AND ANNUITY PAYMENTS PAYABLE DURING PREVIOUS PERIODS  
6 OF RETIREMENT PLUS INTEREST AS SET FORTH IN PARAGRAPH (3)  
7 SHALL BE RETURNED TO THE FUND IN THE FORM OF AN ACTUARIAL  
8 ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE  
9 BOARD MAY OTHERWISE DIRECT.

10 (2) UPON SUBSEQUENT DISCONTINUANCE OF SERVICE AND THE  
11 FILING OF AN APPLICATION FOR AN ANNUITY, A FORMER ANNUITANT  
12 WHO QUALIFIES TO HAVE THE EFFECT OF A FROZEN PRESENT VALUE  
13 ELIMINATED UNDER THIS SUBSECTION SHALL BE ENTITLED TO RECEIVE  
14 THE HIGHER OF EITHER:

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

30 (II) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)

1           CALCULATED AS IF THE FORMER ANNUITANT DID NOT QUALIFY TO  
2           HAVE THE EFFECT ON THE FROZEN PRESENT VALUE ELIMINATED,  
3           UNLESS THE FORMER ANNUITANT NOTIFIES THE BOARD IN WRITING BY  
4           THE LATER OF THE DATE THE APPLICATION FOR ANNUITY IS FILED OR  
5           THE EFFECTIVE DATE OF RETIREMENT THAT THE FORMER ANNUITANT  
6           WISHES TO RECEIVE THE LOWER ANNUITY.

7           (3) IN ADDITION TO ANY OTHER ADJUSTMENT TO THE PRESENT  
8           VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY THAT A MEMBER MAY BE  
9           ENTITLED TO RECEIVE THAT OCCURS AS A RESULT OF ANY OTHER  
10          PROVISION OF LAW, THE PRESENT VALUE OF THE MAXIMUM SINGLE  
11          LIFE ANNUITY SHALL BE REDUCED BY ALL AMOUNTS PAID OR PAYABLE  
12          TO HIM DURING ALL PREVIOUS PERIODS OF RETIREMENT PLUS  
13          INTEREST ON THESE AMOUNTS UNTIL THE DATE OF SUBSEQUENT  
14          RETIREMENT. THE INTEREST FOR EACH YEAR SHALL BE CALCULATED  
15          BASED UPON THE ANNUAL INTEREST RATE ADOPTED FOR THAT SCHOOL  
16          YEAR BY THE BOARD FOR THE CALCULATION OF THE NORMAL  
17          CONTRIBUTION RATE PURSUANT TO SECTION 8328(B) (RELATING TO  
18          ACTUARIAL COST METHOD).

19          SECTION 113. SECTION 8347(A) AND (D) OF TITLE 24 ARE AMENDED  
20          AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ:

21          § 8347. DEATH BENEFITS.

22          (A) MEMBERS ELIGIBLE FOR ANNUITIES.--

23                 (1) ANY MEMBER OR FORMER MEMBER ON USERRA LEAVE, OTHER  
24                 THAN AN ANNUITANT, WHO DIES AND WAS ELIGIBLE FOR AN ANNUITY  
25                 IN ACCORDANCE WITH SECTION 8307(A) OR (B) (RELATING TO  
26                 ELIGIBILITY FOR ANNUITIES) SHALL BE CONSIDERED AS HAVING  
27                 APPLIED FOR AN ANNUITY TO BECOME EFFECTIVE THE DAY BEFORE HIS  
28                 DEATH; AND, IN THE EVENT HE HAS NOT ELECTED AN OPTION, IT  
29                 SHALL BE ASSUMED THAT HE ELECTED OPTION 1 AND ASSIGNED AS  
30                 BENEFICIARY THAT PERSON LAST DESIGNATED IN WRITING TO THE

1 BOARD.

2 (2) THIS SUBSECTION SHALL ALSO APPLY TO A MEMBER WITH AT  
3 LEAST TEN ELIGIBILITY POINTS CREDITED AS A MEMBER OF CLASS T-  
4 G, OR IF A MULTIPLE SERVICE MEMBER, CLASS A-5, AND WHO IS  
5 UNDER SUPERANNUATION AGE.

6 \* \* \*

7 (B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF  
8 SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE.--IN THE  
9 EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY  
10 BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND NOT  
11 ELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES OF  
12 SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED ON  
13 THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN ADDITION  
14 TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED DEDUCTIONS  
15 ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT ELIGIBLE  
16 FOR AN ANNUITY.

17 \* \* \*

18 (C.1) DEATH OF DISABILITY ANNUITANT.--IN THE EVENT OF THE  
19 DEATH OF A DISABILITY ANNUITANT:

20 (1) WHO HAS ELECTED TO RECEIVE A MAXIMUM DISABILITY  
21 ANNUITY BEFORE HE HAS RECEIVED IN ANNUITY PAYMENTS AN AMOUNT  
22 EQUAL TO THE PRESENT VALUE, ON THE EFFECTIVE DATE OF  
23 DISABILITY, OF THE BENEFITS ATTRIBUTABLE TO CLASSES OF  
24 SERVICE OTHER THAN CLASS T-G TO WHICH HE WOULD HAVE BEEN  
25 ENTITLED UNDER SUBSECTION (A) HAD HE DIED WHILE IN SCHOOL  
26 SERVICE, THE BALANCE OF SUCH AMOUNT SHALL BE PAID TO HIS  
27 DESIGNATED BENEFICIARY, EXCEPT THAT, IN THE EVENT OF THE  
28 DEATH OF A DISABILITY ANNUITANT WHO WAS NOT ENTITLED TO  
29 RECEIVE BENEFITS ATTRIBUTABLE TO CLASSES OF SERVICE OTHER  
30 THAN CLASS T-G UNDER SUBSECTION (A), HIS BENEFICIARY SHALL BE

1 PAID THE ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT ON THE  
2 EFFECTIVE DATE OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED  
3 ON ACCOUNT OF HIS MEMBER'S ANNUITY.

4 (2) WHO HAS ELECTED TO RECEIVE A MAXIMUM DISABILITY  
5 ANNUITY BEFORE HE HAS RECEIVED IN ANNUITY PAYMENTS AN AMOUNT  
6 EQUAL TO THE PRESENT VALUE, ON THE EFFECTIVE DATE OF  
7 DISABILITY, OF THE BENEFITS ATTRIBUTABLE TO CLASS T-G SERVICE  
8 TO WHICH HE WOULD HAVE BEEN ENTITLED UNDER SUBSECTION (A) HAD  
9 HE DIED WHILE IN SCHOOL SERVICE, THE BALANCE OF SUCH AMOUNT  
10 SHALL BE PAID TO HIS DESIGNATED BENEFICIARY, EXCEPT THAT, IN  
11 THE EVENT OF THE DEATH OF A DISABILITY ANNUITANT WHO WAS NOT  
12 ENTITLED TO RECEIVE BENEFITS ATTRIBUTABLE TO CLASS T-G  
13 SERVICE UNDER SUBSECTION (A), HIS BENEFICIARY SHALL BE PAID  
14 THE ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT ON THE  
15 EFFECTIVE DATE OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED  
16 ON ACCOUNT OF HIS MEMBER'S ANNUITY.

17 (D) OTHER ANNUITANTS.--IN THE EVENT OF THE DEATH OF AN  
18 ANNUITANT[WHO]:

19 (1) WHO HAS ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE  
20 ANNUITY BEFORE HE HAS RECEIVED IN TOTAL ANNUITY PAYMENTS AN  
21 AMOUNT EQUAL TO THE FULL AMOUNT OF THE ACCUMULATED DEDUCTIONS  
22 ON OTHER THAN CLASS T-G SERVICE STANDING TO HIS CREDIT ON THE  
23 EFFECTIVE DATE OF RETIREMENT, THE DIFFERENCE BETWEEN THE  
24 TOTAL PAYMENTS MADE TO THE DATE OF DEATH AND THE ACCUMULATED  
25 DEDUCTIONS SHALL BE PAID TO HIS DESIGNATED BENEFICIARY[.] ON  
26 OTHER THAN CLASS T-G SERVICE.

27 (2) WHO HAS ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE  
28 ANNUITY BEFORE HE HAS RECEIVED IN ANNUITY PAYMENTS THE FULL  
29 AMOUNT OF THE ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO CLASS T-  
30 G SERVICE STANDING TO HIS CREDIT ON THE EFFECTIVE DATE OF

1       RETIREMENT, THE BALANCE SHALL BE PAID TO HIS DESIGNATED  
2       BENEFICIARY.

3       \* \* \*

4       SECTION 113.1. SECTION 8349(A) AND (B) OF TITLE 24, AMENDED  
5       DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED AND THE SECTION  
6       IS AMENDED BY ADDING A SUBSECTION TO READ:

7       § 8349. PAYMENT OF BENEFITS.

8       (A) ANNUITIES.--[ANY] EXCEPT AS PROVIDED IN SUBSECTION (E),  
9       ANY ANNUITY GRANTED UNDER THE PROVISIONS OF THIS PART AND PAID  
10       FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY INSTALLMENTS  
11       COMMENCING BY THE REQUIRED BEGINNING DATE.

12       (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT  
13       PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION  
14       8347 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF  
15       OPTION 1 OF SECTION 8345(A) (1) (RELATING TO MEMBER'S OPTIONS) IS  
16       \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT  
17       ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

18             (1) A LUMP SUM PAYMENT.

19             (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT  
20       PAYABLE.

21             (3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE  
22       ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS  
23       THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

24       \* \* \*

25       (E) MEMBERS WITH CLASS T-G SERVICE AND SERVICE IN ONE OR  
26       MORE OTHER CLASSES OF SERVICE.--AN ANNUITANT WHOSE RECEIPT OF  
27       THE PORTION OF HIS ANNUITY ATTRIBUTABLE TO CLASS T-G SERVICE HAS  
28       BEEN DELAYED TO THE ATTAINMENT OF THE SUPERANNUATION AGE SHALL  
29       HAVE HIS ANNUITY INCREASED UPON ATTAINMENT OF THE APPLICABLE  
30       SUPERANNUATION AGE UNDER THE TERMS AND CONDITIONS OF THE ANNUITY

1 PAYMENT OPTION SELECTED AT THE TIME OF RETIREMENT, OR IF  
2 APPLICABLE, UNDER SECTION 8507(J) (RELATING TO RIGHTS AND DUTIES  
3 OF SCHOOL EMPLOYEES, MEMBERS AND PARTICIPANTS). IN THE EVENT  
4 SUCH A MEMBER SELECTED A JOINT AND SURVIVOR ANNUITY AND DIED  
5 PRIOR TO ATTAINING THE APPLICABLE SUPERANNUATION AGE, THE  
6 ANNUITY OF HIS SURVIVOR ANNUITANT, IF SURVIVING, WILL BE  
7 INCREASED AT THE TIME THE MEMBER WOULD HAVE ATTAINED  
8 SUPERANNUATION AGE.

9 SECTION 114. TITLE 24 IS AMENDED BY ADDING A CHAPTER TO  
10 READ:

11 CHAPTER 84

12 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN

13 SEC.

14 8401. ESTABLISHMENT.

15 8402. PLAN DOCUMENT.

16 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

17 8404. PARTICIPANT CONTRIBUTIONS.

18 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

19 8406. EMPLOYER DEFINED CONTRIBUTIONS.

20 8406.1. USE OF PLAN SAVINGS.

21 8407. ELIGIBILITY FOR BENEFITS.

22 8408. DEATH BENEFITS.

23 8409. VESTING.

24 8410. TERMINATION OF DISTRIBUTIONS.

25 8411. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER  
26 ORGANIZATIONS.

27 8412. POWERS AND DUTIES OF BOARD.

28 8413. RESPONSIBILITY FOR INVESTMENT LOSS.

29 8414. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT ALLOCATION  
30 CHOICES.

1 8415. EXPENSES.

2 8416. TAX QUALIFICATION.

3 8417. ESTABLISHMENT OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION  
4 HOLDING VEHICLE TRUST.

5 § 8401. ESTABLISHMENT.

6 (A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE SCHOOL  
7 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD  
8 SHALL ADMINISTER AND MANAGE THE PLAN, WHICH SHALL BE A DEFINED  
9 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL  
10 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES  
11 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE  
12 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT  
13 INCONSISTENT WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW  
14 AND SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.

15 (B) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE  
16 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS  
17 PART OF THE PLAN IN ACCORDANCE WITH THIS PART. THE TRUST SHALL  
18 BE COMPRISED OF THE INDIVIDUAL INVESTMENT ACCOUNTS AND ALL  
19 ASSETS AND MONEYS IN THOSE ACCOUNTS. THE MEMBERS OF THE BOARD  
20 SHALL BE THE TRUSTEES OF THE TRUST, WHICH SHALL BE ADMINISTERED  
21 EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL EMPLOYEES WHO  
22 PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES WITHIN THE  
23 MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE BOARD SHALL  
24 DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT INCONSISTENT  
25 WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW AND SHALL  
26 PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE TRUST.

27 (C) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE PLAN  
28 THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE  
29 PARTICIPANTS, THE COMMONWEALTH AND EMPLOYERS IN ACCORDANCE WITH  
30 THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE

1 PERMITTED BY THE APPLICABLE PROVISIONS OF IRC FOR THE EXCLUSIVE  
2 BENEFIT OF THE PLAN'S PARTICIPANTS AND THEIR BENEFICIARIES UNTIL  
3 SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS OR  
4 THEIR BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN  
5 DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE  
6 BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED  
7 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE  
8 ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.

9 (D) NAME FOR TRANSACTING BUSINESS.--BY THE NAME OF "THE  
10 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN," ALL OF THE  
11 BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED,  
12 ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF  
13 ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD, EXCEPT  
14 THAT, ANY OTHER LAW TO THE CONTRARY NOTWITHSTANDING, THE BOARD  
15 MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE  
16 OF REGISTERING SECURITIES IN ORDER TO FACILITATE THE PURCHASE,  
17 SALE OR OTHER DISPOSITION OF SECURITIES PURSUANT TO THE  
18 PROVISIONS OF THIS PART.

19 § 8402. PLAN DOCUMENT.

20 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE  
21 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS  
22 OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED  
23 IN THE PENNSYLVANIA BULLETIN. THE CREATION OF THE DOCUMENT  
24 CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE TRUST  
25 DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND PROVISIONS OF  
26 THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY REGULATION OR  
27 FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE ACT OF JULY  
28 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE COMMONWEALTH  
29 DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER LAW TO THE PLAN  
30 SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE CONTEXT CLEARLY



1 INDICATES OTHERWISE.

2 § 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

3 THE BOARD:

4 (1) SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL  
5 INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL  
6 CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON  
7 BEHALF OF A PARTICIPANT SHALL BE CREDITED TO THE  
8 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH  
9 ALL INTEREST AND INVESTMENT EARNINGS AND LOSSES. INVESTMENT  
10 AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL BE CHARGED  
11 TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNTS.

12 (2) SHALL SEPARATELY TRACK PARTICIPANT CONTRIBUTIONS,  
13 INCLUDING INVESTMENT GAINS AND LOSSES, AND EMPLOYER  
14 CONTRIBUTIONS, INCLUDING INVESTMENT GAINS AND LOSSES, BUT ALL  
15 INTEREST, INVESTMENT GAINS AND LOSSES AND ADMINISTRATIVE  
16 FEES, COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.

17 (3) MAY CONTRACT WITH FINANCIAL INSTITUTIONS, INSURANCE  
18 COMPANIES OR OTHER TYPES OF THIRD-PARTY PROVIDERS AND OTHER  
19 VENDORS TO ALLOW PARTICIPANTS TO DEPOSIT PARTICIPANT  
20 CONTRIBUTIONS INTO THE INDIVIDUAL INVESTMENT ACCOUNTS IN A  
21 FORM AND MANNER AS PROVIDED BY THE CONTRACT.

22 § 8404. PARTICIPANT CONTRIBUTIONS.

23 (A) MANDATORY CONTRIBUTIONS.--A PARTICIPANT SHALL MAKE  
24 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL  
25 DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
26 FOR REQUIRED SCHOOL SERVICE. THE EMPLOYER SHALL CAUSE THE PICKUP  
27 CONTRIBUTIONS FOR REQUIRED SERVICE TO BE MADE AND DEDUCTED FROM  
28 EACH PAYROLL OR ON A SCHEDULE ESTABLISHED BY THE BOARD.

29 (B) VOLUNTARY CONTRIBUTIONS.--A PARTICIPANT MAY MAKE  
30 VOLUNTARY CONTRIBUTIONS THROUGH DIRECT TRUSTEE-TO-TRUSTEE

1 TRANSFERS OR THROUGH TRANSFERS OF MONEY RECEIVED IN AN ELIGIBLE  
2 ROLLOVER INTO THE TRUST TO THE EXTENT ALLOWED BY IRC § 402.  
3 ROLLOVERS SHALL BE MADE IN A FORM AND MANNER AS DETERMINED BY  
4 THE BOARD, SHALL BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
5 INVESTMENT ACCOUNT AND SHALL BE SEPARATELY ACCOUNTED FOR BY THE  
6 BOARD.

7 (C) PROHIBITION ON CONTRIBUTIONS.--NO CONTRIBUTIONS SHALL BE  
8 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
9 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
10 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
11 DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS  
12 IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE  
13 CONTRIBUTIONS SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.  
14 § 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

15 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--THE  
16 CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION  
17 8404(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO  
18 REQUIRED SCHOOL SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL  
19 BE PICKED UP BY THE EMPLOYER AND SHALL BE TREATED AS THE  
20 EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE  
21 EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A  
22 PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY  
23 PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF  
24 THE PARTICIPANT.

25 (B) TREATMENT FOR OTHER PURPOSES.--FOR ALL OTHER PURPOSES  
26 UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT  
27 CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A  
28 PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE  
29 CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT  
30 PICKED UP.

1 § 8406. EMPLOYER DEFINED CONTRIBUTIONS.

2 (A) CONTRIBUTIONS FOR SERVICE.--THE EMPLOYER OF A  
3 PARTICIPANT SHALL MAKE EMPLOYER DEFINED CONTRIBUTIONS FOR  
4 SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE CREDITED TO THE  
5 ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. EMPLOYER  
6 DEFINED CONTRIBUTIONS MUST BE RECORDED AND ACCOUNTED FOR  
7 SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.

8 (B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED  
9 FROM USERRA LEAVE.--WHEN A SCHOOL EMPLOYEE REEMPLOYED FROM  
10 USERRA LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT  
11 CONTRIBUTIONS PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE  
12 EMPLOYER BY WHOM THE SCHOOL EMPLOYEE IS EMPLOYED AT THE TIME THE  
13 PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER EMPLOYER  
14 DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS SECTION  
15 HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS AFTER  
16 BEING REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE EMPLOYED IN  
17 THE EMPLOYEE'S SCHOOL POSITION INSTEAD OF PERFORMING USERRA  
18 LEAVE. THE EMPLOYER DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE  
19 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE  
20 PROVIDED BY THIS PART.

21 (C) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS SHALL BE  
22 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
23 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
24 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
25 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED  
26 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT  
27 EARNINGS THEREON SHALL BE REFUNDED TO THE EMPLOYER BY THE BOARD.

28 § 8406.1. USE OF PLAN SAVINGS.

29 (A) DETERMINATION.--THE SYSTEM SHALL DETERMINE THE  
30 DIFFERENCE BETWEEN:

1           (1) THE CURRENT AGGREGATE EMPLOYER CONTRIBUTIONS AND THE  
2           AGGREGATE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN  
3           REQUIRED BY ACT 120 OF 2010.

4           (2) THE CURRENT PLAN EXPENDITURES AND THE PLAN  
5           EXPENDITURES THAT WOULD HAVE BEEN REQUIRED BY ACT 120 OF  
6           2010.

7           (B) UTILIZATION.--ANY SAVINGS REALIZED BASED ON THE  
8           IMPLEMENTATION OF THE PLAN, AS DETERMINED UNDER SUBSECTION (A),  
9           SHALL BE UTILIZED TO PAY DOWN THE ACCRUED UNFUNDED LIABILITY.

10          (C) INTENT.--IT IS THE INTENT OF THE GENERAL ASSEMBLY TO  
11          MAKE AN ANNUAL APPROPRIATION FROM THE GENERAL FUND TO THE SYSTEM  
12          IN THE AMOUNT DETERMINED UNDER SUBSECTION (A) (1).

13          (D) DEFINITION.--AS USED IN THIS SECTION, THE TERM "ACT 120  
14          OF 2010" SHALL MEAN THE ACT OF NOVEMBER 23, 2010 (P.L.1269,  
15          NO.120), ENTITLED, "AN ACT AMENDING TITLES 24 (EDUCATION) AND 71  
16          (STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES, IN  
17          TITLE 24, FURTHER PROVIDING FOR DEFINITIONS, FOR MANDATORY AND  
18          OPTIONAL MEMBERSHIP, FOR CONTRIBUTIONS BY THE COMMONWEALTH, FOR  
19          PAYMENTS BY EMPLOYERS, FOR ACTUARIAL COST METHOD, FOR ADDITIONAL  
20          SUPPLEMENTAL ANNUITIES, FOR FURTHER ADDITIONAL SUPPLEMENTAL  
21          ANNUITIES, FOR SUPPLEMENTAL ANNUITIES COMMENCING 1994, FOR  
22          SUPPLEMENTAL ANNUITIES COMMENCING 1998, FOR SUPPLEMENTAL  
23          ANNUITIES COMMENCING 2002, FOR SUPPLEMENTAL ANNUITIES COMMENCING  
24          2003, FOR ADMINISTRATIVE DUTIES OF BOARD, FOR PAYMENTS TO SCHOOL  
25          ENTITIES BY COMMONWEALTH, FOR ELIGIBILITY POINTS FOR RETENTION  
26          AND REINSTATEMENT OF SERVICE CREDITS AND FOR CREDITABLE  
27          NONSCHOOL SERVICE; PROVIDING FOR ELECTION TO BECOME A CLASS T-F  
28          MEMBER; FURTHER PROVIDING FOR CLASSES OF SERVICE, FOR  
29          ELIGIBILITY FOR ANNUITIES, FOR ELIGIBILITY FOR VESTING, FOR  
30          REGULAR MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR

1 CREDITABLE SCHOOL SERVICE, FOR CONTRIBUTIONS FOR PURCHASE OF  
2 CREDIT FOR CREDITABLE NONSCHOOL SERVICE, FOR MAXIMUM SINGLE LIFE  
3 ANNUITY, FOR DISABILITY ANNUITIES, FOR MEMBER'S OPTIONS, FOR  
4 DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS  
5 AND FOR RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS;  
6 PROVIDING FOR INDEPENDENT FISCAL OFFICE STUDY; IN TITLE 71,  
7 ESTABLISHING AN INDEPENDENT FISCAL OFFICE AND MAKING A RELATED  
8 REPEAL; FURTHER PROVIDING FOR DEFINITIONS, FOR CREDITED STATE  
9 SERVICE, FOR RETENTION AND REINSTATEMENT OF SERVICE CREDITS, FOR  
10 CREDITABLE NONSTATE SERVICE AND FOR CLASSES OF SERVICE;  
11 PROVIDING FOR ELECTION TO BECOME A CLASS A-4 MEMBER; FURTHER  
12 PROVIDING FOR ELIGIBILITY FOR ANNUITIES AND FOR ELIGIBILITY FOR  
13 VESTING; PROVIDING FOR SHARED-RISK MEMBER CONTRIBUTIONS FOR  
14 CLASS A-3 AND CLASS A-4 SERVICE; FURTHER PROVIDING FOR WAIVER OF  
15 REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION  
16 MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR PURCHASE OF  
17 CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE  
18 MEMBER, FOR CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR  
19 CREDITABLE NONSTATE SERVICE, FOR CONTRIBUTIONS BY THE  
20 COMMONWEALTH AND OTHER EMPLOYERS, FOR ACTUARIAL COST METHOD, FOR  
21 MAXIMUM SINGLE LIFE ANNUITY, FOR DISABILITY ANNUITIES AND FOR  
22 MEMBER'S OPTIONS; PROVIDING FOR PAYMENT OF ACCUMULATED  
23 DEDUCTIONS RESULTING FROM CLASS A-3 SERVICE; FURTHER PROVIDING  
24 FOR ADDITIONAL SUPPLEMENTAL ANNUITIES, FOR FURTHER ADDITIONAL  
25 SUPPLEMENTAL ANNUITIES, FOR SUPPLEMENTAL ANNUITIES COMMENCING  
26 1994, FOR SUPPLEMENTAL ANNUITIES COMMENCING 1998, FOR  
27 SUPPLEMENTAL ANNUITIES COMMENCING 2002, FOR SUPPLEMENTAL  
28 ANNUITIES COMMENCING 2003, FOR SPECIAL SUPPLEMENTAL  
29 POSTRETIREMENT ADJUSTMENT OF 2002, FOR ADMINISTRATIVE DUTIES OF  
30 THE BOARD, FOR DUTIES OF BOARD TO ADVISE AND REPORT TO HEADS OF

1 DEPARTMENTS AND MEMBERS, FOR DUTIES OF BOARD REGARDING  
2 APPLICATIONS AND ELECTIONS OF MEMBERS, FOR INSTALLMENT PAYMENTS  
3 OF ACCUMULATED DEDUCTIONS, FOR RIGHTS AND DUTIES OF STATE  
4 EMPLOYEES AND MEMBERS, FOR MEMBERS' SAVINGS ACCOUNT, FOR STATE  
5 ACCUMULATION ACCOUNT, FOR STATE POLICE BENEFIT ACCOUNT, FOR  
6 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, FOR SUPPLEMENTAL ANNUITY  
7 ACCOUNT AND FOR CONSTRUCTION OF PART; AND PROVIDING FOR  
8 INDEPENDENT FISCAL OFFICE STUDY, FOR RETIREMENT ELIGIBILITY OF  
9 PENNSYLVANIA STATE POLICE OFFICERS OR MEMBERS, FOR A PROHIBITION  
10 ON THE ISSUANCE OF PENSION OBLIGATION BONDS, FOR HOLDING CERTAIN  
11 PUBLIC OFFICIALS HARMLESS, FOR CONSTRUCTION OF CALCULATION OR  
12 ACTUARIAL METHOD, FOR APPLICABILITY AND FOR CERTAIN OPERATIONAL  
13 PROVISIONS."

14 § 8407. ELIGIBILITY FOR BENEFITS.

15 (A) TERMINATION OF SERVICE.--A PARTICIPANT WHO TERMINATES  
16 SCHOOL SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED  
17 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE  
18 PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
19 ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.  
20 PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS  
21 ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A  
22 PARTICIPANT WHO WITHDRAWS THE VESTED ACCUMULATED TOTAL DEFINED  
23 CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,  
24 NOTWITHSTANDING THAT THE FORMER SCHOOL EMPLOYEE MAY CONTINUE TO  
25 BE A MEMBER OF THE SYSTEM WITH CLASS T-G SERVICE CREDIT OR MAY  
26 CONTRACT TO RECEIVE AN ANNUITY OR OTHER FORM OF PAYMENT FROM A  
27 PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.

28 (B) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS PURSUANT TO THIS  
29 SECTION SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM  
30 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF

1 IRC § 401(A) (9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY  
2 DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH  
3 THOSE REQUIREMENTS.

4 (C) PROHIBITED DISTRIBUTIONS.--A SCHOOL EMPLOYEE MUST BE  
5 TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP  
6 IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO  
7 RECEIVE A DISTRIBUTION.

8 (D) LOANS.--LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP  
9 OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO  
10 SCHOOL EMPLOYEES WHO HAVE NOT TERMINATED SCHOOL SERVICE ARE NOT  
11 PERMITTED, EXCEPT AS REQUIRED BY LAW.

12 (E) (RESERVED).

13 (F) SMALL INDIVIDUAL INVESTMENT ACCOUNTS.--A PARTICIPANT WHO  
14 TERMINATES SCHOOL SERVICE AND WHOSE VESTED ACCUMULATED TOTAL  
15 DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW  
16 AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED  
17 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS  
18 PROVIDED IN IRC § 401(A) (31).

19 § 8408. DEATH BENEFITS.

20 (A) GENERAL RULE.--IN THE EVENT OF THE DEATH OF AN ACTIVE  
21 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE  
22 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE  
23 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN  
24 SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN  
25 DOCUMENT.

26 (B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS.--IN THE  
27 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE  
28 BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED  
29 BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A  
30 LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN

1 THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE  
2 METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE  
3 PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S  
4 BENEFICIARY OR SUCCESSOR PAYEE AS PROVIDED IN THE PLAN DOCUMENT.

5 (C) CONTRACTS.--THE BOARD MAY CONTRACT WITH FINANCIAL  
6 INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY  
7 PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM  
8 DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM  
9 AND MANNER AS PROVIDED BY THE CONTRACT.

10 § 8409. VESTING.

11 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT TO THE  
12 FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 8533 (RELATING  
13 TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS  
14 PROVIDED BY LAW, A PARTICIPANT SHALL BE VESTED WITH RESPECT TO  
15 ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY  
16 CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT TO THE  
17 TRUST PLUS INTEREST AND INVESTMENT EARNINGS ON THE PARTICIPANT  
18 CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE  
19 CHARGES.

20 (B) EMPLOYER DEFINED CONTRIBUTIONS.--

21 (1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS  
22 OF SECTION 8533 OR OTHERWISE AS PROVIDED BY LAW, A  
23 PARTICIPANT SHALL BE VESTED WITH RESPECT TO EMPLOYER DEFINED  
24 CONTRIBUTIONS PAID PLUS INTEREST AND INVESTMENT EARNINGS BY  
25 OR ON BEHALF OF THE PARTICIPANT TO THE TRUST AFTER ATTAINING  
26 THREE ELIGIBILITY POINTS.

27 (2) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS, INCLUDING  
28 INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED  
29 BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST  
30 RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS.



1 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN  
2 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE  
3 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER  
4 THIS SECTION FOR THE SCHOOL SERVICE THAT WOULD HAVE BEEN  
5 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

6 § 8410. TERMINATION OF DISTRIBUTIONS.

7 (A) RETURN TO SCHOOL SERVICE.--

8 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE  
9 PARTICIPANT WHO RETURNS TO SCHOOL SERVICE SHALL CEASE  
10 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE  
11 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES  
12 SCHOOL SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS  
13 A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR  
14 PARTICIPANT IN THE PLAN.

15 (2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION OF  
16 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS OR OTHER  
17 DISTRIBUTIONS THAT THE PARTICIPANT HAS RECEIVED OR USED TO  
18 PURCHASE AN ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.

19 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

20 (1) IF A FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM  
21 USERRA LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE  
22 PLAN DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO  
23 THE BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN  
24 THE PLAN DOCUMENT.

25 (2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE  
26 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE  
27 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR, IN  
28 THE CASE OF AN ACTIVE PARTICIPANT, MAY BE AMORTIZED WITH  
29 INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY  
30 DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE

1 PARTICIPANT AND THE BOARD, BUT NOT LONGER THAN A PERIOD THAT  
2 STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUING FOR UP TO  
3 THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S IMMEDIATE  
4 PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD SHALL NOT  
5 EXCEED FIVE YEARS.

6 § 8411. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER  
7 ORGANIZATIONS.

8 (A) WRITTEN AGREEMENT.--TO ESTABLISH AND ADMINISTER THE  
9 PLAN, THE BOARD SHALL ENTER INTO A WRITTEN AGREEMENT WITH ONE OR  
10 MORE FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS  
11 TO ADMINISTER THE PLAN AND THE INVESTMENT OF FUNDS HELD PURSUANT  
12 TO THE PLAN. THE ADMINISTRATOR SHALL BE SELECTED IN ACCORDANCE  
13 WITH THE FOLLOWING:

14 (1) THE BOARD SHALL SOLICIT PROPOSALS FROM FINANCIAL  
15 INSTITUTIONS AND PENSION MANAGEMENT ORGANIZATIONS.

16 (2) THE BOARD SHALL PUBLISH THE SOLICITATION IN THE  
17 PENNSYLVANIA BULLETIN.

18 (3) PROPOSALS RECEIVED SHALL BE EVALUATED BASED ON  
19 SPECIFIC CRITERIA ADOPTED BY THE BOARD. THE CRITERIA SHALL  
20 INCLUDE EXPERIENCE, CUSTOMER SERVICE HISTORY AND OTHER  
21 CRITERIA.

22 (B) REBID.--A CONTRACT TO ADMINISTER THE PLAN UNDER  
23 SUBSECTION (A) SHALL BE REBID AT LEAST ONCE EVERY TEN YEARS.

24 § 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES'  
25 DEFINED CONTRIBUTION PLAN TO PROVIDERS OF 403(B)  
26 PLANS.

27 (A) GENERAL RULE.--A FINANCIAL INSTITUTION OR PENSION  
28 MANAGEMENT ORGANIZATION ENTERING INTO A WRITTEN AGREEMENT  
29 PURSUANT TO SECTION 8411 (RELATING TO AGREEMENTS WITH FINANCIAL  
30 INSTITUTIONS AND OTHER ORGANIZATIONS) MAY OFFER OR PROVIDE

1 SERVICES TO ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL  
2 DISTRICT UNDER IRC § 403(B) OR 457 IF THE WRITTEN AGREEMENT FOR  
3 THE ADMINISTRATION OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION  
4 PLAN IS NOT COMBINED WITH ANY OTHER WRITTEN AGREEMENT FOR THE  
5 ADMINISTRATION OF A SCHOOL DISTRICT'S 403(B) PLAN OR 457 PLAN.  
6 EACH SCHOOL DISTRICT THAT PROVIDES A 403(B) PLAN SHALL MAKE  
7 AVAILABLE, IN THE MANNER PROVIDED BY SUBSECTION (C), TO  
8 PARTICIPANTS, MULTIPLE FINANCIAL INSTITUTIONS OR PENSION  
9 MANAGEMENT ORGANIZATIONS THAT HAVE NOT ENTERED INTO A WRITTEN  
10 AGREEMENT PURSUANT TO SECTION 8411 AND WHICH PROVIDE SERVICES TO  
11 THE SCHOOL DISTRICT'S 403(B) PLAN OR 457 PLAN.

12 (B) PLAN TRANSPARENCY AND ADMINISTRATION.--A FINANCIAL  
13 INSTITUTION OR PENSION MANAGEMENT ORGANIZATION PROVIDING  
14 SERVICES FOR ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL  
15 DISTRICT UNDER IRC § 403(B) OR 457 SHALL:

16 (1) ENTER INTO AN AGREEMENT WITH THE SCHOOL DISTRICT OR  
17 THE SCHOOL DISTRICT'S INDEPENDENT COMPLIANCE ADMINISTRATOR  
18 THAT SHALL REQUIRE THE FINANCIAL INSTITUTION OR PENSION  
19 MANAGEMENT ORGANIZATION TO PROVIDE IN AN ELECTRONIC FORMAT  
20 ALL DATA NECESSARY FOR THE ADMINISTRATION OF THE 403(B) PLAN  
21 OR 457 PLAN AS DETERMINED BY THE SCHOOL DISTRICT OR THE  
22 SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR; AND

23 (2) PROVIDE ALL DATA REQUIRED BY THE SCHOOL DISTRICT OR  
24 A SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR TO FACILITATE  
25 DISCLOSURE OF ALL FEES, CHARGES, EXPENSES, COMMISSIONS,  
26 COMPENSATION AND PAYMENTS TO THIRD PARTIES RELATED TO  
27 INVESTMENTS OFFERED UNDER THE 403(B) PLAN OR 457 PLAN.

28 (C) PROVIDER SELECTION.--A SCHOOL DISTRICT THAT ESTABLISHES  
29 OR MAINTAINS A PLAN UNDER IRC § 403(B) OR 457 SHALL SELECT A  
30 MINIMUM OF FOUR FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT

1 ORGANIZATIONS, IN ADDITION TO THE FINANCIAL INSTITUTION OR  
2 PENSION MANAGEMENT ORGANIZATION THAT ENTERED INTO AN AGREEMENT  
3 PURSUANT TO SECTION 8411, TO PROVIDE SERVICES TO THE 403(B) PLAN  
4 OR 457 PLAN. IF FEWER THAN FOUR SUCH ADDITIONAL FINANCIAL  
5 INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS ARE DETERMINED  
6 TO BE AVAILABLE OR ABLE TO MEET THE REQUIREMENTS ESTABLISHED IN  
7 THIS SECTION, THEN THE SCHOOL DISTRICT SHALL SELECT THE NUMBER  
8 OF AVAILABLE PROVIDERS ABLE TO MEET THE SCHOOL DISTRICT'S  
9 REQUIREMENTS. A FINANCIAL INSTITUTION OR PENSION MANAGEMENT  
10 ORGANIZATION SHALL BE DESIGNATED A 403(B) PLAN OR 457 PLAN  
11 PROVIDER IF THE FINANCIAL INSTITUTION OR PENSION MANAGEMENT  
12 ORGANIZATION ENTERS INTO AN AGREEMENT IN ACCORDANCE WITH  
13 SUBSECTION (B).

14 § 8412. POWERS AND DUTIES OF BOARD.

15 THE BOARD SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO  
16 ESTABLISH THE PLAN AND TRUST AND TO ADMINISTER THE PROVISIONS OF  
17 THIS PART:

18 (1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE  
19 ASSETS OF OTHER PERSONS OR ENTITIES.

20 (2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS  
21 AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE  
22 PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM  
23 THE BALANCE OF THE INDIVIDUAL INVESTMENT ACCOUNTS, EXCEPT AS  
24 THE GENERAL ASSEMBLY OTHERWISE PROVIDES THROUGH  
25 APPROPRIATIONS FROM THE GENERAL FUND.

26 (3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND  
27 LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY  
28 MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.

29 (4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS  
30 OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED

1       STATUS OF THE PLAN.

2           (5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO  
3       PARTICIPATE IN THE PLAN BY THOSE SCHOOL EMPLOYEES FOR WHOM  
4       PARTICIPATION IS NOT MANDATORY.

5           (6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT  
6       REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF  
7       ASSURING IT CONTINUES TO MEET ALL STANDARDS AND CRITERIA  
8       ESTABLISHED.

9           (7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND  
10       DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM  
11       QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE  
12       EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.

13           (8) THE BOARD MAY ALLOW A FORMER PARTICIPANT TO MAINTAIN  
14       THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT WITHIN THE  
15       PLAN.

16           (9) THE BOARD SHALL ADMINISTER OR ENSURE THE  
17       ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE  
18       QUALIFICATIONS AND OTHER RULES OF THE IRC.

19           (10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR  
20       THE LAWFUL PAYMENT OF BENEFITS.

21           (11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A  
22       TERMINATION OF SCHOOL SERVICE.

23           (12) THE BOARD MAY ESTABLISH PROCEDURES FOR  
24       DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY  
25       IRC.

26           (13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN  
27       DOCUMENT OR TO PROMULGATE RULES AND REGULATIONS AS IT DEEMS  
28       NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,  
29       INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:

30           (I) PROCEDURES BY WHICH ELIGIBLE PARTICIPANTS MAY

1 CHANGE THEIR INVESTMENT CHOICES ON A PERIODIC BASIS OR  
2 MAKE OTHER ELECTIONS REGARDING THEIR PARTICIPATION IN THE  
3 PLAN.

4 (II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP  
5 PARTICIPANT CONTRIBUTIONS FROM A PARTICIPANT'S  
6 COMPENSATION.

7 (III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-  
8 TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED BY  
9 THE BOARD AS PART OF THE PLAN.

10 (IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS  
11 THAN TEN OPTIONS IN ACCORDANCE WITH THREE OR MORE  
12 PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS  
13 REGARDING INVESTMENT OF AMOUNTS DEFERRED UNDER THE PLAN.  
14 THE STANDARDS AND CRITERIA MUST PROVIDE FOR A VARIETY OF  
15 INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE  
16 WITH CRITERIA ESTABLISHED BY THE BOARD. ONE OF THE  
17 AVAILABLE OPTIONS MUST SERVE AS THE DEFAULT OPTION FOR  
18 PARTICIPANTS WHO DO NOT MAKE A TIMELY ELECTION AND, TO  
19 THE EXTENT COMMERCIALY AVAILABLE, ONE OPTION MUST HAVE  
20 AN ANNUITY.

21 (V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE  
22 PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME  
23 ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL  
24 FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS  
25 DEFERRED TO COVER THE COSTS AND EXPENSES OF ADMINISTERING  
26 AND MANAGING THE PLAN OR TRUST.

27 (VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE  
28 MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION  
29 FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES  
30 CONSISTENT WITH THE PURPOSE OF THE PLAN.

1           (14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION  
2 REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES  
3 THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF  
4 THE PLAN.

5           (15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN  
6 LIEU OF STAFF EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED BY  
7 LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT REQUIRED  
8 BY LAW TO BE PERFORMED BY THE BOARD MAY BE DELEGATED TO A  
9 THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.

10           (16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE  
11 EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE  
12 EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.

13           (17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE  
14 PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS  
15 AND CHOICES.

16 § 8413. RESPONSIBILITY FOR INVESTMENT LOSS.

17           THE COMMONWEALTH, THE BOARD, AN EMPLOYER OR A SCHOOL ENTITY  
18 OR OTHER POLITICAL SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY  
19 INVESTMENT LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF  
20 ANY INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO  
21 EARN AS MUCH AS ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT  
22 SUCH OTHER OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.

23 § 8414. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT  
24 ALLOCATION CHOICES.

25           (A) INVESTMENT BY PARTICIPANT.--ALL CONTRIBUTIONS, INTEREST  
26 AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A  
27 PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT  
28 ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN  
29 CONTRIBUTIONS FROM THE PARTICIPANT AND EMPLOYER DEFINED  
30 CONTRIBUTIONS. EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY

1 WITH THE AMOUNT OF CONTRIBUTIONS, INTEREST AND INVESTMENT  
2 EARNINGS.

3 (B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN  
4 THE COMMONWEALTH.--INVESTMENT OF CONTRIBUTIONS BY ANY  
5 CORPORATION, INSTITUTION, INSURANCE COMPANY OR CUSTODIAL BANK OR  
6 OTHER ENTITY THAT THE BOARD HAS APPROVED SHALL NOT BE  
7 UNREASONABLY DELAYED, AND IN NO CASE SHALL THE INVESTMENT OF  
8 CONTRIBUTIONS BE DELAYED MORE THAN 30 DAYS FROM THE DATE EACH  
9 PAYROLL DEDUCTION IS MADE TO THE DATE THAT THE FUNDS ARE  
10 INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT  
11 SHALL BE ALLOCATED TO THE EMPLOYERS AND CREDITED TO THE  
12 INDIVIDUAL INVESTMENT ACCOUNTS OF PARTICIPANTS WHO ARE THEN  
13 PARTICIPATING IN THE PLAN, UNLESS THE INTEREST IS USED TO DEFRAY  
14 ADMINISTRATIVE COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED  
15 TO BE BORNE BY PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE  
16 PLAN.

17 § 8415. EXPENSES.

18 ALL EXPENSES, FEES AND COSTS OF ADMINISTERING THE PLAN AND  
19 THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE  
20 BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE  
21 BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY  
22 THE BOARD, EXCEPT THAT, FOR FISCAL YEARS ENDING BEFORE JULY 1,  
23 2018, THE EXPENSES, FEES AND COSTS OF ESTABLISHING AND  
24 ADMINISTERING THE PLAN AND TRUST SHALL BE PAID BY THE  
25 COMMONWEALTH THROUGH ANNUAL APPROPRIATIONS FROM THE GENERAL  
26 FUND, MADE ON THE BASIS OF ESTIMATES FROM THE BOARD.

27 § 8416. TAX QUALIFICATION.

28 (A) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS CHAPTER  
29 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM  
30 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF



1 IRC § 401(A).

2 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

3 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND  
4 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION  
5 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A  
6 LIMITATION UNDER IRC § 415 WITH RESPECT TO GOVERNMENTAL  
7 PLANS THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION OR  
8 BENEFIT PAYMENT TAKES EFFECT.

9 (II) AN INCREASE IN A LIMITATION UNDER IRC § 415  
10 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFFECTIVE  
11 DATE OF THIS SECTION.

12 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM  
13 "GOVERNMENT PLANS" SHALL HAVE THE SAME MEANING AS IN IRC  
14 § 414(D).

15 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN  
16 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF  
17 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR  
18 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR  
19 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DEEMED TO  
20 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF A  
21 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF  
22 THIS SECTION UNDER IRC § 415 UNLESS SPECIFICALLY PROVIDED  
23 BY LEGISLATION.

24 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE  
25 IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS  
26 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED  
27 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

28 § 8417. ESTABLISHMENT OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION  
29 HOLDING VEHICLE TRUST.

30 (A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION HOLDING VEHICLE

1 TRUST.--THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION HOLDING  
2 VEHICLE TRUST IS ESTABLISHED AS PART OF THE PLAN. THE HOLDING  
3 VEHICLE TRUST SHALL BE COMPRISED OF THE INDIVIDUAL INVESTMENT  
4 ACCOUNTS AND ALL ASSETS AND MONEYS IN THOSE ACCOUNTS FROM JULY  
5 1, 2017, UNTIL THE EARLIER OF THE DATE THE BOARD CERTIFIES THAT  
6 THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST IS OPERATIONAL  
7 AND ABLE TO ACCEPT PARTICIPANT AND EMPLOYER CONTRIBUTIONS OR  
8 DECEMBER 31, 2017. THE MEMBERS OF THE BOARD SHALL BE THE  
9 TRUSTEES OF THE HOLDING VEHICLE TRUST, WHICH SHALL BE HELD IN A  
10 SEPARATE ACCOUNT, ESTABLISHED BY THE TREASURY DEPARTMENT AND  
11 SHALL NOT BE INCONSISTENT WITH THIS PART, THE IRC OR OTHER  
12 APPLICABLE LAW. THE HOLDING VEHICLE TRUST SHALL BE ADMINISTERED  
13 EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL EMPLOYEES WHO  
14 PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES WITHIN THE  
15 MEANING OF AND IN CONFORMITY WITH IRC § 401(A) SUBJECT TO THE  
16 REQUIREMENTS OF CHAPTER 85 (RELATING TO ADMINISTRATION AND  
17 MISCELLANEOUS PROVISIONS).

18 (B) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE  
19 HOLDING VEHICLE TRUST THAT ARE WITHHELD OR CONTRIBUTED BY THE  
20 PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE  
21 WITH THIS PART SHALL BE HELD IN TRUST AS PERMITTED BY THE  
22 APPLICABLE PROVISIONS OF THE IRC FOR THE EXCLUSIVE BENEFIT OF  
23 THE PARTICIPANTS AND THEIR BENEFICIARIES UNTIL SUCH TIME AS THE  
24 FUNDS ARE TRANSFERRED TO THE SCHOOL EMPLOYEES' DEFINED  
25 CONTRIBUTION TRUST IN ACCORDANCE WITH THE TERMS OF THE PLAN  
26 DOCUMENT. THE ASSETS OF THE HOLDING VEHICLE TRUST MAY BE USED  
27 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE  
28 ADMINISTRATION AND INVESTMENT OF THE HOLDING VEHICLE TRUST AND  
29 TRANSFER OF ASSETS TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION  
30 TRUST.

1       (C) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.--ALL  
2 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED  
3 CONTRIBUTIONS THAT WILL BE REQUIRED UNDER SECTIONS 8404  
4 (RELATING TO PARTICIPANT CONTRIBUTIONS), 8405 (RELATING TO  
5 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS) AND 8406 (RELATING  
6 TO EMPLOYER DEFINED CONTRIBUTIONS) TO BE MADE TO THE SCHOOL  
7 EMPLOYEES' DEFINED CONTRIBUTION TRUST UPON CERTIFICATION OF SUCH  
8 TRUST SHALL BE MADE TO THE HOLDING VEHICLE TRUST PRIOR TO THE  
9 DATE THE BOARD CERTIFIES THE SCHOOL EMPLOYEES' DEFINED  
10 CONTRIBUTION TRUST. THE EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS  
11 FOR SERVICE REQUIRED TO BE CREDITED IN THE PLAN TO BE MADE AND  
12 DEDUCTED FROM EACH PAYROLL OR ON A SCHEDULE AS ESTABLISHED BY  
13 THE BOARD, AND PARTICIPANT CONTRIBUTIONS SHALL BE PICKED UP BY  
14 THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE  
15 EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE  
16 EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A  
17 PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY  
18 PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF  
19 THE PARTICIPANT. NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY  
20 CONTRIBUTIONS TO THE HOLDING VEHICLE TRUST.

21       (D) TREATMENT FOR OTHER PURPOSES.--FOR ALL PURPOSES OTHER  
22 THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
23 SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE  
24 SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE  
25 MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP.

26       (E) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE  
27 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
28 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
29 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
30 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED

1 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT  
2 EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER  
3 BY THE BOARD.

4 (F) DEATH BENEFITS.--IN THE EVENT OF THE DEATH OF AN ACTIVE  
5 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE  
6 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE  
7 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM.

8 (G) INTEREST.--UPON THE DISBURSEMENT OF A RETURN OF  
9 ACCUMULATED DEDUCTIONS TO A PARTICIPANT WHO HAS TERMINATED  
10 SCHOOL SERVICE OR OF A DEATH BENEFIT TO A PARTICIPANT'S  
11 DESIGNATED BENEFICIARIES OR UPON THE TRANSFER OF ALL ASSETS IN  
12 THE HOLDING VEHICLE TRUST TO THE SCHOOL EMPLOYEES' DEFINED  
13 CONTRIBUTION TRUST OR DECEMBER 31, 2017, WHICHEVER OCCURS FIRST,  
14 THE COMMONWEALTH SHALL MAKE AN INTEREST PAYMENT TO THE HOLDING  
15 VEHICLE TRUST. THE INTEREST PAYMENT SHALL BE EQUAL TO 4% ANNUAL  
16 RATE OF RETURN ON THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
17 AND EMPLOYER DEFINED CONTRIBUTIONS MADE FOR THE PARTICIPANT,  
18 INCREASED OR DECREASED FOR ANY INVESTMENT LOSSES OR EARNINGS  
19 WHILE IN THE HOLDING VEHICLE TRUST, BUT IN NO CASE SHALL THE  
20 INTEREST PAYMENT BE LESS THAN ZERO.

21 (H) RESPONSIBILITY FOR LOSS OF INVESTMENT OPPORTUNITY.--THE  
22 BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL  
23 SUBDIVISION SHALL NOT BE RESPONSIBLE FOR THE FAILURE OF ANY  
24 INVESTMENT IN THE HOLDING VEHICLE TRUST TO EARN ANY SPECIFIC OR  
25 EXPECTED RETURN GREATER THAN THE 4% INTEREST RATE PAID UNDER  
26 SUBSECTION (G) OR TO EARN AS MUCH AS ANY OTHER INVESTMENT  
27 OPPORTUNITY, WHETHER OR NOT THE OTHER OPPORTUNITY WAS OFFERED TO  
28 PARTICIPANTS IN THE HOLDING VEHICLE TRUST.

29 (I) TERMINATION OF HOLDING VEHICLE TRUST.--AFTER THE  
30 DISBURSEMENT OR TRANSFER OF ALL ASSETS IN THE HOLDING VEHICLE

1 TRUST AND THE CERTIFICATION BY THE BOARD THAT NO FURTHER  
2 LIABILITIES FROM THE HOLDING VEHICLE TRUST EXIST, THE HOLDING  
3 VEHICLE TRUST SHALL BE CLOSED.

4 (J) EXPIRATION.--THE BOARD SHALL PUBLISH THE CERTIFICATION  
5 UNDER SUBSECTION (I) IN THE PENNSYLVANIA BULLETIN. SUBSECTIONS  
6 (A), (B), (C), (D), (E), (F), (G) AND (I) AND THIS SUBSECTION  
7 SHALL EXPIRE ON THE DATE OF PUBLICATION OF THE CERTIFICATION.

8 SECTION 115. SECTION 8501(A), (C) AND (D) OF TITLE 24 ARE  
9 AMENDED TO READ:

10 § 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD.

11 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN  
12 INDEPENDENT ADMINISTRATIVE BOARD AND SHALL CONSIST OF 15  
13 MEMBERS: THE SECRETARY OF EDUCATION, EX OFFICIO; THE STATE  
14 TREASURER, EX OFFICIO; TWO SENATORS; TWO MEMBERS OF THE HOUSE OF  
15 REPRESENTATIVES; THE EXECUTIVE SECRETARY OF THE PENNSYLVANIA  
16 SCHOOL BOARDS ASSOCIATION, EX OFFICIO; TWO TO BE APPOINTED BY  
17 THE GOVERNOR, AT LEAST ONE OF WHOM SHALL NOT BE A SCHOOL  
18 EMPLOYEE OR AN OFFICER OR EMPLOYEE OF THE STATE; THREE TO BE  
19 ELECTED BY THE ACTIVE PROFESSIONAL MEMBERS OF THE SYSTEM AND  
20 ACTIVE PROFESSIONAL PARTICIPANTS OF THE PLAN FROM AMONG THEIR  
21 NUMBER; ONE TO BE ELECTED BY ANNUITANTS OR A PARTICIPANT OF THE  
22 PLAN WHO HAS TERMINATED SCHOOL SERVICE AND IS RECEIVING OR IS  
23 ELIGIBLE TO RECEIVE DISTRIBUTIONS FROM AMONG THEIR NUMBER; ONE  
24 TO BE ELECTED BY THE ACTIVE NONPROFESSIONAL MEMBERS OF THE  
25 SYSTEM OR ACTIVE NONPROFESSIONAL PARTICIPANTS OF THE PLAN FROM  
26 AMONG THEIR NUMBER; AND ONE TO BE ELECTED BY MEMBERS OF  
27 PENNSYLVANIA PUBLIC SCHOOL BOARDS FROM AMONG THEIR NUMBER. THE  
28 APPOINTMENTS MADE BY THE GOVERNOR SHALL BE CONFIRMED BY THE  
29 SENATE AND EACH ELECTION SHALL BE CONDUCTED IN A MANNER APPROVED  
30 BY THE BOARD. THE TERMS OF THE APPOINTED AND NONLEGISLATIVE

1 ELECTED MEMBERS SHALL BE THREE YEARS. THE MEMBERS FROM THE  
2 SENATE SHALL BE APPOINTED BY THE PRESIDENT PRO TEMPORE OF THE  
3 SENATE AND SHALL CONSIST OF ONE MEMBER FROM THE MAJORITY AND ONE  
4 MEMBER FROM THE MINORITY. THE MEMBERS FROM THE HOUSE OF  
5 REPRESENTATIVES SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE  
6 OF REPRESENTATIVES AND SHALL CONSIST OF ONE MEMBER FROM THE  
7 MAJORITY AND ONE MEMBER FROM THE MINORITY. THE LEGISLATIVE  
8 MEMBERS SHALL SERVE ON THE BOARD FOR THE DURATION OF THEIR  
9 LEGISLATIVE TERMS AND SHALL CONTINUE TO SERVE UNTIL 30 DAYS  
10 AFTER THE CONVENING OF THE NEXT REGULAR SESSION OF THE GENERAL  
11 ASSEMBLY AFTER THE EXPIRATION OF THEIR RESPECTIVE LEGISLATIVE  
12 TERMS OR UNTIL A SUCCESSOR IS APPOINTED FOR THE NEW TERM,  
13 WHICHEVER OCCURS FIRST. THE CHAIRMAN OF THE BOARD SHALL BE  
14 ELECTED BY THE BOARD MEMBERS. EACH EX OFFICIO MEMBER OF THE  
15 BOARD AND EACH LEGISLATIVE MEMBER OF THE BOARD MAY APPOINT A  
16 DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN THE EVENT THAT  
17 A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE PARTICIPANT OR AS  
18 THE PARTICIPANT IN THE PLAN WHO IS RECEIVING OR IS ELIGIBLE TO  
19 RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL DISTRIBUTION OF THE  
20 BOARD MEMBER'S INTEREST IN THE PLAN, THAT BOARD MEMBER MAY  
21 CONTINUE TO SERVE ON THE BOARD FOR THE REMAINDER OF THE TERM.

22 \* \* \*

23 (C) OATH OF OFFICE.--EACH MEMBER OF THE BOARD SHALL TAKE AN  
24 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,  
25 DILIGENTLY AND HONESTLY ADMINISTER THE AFFAIRS OF SAID BOARD,  
26 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE  
27 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW  
28 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE  
29 MEMBER MAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS  
30 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE

1 SECRETARY OF THE COMMONWEALTH.

2 (D) COMPENSATION AND EXPENSES.--THE MEMBERS OF THE BOARD WHO  
3 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL  
4 SERVE WITHOUT COMPENSATION. MEMBERS OF THE BOARD WHO ARE MEMBERS  
5 OF THE SYSTEM OR PARTICIPANTS IN THE PLAN AND WHO ARE EMPLOYED  
6 BY A GOVERNMENTAL ENTITY SHALL NOT SUFFER LOSS OF SALARY OR  
7 WAGES THROUGH SERVING ON THE BOARD. THE BOARD, ON REQUEST OF THE  
8 EMPLOYER OF ANY MEMBER OF THE BOARD WHO IS AN ACTIVE  
9 PROFESSIONAL OR NONPROFESSIONAL MEMBER OF THE SYSTEM OR ACTIVE  
10 PROFESSIONAL OR NONPROFESSIONAL PARTICIPANT IN THE PLAN, MAY  
11 REIMBURSE SUCH EMPLOYER FOR THE SALARY OR WAGES OF THE MEMBER OR  
12 PARTICIPANT, OR FOR THE COST OF EMPLOYING A SUBSTITUTE FOR SUCH  
13 MEMBER OR PARTICIPANT, WHILE THE MEMBER OR PARTICIPANT IS  
14 NECESSARILY ABSENT FROM EMPLOYMENT TO EXECUTE THE DUTIES OF THE  
15 BOARD. THE MEMBERS OF THE BOARD WHO ARE NOT MEMBERS OF EITHER  
16 THE SCHOOL SYSTEM OR THE STATE EMPLOYEES' RETIREMENT SYSTEM MAY  
17 BE PAID \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD  
18 MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER,  
19 WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO  
20 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS  
21 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES  
22 ARE NOT EXECUTED.

23 \* \* \*

24 SECTION 116. SECTION 8502(B), (C), (E), (H), (I), (J), (K),  
25 (N) AND (O) OF TITLE 24 ARE AMENDED AND THE SECTION IS AMENDED  
26 BY ADDING A SUBSECTION TO READ:

27 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

28 \* \* \*

29 (B) PROFESSIONAL PERSONNEL.--

30 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF

1 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS,  
2 COUNSELORS, AN INVESTMENT COORDINATOR, AND SUCH OTHER  
3 PROFESSIONAL PERSONNEL AS IT DEEMS ADVISABLE.

4 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS  
5 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE  
6 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED  
7 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS  
8 APPROPRIATE.

9 (C) EXPENSES.--

10 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE  
11 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE  
12 ADMINISTRATIVE EXPENSES OF [THIS PART.] THE SYSTEM AND A  
13 SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE  
14 PLAN. THE SEPARATE BUDGET SHALL INCLUDE THOSE EXPENSES  
15 NECESSARY TO ESTABLISH THE PLAN AND TRUST.

16 (2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE  
17 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM  
18 INVESTMENT EARNINGS OF THE FUND.

19 (3) FOR FISCAL YEARS ENDING ON OR BEFORE JUNE 30, 2018,  
20 SUCH EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY  
21 THROUGH AN APPROPRIATION SHALL BE PAID FROM THE GENERAL FUND.  
22 FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2018, SUCH  
23 EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY  
24 SHALL BE PAID FROM INTEREST, PURSUANT TO SECTION 8414(B)  
25 (RELATING TO INVESTMENTS BASED ON PARTICIPANT INVESTMENT  
26 ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE  
27 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.

28 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE  
29 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A  
30 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY



1 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST  
2 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID  
3 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL  
4 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE  
5 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS MEMBERS  
6 AND FOR THE EXCLUSIVE BENEFIT OF THE PLAN AND ITS  
7 PARTICIPANTS, RESPECTIVELY.

8 \* \* \*

9 (E) RECORDS.--

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

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

22 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR  
23 ALTERNATIVE INVESTMENT VEHICLE INVOLVE THE RELEASE OF  
24 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO  
25 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT  
26 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY  
27 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

28 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE  
29 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL  
30 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

1 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE  
2 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED  
3 OF BY THE FUND OR TRUST, OR WOULD CAUSE A BREACH OF THE  
4 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS  
5 PART.

6 (3) (I) THE SENSITIVE INVESTMENT OR FINANCIAL  
7 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
8 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED  
9 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
10 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
11 RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY  
12 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

13 (II) THE SENSITIVE INVESTMENT OR FINANCIAL  
14 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
15 PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED  
16 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
17 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
18 RIGHT-TO-KNOW LAW ONCE:

19 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES  
20 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM  
21 THE INFORMATION WAS RECEIVED; OR

22 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE  
23 IS LIQUIDATED;

24 WHICHEVER IS LATER.

25 (III) THE SENSITIVE INVESTMENT OR FINANCIAL  
26 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
27 PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED  
28 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
29 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
30 RIGHT-TO-KNOW LAW ONCE:

1 (A) THE [INSPECTION] ACCESS NO LONGER HAS A  
2 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN  
3 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A  
4 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET  
5 FORTH IN THIS PART; OR

6 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE  
7 IS LIQUIDATED;

8 WHICHEVER IS LATER.

9 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING  
10 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY  
11 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED  
12 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR  
13 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT  
14 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

15 (5) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,  
16 THE FOLLOWING INFORMATION REGARDING AN ALTERNATIVE INVESTMENT  
17 VEHICLE SHALL BE SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER  
18 THE RIGHT-TO-KNOW LAW:

19 (I) THE NAME, ADDRESS AND VINTAGE YEAR OF THE  
20 ALTERNATIVE INVESTMENT VEHICLE.

21 (II) THE IDENTITY OF THE MANAGER OF THE ALTERNATIVE  
22 INVESTMENT VEHICLE.

23 (III) THE DOLLAR AMOUNT OF THE COMMITMENT MADE BY  
24 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE.

25 (IV) THE DOLLAR AMOUNT OF CASH CONTRIBUTIONS MADE BY  
26 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE  
27 SINCE INCEPTION.

28 (V) THE DOLLAR AMOUNT OF CASH DISTRIBUTIONS RECEIVED  
29 BY THE SYSTEM OR PLAN FROM THE ALTERNATIVE INVESTMENT  
30 VEHICLE SINCE INCEPTION.

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

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

20 (VIII) THE DOLLAR AMOUNT OF TOTAL MANAGEMENT FEES  
21 AND COSTS PAID TO THE ALTERNATIVE INVESTMENT VEHICLE BY  
22 THE SYSTEM OR PLAN ON AN ANNUAL FISCAL YEAR-END BASIS.

23 (6) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
24 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES OR AGENTS  
25 RELATING TO A PARTICIPANT SHALL NOT CONSTITUTE A PUBLIC  
26 RECORD SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT-TO-KNOW LAW,  
27 IF, IN THE REASONABLE JUDGMENT OF THE BOARD, THE ACCESS WOULD  
28 DISCLOSE ANY OF THE FOLLOWING:

29 (I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER  
30 INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,

1 INCLUDING ROLLOVER CONTRIBUTIONS AND TRUSTEE-TO-TRUSTEE  
2 TRANSFERS, OF ANY PARTICIPANT.

3 (II) THE INVESTMENT OPTION SELECTIONS OF ANY  
4 PARTICIPANT.

5 (III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL  
6 INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO  
7 THE PARTICIPANT, AND ANY INVESTMENT GAINS OR LOSSES OR  
8 RATES OF RETURN.

9 (IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED  
10 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.

11 (V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.

12 (7) (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO  
13 DESIGNATE ANY RECORD, MATERIAL OR DATA RECEIVED,  
14 PREPARED, USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES  
15 OR AGENTS RELATING TO THE CONTRIBUTIONS, INVESTMENTS,  
16 ACCOUNT VALUE OR BENEFITS PAYABLE TO OR ON ACCOUNT OF A  
17 PARTICIPANT AS A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS  
18 UNDER THE RIGHT-TO-KNOW LAW.

19 (II) THIS PARAGRAPH SHALL APPLY TO A RECORD,  
20 MATERIAL OR DATA UNDER THIS SUBSECTION NOTWITHSTANDING  
21 WHETHER:

22 (A) THE RECORD, MATERIAL OR DATA WAS CREATED,  
23 GENERATED OR STORED BEFORE THE EFFECTIVE DATE OF THIS  
24 PARAGRAPH;

25 (B) THE RECORD, MATERIAL OR DATA WAS PREVIOUSLY  
26 RELEASED OR MADE PUBLIC; OR

27 (C) A REQUEST FOR THE RECORD, MATERIAL OR DATA  
28 WAS MADE OR IS PENDING FINAL RESPONSE UNDER THE  
29 FORMER ACT OF JUNE 21, 1957 (P.L.390, NO.212),  
30 REFERRED TO AS THE RIGHT-TO-KNOW LAW, OR THE ACT OF

1           FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE RIGHT-  
2           TO-KNOW LAW.

3           \* \* \*

4           (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE  
5           ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND  
6           PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION  
7           OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL  
8           COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF  
9           CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE  
10          BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,  
11          PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS  
12          AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND  
13          AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS  
14          ARE ADOPTED AND PUBLISHED PURSUANT TO SUBSECTION (J) AS  
15          NECESSARY FOR THE CALCULATION OF ANNUITIES AND OTHER BENEFITS,  
16          SHALL BE AS EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY  
17          ACTUARIAL ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE,  
18          REGULATION OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS  
19          FOR DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM  
20          MANNER.

21          (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA  
22          AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL  
23          ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE  
24          COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH FISCAL YEAR.  
25          THE BOARD SHALL HAVE FINAL AUTHORITY OVER THE MEANS BY WHICH  
26          DATA IS COLLECTED, MAINTAINED AND STORED AND IN SO DOING SHALL  
27          PROTECT THE RIGHTS OF ITS MEMBERSHIP AS TO PRIVACY AND  
28          CONFIDENTIALITY.

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

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

25 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO THE FUND.--  
26 THE BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET  
27 REQUIRED UNDER SECTION 8330 (RELATING TO APPROPRIATIONS BY THE  
28 COMMONWEALTH), CERTIFY TO THE EMPLOYERS AND THE COMMONWEALTH THE  
29 EMPLOYER CONTRIBUTION RATE EXPRESSED AS A PERCENTAGE OF MEMBERS'  
30 PAYROLL NECESSARY FOR THE FUNDING OF PROSPECTIVE ANNUITIES FOR

1 ACTIVE MEMBERS AND THE ANNUITIES OF ANNUITANTS, AND CERTIFY THE  
2 RATES AND AMOUNTS OF THE NORMAL CONTRIBUTIONS AS DETERMINED  
3 PURSUANT TO SECTION 8328(B) (RELATING TO ACTUARIAL COST METHOD),  
4 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO  
5 SECTION 8328(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS  
6 DETERMINED PURSUANT TO SECTION 8328(D), THE EXPERIENCE  
7 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 8328(E),  
8 PREMIUM ASSISTANCE CONTRIBUTIONS AS DETERMINED PURSUANT TO  
9 SECTION 8328(F), THE COSTS ADDED BY LEGISLATION AS DETERMINED  
10 PURSUANT TO SECTION 8328(I), THE ACTUARIAL REQUIRED CONTRIBUTION  
11 RATE AS DETERMINED PURSUANT TO SECTION 8328(I), THE COLLARED  
12 CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION 8328(G), THE  
13 FINAL CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION  
14 8328(H) AND THE SHARED-RISK CONTRIBUTION RATE AS DETERMINED  
15 UNDER SECTION 8321(B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS  
16 FOR CURRENT SERVICE), WHICH SHALL BE PAID TO THE FUND AND  
17 CREDITED TO THE APPROPRIATE ACCOUNTS. THESE CERTIFICATIONS SHALL  
18 BE REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE  
19 SECRETARY OF THE BUDGET.

20 \* \* \*

21 (N) ANNUAL FINANCIAL STATEMENT.--THE BOARD SHALL PREPARE AND  
22 HAVE PUBLISHED, ON OR BEFORE JANUARY 1 OF EACH YEAR, [A  
23 FINANCIAL STATEMENT] FINANCIAL STATEMENTS AS OF THE FISCAL YEAR  
24 ENDING JUNE 30 OF THE PREVIOUS YEAR SHOWING THE CONDITION OF THE  
25 FUND, THE TRUST AND THE VARIOUS ACCOUNTS, INCLUDING, BUT NOT  
26 LIMITED TO, THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED  
27 COMMISSIONS, AND SETTING FORTH SUCH OTHER FACTS, RECOMMENDATIONS  
28 AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF KNOWLEDGE  
29 CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY THIS PART.  
30 THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT] STATEMENTS TO



1 THE GOVERNOR AND SHALL MAKE COPIES AVAILABLE TO THE EMPLOYERS  
2 FOR THE USE OF THE SCHOOL EMPLOYEES AND THE PUBLIC.

3 (O) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR  
4 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY AN  
5 INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM, WHICH [AUDIT]  
6 AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND EXPENDITURE OF  
7 DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME INDEPENDENT  
8 CERTIFIED PUBLIC ACCOUNTING FIRM FOR THE AUDITS OF BOTH THE  
9 SYSTEM AND THE PLAN.

10 \* \* \*

11 (O) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE  
12 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED  
13 BUDGET REQUIRED UNDER SECTION 8330, CERTIFY, AS A PERCENTAGE OF  
14 EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED  
15 CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO  
16 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE  
17 CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO  
18 MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL  
19 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON  
20 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY  
21 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
22 INVESTMENT ACCOUNT.

23 SECTION 117. SECTION 8502.2(A) OF TITLE 24 IS AMENDED TO  
24 READ:

25 § 8502.2. HEALTH INSURANCE.

26 (A) AUTHORITY.--THE BOARD MAY SPONSOR A PARTICIPANT-FUNDED  
27 GROUP HEALTH INSURANCE PROGRAM FOR ANNUITANTS, PARTICIPANTS  
28 RECEIVING DISTRIBUTIONS, SPOUSES OF ANNUITANTS AND PARTICIPANTS  
29 RECEIVING DISTRIBUTIONS, SURVIVOR ANNUITANTS AND THEIR  
30 DEPENDENTS. THE BOARD MAY PROMULGATE REGULATIONS REGARDING THE

1 PRUDENT AND EFFICIENT OPERATION OF THE PROGRAM, INCLUDING, BUT  
2 NOT LIMITED TO:

3 (1) ESTABLISHMENT OF AN ANNUAL BUDGET AND DISBURSEMENTS  
4 IN ACCORDANCE WITH THE BUDGET.

5 (2) DETERMINATION OF THE BENEFITS STRUCTURE.

6 (3) DETERMINATION OF ENROLLMENT PROCEDURES.

7 (4) ESTABLISHMENT OF PREMIUM RATES SUFFICIENT TO FULLY  
8 FUND THE PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES.

9 (5) CONTRACTING FOR GOODS, EQUIPMENT, SERVICES,  
10 CONSULTANTS AND OTHER PROFESSIONAL PERSONNEL AS NEEDED TO  
11 OPERATE THE PROGRAM.

12 \* \* \*

13 SECTION 118. SECTIONS 8503 HEADING AND 8505 HEADING, (H) AND  
14 (I) OF TITLE 24, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE  
15 AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO  
16 READ:

17 § 8503. DUTIES OF BOARD TO ADVISE AND REPORT TO EMPLOYERS [AND  
18 MEMBERS], MEMBERS AND PARTICIPANTS.

19 \* \* \*

20 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL  
21 FURNISH ANNUALLY TO EACH PARTICIPANT ON OR BEFORE DECEMBER 31,  
22 AND MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY  
23 LAW, A STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED  
24 CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
25 INVESTMENT ACCOUNT, THE NATURE AND TYPE OF INVESTMENTS AND THE  
26 INVESTMENT ALLOCATION OF FUTURE CONTRIBUTIONS AS OF JUNE 30 OF  
27 THE CURRENT YEAR AND REQUESTING THE PARTICIPANT TO MAKE ANY  
28 NECESSARY CORRECTION OR REVISION REGARDING HIS DESIGNATED  
29 BENEFICIARY.

30 \* \* \*

1 § 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF  
2 MEMBERS AND PARTICIPANTS.

3 \* \* \*

4 (E.1) CERTIFICATION TO PARTICIPANTS TERMINATING SERVICE.--IN  
5 THE CASE OF A PARTICIPANT TERMINATING SERVICE, THE BOARD SHALL  
6 CERTIFY TO A PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED  
7 TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S  
8 INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE  
9 WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER MATTERS  
10 REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE PARTICIPANT  
11 TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S  
12 REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART  
13 OF THE VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
14 ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY  
15 AUTHORIZE OR AS REQUIRED BY LAW.

16 \* \* \*

17 (F.1) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING  
18 REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY EACH INACTIVE  
19 PARTICIPANT WHO HAS TERMINATED SCHOOL SERVICE AND FOR WHOM  
20 DISTRIBUTION HAS NOT COMMENCED BY 90 DAYS BEFORE THE  
21 PARTICIPANT'S REQUIRED BEGINNING DATE, IN WRITING, THAT THE  
22 INACTIVE PARTICIPANT HAS AN OBLIGATION TO COMMENCE DISTRIBUTIONS  
23 BY THE REQUIRED BEGINNING DATE IN A FORM AND MANNER REQUIRED BY  
24 IRC § 401(A)(9) AND OTHER APPLICABLE PROVISIONS OF IRC.

25 \* \* \*

26 (G.1) INITIAL PAYMENT TO PARTICIPANTS.--THE BOARD SHALL MAKE  
27 THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A  
28 DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION AND  
29 RECEIPT OF THE REQUIRED DATA FROM THE EMPLOYER OF THE  
30 PARTICIPANT AND OTHER NECESSARY DATA.

1 (H) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION OF THE  
2 DEATH OF A MEMBER OR FORMER MEMBER ON USERRA LEAVE, AN ACTIVE  
3 PARTICIPANT, AN INACTIVE PARTICIPANT OR A FORMER PARTICIPANT ON  
4 USERRA LEAVE, THE BOARD SHALL NOTIFY THE DESIGNATED BENEFICIARY  
5 OR SURVIVOR ANNUITANT OF THE BENEFITS TO WHICH HE IS ENTITLED  
6 AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY UNDER THE  
7 PLAN ELECTED BY THE BENEFICIARY WITHIN 60 DAYS OF RECEIPT OF  
8 CERTIFICATION OF DEATH AND OTHER NECESSARY DATA. IF NO  
9 BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF THE MEMBER'S  
10 OR PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED WITH THE  
11 BOARD TO PAY THE AMOUNT OF SUCH BENEFITS TO THE MEMBER'S OR  
12 PARTICIPANT'S ESTATE, THE BOARD IS AUTHORIZED TO PAY SUCH  
13 BENEFITS TO THE EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR  
14 NEXT-OF-KIN OF THE DECEASED MEMBER OR PARTICIPANT, AND PAYMENT  
15 PURSUANT HERETO SHALL FULLY DISCHARGE THE FUND OR PLAN FROM ANY  
16 FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER  
17 PERSON.

18 (I) MEDICAL INSURANCE COVERAGE.--UPON RECEIPT OF  
19 NOTIFICATION FROM AN INSURANCE CARRIER OFFERING A HEALTH  
20 INSURANCE PROGRAM APPROVED BY THE BOARD THAT AN ANNUITANT WHO  
21 HAS ATTAINED AGE 65 HAS ELECTED MEDICAL, MAJOR MEDICAL, AND  
22 HOSPITALIZATION INSURANCE COVERAGE OR NOTIFICATION THAT  
23 ANNUITANTS WITH LESS THAN 24 1/2 ELIGIBILITY POINTS (OTHER THAN  
24 DISABILITY ANNUITANTS), SPOUSES OF ANNUITANTS AND SURVIVOR  
25 ANNUITANTS ELIGIBLE TO ELECT TO ENROLL IN THE APPROVED HEALTH  
26 INSURANCE PROGRAM HAVE ELECTED PARTICIPATION IN SUCH HEALTH  
27 INSURANCE PROGRAM, THE BOARD MAY DEDUCT FROM THE ANNUITY  
28 PAYMENTS, FROM PAYMENTS TO A PARTICIPANT RECEIVING  
29 DISTRIBUTIONS, OR FROM A SUCCESSOR PAYEE THE APPROPRIATE ANNUAL  
30 CHARGES IN EQUAL MONTHLY INSTALLMENTS. SUCH DEDUCTIONS SHALL BE

1 TRANSMITTED TO THE INSURANCE CARRIER.

2 \* \* \*

3 SECTION 118.1. SECTIONS 8506(A), (D), (E), (G), (H), (I) AND  
4 (K) AND 8507(A), (C), (E) AND (F) OF TITLE 24 ARE AMENDED AND  
5 THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ:

6 § 8506. DUTIES OF EMPLOYERS.

7 (A) STATUS OF MEMBERS AND PARTICIPANTS.--THE EMPLOYER SHALL,  
8 EACH MONTH, NOTIFY THE BOARD IN A MANNER PRESCRIBED BY THE BOARD  
9 OF THE SALARY CHANGES EFFECTIVE DURING THE PAST MONTH, THE DATE  
10 OF ALL REMOVALS FROM THE PAYROLL, AND THE TYPE OF LEAVE OF ANY  
11 MEMBER OR PARTICIPANT WHO HAS BEEN REMOVED FROM THE PAYROLL FOR  
12 ANY TIME DURING THAT MONTH, AND:

13 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, THE  
14 EMPLOYER SHALL FURNISH THE BOARD WITH THE DATE OF BEGINNING  
15 LEAVE, THE DATE OF RETURN TO SERVICE, AND THE REASON FOR  
16 LEAVE;

17 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER  
18 EMPLOYER, THE FORMER EMPLOYER SHALL FURNISH SUCH EMPLOYER AND  
19 THE BOARD WITH A COMPLETE SCHOOL SERVICE RECORD, INCLUDING  
20 CREDITED OR CREDITABLE NONSCHOOL SERVICE; OR

21 (3) IF THE REMOVAL IS DUE TO TERMINATION OF SCHOOL  
22 SERVICE, THE EMPLOYER SHALL FURNISH THE BOARD WITH A COMPLETE  
23 SCHOOL SERVICE RECORD INCLUDING CREDITED OR CREDITABLE  
24 NONSCHOOL SERVICE AND IN THE CASE OF DEATH OF THE MEMBER OR  
25 PARTICIPANT THE EMPLOYER SHALL SO NOTIFY THE BOARD.

26 \* \* \*

27 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE  
28 EMPLOYER SHALL CAUSE THE MANDATORY PICKUP PARTICIPANT  
29 CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE. THE  
30 EMPLOYER SHALL ALSO CAUSE THE EMPLOYER DEFINED CONTRIBUTIONS ON

1 BEHALF OF A PARTICIPANT TO BE MADE. THE EMPLOYER SHALL NOTIFY  
2 THE BOARD AT TIMES AND IN A MANNER PRESCRIBED BY THE BOARD OF  
3 THE COMPENSATION OF ANY PARTICIPANT TO WHOM THE LIMITATION UNDER  
4 IRC § 401(A) (17) EITHER APPLIES OR IS EXPECTED TO APPLY AND  
5 SHALL CAUSE THE PARTICIPANT'S CONTRIBUTIONS TO BE DEDUCTED FROM  
6 PAYROLL TO CEASE AT THE LIMITATION UNDER IRC § 401(A) (17) ON THE  
7 PAYROLL DATE IF AND WHEN SUCH LIMIT SHALL BE REACHED. THE  
8 EMPLOYER SHALL CERTIFY TO THE BOARD THE AMOUNTS PICKED UP AND  
9 DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING MADE AND  
10 SHALL SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND CONTRIBUTED  
11 TOGETHER WITH A DUPLICATE OF SUCH VOUCHER TO THE SECRETARY OF  
12 THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE AS ESTABLISHED BY  
13 THE BOARD.

14 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR  
15 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW SCHOOL  
16 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,  
17 THE EMPLOYER SHALL NO LATER THAN 30 DAYS THEREAFTER CAUSE AN  
18 APPLICATION FOR MEMBERSHIP OR PARTICIPATION, WHICH APPLICATION  
19 SHALL INCLUDE THE EMPLOYEE'S HOME ADDRESS, BIRTHDATE CERTIFIED  
20 BY THE EMPLOYER, PREVIOUS SCHOOL OR STATE SERVICE AND ANY OTHER  
21 INFORMATION REQUESTED BY THE BOARD, AND A NOMINATION OF  
22 BENEFICIARY TO BE MADE BY SUCH EMPLOYEE AND FILED WITH THE BOARD  
23 AND SHALL MAKE PICKUP CONTRIBUTIONS OR MANDATORY PICKUP  
24 PARTICIPANT CONTRIBUTIONS FROM THE EFFECTIVE DATE OF SCHOOL  
25 EMPLOYMENT.

26 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR  
27 PARTICIPATION.--THE EMPLOYER SHALL INFORM ANY ELIGIBLE SCHOOL  
28 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE  
29 PLAN IS NOT MANDATORY OF HIS OPPORTUNITY TO BECOME A MEMBER OF  
30 THE SYSTEM OR A PARTICIPANT IN THE PLAN PROVIDED THAT HE ELECTS

1 TO PURCHASE CREDIT FOR ALL SUCH CONTINUOUS CREDITABLE SERVICE.  
2 IF SUCH EMPLOYEE SO ELECTS, THE EMPLOYER SHALL NO LATER THAN 30  
3 DAYS THEREAFTER CAUSE AN APPLICATION FOR MEMBERSHIP OR  
4 PARTICIPATION WHICH APPLICATION SHALL INCLUDE THE EMPLOYEE'S  
5 HOME ADDRESS, BIRTHDATE CERTIFIED BY THE EMPLOYER, PREVIOUS  
6 SCHOOL OR STATE SERVICE AND ANY OTHER INFORMATION REQUESTED BY  
7 THE BOARD, AND A NOMINATION OF BENEFICIARY TO BE MADE BY HIM AND  
8 FILED WITH THE BOARD AND SHALL CAUSE PROPER CONTRIBUTIONS TO BE  
9 MADE FROM THE DATE OF ELECTION OF MEMBERSHIP OR PARTICIPATION.

10 \* \* \*

11 (G) FORMER STATE EMPLOYEE CONTRIBUTORS.--THE EMPLOYER SHALL,  
12 UPON THE EMPLOYMENT OF A FORMER MEMBER OF THE STATE EMPLOYEES'  
13 RETIREMENT SYSTEM WHO IS NOT AN ANNUITANT OF THE STATE  
14 EMPLOYEES' RETIREMENT SYSTEM, ADVISE SUCH EMPLOYEE [OF HIS] IF  
15 HE HAS A RIGHT TO ELECT MULTIPLE SERVICE MEMBERSHIP WITHIN 365  
16 DAYS OF ENTRY INTO THE SYSTEM OR, FOR A MEMBER OF CLASS T-G, IF  
17 HE HAS A RIGHT TO ELECT WITHIN 45 DAYS OF ENTRY INTO THE SYSTEM  
18 AND, IN THE CASE ANY SUCH EMPLOYEE WHO SO ELECTS HAS WITHDRAWN  
19 HIS ACCUMULATED DEDUCTIONS, REQUIRE HIM TO RESTORE HIS  
20 ACCUMULATED DEDUCTIONS AS THEY WOULD HAVE BEEN AT THE TIME OF  
21 HIS SEPARATION HAD HE BEEN A FULL COVERAGE MEMBER, TOGETHER WITH  
22 STATUTORY INTEREST FOR ALL PERIODS OF SUBSEQUENT STATE AND  
23 SCHOOL SERVICE TO DATE OF REPAYMENT. THE EMPLOYER SHALL ADVISE  
24 THE BOARD OF SUCH ELECTION.

25 (H) FORMER STATE EMPLOYEE ANNUITANTS.--THE EMPLOYER SHALL,  
26 UPON THE EMPLOYMENT OF AN ANNUITANT OF THE STATE EMPLOYEES'  
27 RETIREMENT SYSTEM WHO APPLIES FOR MEMBERSHIP IN THE SYSTEM,  
28 ADVISE SUCH EMPLOYEE [THAT] IF HE MAY ELECT MULTIPLE SERVICE  
29 MEMBERSHIP WITHIN 365 DAYS OF ENTRY INTO THE SYSTEM OR, FOR A  
30 MEMBER OF CLASS T-G, IF HE HAS A RIGHT TO ELECT WITHIN 45 DAYS

1 OF ENTRY INTO THE SYSTEM AND THAT IF HE SO ELECTS HIS ANNUITY  
2 FROM THE STATE EMPLOYEES' RETIREMENT SYSTEM WILL BE DISCONTINUED  
3 EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL SERVICE AND,  
4 UPON TERMINATION OF SCHOOL SERVICE AND APPLICATION FOR AN  
5 ANNUITY, THE ANNUITY WILL BE ADJUSTED IN ACCORDANCE WITH SECTION  
6 8346 (RELATING TO TERMINATION OF ANNUITIES). THE EMPLOYER SHALL  
7 ADVISE THE BOARD OF SUCH ELECTION.

8 (I) TERMINATION OF SERVICE.--THE EMPLOYER SHALL, IN THE CASE  
9 OF ANY MEMBER TERMINATING SCHOOL SERVICE, ADVISE SUCH MEMBER IN  
10 WRITING OF ANY BENEFITS TO WHICH HE MAY BE ENTITLED UNDER THE  
11 PROVISIONS OF THIS PART AND SHALL HAVE THE MEMBER PREPARE, ON OR  
12 BEFORE THE DATE OF TERMINATION OF SCHOOL SERVICE, ONE OR MORE OF  
13 THE FOLLOWING THREE FORMS, A COPY OF WHICH SHALL BE GIVEN TO THE  
14 MEMBER AND THE ORIGINAL OF WHICH SHALL BE FILED WITH THE BOARD:

15 (1) AN APPLICATION FOR THE RETURN OF ACCUMULATED  
16 DEDUCTIONS, IF ELIGIBLE.

17 (2) AN ELECTION TO VEST HIS RETIREMENT RIGHTS, IF  
18 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO  
19 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN  
20 AGREEMENT TO PAY WITHIN 30 DAYS OF THE DATE OF TERMINATION OF  
21 SERVICE THE LUMP SUM REQUIRED.

22 (3) AN APPLICATION FOR AN IMMEDIATE ANNUITY, IF  
23 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO  
24 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN  
25 AGREEMENT TO PAY WITHIN 30 DAYS OF DATE OF TERMINATION OF  
26 SERVICE THE LUMP SUM REQUIRED.

27 \* \* \*

28 (K) SCHOOL EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED  
29 LEAVE OF ABSENCE.--THE EMPLOYER SHALL REPORT TO THE BOARD ALL OF  
30 THE FOLLOWING:



1 (1) ANY SCHOOL EMPLOYEE WHO:  
2 (I) CEASES TO BE AN ACTIVE MEMBER OR ACTIVE  
3 PARTICIPANT TO PERFORM USERRA SERVICE; OR  
4 (II) IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S.  
5 § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN  
6 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE OF ABSENCE  
7 UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY  
8 LEAVES OF ABSENCE) .

9 (2) THE DATE ON WHICH THE USERRA SERVICE, LEAVE OF  
10 ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN.

11 (3) THE DATE ON WHICH THE SCHOOL EMPLOYEE IS REEMPLOYED  
12 FROM USERRA LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR  
13 MILITARY LEAVE OF ABSENCE, IF APPLICABLE.

14 (4) ANY OTHER INFORMATION THE BOARD MAY REQUIRE.

15 (L) DIFFERENTIAL WAGE PAYMENTS AND MILITARY LEAVE OF ABSENCE  
16 PAYMENTS.--NOTWITHSTANDING THE EXCLUSION OF DIFFERENTIAL WAGE  
17 PAYMENTS AS DEFINED IN IRC § 414(U) (12) FROM COMPENSATION UNDER  
18 THIS PART, THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON USERRA LEAVE  
19 SHALL REPORT DIFFERENTIAL WAGE PAYMENTS MADE TO THE EMPLOYEE TO  
20 THE BOARD, AND THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON LEAVE OF  
21 ABSENCE PURSUANT TO 51 PA.C.S. § 4102 SHALL REPORT ANY PAYMENT  
22 MADE TO THE EMPLOYEE, IN THE FORM AND MANNER ESTABLISHED BY THE  
23 BOARD.

24 § 8507. RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS],  
25 MEMBERS AND PARTICIPANTS.

26 (A) INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF  
27 DUTIES, EACH NEW SCHOOL EMPLOYEE SHALL FURNISH HIS EMPLOYER WITH  
28 A COMPLETE RECORD OF HIS PREVIOUS SCHOOL OR STATE SERVICE, OR  
29 CREDITABLE NONSCHOOL SERVICE, PROOF OF HIS DATE OF BIRTH, HIS  
30 HOME ADDRESS, HIS CURRENT STATUS IN THE SYSTEM AND THE PLAN AND

1 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE STATE  
2 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND SUCH OTHER INFORMATION  
3 AS THE BOARD MAY REQUIRE. WILLFUL FAILURE TO PROVIDE THE  
4 INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE  
5 OR THE PROVISION OF ERRONEOUS INFORMATION UPON ENTRANCE INTO THE  
6 SYSTEM SHALL RESULT IN THE FORFEITURE OF THE RIGHT OF THE MEMBER  
7 TO SUBSEQUENTLY ASSERT ANY RIGHT TO BENEFITS BASED ON ERRONEOUS  
8 INFORMATION OR ON ANY OF THE REQUIRED INFORMATION WHICH HE  
9 FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS THAT A  
10 MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE INFORMATION, THE  
11 ADDITIONAL AMOUNTS RECEIVED PREDICATED ON SUCH FALSE INFORMATION  
12 TOGETHER WITH STATUTORY INTEREST DOUBLED AND COMPOUNDED SHALL BE  
13 DEDUCTED FROM THE PRESENT VALUE OF ANY REMAINING BENEFITS TO  
14 WHICH THE MEMBER IS LEGALLY ENTITLED AND SUCH REMAINING BENEFITS  
15 SHALL BE CORRESPONDINGLY DECREASED.

16 \* \* \*

17 (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JULY 1,  
18 2017, IN THE CASE OF A NEW EMPLOYEE WHO IS NOT CURRENTLY A  
19 PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY,  
20 THE NEW EMPLOYEE SHALL EXECUTE AN APPLICATION FOR PARTICIPATION  
21 AND A NOMINATION OF A BENEFICIARY.

22 (C) MULTIPLE SERVICE MEMBERSHIP.--

23 (1) ANY [ACTIVE MEMBER] SCHOOL EMPLOYEE WHO IS AN ACTIVE  
24 MEMBER IN A CLASS OF SERVICE OTHER THAN CLASS T-G AND WHO WAS  
25 FORMERLY AN ACTIVE MEMBER IN THE STATE EMPLOYEES' RETIREMENT  
26 SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS A-5 MAY ELECT  
27 TO BECOME A MULTIPLE SERVICE MEMBER. SUCH ELECTION FOR A  
28 MEMBER IN OTHER THAN CLASS T-G SHALL OCCUR NO LATER THAN 365  
29 DAYS AFTER BECOMING AN ACTIVE MEMBER IN A CLASS OF SERVICE  
30 OTHER THAN CLASS T-G IN THIS SYSTEM.

1           (2) ANY SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF CLASS  
2           T-G AND WHO WAS FORMERLY AN ACTIVE MEMBER IN THE STATE  
3           EMPLOYEES' RETIREMENT SYSTEM IN CLASS A-5 MAY ELECT TO BECOME  
4           A MULTIPLE SERVICE MEMBER. SUCH ELECTION SHALL OCCUR NO LATER  
5           THAN 45 DAYS AFTER BECOMING AN ACTIVE MEMBER OF CLASS T-G.

6           (3) A SCHOOL EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME  
7           A MULTIPLE SERVICE MEMBER AND WHO BEGINS USERRA LEAVE DURING  
8           THE ELECTION PERIOD WITHOUT HAVING ELECTED MULTIPLE SERVICE  
9           MEMBERSHIP MAY MAKE THE ELECTION WITHIN 365 DAYS, OR 45 DAYS  
10          IF A MEMBER OF CLASS T-G, AFTER BEING REEMPLOYED FROM USERRA  
11          LEAVE.

12          \* \* \*

13          (D.2) CONTRIBUTIONS FOR USERRA LEAVE.--ANY ACTIVE  
14          PARTICIPANT OR INACTIVE PARTICIPANT OR FORMER PARTICIPANT WHO  
15          WAS REEMPLOYED FROM USERRA LEAVE AND WHO DESIRES TO MAKE  
16          MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FOR HIS USERRA LEAVE  
17          SHALL SO NOTIFY THE BOARD WITHIN THE TIME PERIOD REQUIRED UNDER  
18          38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS  
19          OF MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) OF HIS  
20          DESIRE TO MAKE SUCH CONTRIBUTIONS. UPON MAKING THE PERMITTED  
21          MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED  
22          TIME PERIOD, THE EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER  
23          DEFINED CONTRIBUTIONS AT THE SAME TIME.

24          (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY  
25          PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE  
26          CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE  
27          BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND  
28          LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY  
29          DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND  
30          OTHER APPLICABLE LAW.

1 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY  
2 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED  
3 WITH THE BOARD TO RECEIVE THE DEATH BENEFIT OR THE BENEFIT  
4 PAYABLE FROM THE SYSTEM UNDER THE PROVISIONS OF OPTION 1. SUCH  
5 NOMINATION MAY BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN  
6 DESIGNATION FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A  
7 CONTINGENT BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH  
8 BENEFIT OR THE BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1.

9 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM PLAN.--EVERY  
10 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION  
11 FILED WITH THE BOARD AS PROVIDED IN SECTION 8506 (RELATING TO  
12 DUTIES OF EMPLOYERS) TO RECEIVE THE DEATH BENEFIT PAYABLE UNDER  
13 SECTION 8347 (RELATING TO DEATH BENEFITS). A PARTICIPANT MAY  
14 ALSO NOMINATE A CONTINGENT BENEFICIARY OR BENEFICIARIES TO  
15 RECEIVE THE DEATH BENEFIT PROVIDED UNDER SECTION 8408 (RELATING  
16 TO DEATH BENEFITS). SUCH NOMINATION MAY BE CHANGED AT ANY TIME  
17 BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH THE BOARD.

18 (E.2) BENEFICIARY DESIGNATION.--A SCHOOL EMPLOYEE MAY  
19 DESIGNATE OR NOMINATE DIFFERENT PERSONS TO BE BENEFICIARIES,  
20 SURVIVOR ANNUITANTS AND SUCCESSOR PAYEES FOR HIS BENEFITS FROM  
21 THE SYSTEM AND THE PLAN.

22 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO  
23 TERMINATES SCHOOL SERVICE AND WHO IS NOT THEN A DISABILITY  
24 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF  
25 SERVICE A WRITTEN APPLICATION, DULY ATTESTED BY THE MEMBER OR  
26 HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO DO ONE OR  
27 MORE OF THE FOLLOWING:

28 (1) WITHDRAW HIS ACCUMULATED DEDUCTIONS, IF ELIGIBLE.

29 (2) VEST HIS RETIREMENT RIGHTS, IF ELIGIBLE, AND IF HE

30 IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A

1 FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE  
2 DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

3 (3) RECEIVE AN IMMEDIATE ANNUITY, IF ELIGIBLE, AND MAY,  
4 IF HE IS A JOINT COVERAGE MEMBER, ELECT TO BECOME A FULL  
5 COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF DATE OF  
6 TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

7 \* \* \*

8 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT  
9 TERMINATES SCHOOL SERVICE AND DOES NOT COMMENCE RECEIVING A  
10 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY BY WRITTEN  
11 DESIGNATION FILED WITH THE BOARD, AND HE MAY ANYTIME THEREAFTER,  
12 BUT NO LATER THAN HIS REQUIRED BEGINNING DATE, WITHDRAW THE  
13 VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO HIS  
14 CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION REQUIRED BY LAW  
15 OR AUTHORIZED BY THE BOARD.

16 \* \* \*

17 SECTION 119. SECTIONS 8521(B), 8522, 8524, 8525 AND 8531 OF  
18 TITLE 24 ARE AMENDED TO READ:

19 § 8521. MANAGEMENT OF FUND AND ACCOUNTS.

20 \* \* \*

21 (B) CREDITING OF INTEREST.--THE BOARD ANNUALLY SHALL ALLOW  
22 STATUTORY INTEREST, EXCLUDING THE INDIVIDUAL INVESTMENT  
23 ACCOUNTS, TO THE CREDIT OF THE MEMBERS' SAVINGS ACCOUNT ON THE  
24 MEAN AMOUNT OF THE ACCUMULATED DEDUCTIONS OF ALL MEMBERS FOR  
25 WHOM INTEREST IS PAYABLE FOR THE PRECEDING YEAR AND VALUATION  
26 INTEREST ON THE MEAN AMOUNT OF THE ANNUITY RESERVE ACCOUNT FOR  
27 THE PRECEDING YEAR TO THE CREDIT OF THAT ACCOUNT. THE BOARD  
28 ANNUALLY SHALL ALLOW VALUATION INTEREST CALCULATED ON THE MEAN  
29 AMOUNT FOR THE PRECEDING YEAR OF THE BALANCE IN THE STATE  
30 ACCUMULATION ACCOUNT EXCLUDING ANY EARNINGS OF THE FUND CREDITED

1 TO THE ACCOUNT DURING THAT YEAR. IN THE EVENT THE TOTAL EARNINGS  
2 FOR THE YEAR DO NOT EXCEED 5 1/2% OF THE MEAN AMOUNT FOR THE  
3 PRECEDING YEAR OF THE TOTAL ASSETS OF THE FUND LESS EARNINGS  
4 CREDITED TO THE FUND DURING THAT YEAR PLUS THE ADMINISTRATIVE  
5 EXPENSES OF THE BOARD, THE DIFFERENCE REQUIRED TO BE  
6 APPROPRIATED FROM THE GENERAL FUND SHALL BE CREDITED TO THE  
7 STATE ACCUMULATION ACCOUNT.

8 \* \* \*

9 § 8522. PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND.

10 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL MONEYS IN  
11 THE SEVERAL SEPARATE FUNDS IN THE STATE TREASURY SET APART TO BE  
12 USED UNDER THE DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS  
13 OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE  
14 FUND ALL MONEYS RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING  
15 FROM THE CONTRIBUTIONS RELATING TO OR ON BEHALF OF THE MEMBERS  
16 OF THE SYSTEM REQUIRED UNDER THE PROVISIONS OF CHAPTER 83  
17 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) AND ALL  
18 EARNINGS FROM INVESTMENTS OR MONEYS OF SAID FUND. THERE SHALL BE  
19 ESTABLISHED AND MAINTAINED BY THE BOARD THE SEVERAL LEDGER  
20 ACCOUNTS SPECIFIED IN SECTIONS 8523 (RELATING TO MEMBERS'  
21 SAVINGS ACCOUNT), 8524 (RELATING TO STATE ACCUMULATION ACCOUNT),  
22 8525 (RELATING TO ANNUITY RESERVE ACCOUNT) AND 8526 (RELATING TO  
23 HEALTH INSURANCE ACCOUNT).

24 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE  
25 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL  
26 NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT  
27 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED  
28 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE  
29 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED  
30 TO THE FUND BUT INSTEAD SHALL BE PAID TO THE TRUST AND CREDITED

1 TO THE INDIVIDUAL INVESTMENT ACCOUNTS.

2 § 8524. STATE ACCUMULATION ACCOUNT.

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

24 § 8525. ANNUITY RESERVE ACCOUNT.

25 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE  
26 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED  
27 THE RESERVES HELD FOR THE PAYMENT OF ANNUITIES AND DEATH  
28 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM ON ACCOUNT OF  
29 ALL ANNUITANTS AND THE CONTRIBUTIONS FROM THE COMMONWEALTH AND  
30 OTHER EMPLOYERS AS DETERMINED IN ACCORDANCE WITH SECTION 8328

1 (RELATING TO ACTUARIAL COST METHOD) FOR THE PAYMENT OF THE  
2 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348 (RELATING TO  
3 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL  
4 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER ADDITIONAL  
5 SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO SUPPLEMENTAL  
6 ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO SPECIAL  
7 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5 (RELATING TO  
8 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6 (RELATING TO  
9 SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND 8348.7 (RELATING TO  
10 SUPPLEMENTAL ANNUITIES COMMENCING 2003). THE ANNUITY RESERVE  
11 ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER THE  
12 TRANSFERS PROVIDED IN SECTIONS 8523 (RELATING TO MEMBERS'  
13 SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION  
14 ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE  
15 CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND.

16 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT BE  
17 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE EITHER AS A MEMBER OF  
18 THE SYSTEM OR PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF HIS  
19 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO SCHOOL SERVICE  
20 SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE ACCOUNT AND PLACED  
21 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN  
22 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY LESS THE AMOUNT  
23 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED  
24 FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION  
25 ACCOUNT.

26 § 8531. STATE GUARANTEE REGARDING THE SYSTEM.

27 STATUTORY INTEREST CHARGES PAYABLE, THE MAINTENANCE OF  
28 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER  
29 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE  
30 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND



1 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE  
2 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM  
3 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART  
4 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE  
5 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE  
6 PLAN OR TRUST.

7 SECTION 120. SECTION 8533(A), (B) AND (D) OF TITLE 24 ARE  
8 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO  
9 READ:

10 § 8533. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

11 (A) GENERAL RULE.--EXCEPT AS PROVIDED IN SUBSECTIONS (B),  
12 (C) AND (D), THE RIGHT OF A PERSON TO A MEMBER'S ANNUITY, A  
13 STATE ANNUITY, OR RETIREMENT ALLOWANCE, TO THE RETURN OF  
14 CONTRIBUTIONS, ANY BENEFIT OR RIGHT ACCRUED OR ACCRUING TO ANY  
15 PERSON UNDER THE PROVISIONS OF THIS PART, AND THE MONEYS IN THE  
16 FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR MUNICIPAL  
17 TAX, [AND EXEMPT FROM] LEVY AND SALE, GARNISHMENT, ATTACHMENT,  
18 OR ANY OTHER PROCESS WHATSOEVER, AND THE PROVISIONS OF ARTICLE  
19 XIII.1 OF THE THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN  
20 AS THE FISCAL CODE, AND SHALL BE UNASSIGNABLE.

21 (A.1) INDIVIDUAL INVESTMENT ACCOUNTS AND DISTRIBUTIONS.--NO  
22 PARTICIPANT OR BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE  
23 OF A PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL,  
24 ASSIGN, ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,  
25 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR  
26 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO  
27 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER  
28 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE  
29 PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A  
30 PARTICIPANT.

1 (B) FORFEITURE.--

2 (1) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO  
3 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,  
4 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT.  
5 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER  
6 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS  
7 THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER THIS PART.

8 (2) NOTWITHSTANDING PARAGRAPH (1) AND THE PROVISIONS OF  
9 SECTION 16(B) OF ARTICLE V OF THE CONSTITUTION OF  
10 PENNSYLVANIA, THE ACT OF JULY 8, 1978 (P.L.752, NO.140),  
11 KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT AND 42  
12 PA.C.S. § 3352 (RELATING TO PENSION RIGHTS), THE ACCUMULATED  
13 MANDATORY PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY  
14 CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT SHALL  
15 NOT BE FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES  
16 AND RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT  
17 HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE AS  
18 THE RESULT OF AN EQUITABLE DISTRIBUTION OF MARITAL PROPERTY  
19 AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER ENTERED  
20 BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT OR OTHER  
21 TRIBUNAL RESULTING IN A FORFEITURE OF A PARTICIPANT'S  
22 INTEREST IN THE TRUST SHALL NOT BE SUBJECT TO THE PROVISIONS  
23 OF SECTION 16(B) OF THE ARTICLE V OF THE CONSTITUTION OF  
24 PENNSYLVANIA, THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT OR  
25 42 PA.C.S. § 3352. ANY ACCUMULATED EMPLOYER DEFINED  
26 CONTRIBUTIONS FORFEITED AS A RESULT OF THIS SUBSECTION OR  
27 OTHER LAW SHALL BE RETAINED BY THE BOARD AND USED FOR THE  
28 PAYMENT OF EXPENSES OF THE PLAN.

29 \* \* \*

30 (D) DIRECT ROLLOVER.--EFFECTIVE WITH DISTRIBUTIONS MADE ON

1 OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER  
2 PROVISION OF THIS PART TO THE CONTRARY, A DISTRIBUTE MAY ELECT,  
3 AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE  
4 ANY PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY  
5 TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR  
6 PURPOSES OF THIS SUBSECTION, A "DISTRIBUTE" INCLUDES A MEMBER  
7 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A  
8 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO IS  
9 AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER[.]  
10 AND A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE PAYEE  
11 UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE  
12 AUTHORIZED UNDER IRC AND THE PLAN TERMS APPROVED BY THE BOARD TO  
13 HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN  
14 ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR  
15 PURPOSES OF THIS SUBSECTION, THE TERM "ELIGIBLE ROLLOVER  
16 DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(F) (2)  
17 (A) AND "ELIGIBLE RETIREMENT PLAN" HAS THE MEANING GIVEN SUCH  
18 TERM BY IRC § 402(C) (8) (B), EXCEPT THAT A QUALIFIED TRUST SHALL  
19 BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE  
20 DISTRIBUTE'S ELIGIBLE ROLLOVER DISTRIBUTION; HOWEVER, IN THE  
21 CASE OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE,  
22 AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT  
23 ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS  
24 ARE DEFINED IN IRC § 408(A) AND (B).

25 SECTION 121. SECTIONS 8533.1, 8533.2, 8533.3 AND 8533.4(A)  
26 OF TITLE 24 ARE AMENDED TO READ:

27 § 8533.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

28 (A) CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS  
29 ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS  
30 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE

1 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF [SUCH] THE  
2 ORDER MEETS ALL OF THE FOLLOWING:

3 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF  
4 BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED  
5 UNDER THIS PART.

6 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE  
7 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE  
8 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS  
9 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE  
10 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON  
11 OTHER THAN ACTUARIAL VALUE.

12 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S  
13 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE  
14 PAYEE OR THE MANNER IN WHICH THE AMOUNT OR PERCENTAGE IS TO  
15 BE DETERMINED.

16 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY  
17 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY  
18 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON  
19 RETIREMENT.

20 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,  
21 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING  
22 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND  
23 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE  
24 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

25 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,  
26 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

27 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION  
28 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S  
29 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER  
30 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER

1 MAINTAINED BY THE SYSTEM.

2 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC  
3 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED  
4 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE  
5 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THE ORDER MEETS  
6 ALL OF THE FOLLOWING:

7 (1) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE  
8 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
9 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL  
10 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

11 (2) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE  
12 ANY FUNDS WHICH WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE  
13 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC  
14 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS  
15 DESIGNATED REPRESENTATIVE.

16 (3) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO  
17 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE  
18 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE  
19 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE  
20 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF  
21 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE  
22 PAYEE.

23 (4) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP  
24 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S  
25 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF  
26 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION  
27 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

28 (5) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE  
29 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE  
30 ALTERNATE PAYEE AND THE DATE UPON WHICH SUCH VALUATION IS

1 BASED.

2 (6) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,  
3 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN  
4 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER  
5 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE  
6 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE  
7 PLAN.

8 (7) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,  
9 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.

10 (8) IN THE CASE OF A PARTICIPANT WHO HAS NOT YET BEGUN  
11 TO RECEIVE DISTRIBUTIONS AS OF THE DATE THE DOMESTIC  
12 RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE BOARD OR  
13 HIS DESIGNATED REPRESENTATIVE, REQUIRES THE IMMEDIATE  
14 DISTRIBUTION OF THE ALTERNATE PAYEE'S SHARE OF THE  
15 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, WHICH MAY BE  
16 MADE BY DIRECT PAYMENT, ELIGIBLE ROLLOVER OR TRUSTEE-TO-  
17 TRUSTEE TRANSFER TO ANOTHER ELIGIBLE PLAN OR QUALIFIED  
18 ACCOUNT OWNED BY THE ALTERNATE PAYEE.

19 (9) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY  
20 RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE  
21 DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE  
22 BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE  
23 BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE  
24 AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
25 AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT  
26 DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH  
27 OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S  
28 INDIVIDUAL INVESTMENT ACCOUNT.

29 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD  
30 OF TIME AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE

1 SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL  
2 DETERMINE WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS  
3 ORDER AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE  
4 PAYEE OF THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION  
5 OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR  
6 ALTERNATE PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE  
7 BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO  
8 AN ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 (RELATING TO  
9 PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO THE  
10 COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO JUDICIAL  
11 REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT APPEALS  
12 FROM GOVERNMENT AGENCIES).

13 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED  
14 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO  
15 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS  
16 THAT TERM IS DEFINED IN 23 PA.C.S. § 4302 (RELATING TO  
17 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS  
18 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF  
19 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT  
20 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS  
21 AS ESTABLISHED BY THE LAWS OF THIS COMMONWEALTH AND THE UNITED  
22 STATES[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER THAT  
23 WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER STATE OR  
24 THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS FOR  
25 SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST ANY PARTICIPANT WHO  
26 IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME SUCH  
27 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING  
28 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD  
29 OTHERWISE REQUIRE A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED  
30 CONTRIBUTIONS IN THE FORM OF AN ANNUITY OR TO REQUIRE THE

1 PURCHASE OF AN ANNUITY.

2 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS  
3 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO  
4 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS  
5 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS  
6 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE  
7 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN  
8 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE  
9 OBLIGATIONS OF THE SYSTEM OR PLAN WITH RESPECT TO SUCH APPROVAL  
10 OR DISAPPROVAL SHALL BE DISCHARGED.

11 § 8533.2. IRREVOCABLE BENEFICIARY.

12 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC  
13 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A  
14 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN  
15 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES  
16 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A  
17 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT  
18 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT  
19 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC  
20 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC  
21 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED  
22 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH  
23 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED  
24 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT  
25 WITHOUT APPROVAL BY THE COURT.

26 § 8533.3. IRREVOCABLE SURVIVOR ANNUITANT.

27 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC  
28 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR  
29 ANNUITANT PERTAINING TO A MEMBER. A DOMESTIC RELATIONS ORDER  
30 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT



1 SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN  
2 ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE  
3 REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF  
4 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.  
5 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED  
6 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS  
7 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE  
8 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY  
9 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO  
10 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AN  
11 IRREVOCABLE SURVIVOR ANNUITANT.

12 § 8533.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

13 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE  
14 ALTERNATE PAYEE PREDECEASES THE MEMBER OR PARTICIPANT AND THERE  
15 ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE COURT  
16 MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO SUBSTITUTE A  
17 PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE ANY BENEFITS  
18 PAYABLE TO THE DECEASED ALTERNATE PAYEE.

19 \* \* \*

20 SECTION 122. TITLE 24 IS AMENDED BY ADDING A SECTION TO  
21 READ:

22 § 8533.5. IRREVOCABLE SUCCESSOR PAYEE.

23 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS  
24 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY  
25 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE, ONLY IF THE  
26 PARTICIPANT IS RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION  
27 PROVIDED BY THE BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.

28 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE  
29 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO  
30 BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS

1 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN  
2 ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE  
3 REMOVAL OR CHANGE OF THAT SUCCESSOR PAYEE WITHOUT APPROVAL OF A  
4 COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.

5 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER  
6 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC  
7 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED  
8 REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE SUCCESSOR PAYEE  
9 ORDERED BY THE COURT CANNOT BE CHANGED BY THE PARTICIPANT  
10 WITHOUT APPROVAL BY THE COURT.

11 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS  
12 A SUCCESSOR PAYEE MAY NOT BE DESIGNATED AS AN IRREVOCABLE  
13 SUCCESSOR PAYEE. A COURT MAY NOT NAME AN IRREVOCABLE SUCCESSOR  
14 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM  
15 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL  
16 PORTION OF THE PENSION BENEFIT.

17 SECTION 123. SECTIONS 8534 AND 8535 OF TITLE 24 ARE AMENDED  
18 TO READ:

19 § 8534. FRAUD AND ADJUSTMENT OF ERRORS.

20 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE  
21 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED  
22 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO  
23 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE  
24 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

25 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN  
26 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY, [OR],  
27 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM  
28 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE  
29 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL  
30 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF

1 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR  
2 AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO  
3 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE  
4 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL  
5 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED  
6 SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS  
7 FROM THE PLAN, THE BOARD SHALL TAKE SUCH ACTION AS SHALL BE  
8 PROVIDED FOR IN THE PLAN DOCUMENT.

9 § 8535. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH.

10 FOR EACH SCHOOL YEAR BEGINNING WITH THE 1995-1996 SCHOOL YEAR  
11 AND ENDING WITH THE 2016-2017 SCHOOL YEAR, EACH SCHOOL ENTITY  
12 SHALL BE PAID BY THE COMMONWEALTH FOR CONTRIBUTIONS BASED UPON  
13 SCHOOL SERVICE OF ACTIVE MEMBERS OF THE SYSTEM AFTER JUNE 30,  
14 1995, AS FOLLOWS:

15 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR  
16 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
17 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,  
18 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHOSE  
19 EFFECTIVE DATES OF EMPLOYMENT WITH THEIR SCHOOL ENTITIES ARE  
20 AFTER JUNE 30, 1994, AND WHO ALSO HAD NOT PREVIOUSLY BEEN  
21 EMPLOYED BY ANY SCHOOL ENTITY WITHIN THIS COMMONWEALTH AN  
22 AMOUNT EQUAL TO THE AMOUNT CERTIFIED BY THE PUBLIC SCHOOL  
23 EMPLOYEES' RETIREMENT BOARD AS NECESSARY TO PROVIDE, TOGETHER  
24 WITH THE MEMBERS' CONTRIBUTIONS, RESERVES ON ACCOUNT OF  
25 PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND THE PREMIUM  
26 ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN ACCORDANCE  
27 WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD),  
28 MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF THE SCHOOL  
29 ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY RECEIVE  
30 LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET

1 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF  
2 THE PUBLIC SCHOOL CODE [OF 1949] WAS 0.50.

3 (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR  
4 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
5 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,  
6 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHO  
7 ARE NOT DESCRIBED IN PARAGRAPH (1), ONE-HALF OF THE AMOUNT  
8 CERTIFIED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AS  
9 NECESSARY TO PROVIDE, TOGETHER WITH THE MEMBERS'  
10 CONTRIBUTIONS, RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES,  
11 SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS  
12 PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328.

13 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER  
14 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S  
15 LIABILITY TO MAKE PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES'  
16 RETIREMENT FUND. SCHOOL ENTITIES ARE EXPECTED TO MAKE THE  
17 FULL PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND  
18 IN ACCORDANCE WITH SECTION 8327 (RELATING TO PAYMENTS BY  
19 EMPLOYERS) IN THE EVENT THE RECEIPT OF THE COMMONWEALTH'S  
20 PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED BECAUSE OF  
21 DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY THE SCHOOL  
22 ENTITIES.

23 SECTION 124. TITLE 24 IS AMENDED BY ADDING SECTIONS TO READ:

24 § 8535.1. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH

25 COMMENCING WITH THE 2017-2018 SCHOOL YEAR.

26 FOR EACH SCHOOL YEAR, BEGINNING WITH THE 2017-2018 SCHOOL  
27 YEAR, EACH SCHOOL ENTITY SHALL BE PAID BY THE COMMONWEALTH FOR  
28 CONTRIBUTIONS BASED UPON SCHOOL SERVICE OF ACTIVE MEMBERS OF THE  
29 SYSTEM AND ACTIVE PARTICIPANTS OF THE PLAN AFTER JUNE 30, 2017,  
30 AS FOLLOWS:

1           (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR  
2 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL  
3 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,  
4 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED OR USERRA  
5 MILITARY SERVICE LEAVE, WHOSE EFFECTIVE DATES OF EMPLOYMENT  
6 WITH THEIR SCHOOL ENTITIES ARE AFTER JUNE 30, 1994, AND WHO  
7 ALSO HAD NOT PREVIOUSLY BEEN EMPLOYED BY ANY SCHOOL ENTITY  
8 WITHIN THIS COMMONWEALTH, AN AMOUNT EQUAL TO THE AMOUNT  
9 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH  
10 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON  
11 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND  
12 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN  
13 ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST  
14 METHOD), MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF  
15 THE SCHOOL ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY  
16 RECEIVE LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET  
17 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF  
18 THE PUBLIC SCHOOL CODE WAS 0.50.

19           (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR  
20 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL  
21 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,  
22 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED MILITARY  
23 SERVICE LEAVE, AND ACTIVE PARTICIPANTS OF THE PLAN WHO ARE  
24 NOT DESCRIBED IN PARAGRAPH (1) ONE-HALF OF THE AMOUNT  
25 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH  
26 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON  
27 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND  
28 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN  
29 ACCORDANCE WITH SECTION 8328.

30           (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER

1 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S  
2 LIABILITY TO MAKE PAYMENT TO THE FUND OR THE TRUST. SCHOOL  
3 ENTITIES ARE EXPECTED TO MAKE THE FULL PAYMENT TO THE FUND OR  
4 THE TRUST IN ACCORDANCE WITH SECTION 8327 (RELATING TO  
5 PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE  
6 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED  
7 BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY  
8 THE SCHOOL ENTITIES.

9 § 8537. INTERNAL REVENUE CODE LIMITATIONS.

10 NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,  
11 NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES'  
12 DEFINED CONTRIBUTION PLAN SHALL BE MADE OR PAYABLE TO THE EXTENT  
13 THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC  
14 § 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS  
15 DEFINED IN IRC § 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT  
16 PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC  
17 § 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE  
18 PARTICIPANTS.

19 SECTION 125. SECTION 8702(A) OF TITLE 24 IS AMENDED TO READ:

20 § 8702. DEFINITIONS.

21 (A) GENERAL RULE.--SUBJECT TO ADDITIONAL DEFINITIONS  
22 CONTAINED IN SUBSEQUENT PROVISIONS OF THIS PART WHICH ARE  
23 APPLICABLE TO SPECIFIC PROVISIONS OF THIS PART, THE FOLLOWING  
24 WORDS AND PHRASES WHEN USED IN THIS PART SHALL HAVE THE MEANINGS  
25 GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY  
26 INDICATES OTHERWISE:

27 "ELIGIBLE PERSON." AN INDIVIDUAL WHO IS:

28 (1) AN ANNUITANT OR SURVIVOR ANNUITANT OR THE SPOUSE OR  
29 DEPENDENT OF AN ANNUITANT OR SURVIVOR ANNUITANT[.]; OR

30 (2) A PARTICIPANT RECEIVING DISTRIBUTIONS OR A SUCCESSOR

1 PAYEE, OR THE SPOUSE OR DEPENDENT OF A PARTICIPANT RECEIVING  
2 DISTRIBUTIONS OR SUCCESSOR PAYEE.

3 "FUND." THE PUBLIC SCHOOL RETIREES' HEALTH INSURANCE FUND.

4 "PLAN YEAR." THE PERIOD JULY 1, 2001, THROUGH DECEMBER 31,  
5 2001, SHALL BE THE FIRST PLAN YEAR. AFTER DECEMBER 31, 2001, THE  
6 PLAN YEAR SHALL BE THE CALENDAR YEAR.

7 "PROGRAM." THE GROUP HEALTH INSURANCE PROGRAM THAT MAY BE  
8 SPONSORED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD UNDER  
9 THIS PART.

10 "RESERVE ACCOUNT." THE RESTRICTED RECEIPT ACCOUNT  
11 ESTABLISHED IN SECTION 8902(B) (RELATING TO PUBLIC SCHOOL  
12 RETIREES' HEALTH INSURANCE FUND).

13 \* \* \*

14 ARTICLE II

15 SECTION 201. SECTION 7306(A) INTRODUCTORY PARAGRAPH OF TITLE  
16 51 IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION  
17 TO READ:

18 § 7306. RETIREMENT RIGHTS.

19 (A) OPTIONS AVAILABLE TO EMPLOYEES.--ANY EMPLOYEE WHO IS A  
20 MEMBER OF A RETIREMENT SYSTEM OTHER THAN AN ACTIVE MEMBER OR  
21 INACTIVE MEMBER ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'  
22 RETIREMENT SYSTEM [OR], AN ACTIVE PARTICIPANT OR INACTIVE  
23 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' DEFINED  
24 CONTRIBUTION PLAN, AN ACTIVE OR INACTIVE MEMBER OF THE PUBLIC  
25 SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR AN ACTIVE OR INACTIVE  
26 PARTICIPANT OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN  
27 AT THE TIME HE IS GRANTED A MILITARY LEAVE OF ABSENCE SHALL BE  
28 ENTITLED TO EXERCISE ANY ONE OF THE FOLLOWING OPTIONS IN REGARD  
29 THERETO:

30 \* \* \*

1 (F) PARTICIPANT OF A DEFINED CONTRIBUTION PLAN.--

2 (1) AN EMPLOYEE WHO IS AN ACTIVE OR INACTIVE PARTICIPANT  
3 OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AT THE  
4 TIME THE EMPLOYEE IS GRANTED A MILITARY LEAVE OF ABSENCE  
5 SHALL BE ENTITLED TO MAKE CONTRIBUTIONS TO THE PUBLIC SCHOOL  
6 EMPLOYEES' DEFINED CONTRIBUTION TRUST FOR THE LEAVE AS  
7 PROVIDED IN 24 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR  
8 SCHOOL EMPLOYEES).

9 (2) AN EMPLOYEE WHO IS AN ACTIVE PARTICIPANT OR INACTIVE  
10 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'  
11 DEFINED CONTRIBUTION PLAN AT THE TIME HE IS GRANTED A  
12 MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO MAKE  
13 CONTRIBUTIONS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION  
14 TRUST FOR THE LEAVE AS PROVIDED IN 71 PA.C.S. PT. XXV  
15 (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS).

16 ARTICLE III

17 SECTION 301. SECTION 4104(A) (7) OF TITLE 71 IS AMENDED TO  
18 READ:

19 § 4104. DUTIES OF OFFICE.

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

21 \* \* \*

22 (7) STUDY AND ANALYZE THE IMPACT OF SHARED-RISK  
23 CONTRIBUTIONS UNDER 24 PA.C.S. § 8321(B) (RELATING TO REGULAR  
24 MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) AND SECTION 5501.1  
25 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3  
26 [AND], CLASS A-4 AND CLASS A-5 SERVICE).

27 \* \* \*

28 SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE  
29 PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF  
30 SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE



1 SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"  
2 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE  
3 SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE,"  
4 "IRREVOCABLE BENEFICIARY," "MEMBER'S ANNUITY," "REEMPLOYED FROM  
5 USERRA LEAVE," "REGULAR MEMBERSHIP CONTRIBUTIONS," "REQUIRED  
6 BEGINNING DATE," "RETIREMENT COUNSELOR," "SALARY DEDUCTIONS,"  
7 "SHARED-RISK MEMBER CONTRIBUTIONS," "SPECIAL VESTEE," "STANDARD  
8 SINGLE LIFE ANNUITY," "STATE EMPLOYEE," "SUPERANNUATION AGE,"  
9 "SUPERANNUATION SCORE," "TOTAL ACCUMULATED DEDUCTIONS,"  
10 "VALUATION INTEREST" AND "VESTEE" IN SECTION 5102 OF TITLE 71,  
11 AMENDED OR ADDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED  
12 AND THE SECTION IS AMENDED BY ADDING 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 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF  
19 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON  
20 ACCOUNT OF A PARTICIPANT'S STATE SERVICE, TOGETHER WITH ANY  
21 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS  
22 AND EXPENSES CREDITED OR CHARGED THEREON.

23 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL  
24 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE  
25 TRUST ON ACCOUNT OF A PARTICIPANT'S STATE SERVICE, TOGETHER WITH  
26 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,  
27 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

28 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE  
29 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED  
30 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY

1 CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE  
2 CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN  
3 THE TRUST.

4 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF ANY  
5 AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A DIRECT  
6 TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH ANY  
7 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS  
8 AND EXPENSES CREDITED OR CHARGED THEREON.

9 "ACTIVE MEMBER." A STATE EMPLOYEE, OR A MEMBER ON LEAVE  
10 WITHOUT PAY, FOR WHOM PICKUP CONTRIBUTIONS ARE BEING MADE TO THE  
11 FUND OR FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR  
12 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF  
13 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER  
14 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER  
15 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE  
16 LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL  
17 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)  
18 OR 415) [.] OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM  
19 APPLICABLE TO A CLASS A-5 MEMBER WHO IS MAKING MANDATORY PICKUP  
20 PARTICIPANT CONTRIBUTIONS TO THE TRUST.

21 "ACTIVE PARTICIPANT." A STATE EMPLOYEE FOR WHOM MANDATORY  
22 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR  
23 FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR STATE SERVICE  
24 REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE SOLELY BY  
25 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS  
26 UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF  
27 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415).

28 \* \* \*

29 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR  
30 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A

1 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A  
2 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT  
3 UNDER THIS PART.

4 \* \* \*

5 "AVERAGE NONCOVERED SALARY." THE AVERAGE OF THE AMOUNTS OF  
6 COMPENSATION RECEIVED BY AN ACTIVE MEMBER, OTHER THAN  
7 COMPENSATION ATTRIBUTABLE TO SERVICE AS A CLASS A-5 MEMBER, EACH  
8 CALENDAR YEAR SINCE JANUARY 1, 1956, EXCLUSIVE OF THE AMOUNT  
9 WHICH WAS OR COULD HAVE BEEN COVERED BY THE FEDERAL SOCIAL  
10 SECURITY ACT[, 42 U.S.C. § 301 ET SEQ.] (42 U.S.C. § 301 ET  
11 SEQ.), DURING THAT PORTION OF THE MEMBER'S SERVICE SINCE JANUARY  
12 1, 1956, FOR WHICH HE HAS RECEIVED SOCIAL SECURITY INTEGRATION  
13 CREDIT.

14 \* \* \*

15 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON  
16 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER  
17 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON  
18 THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR  
19 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY THE  
20 PARTICIPANT TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED  
21 TOTAL DEFINED CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH  
22 OF THE PARTICIPANT.

23 \* \* \*

24 "CLASS A-5 ACCUMULATED DEDUCTIONS." THE SUM OF THE REGULAR  
25 ACCUMULATED DEDUCTIONS, SHARED-RISK MEMBER CONTRIBUTIONS AND ALL  
26 OTHER CONTRIBUTIONS PAID INTO THE FUND FOR THE PURCHASE,  
27 TRANSFER OR CONVERSION OF CREDIT FOR SERVICE OR OTHER COVERAGE  
28 IN CLASS A-5 TOGETHER WITH ALL STATUTORY INTEREST CREDITED  
29 THEREON UNTIL THE DATE OF TERMINATION OF SERVICE. IN THE CASE OF  
30 A VESTEE, STATUTORY INTEREST SHALL BE CREDITED UNTIL THE

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

4 "CLASS A-5 ANNUAL COMPENSATION LIMIT." FOR CALENDAR YEAR  
5 2017, THE AMOUNT OF \$50,000. FOR EACH SUBSEQUENT CALENDAR YEAR,  
6 THE LIMIT SHALL BE 1% GREATER THAN THE PREVIOUS YEAR'S AMOUNT,  
7 ROUNDED TO THE NEAREST HUNDRED DOLLARS.

8 "CLASS A-5 EXEMPT EMPLOYEE." A SWORN POLICE OFFICER.

9 "CLASS OF SERVICE MULTIPLIER."

10	CLASS OF SERVICE		MULTIPLIER
11	A		1
12	AA	FOR ALL PURPOSES	
13		EXCEPT	
14		CALCULATING	
15		REGULAR MEMBER	
16		CONTRIBUTIONS ON	
17		COMPENSATION	
18		PAID PRIOR TO	
19		JANUARY 1, 2002	1.25
20	AA	FOR PURPOSES OF	
21		CALCULATING	
22		REGULAR MEMBER	
23		CONTRIBUTIONS	
24		ON COMPENSATION	
25		PAID PRIOR TO	
26		JANUARY 1, 2002	1
27	A-3	FOR ALL PURPOSES	
28		EXCEPT THE	
29		CALCULATION OF	
30		REGULAR MEMBER	

1		CONTRIBUTIONS	
2		AND	
3		CONTRIBUTIONS	
4		FOR CREDITABLE	
5		NONSTATE SERVICE	1
6	A-3	FOR PURPOSES OF	
7		CALCULATING	
8		REGULAR MEMBER	
9		CONTRIBUTIONS	
10		AND	
11		CONTRIBUTIONS	
12		FOR CREDITABLE	
13		NONSTATE SERVICE	1.25
14	A-4	FOR ALL PURPOSES	
15		EXCEPT THE	
16		CALCULATION OF	
17		REGULAR MEMBER	
18		CONTRIBUTIONS	1.25
19	A-4	FOR PURPOSES OF	
20		CALCULATING	
21		REGULAR MEMBER	
22		CONTRIBUTIONS	1.86
23	<u>A-5</u>	<u>FOR ALL PURPOSES</u>	
24		<u>EXCEPT THE</u>	
25		<u>CALCULATION OF</u>	
26		<u>REGULAR MEMBER</u>	
27		<u>CONTRIBUTIONS</u>	<u>1</u>
28	<u>A-5</u>	<u>FOR PURPOSES OF</u>	
29		<u>CALCULATING</u>	
30		<u>REGULAR MEMBER</u>	



1		<u>25 OR MORE</u>	
2		<u>ELIGIBILITY</u>	
3		<u>POINTS CREDITED</u>	
4		<u>AS A MEMBER OF</u>	
5		<u>CLASS A-5 OR, IF</u>	
6		<u>A MULTIPLE</u>	
7		<u>SERVICE MEMBER,</u>	
8		<u>AS A MEMBER OF</u>	
9		<u>CLASS T-G IN THE</u>	
10		<u>PUBLIC SCHOOL</u>	
11		<u>EMPLOYEES'</u>	
12		<u>RETIREMENT</u>	
13		<u>SYSTEM</u>	<u>0</u>
14	B		.625
15	C		1
16	D		1.25
17	D-1	PRIOR TO JANUARY	
18		1, 1973	1.875
19	D-1	ON AND	
20		SUBSEQUENT TO	
21		JANUARY 1, 1973	1.731
22	D-2	PRIOR TO JANUARY	
23		1, 1973	2.5
24	D-2	ON AND	
25		SUBSEQUENT TO	
26		JANUARY 1, 1973	1.731
27	D-3	PRIOR TO JANUARY	
28		1, 1973	3.75
29	D-3	ON AND	
30		SUBSEQUENT TO	

1		JANUARY 1, 1973	1.731	EXCEPT PRIOR TO
2				DECEMBER 1, 1974
3				AS APPLIED TO
4				ANY ADDITIONAL
5				LEGISLATIVE
6				COMPENSATION AS
7				AN OFFICER OF
8				THE GENERAL
9				ASSEMBLY
10			3.75	
11	D-4	FOR ALL PURPOSES		
12		EXCEPT		
13		CALCULATING		
14		REGULAR MEMBER		
15		CONTRIBUTIONS		
16		ON COMPENSATION		
17		PAID PRIOR TO		
18		JULY 1, 2001	1.5	
19	D-4	FOR PURPOSES OF		
20		CALCULATING		
21		REGULAR MEMBER		
22		CONTRIBUTIONS ON		
23		COMPENSATION		
24		PAID PRIOR TO		
25		JULY 1, 2001	1	
26	E, E-1	PRIOR TO JANUARY		
27		1, 1973	2	FOR EACH OF THE
28				FIRST TEN YEARS
29				OF JUDICIAL
30				SERVICE, AND



1			1.5	FOR EACH
2				SUBSEQUENT YEAR
3				OF JUDICIAL
4				SERVICE
5	E, E-1	ON AND		
6		SUBSEQUENT TO		
7		JANUARY 1, 1973	1.50	FOR EACH OF THE
8				FIRST TEN YEARS
9				OF JUDICIAL
10				SERVICE AND
11			1.125	FOR EACH
12				SUBSEQUENT YEAR
13				OF JUDICIAL
14				SERVICE
15	E-2	PRIOR TO		
16		SEPTEMBER 1,		
17		1973	1.5	
18	E-2	ON AND		
19		SUBSEQUENT TO		
20		SEPTEMBER 1,		
21		1973	1.125	
22	G		0.417	
23	H		0.500	
24	I		0.625	
25	J		0.714	
26	K		0.834	
27	L		1.000	
28	M		1.100	
29	N		1.250	
30	T-C	(PUBLIC SCHOOL	1	

1 EMPLOYEES '  
2 RETIREMENT CODE)  
3 T-E (PUBLIC SCHOOL 1  
4 EMPLOYEES '  
5 RETIREMENT CODE)  
6 T-F (PUBLIC SCHOOL 1  
7 EMPLOYEES '  
8 RETIREMENT CODE)  
9 T-G (PUBLIC SCHOOL 1  
10 EMPLOYEES' RETIREMENT  
11 CODE)

12 \* \* \*

13 "COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP  
14 PARTICIPANT CONTRIBUTIONS PLUS REMUNERATION ACTUALLY RECEIVED AS  
15 A STATE EMPLOYEE EXCLUDING REFUNDS FOR EXPENSES, CONTINGENCY AND  
16 ACCOUNTABLE EXPENSE ALLOWANCES; EXCLUDING ANY SEVERANCE PAYMENTS  
17 OR PAYMENTS FOR UNUSED VACATION OR SICK LEAVE; AND EXCLUDING  
18 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN  
19 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER  
20 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN  
21 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER  
22 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF  
23 ABSENCE) OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES  
24 OF LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS  
25 DEFINED IN IRC § 414(U) (12) AND ANY OTHER PAYMENTS; AND FOR A  
26 MEMBER WHO FIRST BECOMES AN OFFICER OF THE STATE POLICE ON OR  
27 AFTER JULY 1, 2017, EXCLUDING REMUNERATION RECEIVED IN ANY PAY  
28 PERIOD FOR VOLUNTARY OVERTIME SERVICE FOR SERVICE AS AN OFFICER  
29 OF THE STATE POLICE THAT EXCEEDS 10% OF THE MEMBER'S BASE SALARY  
30 AS AN OFFICER OF THE STATE POLICE IN THAT PAY PERIOD: PROVIDED,

1 HOWEVER, THAT COMPENSATION RECEIVED PRIOR TO JANUARY 1, 1973,  
2 SHALL BE SUBJECT TO THE LIMITATIONS FOR RETIREMENT PURPOSES IN  
3 EFFECT DECEMBER 31, 1972, IF ANY: PROVIDED FURTHER, THAT THE  
4 LIMITATION UNDER SECTION 401(A)(17) OF THE INTERNAL REVENUE CODE  
5 OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17)) TAKEN INTO  
6 ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS, INCLUDING ANY  
7 ADDITIONAL MEMBER CONTRIBUTIONS IN ADDITION TO REGULAR OR JOINT  
8 COVERAGE MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION  
9 CONTRIBUTIONS, REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO  
10 EACH MEMBER WHO FIRST BECAME A MEMBER OF THE STATE EMPLOYEES'  
11 RETIREMENT SYSTEM ON OR AFTER JANUARY 1, 1996, AND WHO BY REASON  
12 OF SUCH FACT IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION  
13 OF THE PROVISIONS OF SECTION 5506.1(A) (RELATING TO ANNUAL  
14 COMPENSATION LIMIT UNDER IRC § 401(A)(17)) AND SHALL APPLY TO  
15 EACH PARTICIPANT PERTAINING TO HIS PARTICIPATION IN THE PLAN.

16 \* \* \*

17 "CREDITABLE NONSTATE SERVICE." SERVICE FOR WHICH AN ACTIVE  
18 MEMBER MAY OBTAIN CREDIT IN THE SYSTEM, OTHER THAN:

19 (1) SERVICE AS A STATE EMPLOYEE;

20 (2) SERVICE CONVERTED TO STATE SERVICE PURSUANT TO  
21 SECTION 5303.1 (RELATING TO ELECTION TO CONVERT COUNTY  
22 SERVICE TO STATE SERVICE); OR

23 (3) SCHOOL SERVICE CONVERTED TO STATE SERVICE PURSUANT  
24 TO SECTION 5303.2 (RELATING TO ELECTION TO CONVERT SCHOOL  
25 SERVICE TO STATE SERVICE) [FOR WHICH AN ACTIVE MEMBER MAY  
26 OBTAIN CREDIT].

27 "CREDITED SERVICE." STATE OR CREDITABLE NONSTATE SERVICE FOR  
28 WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND OR  
29 FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE  
30 WERE NOT MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO

1 WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY  
2 INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART  
3 RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF  
4 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C.  
5 § 401(A) (17) OR 415), OR LIMITATIONS ON CONTRIBUTIONS TO THE  
6 SYSTEM APPLICABLE TO A CLASS A-5 MEMBER WHO IS MAKING MANDATORY  
7 PICKUP PARTICIPANT CONTRIBUTIONS TO THE TRUST, EXCEPT AS  
8 OTHERWISE PROVIDED IN THIS PART, OR FOR WHICH SALARY DEDUCTIONS  
9 OR LUMP SUM PAYMENTS TO THE SYSTEM HAVE BEEN AGREED UPON IN  
10 WRITING.

11 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE  
12 FOLLOWING DATES:

13 (1) THE LAST DAY OF SERVICE FOR WHICH PICKUP  
14 CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR FOR WHICH THE  
15 CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE WERE NOT  
16 MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER  
17 OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY  
18 INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS  
19 PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR  
20 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,  
21 26 U.S.C. § 401(A) (17) OR 415) OR LIMITATIONS ON  
22 CONTRIBUTIONS TO THE SYSTEM APPLICABLE TO A CLASS A-5 MEMBER;

23 (2) THE LAST DAY OF SERVICE FOR WHICH MANDATORY PICKUP  
24 PARTICIPANT CONTRIBUTIONS ARE MADE FOR AN ACTIVE PARTICIPANT;  
25 OR

26 (3) IN THE CASE OF AN INACTIVE MEMBER ON LEAVE WITHOUT  
27 PAY OR AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY, THE DATE  
28 OF HIS RESIGNATION OR THE DATE HIS EMPLOYMENT IS FORMALLY  
29 DISCONTINUED BY HIS EMPLOYER.

30 \* \* \*

1 "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S  
2 INTEREST IN EITHER THE STATE EMPLOYEES' RETIREMENT FUND OR THE  
3 STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH, WHICH IS  
4 PAYABLE UNDER THIS PART.

5 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,  
6 INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED  
7 ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF  
8 COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW  
9 WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR  
10 FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO  
11 RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR  
12 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE  
13 DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF  
14 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING  
15 TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS  
16 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF  
17 ARREARAGES) .

18 \* \* \*

19 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS THAT ARE  
20 MADE BY THE COMMONWEALTH OR OTHER EMPLOYER TO THE TRUST TO BE  
21 CREDITED IN AN ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT  
22 ACCOUNT AS FOLLOWS:

23 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2),  
24 CONTRIBUTIONS EQUAL TO 4% OF AN ACTIVE PARTICIPANT'S  
25 COMPENSATION.

26 (2) FOR PARTICIPANTS WHO HAVE LESS THAN 25 ELIGIBILITY  
27 POINTS CREDITED AS A MEMBER OF CLASS A-5 OR, IF A MULTIPLE  
28 SERVICE MEMBER, IN CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'  
29 RETIREMENT SYSTEM, CONTRIBUTIONS EQUAL TO 0.5% OF AN ACTIVE  
30 PARTICIPANT'S COMPENSATION UP TO THE CLASS A-5 ANNUAL

1 COMPENSATION LIMIT AND FOR OTHER COMPENSATION CONTRIBUTIONS  
2 AS SET FORTH IN PARAGRAPH (1).

3 \* \* \*

4 "FINAL AVERAGE SALARY." [THE] AS FOLLOWS:

5 (1) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND  
6 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE  
7 OTHER THAN CLASS A-5, THE HIGHEST AVERAGE COMPENSATION  
8 RECEIVED AS A MEMBER DURING ANY THREE NONOVERLAPPING PERIODS  
9 OF FOUR CONSECUTIVE CALENDAR QUARTERS DURING WHICH THE MEMBER  
10 WAS A STATE EMPLOYEE, EXCLUDING COMPENSATION RECEIVED FROM  
11 STATE SERVICE CREDITED AS A MEMBER OF CLASS A-5, WITH THE  
12 COMPENSATION FOR PART-TIME SERVICE BEING ANNUALIZED ON THE  
13 BASIS OF THE FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT  
14 IS RECEIVED; EXCEPT IF THE EMPLOYEE WAS NOT A MEMBER IN  
15 CLASSES OF SERVICE OTHER THAN CLASS A-5 FOR THREE  
16 NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR QUARTERS,  
17 THE TOTAL COMPENSATION RECEIVED AS A MEMBER FOR STATE SERVICE  
18 CREDITED OTHER THAN AS A MEMBER OF CLASS A-5, ANNUALIZED IN  
19 THE CASE OF PART-TIME SERVICE, DIVIDED BY THE NUMBER OF  
20 NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR QUARTERS  
21 OF MEMBERSHIP IN CLASSES OF SERVICE OTHER THAN CLASS A-5; IN  
22 THE CASE OF A MEMBER WITH MULTIPLE SERVICE, THE FINAL AVERAGE  
23 SALARY FOR PURPOSES OF CALCULATING ALL ANNUITIES AND BENEFITS  
24 FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE OTHER THAN  
25 CLASS A-5 SHALL BE DETERMINED ON THE BASIS OF THE  
26 COMPENSATION RECEIVED BY HIM AS A [STATE EMPLOYEE] MEMBER OF  
27 THE SYSTEM OR AS A SCHOOL EMPLOYEE, OR BOTH[;], EXCLUDING  
28 COMPENSATION RECEIVED FOR SERVICE PERFORMED AS A MEMBER OF  
29 CLASS A-5 OR CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'  
30 RETIREMENT SYSTEM; AND, IN THE CASE OF A MEMBER WITH CLASS A-

1 3 OR CLASS A-4 SERVICE AND SERVICE IN ONE OR MORE OTHER  
2 CLASSES OF SERVICE OTHER THAN CLASS A-5, THE FINAL AVERAGE  
3 SALARY SHALL BE DETERMINED ON THE BASIS OF THE COMPENSATION  
4 RECEIVED BY HIM IN ALL CLASSES OF STATE SERVICE[; AND] OTHER  
5 THAN CLASS A-5.

6 (2) FOR PURPOSES OF CALCULATING ALL ANNUITIES AND  
7 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO SERVICE AS A MEMBER  
8 OF CLASS A-5, THE HIGHEST AVERAGE COMPENSATION RECEIVED FOR  
9 SERVICE AS A MEMBER OF CLASS A-5 DURING ANY FIVE CALENDAR  
10 YEARS; EXCEPT, IF THE EMPLOYEE WAS NOT A MEMBER OF CLASS A-5  
11 DURING FIVE CALENDAR YEARS, THE TOTAL COMPENSATION RECEIVED  
12 AS A MEMBER OF CLASS A-5, DIVIDED BY THE NUMBER OF CALENDAR  
13 YEARS OF MEMBERSHIP IN CLASS A-5; IN THE CASE OF A MEMBER  
14 WITH MULTIPLE SERVICE, THE FINAL AVERAGE SALARY FOR PURPOSES  
15 OF CALCULATING ALL ANNUITIES AND BENEFITS FROM THE SYSTEM  
16 ATTRIBUTABLE TO CLASS A-5 SERVICE SHALL BE DETERMINED ON THE  
17 BASIS OF THE COMPENSATION RECEIVED BY HIM AS A STATE EMPLOYEE  
18 FOR SERVICE CREDITED CLASS A-5 OR AS A SCHOOL EMPLOYEE FOR  
19 SERVICE CREDITED IN CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'  
20 RETIREMENT SYSTEM, OR BOTH. FOR THE PURPOSE OF CALCULATING  
21 FINAL AVERAGE SALARY UNDER THE PARAGRAPH, COMPENSATION FOR  
22 SERVICE AS A MEMBER OF CLASS A-5 SHALL BE ADJUSTED AS SET  
23 FORTH IN SECTION 5506.2 (RELATING TO APPLICATION OF CLASS A-5  
24 ANNUAL COMPENSATION LIMIT).

25 (3) FOR ALL MEMBERS, IN THE CASE OF A MEMBER WHO FIRST  
26 BECAME A MEMBER ON OR AFTER JANUARY 1, 1996, THE FINAL  
27 AVERAGE SALARY SHALL BE DETERMINED AS HEREINABOVE PROVIDED  
28 BUT SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION  
29 5506.1(A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC §  
30 401(A)(17)). FINAL AVERAGE SALARY SHALL BE DETERMINED BY

1 INCLUDING IN COMPENSATION PAYMENTS DEEMED TO HAVE BEEN MADE  
2 TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE EXTENT MEMBER  
3 CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN SECTION 5302(F)  
4 (2) (RELATING TO CREDITED STATE SERVICE) AND PAYMENTS MADE TO  
5 A MEMBER ON LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102  
6 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT  
7 EMPLOYEES) AS PROVIDED IN SECTION 5302(F)(6).

8 \* \* \*

9 "HOLDING VEHICLE TRUST." THE STATE EMPLOYEES' DEFINED  
10 CONTRIBUTION HOLDING VEHICLE TRUST.

11 "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS  
12 ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE  
13 MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR  
14 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF  
15 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER  
16 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER  
17 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE  
18 LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL  
19 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17)  
20 OR 415) OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM APPLICABLE  
21 TO A CLASS A-5 MEMBER WHO IS MAKING MANDATORY PICKUP PARTICIPANT  
22 CONTRIBUTIONS TO THE TRUST, BUT WHO HAS ACCUMULATED DEDUCTIONS  
23 STANDING TO HIS CREDIT IN THE FUND AND WHO IS NOT ELIGIBLE TO  
24 BECOME OR HAS NOT ELECTED TO BECOME A VESTEE OR HAS NOT FILED AN  
25 APPLICATION FOR AN ANNUITY.

26 "INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY  
27 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST,  
28 EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM SUCH  
29 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT STATE SERVICE ARE  
30 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART



1 RELATING TO LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE  
2 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §  
3 401(A) (17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED  
4 CONTRIBUTIONS STANDING TO HIS CREDIT IN THE TRUST AND WHO HAS  
5 NOT FILED AN APPLICATION FOR AN ANNUITY.

6 "INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO  
7 WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A  
8 PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH  
9 THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INTEREST AND  
10 INVESTMENT EARNINGS AFTER DEDUCTION FOR FEES, COSTS, EXPENSES  
11 AND INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

12 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A  
13 MEMBER WHO WAS A STATE EMPLOYEE AND ACTIVE MEMBER OF THE SYSTEM  
14 IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED SERVICES OR  
15 FORCES OF THE UNITED STATES IN ORDER TO MEET A MILITARY  
16 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH SERVICE AND  
17 WHO BECOMES A STATE EMPLOYEE WITHIN 90 DAYS OF THE EXPIRATION OF  
18 SUCH SERVICE.

19 \* \* \*

20 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY  
21 DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE STATE  
22 EMPLOYEES' RETIREMENT BOARD PURSUANT TO AN APPROVED DOMESTIC  
23 RELATIONS ORDER TO RECEIVE ALL OR A PORTION OF THE ACCUMULATED  
24 DEDUCTIONS, VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR  
25 LUMP SUM BENEFIT PAYABLE UPON THE DEATH OF SUCH MEMBER OR  
26 PARTICIPANT.

27 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY  
28 DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING  
29 TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO  
30 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH

1 OF SUCH PARTICIPANT.

2 \* \* \*

3 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." CONTRIBUTIONS  
4 THAT ARE MADE BY THE COMMONWEALTH OR OTHER EMPLOYER FOR ACTIVE  
5 PARTICIPANTS FOR STATE SERVICE REQUIRED TO BE CREDITED IN THE  
6 PLAN AS FOLLOWS:

7 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2),  
8 CONTRIBUTIONS EQUAL TO 7% OF COMPENSATION.

9 (2) FOR PARTICIPANTS WHO HAVE LESS THAN 25 ELIGIBILITY  
10 POINTS CREDITED AS A MEMBER OF CLASS A-5 OR, IF A MULTIPLE  
11 SERVICE MEMBER, IN CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'  
12 RETIREMENT SYSTEM, CONTRIBUTIONS EQUAL TO 1% OF AN ACTIVE  
13 PARTICIPANT'S COMPENSATION FOR STATE SERVICE REQUIRED TO BE  
14 CREDITED IN THE PLAN UP TO THE CLASS A-5 ANNUAL COMPENSATION  
15 LIMIT AND FOR OTHER COMPENSATION CONTRIBUTIONS AS SET FORTH  
16 IN PARAGRAPH (1).

17 \* \* \*

18 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS  
19 ACTUARIALY EQUIVALENT, AT THE EFFECTIVE DATE OF RETIREMENT AND  
20 TAKING INTO ACCOUNT ANY DELAY IN THE RECEIPT OF THE PORTION OF  
21 THE ANNUITY BASED ON CLASS A-5 SERVICE, IF THE EFFECTIVE DATE OF  
22 RETIREMENT IS UNDER THE SUPERANNUATION AGE APPLICABLE TO CLASS  
23 A-5 SERVICE, TO THE SUM OF THE REGULAR ACCUMULATED DEDUCTIONS,  
24 SHARED-RISK ACCUMULATED DEDUCTIONS, THE ADDITIONAL ACCUMULATED  
25 DEDUCTIONS AND THE SOCIAL SECURITY INTEGRATION ACCUMULATED  
26 DEDUCTIONS STANDING TO THE MEMBER'S CREDIT IN THE MEMBERS'  
27 SAVINGS ACCOUNT.

28 \* \* \*

29 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT  
30 OR PARTICIPANT RECEIVING DISTRIBUTIONS.

1 "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE  
2 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS  
3 INDIVIDUAL INVESTMENT ACCOUNT BUT WHO HAS NOT RECEIVED A TOTAL  
4 DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT  
5 ACCOUNT.

6 \* \* \*

7 "PLAN." THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS  
8 ESTABLISHED BY THE PROVISIONS OF THIS PART AND THE BOARD.

9 "PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER  
10 SECTION 5802 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS  
11 AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD  
12 REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF  
13 THE PLAN AND TRUST.

14 \* \* \*

15 "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE  
16 MEMBERSHIP OR ACTIVE PARTICIPATION AS A STATE EMPLOYEE AFTER A  
17 PERIOD OF USERRA LEAVE, PROVIDED, HOWEVER, THAT THE RESUMPTION  
18 OF ACTIVE MEMBERSHIP OR ACTIVE PARTICIPATION WAS WITHIN THE TIME  
19 PERIOD AND UNDER CONDITIONS AND CIRCUMSTANCES SUCH THAT THE  
20 STATE EMPLOYEE WAS ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38  
21 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF  
22 MEMBERS OF THE UNIFORMED SERVICES).

23 \* \* \*

24 "REGULAR MEMBER CONTRIBUTIONS." THE PRODUCT OF THE BASIC  
25 CONTRIBUTION RATE, THE CLASS OF SERVICE MULTIPLIER [IF GREATER  
26 THAN ONE] AND THE COMPENSATION OF THE MEMBER.

27 "REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH  
28 DISTRIBUTIONS OF A MEMBER'S INTEREST OR A PARTICIPANT'S INTEREST  
29 IN HIS INDIVIDUAL INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION  
30 401(A) (9) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-

1 514, 26 U.S.C. § 401(A)(9)).

2 "RETIREMENT COUNSELOR." THE STATE EMPLOYEES' RETIREMENT  
3 SYSTEM OR STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN EMPLOYEE  
4 WHOSE DUTY IT SHALL BE TO ADVISE EACH EMPLOYEE OF HIS RIGHTS AND  
5 DUTIES AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT OF THE  
6 PLAN.

7 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,  
8 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE  
9 PARTICIPANT, OR THE SCHOOL SERVICE COMPENSATION OF A MULTIPLE  
10 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
11 EMPLOYEES' RETIREMENT SYSTEM, AND PAID INTO THE FUND OR TRUST.

12 "SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED  
13 CONTRIBUTION PLAN FOR SCHOOL EMPLOYEES ESTABLISHED UNDER 24  
14 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES).

15 \* \* \*

16 "SHARED-RISK MEMBER CONTRIBUTIONS." THE PRODUCT OF THE  
17 APPLICABLE SHARED-RISK CONTRIBUTION RATE AND THE COMPENSATION OF  
18 A MEMBER FOR SERVICE CREDITED AS CLASS A-3 OR CLASS A-4 OR THE  
19 COMPENSATION OF A MEMBER UP TO THE CLASS A-5 ANNUAL COMPENSATION  
20 LIMIT FOR SERVICE CREDITED AS CLASS A-5.

21 \* \* \*

22 "SPECIAL VESTEE." AN EMPLOYEE OF THE PENNSYLVANIA STATE  
23 UNIVERSITY WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT  
24 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY POINTS  
25 AND WHO HAS A DATE OF TERMINATION OF SERVICE FROM THE  
26 PENNSYLVANIA STATE UNIVERSITY OF JUNE 30, 1997, BECAUSE OF THE  
27 TRANSFER OF HIS JOB POSITION OR DUTIES TO A CONTROLLED  
28 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM OR  
29 BECAUSE OF THE ELIMINATION OF HIS JOB POSITION OR DUTIES DUE TO  
30 THE TRANSFER OF OTHER JOB POSITIONS OR DUTIES TO A CONTROLLED

1 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM, PROVIDED  
2 THAT:

3 (1) SUBSEQUENT TO TERMINATION OF STATE SERVICE AS AN  
4 EMPLOYEE OF THE PENNSYLVANIA STATE UNIVERSITY, THE MEMBER HAS  
5 NOT RETURNED TO STATE SERVICE IN ANY OTHER CAPACITY OR  
6 POSITION AS A STATE EMPLOYEE;

7 (2) THE PENNSYLVANIA STATE UNIVERSITY CERTIFIES TO THE  
8 BOARD THAT THE MEMBER IS ELIGIBLE TO BE A SPECIAL VESTEE;

9 (3) THE MEMBER FILES AN APPLICATION TO VEST THE MEMBER'S  
10 RETIREMENT RIGHTS UNDER SECTION 5907(F) (RELATING TO RIGHTS  
11 AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND  
12 PARTICIPANTS) ON OR BEFORE SEPTEMBER 30, 1997; AND

13 (4) THE MEMBER ELECTS TO LEAVE THE MEMBER'S TOTAL  
14 ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT OF AN  
15 ANNUITY UNTIL ATTAINMENT OF SUPERANNUATION AGE OR THE  
16 MEMBER'S REQUIRED BEGINNING DATE.

17 "STANDARD SINGLE LIFE ANNUITY." AN ANNUITY EQUAL TO 2% OF  
18 THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF  
19 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A  
20 MEMBER IN EACH CLASS SERVICE, LIMITED IN THE CASE OF CLASS A-5  
21 SERVICE TO 25 YEARS.

22 "STATE EMPLOYEE." ANY PERSON HOLDING A STATE OFFICE OR  
23 POSITION UNDER THE COMMONWEALTH, EMPLOYED BY THE STATE  
24 GOVERNMENT OF THE COMMONWEALTH, IN ANY CAPACITY WHATSOEVER,  
25 EXCEPT AN INDEPENDENT CONTRACTOR OR ANY PERSON COMPENSATED ON A  
26 FEE BASIS OR ANY PERSON PAID DIRECTLY BY AN ENTITY OTHER THAN A  
27 STATE EMPLOYEES' RETIREMENT SYSTEM EMPLOYER, AND SHALL INCLUDE  
28 MEMBERS OF THE GENERAL ASSEMBLY, AND ANY OFFICER OR EMPLOYEE OF  
29 THE FOLLOWING:

30 (1) (I) THE DEPARTMENT OF EDUCATION.

1 (II) STATE-OWNED EDUCATIONAL INSTITUTIONS.

2 (III) COMMUNITY COLLEGES.

3 (IV) THE PENNSYLVANIA STATE UNIVERSITY, EXCEPT AN  
4 EMPLOYEE IN THE COLLEGE OF AGRICULTURE WHO IS PAID WHOLLY  
5 FROM FEDERAL FUNDS OR AN EMPLOYEE WHO IS PARTICIPATING IN  
6 THE FEDERAL CIVIL SERVICE RETIREMENT SYSTEM. THE  
7 UNIVERSITY SHALL BE TOTALLY RESPONSIBLE FOR ALL EMPLOYER  
8 CONTRIBUTIONS UNDER SECTION 5507 (RELATING TO  
9 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER  
10 EMPLOYERS).

11 (2) THE PENNSYLVANIA TURNPIKE COMMISSION, THE DELAWARE  
12 RIVER PORT AUTHORITY, THE PORT AUTHORITY TRANSIT CORPORATION,  
13 THE PHILADELPHIA REGIONAL PORT AUTHORITY, THE DELAWARE RIVER  
14 JOINT TOLL BRIDGE COMMISSION, THE STATE PUBLIC SCHOOL  
15 BUILDING AUTHORITY, THE GENERAL STATE AUTHORITY, THE STATE  
16 HIGHWAY AND BRIDGE AUTHORITY, THE DELAWARE VALLEY REGIONAL  
17 PLANNING COMMISSION, THE INTERSTATE COMMISSION OF THE  
18 DELAWARE RIVER BASIN, AND THE SUSQUEHANNA RIVER BASIN  
19 COMMISSION ANY TIME SUBSEQUENT TO ITS CREATION, PROVIDED THE  
20 COMMISSION OR AUTHORITY AGREES TO CONTRIBUTE AND DOES  
21 CONTRIBUTE TO THE FUND OR TRUST, FROM TIME TO TIME, THE  
22 MONEYS REQUIRED TO BUILD UP THE RESERVES NECESSARY FOR THE  
23 PAYMENT OF THE ANNUITIES OR OTHER BENEFITS OF SUCH OFFICERS  
24 AND EMPLOYEES WITHOUT ANY LIABILITY ON THE PART OF THE  
25 COMMONWEALTH TO MAKE APPROPRIATIONS FOR SUCH PURPOSES, AND  
26 PROVIDED IN THE CASE OF EMPLOYEES OF THE INTERSTATE  
27 COMMISSION OF THE DELAWARE RIVER BASIN, THAT THE EMPLOYEE  
28 SHALL HAVE BEEN A MEMBER OF THE SYSTEM FOR AT LEAST TEN YEARS  
29 PRIOR TO JANUARY 1, 1963.

30 (3) ANY SEPARATE INDEPENDENT PUBLIC CORPORATION CREATED

1 BY STATUTE, NOT INCLUDING ANY MUNICIPAL OR QUASI-MUNICIPAL  
2 CORPORATION, SO LONG AS HE REMAINS AN OFFICER OR EMPLOYEE OF  
3 SUCH PUBLIC CORPORATION, AND PROVIDED THAT SUCH OFFICER OR  
4 EMPLOYEE OF SUCH PUBLIC CORPORATION WAS AN EMPLOYEE OF THE  
5 COMMONWEALTH IMMEDIATELY PRIOR TO HIS EMPLOYMENT BY SUCH  
6 CORPORATION, AND FURTHER PROVIDED SUCH PUBLIC CORPORATION  
7 SHALL AGREE TO CONTRIBUTE AND CONTRIBUTES TO THE FUND OR  
8 TRUST, FROM TIME TO TIME, THE MONEYS REQUIRED TO BUILD UP THE  
9 RESERVES NECESSARY FOR THE PAYMENT OF THE ANNUITIES OR OTHER  
10 BENEFITS OF SUCH OFFICERS AND EMPLOYEES WITHOUT ANY LIABILITY  
11 ON THE PART OF THE COMMONWEALTH TO MAKE APPROPRIATIONS FOR  
12 SUCH PURPOSES.

13 \* \* \*

14 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN  
15 WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO  
16 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE  
17 PARTICIPANT.

18 "SUPERANNUATION AGE." FOR CLASSES OF SERVICE IN THE SYSTEM  
19 OTHER THAN CLASS A-3 [AND], CLASS A-4 AND CLASS A-5, ANY AGE  
20 UPON ACCRUAL OF 35 ELIGIBILITY POINTS OTHER THAN ELIGIBILITY  
21 POINTS ATTRIBUTABLE TO SERVICE IN CLASS A-5 OR, IF A MULTIPLE  
22 SERVICE MEMBER, IN CLASS T-G OR AGE 60, EXCEPT FOR A MEMBER OF  
23 THE GENERAL ASSEMBLY, AN ENFORCEMENT OFFICER, A CORRECTION  
24 OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT  
25 AUTHORITY POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA STATE  
26 POLICE, AGE 50, AND, EXCEPT FOR A MEMBER WITH CLASS G, CLASS H,  
27 CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE,  
28 AGE 55 UPON ACCRUAL OF 20 ELIGIBILITY POINTS OTHER THAN  
29 ELIGIBILITY POINTS ATTRIBUTABLE TO SERVICE IN CLASS A-5 OR, IF A  
30 MULTIPLE SERVICE MEMBER, IN CLASS T-G. FOR CLASS A-3 AND CLASS

1 A-4 SERVICE, ANY AGE UPON ATTAINMENT OF A SUPERANNUATION SCORE  
2 OF 92 , PROVIDED THE MEMBER HAS ACCRUED 35 ELIGIBILITY POINTS  
3 OTHER THAN ELIGIBILITY POINTS ATTRIBUTABLE TO SERVICE IN CLASS  
4 A-5 OR, IF A MULTIPLE SERVICE MEMBER, IN CLASS T-G, OR AGE 65,  
5 OR FOR PARK RANGERS OR CAPITOL POLICE OFFICERS, AGE 55 WITH 20  
6 YEARS OF SERVICE AS A PARK RANGER OR CAPITOL POLICE OFFICER IN  
7 CLASSES OF SERVICE OTHER THAN CLASS A-5, EXCEPT FOR A MEMBER OF  
8 THE GENERAL ASSEMBLY, AN ENFORCEMENT OFFICER, A CORRECTION  
9 OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT  
10 AUTHORITY POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA STATE  
11 POLICE, AGE 55. FOR CLASS A-5, AGE 65. A VESTEE WITH CLASS A-3  
12 OR CLASS A-4 SERVICE CREDIT ATTAINS SUPERANNUATION AGE ON THE  
13 BIRTHDAY THE VESTEE ATTAINS THE AGE RESULTING IN A  
14 SUPERANNUATION SCORE OF 92, PROVIDED THAT THE VESTEE HAS AT  
15 LEAST 35 ELIGIBILITY POINTS OTHER THAN ELIGIBILITY POINTS  
16 ATTRIBUTABLE TO SERVICE IN CLASS A-5 OR, IF A MULTIPLE SERVICE  
17 MEMBER, IN CLASS T-G, OR ATTAINS ANOTHER APPLICABLE  
18 SUPERANNUATION AGE, WHICHEVER OCCURS FIRST.

19 \* \* \*

20 "SUPERANNUATION SCORE." THE SUM OF THE MEMBER'S AGE IN WHOLE  
21 YEARS ON HIS LAST BIRTHDAY AND THE AMOUNT OF THE MEMBER'S TOTAL  
22 ELIGIBILITY POINTS, OTHER THAN ELIGIBILITY POINTS RESULTING FROM  
23 CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, IN  
24 CLASS T-G ON THE MEMBER'S EFFECTIVE DATE OF RETIREMENT,  
25 EXPRESSED IN WHOLE YEARS AND WHOLE ELIGIBILITY POINTS AND  
26 DISREGARDING FRACTIONS OF A YEAR AND FRACTIONS OF TOTAL  
27 ELIGIBILITY POINTS.

28 "SWORN POLICE OFFICER." A STATE POLICE OFFICER WHO IS  
29 EMPLOYED AND SERVING AS AN OFFICER OF THE PENNSYLVANIA STATE  
30 POLICE.



1 \* \* \*

2 "TOTAL ACCUMULATED DEDUCTIONS." THE SUM OF THE REGULAR  
3 ACCUMULATED DEDUCTIONS, ADDITIONAL ACCUMULATED DEDUCTIONS, THE  
4 SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS, SHARED-RISK  
5 MEMBER CONTRIBUTIONS AND ALL OTHER CONTRIBUTIONS OTHER THAN  
6 CLASS A-5 ACCUMULATED DEDUCTIONS PAID INTO THE FUND FOR THE  
7 PURCHASE, TRANSFER OR CONVERSION OF CREDIT FOR SERVICE OR OTHER  
8 COVERAGE OTHER THAN SERVICE OR COVERAGE IN CLASS A-5 TOGETHER  
9 WITH ALL STATUTORY INTEREST CREDITED THEREON UNTIL THE DATE OF  
10 TERMINATION OF SERVICE. IN THE CASE OF A VESTEE OR A SPECIAL  
11 VESTEE, STATUTORY INTEREST SHALL BE CREDITED UNTIL THE EFFECTIVE  
12 DATE OF RETIREMENT. A MEMBER'S ACCOUNT SHALL NOT BE CREDITED  
13 WITH STATUTORY INTEREST FOR MORE THAN TWO YEARS DURING A LEAVE  
14 WITHOUT PAY.

15 "TRUST." THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST  
16 ESTABLISHED UNDER CHAPTER 58 (RELATING TO STATE EMPLOYEES'  
17 DEFINED CONTRIBUTION PLAN).

18 \* \* \*

19 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM  
20 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND  
21 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

22 "VESTEE." ANY OF THE FOLLOWING:

23 (1) A MEMBER WITH:

24 (I) FIVE OR MORE ELIGIBILITY POINTS IN A CLASS OF  
25 SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4, CLASS A-5  
26 OR CLASS T-E [OR], CLASS T-F OR CLASS T-G IN THE PUBLIC  
27 SCHOOL EMPLOYEES' RETIREMENT SYSTEM[, A MEMBER WITH];

28 (II) CLASS G, CLASS H, CLASS I, CLASS J, CLASS K,  
29 CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE  
30 ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS

1 A-5 OR CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'

2 RETIREMENT SYSTEM[, OR A MEMBER WITH]; OR

3 (III) CLASS A-3 OR CLASS A-4 SERVICE WITH TEN OR  
4 MORE ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN  
5 CLASS A-5 OR CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'  
6 RETIREMENT SYSTEM AND

7 WHO HAS TERMINATED STATE SERVICE AND HAS ELECTED TO LEAVE HIS  
8 TOTAL ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT  
9 OF AN ANNUITY.

10 (2) A MEMBER WITH CLASS A-5 SERVICE WITH TEN OR MORE  
11 ELIGIBILITY POINTS FOR SERVICE IN CLASS A-5 OR, IF A MULTIPLE  
12 SERVICE MEMBER, IN CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'  
13 RETIREMENT SYSTEM AND EITHER IS NOT ELIGIBLE TO BEGIN  
14 RECEIVING AN IMMEDIATE ANNUITY OR, IF ELIGIBLE, HAS ELECTED  
15 TO DEFER RECEIPT OF AN ANNUITY.

16 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A  
17 PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL  
18 INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT  
19 CONTRIBUTIONS BY AN ELIGIBLE ROLLOVER OR DIRECT TRUSTEE-TO-  
20 TRUSTEE TRANSFER.

21 SECTION 303. SECTION 5103 OF TITLE 71 IS AMENDED TO READ:

22 § 5103. NOTICE TO MEMBERS AND PARTICIPANTS.

23 NOTICE BY PUBLICATION, INCLUDING, WITHOUT BEING LIMITED TO,  
24 NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,  
25 MANUALS AND, TO THE EXTENT AUTHORIZED BY A POLICY ADOPTED BY THE  
26 BOARD, ELECTRONICALLY, INCLUDING, WITHOUT BEING LIMITED TO, E-  
27 MAIL OR [WORLD WIDE WEB SITES] INTERNET WEBSITES, DISTRIBUTED OR  
28 MADE AVAILABLE TO MEMBERS AND PARTICIPANTS IN A MANNER  
29 REASONABLY CALCULATED TO GIVE ACTUAL NOTICE OF [THOSE SECTIONS  
30 OF THE STATE EMPLOYEES' RETIREMENT CODE] THE PROVISIONS OF THIS

1 PART THAT REQUIRE NOTICE TO MEMBERS OR PARTICIPANTS SHALL BE  
2 DEEMED SUFFICIENT NOTICE FOR ALL PURPOSES.

3 SECTION 304. TITLE 71 IS AMENDED BY ADDING A SECTION TO  
4 READ:

5 § 5104. REFERENCE TO STATE EMPLOYEES' RETIREMENT SYSTEM.

6 (A) CONSTRUCTION.--UNLESS THE CONTEXT CLEARLY INDICATES  
7 OTHERWISE, ANY REFERENCE TO THE STATE EMPLOYEES' RETIREMENT  
8 SYSTEM IN A STATUTORY PROVISION OTHER THAN THIS PART AND 24  
9 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES)  
10 SHALL INCLUDE A REFERENCE TO THE STATE EMPLOYEES' DEFINED  
11 CONTRIBUTION PLAN AND ANY REFERENCE TO THE STATE EMPLOYEES'  
12 RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE STATE  
13 EMPLOYEES' DEFINED CONTRIBUTION TRUST.

14 (B) AGREEMENT.--THE AGREEMENT OF AN EMPLOYER LISTED IN THE  
15 DEFINITION OF "STATE EMPLOYEE" OR ANY OTHER LAW TO MAKE  
16 CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS MEMBERS  
17 IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE  
18 CONTRIBUTIONS TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE  
19 PLAN.

20 SECTION 305. SECTION 5301(A), (B), (C) AND (D) OF TITLE 71  
21 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO  
22 READ:

23 § 5301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND  
24 PARTICIPATION IN THE PLAN.

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

- 28 (1) GOVERNOR.  
29 (2) LIEUTENANT GOVERNOR.  
30 (3) MEMBERS OF THE GENERAL ASSEMBLY.

1 (4) HEADS OR DEPUTY HEADS OF ADMINISTRATIVE DEPARTMENTS.

2 (5) MEMBERS OF ANY INDEPENDENT ADMINISTRATIVE BOARD OR  
3 COMMISSION.

4 (6) MEMBERS OF ANY DEPARTMENTAL BOARD OR COMMISSION.

5 (7) MEMBERS OF ANY ADVISORY BOARD OR COMMISSION.

6 (8) SECRETARY TO THE GOVERNOR.

7 (9) BUDGET SECRETARY.

8 (10) LEGISLATIVE EMPLOYEES.

9 (11) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN THE  
10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

11 (12) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN AN  
12 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE EMPLOYER,  
13 PROVIDED THAT IN NO CASE, EXCEPT AS HEREINAFTER PROVIDED,  
14 SHALL THE EMPLOYER CONTRIBUTE ON ACCOUNT OF SUCH ELECTED  
15 MEMBERSHIP AT A RATE GREATER THAN THE EMPLOYER NORMAL  
16 CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) (RELATING  
17 TO ACTUARIAL COST METHOD). FOR THE FISCAL YEAR 1986-1987 AN  
18 EMPLOYER MAY CONTRIBUTE ON ACCOUNT OF SUCH ELECTED MEMBERSHIP  
19 AT A RATE WHICH IS THE GREATER OF 7% OR THE EMPLOYER NORMAL  
20 CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) AND FOR  
21 THE FISCAL YEAR 1992-1993 AND ALL YEARS AFTER THAT AT A RATE  
22 OF 9.29%.

23 (13) PERSONS WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN  
24 THE RETIREMENT SYSTEM OF THE POLITICAL SUBDIVISION BY WHICH  
25 THEY WERE EMPLOYED PRIOR TO BECOMING ELIGIBLE FOR MEMBERSHIP  
26 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

27 (14) PERSONS WHO ARE NOT MEMBERS OF THE SYSTEM AND ARE  
28 EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR LESS THAN 100 DAYS  
29 OR 750 HOURS IN A [12-MONTH PERIOD] CALENDAR YEAR.

30 (15) EMPLOYEES OF THE PHILADELPHIA REGIONAL PORT

1 AUTHORITY WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN THE  
2 PENSION PLAN OR RETIREMENT SYSTEM IN WHICH THEY WERE ENROLLED  
3 AS EMPLOYEES OF THE PREDECESSOR PHILADELPHIA PORT CORPORATION  
4 PRIOR TO THE CREATION OF THE PHILADELPHIA REGIONAL PORT  
5 AUTHORITY.

6 (16) EMPLOYEES OF THE JUVENILE COURT JUDGES' COMMISSION  
7 WHO, BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH, WERE  
8 TRANSFERRED FROM THE STATE SYSTEM OF HIGHER EDUCATION TO THE  
9 JUVENILE COURT JUDGES' COMMISSION AS A RESULT OF AN  
10 INTERAGENCY TRANSFER OF STAFF APPROVED BY THE OFFICE OF  
11 ADMINISTRATION AND WHO, WHILE EMPLOYEES OF THE STATE SYSTEM  
12 OF HIGHER EDUCATION, HAD ELECTED MEMBERSHIP IN AN INDEPENDENT  
13 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER.

14 (A.1) MANDATORY PARTICIPATION IN THE PLAN.--A STATE EMPLOYEE  
15 WHO IS A MANDATORY MEMBER OF THE SYSTEM AS A MEMBER OF CLASS A-5  
16 SHALL BE A MANDATORY PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE  
17 DATE OF MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS A CLASS  
18 A-5 EXEMPT EMPLOYEE.

19 (B) OPTIONAL MEMBERSHIP IN THE SYSTEM.--

20 THE STATE EMPLOYEES LISTED IN SUBSECTION (A) (1) THROUGH  
21 [(11)] (10) WHOSE FIRST PERIOD OF STATE SERVICE BEGINS BEFORE  
22 JANUARY 1, 2017, SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN  
23 THE SYSTEM[; ONCE SUCH ELECTION IS] BEFORE JANUARY 1, 2017,  
24 OR THE TERMINATION OF STATE SERVICE, WHICHEVER OCCURS FIRST.  
25 THE STATE EMPLOYEES LISTED IN SUBSECTION (A) (1) THROUGH (10)  
26 WHO FIRST BECOME STATE EMPLOYEES ON OR AFTER JANUARY 1, 2017,  
27 SHALL BE MEMBERS OF THE SYSTEM EFFECTIVE AS OF THE DATE OF  
28 THEIR EMPLOYMENT UNLESS THEY ELECT NOT TO BE MEMBERS WITHIN  
29 45 DAYS AFTER BEGINNING STATE SERVICE. ONCE SUCH ELECTIONS  
30 ARE EXERCISED, MEMBERSHIP OR NONMEMBERSHIP, AS THE CASE MAY

1 BE, SHALL CONTINUE UNTIL THE TERMINATION OF STATE SERVICE.  
2 THE STATE EMPLOYEES LISTED UNDER SUBSECTION (A) (11) SHALL  
3 HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM. ONCE THE  
4 ELECTION IS EXERCISED, MEMBERSHIP SHALL CONTINUE UNTIL THE  
5 TERMINATION OF STATE SERVICE.

6 (B.1) OPTIONAL PARTICIPATION IN THE PLAN.--THE STATE  
7 EMPLOYEES WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS A MEMBER OF  
8 CLASS A-5 ALSO ARE OPTIONAL PARTICIPANTS IN THE PLAN. THE STATE  
9 EMPLOYEES WHO ELECT MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS  
10 A-5 ALSO AUTOMATICALLY ELECT PARTICIPATION IN THE PLAN AS OF THE  
11 EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS  
12 A CLASS A-5 EXEMPT EMPLOYEE.

13 (C) PROHIBITED MEMBERSHIP IN THE SYSTEM.--THE STATE  
14 EMPLOYEES LISTED IN SUBSECTION (A) (12), (13), (14) AND (15)  
15 SHALL NOT HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.

16 (C.1) PROHIBITED PARTICIPATION IN THE PLAN.--THE STATE  
17 EMPLOYEES WHO ARE LISTED IN SUBSECTION (A) (11), (12), (13), (14)  
18 AND (15) OR WHO ARE NOT MEMBERS OF CLASS A-5 SHALL NOT BE  
19 ELIGIBLE TO PARTICIPATE IN THE PLAN.

20 (D) RETURN TO SERVICE.--

21 (1) AN ANNUITANT WHO RETURNS TO SERVICE AS A STATE  
22 EMPLOYEE BEFORE JANUARY 1, 2017, OR AS A CLASS A-5 EXEMPT  
23 EMPLOYEE AFTER DECEMBER 31, 2016, SHALL RESUME ACTIVE  
24 MEMBERSHIP IN THE SYSTEM AS OF THE EFFECTIVE DATE OF  
25 EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION 5706(A)  
26 (RELATING TO TERMINATION OF ANNUITIES), REGARDLESS OF THE  
27 OPTIONAL MEMBERSHIP CATEGORY OF THE POSITION.

28 (2) AN ANNUITANT, INACTIVE PARTICIPANT OR A PARTICIPANT  
29 RECEIVING DISTRIBUTIONS WHO RETURNS TO SERVICE AS A STATE  
30 EMPLOYEE ON OR AFTER JANUARY 1, 2017, SHALL RESUME ACTIVE

1 MEMBERSHIP IN THE SYSTEM, IF AN ACTIVE MEMBER OF CLASS A-5  
2 SHALL, AND BE AN ACTIVE PARTICIPANT IN THE PLAN AS OF THE  
3 EFFECTIVE DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN  
4 SECTION 5706(A), REGARDLESS OF THE OPTIONAL MEMBERSHIP OR  
5 PARTICIPATION CATEGORY OF THE POSITION.

6 \* \* \*

7 SECTION 306. SECTION 5302(A), (B), (E) AND (F) OF TITLE 71  
8 ARE AMENDED TO READ:

9 § 5302. CREDITED STATE SERVICE.

10 (A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED  
11 STATE SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A  
12 FULL-TIME SALARIED STATE EMPLOYEE, INCLUDING ANY MEMBER OF THE  
13 GENERAL ASSEMBLY, SHALL RECEIVE CREDIT FOR SERVICE IN EACH  
14 PERIOD FOR WHICH CONTRIBUTIONS AS REQUIRED ARE MADE TO THE FUND,  
15 OR FOR WHICH CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE  
16 WERE NOT MADE TO THE FUND SOLELY BY REASON OF SECTION 5502.1  
17 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL  
18 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF  
19 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR  
20 415, OR LIMITATIONS ON CONTRIBUTIONS APPLICABLE TO A CLASS A-5  
21 MEMBER, EXCEPT AS OTHERWISE PROVIDED IN THIS PART, BUT IN NO  
22 CASE SHALL HE RECEIVE MORE THAN ONE YEAR'S CREDIT FOR ANY 12  
23 CONSECUTIVE MONTHS OR 26 CONSECUTIVE BIWEEKLY PAY PERIODS. A PER  
24 DIEM OR HOURLY STATE EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED  
25 SERVICE FOR EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS  
26 OR 26 CONSECUTIVE BIWEEKLY PAY PERIODS IN WHICH HE IS EMPLOYED  
27 AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND OR WOULD HAVE  
28 BEEN MADE TO THE FUND BUT FOR SUCH WAIVER UNDER SECTION 5502.1  
29 OR LIMITATIONS UNDER THE IRC OR LIMITATIONS ON CONTRIBUTIONS  
30 APPLICABLE TO A CLASS A-5 MEMBER FOR AT LEAST 220 DAYS OR 1,650

1 HOURS OF EMPLOYMENT. IF THE MEMBER WAS EMPLOYED AND  
2 CONTRIBUTIONS WERE MADE TO THE FUND FOR LESS THAN 220 DAYS OR  
3 1,650 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A  
4 YEAR DETERMINED BY THE RATIO OF THE NUMBER OF DAYS OR HOURS OF  
5 SERVICE ACTUALLY RENDERED TO 220 DAYS OR 1,650 HOURS, AS THE  
6 CASE MAY BE. A PART-TIME SALARIED EMPLOYEE SHALL BE CREDITED  
7 WITH THE FRACTIONAL PORTION OF THE YEAR WHICH CORRESPONDS TO THE  
8 NUMBER OF HOURS OR DAYS OF SERVICE ACTUALLY RENDERED AND FOR  
9 WHICH CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND  
10 EXCEPT FOR THE WAIVER UNDER SECTION 5502.1, LIMITATIONS UNDER  
11 THE IRC OR LIMITATIONS ON CONTRIBUTIONS APPLICABLE TO A CLASS A-  
12 5 MEMBER IN RELATION TO 1,650 HOURS OR 220 DAYS, AS THE CASE MAY  
13 BE. IN NO CASE SHALL A MEMBER WHO HAS ELECTED MULTIPLE SERVICE  
14 RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE THAN ONE YEAR OF  
15 CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS.

16 (B) CREDITABLE LEAVES OF ABSENCE.--

17 (1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER  
18 A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO  
19 IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE  
20 WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL  
21 GOVERNMENT UNDER THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970  
22 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) SHALL  
23 BE ELIGIBLE FOR CREDIT FOR SUCH SERVICE: PROVIDED, THAT  
24 CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501  
25 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT  
26 SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER  
27 CONTRIBUTIONS FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5  
28 SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER  
29 CONTRIBUTIONS) AND 5507 (RELATING TO CONTRIBUTIONS TO THE  
30 SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS), THE MEMBER



1 RETURNS FROM LEAVE WITHOUT PAY TO ACTIVE STATE SERVICE AS A  
2 MEMBER OF THE SYSTEM FOR A PERIOD OF AT LEAST ONE YEAR, AND  
3 HE IS NOT ENTITLED TO RETIREMENT BENEFITS FOR SUCH SERVICE  
4 UNDER A RETIREMENT SYSTEM ADMINISTERED BY ANY OTHER  
5 GOVERNMENTAL AGENCY.

6 (2) AN ACTIVE MEMBER OR ACTIVE PARTICIPANT ON PAID LEAVE  
7 GRANTED BY AN EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED  
8 FULL-TIME OFFICER FOR A STATEWIDE EMPLOYEE ORGANIZATION WHICH  
9 IS A COLLECTIVE BARGAINING REPRESENTATIVE UNDER THE ACT OF  
10 JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN  
11 AND FIREMEN COLLECTIVE BARGAINING ACT, OR THE ACT OF JULY 23,  
12 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE RELATIONS  
13 ACT, AND UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN  
14 EMPLOYEE ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS  
15 EMPLOYED AT STATE CORRECTIONAL INSTITUTIONS: PROVIDED, THAT  
16 FOR ELECTED FULL-TIME OFFICERS SUCH LEAVE SHALL NOT BE FOR  
17 MORE THAN THREE CONSECUTIVE TERMS OF THE SAME OFFICE AND FOR  
18 UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE  
19 ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT  
20 STATE CORRECTIONAL INSTITUTIONS NO MORE THAN THREE  
21 CONSECUTIVE TERMS OF THE SAME OFFICE; THAT THE EMPLOYER SHALL  
22 FULLY COMPENSATE THE MEMBER OR PARTICIPANT, INCLUDING, BUT  
23 NOT LIMITED TO, SALARY, WAGES, PENSION AND RETIREMENT  
24 CONTRIBUTIONS AND BENEFITS, OTHER BENEFITS AND SENIORITY, AS  
25 IF HE WERE IN FULL-TIME ACTIVE SERVICE; AND THAT THE  
26 STATEWIDE EMPLOYEE ORGANIZATION SHALL FULLY REIMBURSE THE  
27 EMPLOYER FOR ALL EXPENSES AND COSTS OF SUCH PAID LEAVE,  
28 INCLUDING, BUT NOT LIMITED TO, CONTRIBUTIONS AND PAYMENT IN  
29 ACCORDANCE WITH SECTIONS 5501, 5501.1, 5505.1 AND 5507, 5804  
30 (RELATING TO PARTICIPANT CONTRIBUTIONS), 5805 (RELATING TO

1 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS) AND 5806  
2 (RELATING TO EMPLOYER DEFINED CONTRIBUTIONS), IF THE EMPLOYEE  
3 ORGANIZATION EITHER DIRECTLY PAYS, OR REIMBURSES THE  
4 COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN  
5 ACCORDANCE WITH [SECTION 5507] SECTIONS 5507, 5804, 5805 AND  
6 5806.

7 \* \* \*

8 (E) CANCELLATION OF CREDITED SERVICE.--

9 (1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE  
10 CANCELLED IF A MEMBER WITHDRAWS HIS TOTAL ACCUMULATED  
11 DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS, EXCEPT THAT:

12 (I) A MEMBER WITH CLASS A-3 OR CLASS A-4 SERVICE  
13 CREDIT AND ONE OR MORE OTHER CLASSES OF SERVICE CREDIT  
14 SHALL NOT HAVE HIS SERVICE CREDIT AS A MEMBER OF ANY  
15 CLASSES OF SERVICE OTHER THAN AS A MEMBER OF CLASS A-3 OR  
16 CLASS A-4 CANCELLED WHEN THE MEMBER RECEIVES A LUMP SUM  
17 PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-  
18 3 OR CLASS A-4 SERVICE PURSUANT TO SECTION [5705.1]  
19 5705.1(A) (RELATING TO PAYMENT OF ACCUMULATED DEDUCTIONS  
20 RESULTING FROM [CLASS A-3 AND CLASS A-4] MORE THAN ONE  
21 CLASS OF SERVICE) [.];

22 (II) A MEMBER WITH CLASS A-5 SERVICE CREDIT AND ONE  
23 OR MORE OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE  
24 HIS SERVICE CREDIT IN THE CLASSES OF SERVICE OTHER THAN  
25 CLASS A-5 CANCELED WHEN THE MEMBER RECEIVES A LUMP SUM  
26 PAYMENT OF CLASS A-5 ACCUMULATED DEDUCTIONS PURSUANT TO  
27 SECTION 5705.1(B) (1); AND

28 (III) A MEMBER WITH CLASS A-5 SERVICE CREDIT AND ONE  
29 OR MORE OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE  
30 HIS SERVICE CREDIT AS A MEMBER OF CLASS A-5 CANCELED WHEN

1           THE MEMBER RECEIVES A LUMP SUM PAYMENT OF TOTAL  
2           ACCUMULATED DEDUCTIONS RESULTING FROM THE OTHER CLASSES  
3           OF SERVICE PURSUANT TO SECTION 5705.1(B)(2).

4           (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL  
5           DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER  
6           SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM.

7           (F) CREDIT FOR MILITARY SERVICE.--A STATE EMPLOYEE WHO HAS  
8           PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM OR  
9           PARTICIPATE IN THE PLAN AS FOLLOWS:

10           (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS  
11           ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A  
12           PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY  
13           SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED  
14           AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE  
15           DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73  
16           (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL  
17           INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE  
18           PERIOD OF MILITARY SERVICE BEGAN, EVEN IF NOT DEFINED AS AN  
19           EMPLOYEE PURSUANT TO 51 PA.C.S. § 7301 (RELATING TO  
20           DEFINITIONS).

21           (1.1) STATE EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT IN  
22           THE SYSTEM OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306  
23           (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT  
24           BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION,  
25           EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

26           (1.2) STATE EMPLOYEES MAY NOT PARTICIPATE IN THE PLAN OR  
27           EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306 FOR MILITARY  
28           LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS  
29           PARAGRAPH, EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

30           (2) A STATE EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY

1 RECEIVE CREDIT IN THE SYSTEM AS PROVIDED BY THIS PARAGRAPH.

2 THE FOLLOWING SHALL APPLY:

3 (I) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA  
4 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED  
5 AS NOT HAVING INCURRED A BREAK IN STATE SERVICE BY REASON  
6 OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY  
7 POINTS AS IF THE STATE EMPLOYEE HAD NOT BEEN ON THE  
8 USERRA LEAVE. IF A STATE EMPLOYEE WHO IS REEMPLOYED FROM  
9 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM  
10 SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,  
11 ADDITIONAL MEMBER CONTRIBUTIONS, SOCIAL SECURITY  
12 INTEGRATION MEMBER CONTRIBUTIONS, SHARED-RISK MEMBER  
13 CONTRIBUTIONS AND ANY OTHER MEMBER CONTRIBUTIONS IN THE  
14 AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH.  
15 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF  
16 MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) AS IF  
17 THE STATE EMPLOYEE HAD CONTINUED IN STATE OFFICE OR  
18 EMPLOYMENT AND PERFORMED STATE SERVICE AND WAS  
19 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE  
20 STATE EMPLOYEE SHALL BE GRANTED STATE SERVICE CREDIT FOR  
21 THE PERIOD OF USERRA LEAVE. THE STATE EMPLOYEE SHALL HAVE  
22 THE STATE EMPLOYEE'S BENEFITS, RIGHTS AND OBLIGATIONS  
23 DETERMINED UNDER THIS PART AS IF THE STATE EMPLOYEE WAS  
24 AN ACTIVE MEMBER WHO PERFORMED CREDITABLE STATE SERVICE  
25 DURING THE USERRA LEAVE IN THE JOB POSITION THAT THE  
26 STATE EMPLOYEE WOULD HAVE HELD HAD THE STATE EMPLOYEE NOT  
27 BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON  
28 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE STATE SERVICE  
29 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

30 (II) FOR PURPOSES OF DETERMINING WHETHER A STATE

1 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR  
2 STATE SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE WHO  
3 IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF  
4 THE SYSTEM TERMINATES STATE SERVICE OR DIES IN STATE  
5 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT  
6 PERIOD, THEN STATE SERVICE CREDIT FOR THE USERRA LEAVE  
7 WILL BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS  
8 WERE PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT  
9 OF THE REQUIRED MEMBER CONTRIBUTIONS WILL BE TREATED AS  
10 AN INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF  
11 SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS). UPON A  
12 SUBSEQUENT RETURN TO STATE SERVICE OR TO SCHOOL SERVICE  
13 AS A MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER  
14 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE  
15 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER  
16 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP  
17 SUM PURSUANT TO SECTION 5705(A)(4) (RELATING TO MEMBER'S  
18 OPTIONS), AS THE CASE MAY BE.

19 (III) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA  
20 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM WHO DOES NOT MAKE  
21 THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES ONLY PART OF  
22 THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE ALLOWED  
23 PAYMENT PERIOD SHALL NOT BE GRANTED CREDITED SERVICE FOR  
24 THE PERIOD OF USERRA LEAVE FOR WHICH THE REQUIRED MEMBER  
25 CONTRIBUTIONS WERE NOT TIMELY MADE, SHALL NOT BE ELIGIBLE  
26 TO SUBSEQUENTLY MAKE CONTRIBUTIONS AND SHALL NOT BE  
27 GRANTED EITHER STATE SERVICE CREDIT OR NONSTATE SERVICE  
28 CREDIT FOR THE PERIOD OF USERRA LEAVE FOR WHICH THE  
29 REQUIRED MEMBER CONTRIBUTIONS WERE NOT TIMELY MADE.

30 (2.1) (I) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA

1 LEAVE SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN  
2 STATE SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE  
3 GRANTED ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT  
4 BEEN ON USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED  
5 FROM USERRA LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP  
6 PARTICIPANT CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME  
7 PERIODS REQUIRED BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS  
8 IF THE PARTICIPANT HAD CONTINUED IN HIS STATE OFFICE OR  
9 EMPLOYMENT AND PERFORMED STATE SERVICE AND BEEN  
10 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THE  
11 PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING  
12 EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE  
13 HIS CONTRIBUTIONS, BENEFITS, RIGHTS AND OBLIGATIONS  
14 DETERMINED UNDER THIS PART AS IF HE WERE AN ACTIVE  
15 PARTICIPANT WHO PERFORMED STATE SERVICE DURING THE USERRA  
16 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE  
17 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON  
18 WHICH THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO  
19 RECEIVE STATE SERVICE CREDIT FOR THE USERRA LEAVE WERE  
20 DETERMINED.

21 (II) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA  
22 LEAVE WHO DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT  
23 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP  
24 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT  
25 PERIOD SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP  
26 PARTICIPANT CONTRIBUTIONS AT A LATER DATE FOR THE PERIOD  
27 OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP  
28 PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

29 (3) A STATE EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND  
30 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN

1 REEMPLOYED FROM USERRA LEAVE HAD THE STATE EMPLOYEE RETURNED  
2 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.  
3 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE ABLE  
4 TO RECEIVE CREDITABLE NONSTATE SERVICE AS NONINTERVENING  
5 MILITARY SERVICE FOR THE PERIOD OF USERRA LEAVE SHOULD THE  
6 EMPLOYEE LATER RETURN TO STATE SERVICE AS AN ACTIVE MEMBER OF  
7 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE  
8 AS NONINTERVENING MILITARY SERVICE.

9 (3.1) A STATE EMPLOYEE WHO IS A PARTICIPANT IN THE PLAN  
10 AND PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE  
11 BEEN REEMPLOYED FROM USERRA LEAVE HAD THE EMPLOYEE RETURNED  
12 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.  
13 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL NOT BE  
14 ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
15 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER  
16 RETURN TO STATE SERVICE AND BE A PARTICIPANT IN THE PLAN.

17 (4) [A STATE EMPLOYEE] AN ACTIVE MEMBER OR INACTIVE  
18 MEMBER ON LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE  
19 DATE OF THIS SUBSECTION IS GRANTED A LEAVE OF ABSENCE UNDER  
20 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN  
21 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S.  
22 CH. 73, THAT IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE  
23 CREDITABLE NONSTATE SERVICE AS NONINTERVENING MILITARY  
24 SERVICE SHOULD THE EMPLOYEE RETURN TO STATE SERVICE AS AN  
25 ACTIVE MEMBER OF THE SYSTEM AND IS OTHERWISE ELIGIBLE TO  
26 PURCHASE THE SERVICE AS NONINTERVENING MILITARY SERVICE.

27 (4.1) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON  
28 LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE DATE OF THIS  
29 PARAGRAPH IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S. §  
30 4102 OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT

1 USERRA LEAVE SHALL NOT BE ABLE TO MAKE MANDATORY PICKUP  
2 PARTICIPANT CONTRIBUTIONS DURING OR FOR THE LEAVE OF ABSENCE  
3 OR MILITARY LEAVE AND SHALL NOT HAVE EMPLOYER DEFINED  
4 CONTRIBUTIONS MADE DURING SUCH LEAVE, WITHOUT REGARD TO  
5 WHETHER OR NOT THE STATE EMPLOYEE RECEIVED SALARY, WAGES,  
6 STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER PAYMENTS FROM  
7 HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING ANY PROVISION  
8 TO THE CONTRARY UNDER 51 PA.C.S. § 4102 OR CH. 73.

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

16 (5.1) IF A PARTICIPANT DIES WHILE PERFORMING USERRA  
17 LEAVE, THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED  
18 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER  
19 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED  
20 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE  
21 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT  
22 OF DEATH.

23 (6) A STATE EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM  
24 HIS DUTIES AS A STATE EMPLOYEE FOR WHICH 51 PA.C.S. § 4102  
25 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR  
26 EFFICIENCY RATING SHALL NOT BE AN ACTIVE MEMBER, RECEIVE  
27 SERVICE CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF  
28 ABSENCE, EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING  
29 THIS PARAGRAPH, ANY PAY THE MEMBER RECEIVES PURSUANT TO 51  
30 PA.C.S. § 4102 SHALL BE INCLUDED IN THE DETERMINATION OF



1 FINAL AVERAGE SALARY AND OTHER CALCULATIONS IN THE SYSTEM  
2 UTILIZING COMPENSATION AS IF THE PAYMENTS WERE COMPENSATION  
3 UNDER THIS PART.

4 SECTION 307. SECTION 5303(B) AND (D) (1) OF TITLE 71 ARE  
5 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO  
6 READ:

7 § 5303. RETENTION AND REINSTATEMENT OF SERVICE CREDITS.

8 \* \* \*

9 (B) ELIGIBILITY POINTS FOR PROSPECTIVE CREDITED SERVICE.--

10 (1) [EVERY] SUBJECT TO THE LIMITATIONS IN SUBSECTION  
11 (I), AN ACTIVE MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE  
12 MEMBER WHO IS A SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC  
13 SCHOOL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE EFFECTIVE  
14 DATE OF THIS PART SHALL RECEIVE ELIGIBILITY POINTS IN  
15 ACCORDANCE WITH SECTION 5307 FOR CURRENT STATE SERVICE,  
16 PREVIOUS STATE SERVICE, OR CREDITABLE NONSTATE SERVICE UPON  
17 COMPLIANCE WITH SECTIONS 5501 (RELATING TO REGULAR MEMBER  
18 CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1 (RELATING TO  
19 SHARED-RISK CONTRIBUTIONS FOR CLASS A-3 [AND], CLASS A-4 AND  
20 CLASS A-5 SERVICE), 5504 (RELATING TO MEMBER CONTRIBUTIONS  
21 FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO  
22 BECOME A FULL COVERAGE MEMBER), 5505 (RELATING TO  
23 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE  
24 NONSTATE SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER  
25 CONTRIBUTIONS) OR 5506 (RELATING TO INCOMPLETE PAYMENTS).  
26 SUBJECT TO THE LIMITATIONS IN SUBSECTION (I) AND SECTIONS  
27 5306.1 (RELATING TO ELECTION TO BECOME A CLASS AA MEMBER) AND  
28 5306.2 (RELATING TO ELECTIONS BY MEMBERS OF THE GENERAL  
29 ASSEMBLY), THE CLASS OR CLASSES OF SERVICE IN WHICH THE  
30 MEMBER MAY BE CREDITED FOR PREVIOUS STATE SERVICE PRIOR TO

1 THE EFFECTIVE DATE OF THIS PART SHALL BE THE CLASS OR CLASSES  
2 IN WHICH HE WAS OR COULD HAVE AT ANY TIME ELECTED TO BE  
3 CREDITED FOR SUCH SERVICE, EXCEPT THAT A STATE EMPLOYEE WHO  
4 FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1,  
5 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER OF THE  
6 GENERAL ASSEMBLY AND:

7 (I) IS CREDITED WITH CLASS A-3 SERVICE FOR SUCH  
8 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-3 SERVICE  
9 FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1,  
10 2011, THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM; OR

11 (II) IS CREDITED WITH CLASS A-4 SERVICE FOR SUCH  
12 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-4 SERVICE  
13 FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1,  
14 2011, THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM.

15 THE CLASS OF SERVICE IN WHICH A MEMBER SHALL BE CREDITED FOR  
16 SERVICE SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART SHALL  
17 BE DETERMINED IN ACCORDANCE WITH SUBSECTION (I) AND SECTION  
18 5306 (RELATING TO CLASSES OF SERVICE).

19 (1.1) EVERY ACTIVE MEMBER OF THE SYSTEM WHO ELECTS TO  
20 CONVERT COUNTY SERVICE TO STATE SERVICE PURSUANT TO SECTION  
21 5303.1 (RELATING TO ELECTION TO CONVERT COUNTY SERVICE TO  
22 STATE SERVICE) SHALL RECEIVE ELIGIBILITY POINTS IN ACCORDANCE  
23 WITH SECTION 5307 FOR CONVERTED COUNTY SERVICE UPON  
24 COMPLIANCE WITH SECTION 5303.1(B). THE CLASS OR CLASSES OF  
25 SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR CONVERTED  
26 COUNTY SERVICE SHALL BE DETERMINED IN ACCORDANCE WITH SECTION  
27 5306(C).

28 (1.2) EVERY MEMBER OF THE SYSTEM WHO ELECTS TO CONVERT  
29 SCHOOL SERVICE TO STATE SERVICE PURSUANT TO SECTION 5303.2  
30 (RELATING TO ELECTION TO CONVERT SCHOOL SERVICE TO STATE

1 SERVICE) SHALL RECEIVE ELIGIBILITY POINTS IN ACCORDANCE WITH  
2 SECTION 5307 FOR CONVERTED SCHOOL SERVICE. THE CLASS OR  
3 CLASSES OF SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR  
4 CONVERTED SCHOOL SERVICE SHALL BE DETERMINED IN ACCORDANCE  
5 WITH SECTION 5306(D).

6 (1.3) A MEMBER OF THE SYSTEM WHO IS REEMPLOYED FROM  
7 USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA LEAVE SHALL  
8 RECEIVE ELIGIBILITY POINTS IN ACCORDANCE WITH SECTION 5307  
9 FOR THE STATE SERVICE THAT WOULD HAVE BEEN PERFORMED HAD THE  
10 MEMBER NOT PERFORMED USERRA LEAVE.

11 (2) A SPECIAL VESTEE OR PERSON OTHERWISE ELIGIBLE TO BE  
12 A SPECIAL VESTEE WHO RETURNS TO STATE SERVICE OR WITHDRAWS  
13 HIS ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311 (RELATING  
14 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF  
15 [TOTAL] ACCUMULATED DEDUCTIONS) SHALL RECEIVE OR RETAIN  
16 ELIGIBILITY POINTS IN ACCORDANCE WITH PARAGRAPH (1) BUT UPON  
17 SUBSEQUENT TERMINATION OF STATE SERVICE SHALL ONLY BE  
18 ELIGIBLE TO BE AN ANNUITANT VESTEE OR INACTIVE MEMBER WITHOUT  
19 REGARD TO PREVIOUS STATUS AS A SPECIAL VESTEE AND WITHOUT  
20 REGARD TO THE PROVISIONS OF THIS PART PROVIDING FOR SPECIAL  
21 VESTEES.

22 (3) A SPECIAL VESTEE OR PERSON OTHERWISE ELIGIBLE TO BE  
23 A SPECIAL VESTEE WHO BECOMES AN ACTIVE MEMBER OF THE PUBLIC  
24 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND ELECTS MULTIPLE  
25 SERVICE SHALL RECEIVE OR RETAIN ELIGIBILITY POINTS AS  
26 OTHERWISE PROVIDED FOR IN THIS PART AND 24 PA.C.S. PT. IV  
27 (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES) BUT UPON  
28 SUBSEQUENT TERMINATION OF SCHOOL SERVICE SHALL ONLY BE  
29 ELIGIBLE TO BE AN ANNUITANT, VESTEE OR INACTIVE MEMBER AS  
30 OTHERWISE ELIGIBLE AS A MULTIPLE SERVICE MEMBER WITHOUT

1 REGARD TO PREVIOUS STATUS AS A SPECIAL VESTEE AND WITHOUT  
2 REGARD TO THE PROVISIONS OF THIS PART PROVIDING FOR SPECIAL  
3 VESTEES.

4 \* \* \*

5 (D) TRANSFER OF CERTAIN PENSION SERVICE CREDIT.--

6 (1) ANY PERSON WHO WAS AN EMPLOYEE OF ANY COUNTY IN THIS  
7 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT  
8 JUDGE PRIOR TO SEPTEMBER 9, 1985, AND WHO HAD THAT EMPLOYMENT  
9 TRANSFERRED TO THE COMMONWEALTH PURSUANT TO 42 PA.C.S. § 3703  
10 (RELATING TO LOCAL CHAMBER FACILITIES) SHALL BE A MEMBER OF  
11 THE SYSTEM FOR ALL SERVICE RENDERED AS AN EMPLOYEE OF THE  
12 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT  
13 JUDGE SUBSEQUENT TO THE DATE OF THE TRANSFER UNLESS  
14 SPECIFICALLY PROHIBITED PURSUANT TO SECTION 5301(C) (RELATING  
15 TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND  
16 PARTICIPATION IN THE PLAN). THE EMPLOYEE SHALL BE ENTITLED TO  
17 HAVE ANY PRIOR SERVICE CREDIT IN THAT COUNTY OR OTHER  
18 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM TRANSFERRED TO  
19 THE SYSTEM AND DEEMED TO BE STATE SERVICE FOR ALL PURPOSES  
20 UNDER THIS PART. HOWEVER, FOR THOSE EMPLOYEES WHO WERE IN  
21 CONTINUOUS COUNTY EMPLOYMENT WHICH COMMENCED PRIOR TO JULY  
22 22, 1983, SECTION 5505.1 SHALL NOT APPLY. THE TRANSFER OF  
23 PRIOR SERVICE CREDIT TO THE SYSTEM SHALL OCCUR UPON THE  
24 TRANSFER, BY THE MEMBER, COUNTY OR OTHER MUNICIPAL PENSION  
25 PLAN OR RETIREMENT SYSTEM, TO THE SYSTEM OF THE AMOUNT OF  
26 ACCUMULATED MEMBER CONTRIBUTIONS, PICK-UP CONTRIBUTIONS AND  
27 CREDITED INTEREST STANDING IN THE EMPLOYEE'S COUNTY OR  
28 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM ACCOUNT AS OF THE  
29 DATE THAT THESE FUNDS ARE TRANSFERRED TO THE SYSTEM. IN THE  
30 EVENT THAT THESE FUNDS HAVE BEEN REFUNDED TO THE MEMBER, THE

1 TRANSFER OF SERVICE CREDIT SHALL OCCUR WHEN THE MEMBER  
2 TRANSFERS AN AMOUNT EQUAL TO EITHER THE REFUND WHICH THE  
3 MEMBER RECEIVED FROM THE COUNTY OR MUNICIPAL PENSION PLAN OR  
4 RETIREMENT SYSTEM OR THE AMOUNT DUE UNDER SECTION 5504, IF  
5 LESS. IN THE CASE OF A TRANSFER BY THE MEMBER, THE TRANSFER  
6 SHALL OCCUR BY DECEMBER 31, 1987, IN ORDER FOR THE MEMBER TO  
7 RECEIVE CREDIT FOR THE PRIOR SERVICE. IN THE CASE OF A  
8 TRANSFER BY THE COUNTY OR OTHER MUNICIPAL PENSION PLAN OR  
9 RETIREMENT SYSTEM, THE TRANSFER SHALL ALSO OCCUR BY DECEMBER  
10 31, 1987. IF THE AMOUNT TRANSFERRED TO THE SYSTEM BY THE  
11 MEMBER OF A COUNTY OR MUNICIPAL PENSION PLAN OR RETIREMENT  
12 SYSTEM IS GREATER THAN THE AMOUNT THAT WOULD HAVE ACCUMULATED  
13 IN THE MEMBER'S ACCOUNT IF THE EMPLOYEE HAD BEEN A MEMBER OF  
14 THE SYSTEM, ALL EXCESS FUNDS SHALL BE RETURNED TO THE  
15 EMPLOYEE WITHIN 90 DAYS OF THE DATE ON WHICH SUCH FUNDS ARE  
16 CREDITED TO THE MEMBER'S ACCOUNT IN THE SYSTEM. WITHIN 60  
17 DAYS OF RECEIPT OF WRITTEN NOTICE THAT AN EMPLOYEE HAS  
18 ELECTED TO TRANSFER CREDITS UNDER THE PROVISIONS OF THIS  
19 SUBSECTION, THE COUNTY OR OTHER MUNICIPAL PENSION PLANS OR  
20 RETIREMENT SYSTEMS SHALL BE REQUIRED TO TRANSFER TO THE  
21 SYSTEM AN AMOUNT, EXCLUDING CONTRIBUTIONS DUE UNDER SECTION  
22 5504(A), EQUAL TO THE LIABILITY OF THE PRIOR SERVICE IN  
23 ACCORDANCE WITH COUNTY OR OTHER MUNICIPAL PENSION PLAN OR  
24 RETIREMENT SYSTEM BENEFIT PROVISIONS, MULTIPLIED BY THE RATIO  
25 OF SYSTEM ACTUARIAL VALUE OF ASSETS FOR ACTIVE MEMBERS TO THE  
26 SYSTEM ACTUARIAL ACCRUED LIABILITY FOR ACTIVE MEMBERS. THE  
27 PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION SHALL DETERMINE  
28 THE APPROPRIATE AMOUNT OF EMPLOYER CONTRIBUTIONS TO BE  
29 TRANSFERRED TO THE SYSTEM BY THE COUNTY OR OTHER MUNICIPAL  
30 PENSION PLANS OR RETIREMENT SYSTEMS.

1 \* \* \*

2 (I) INELIGIBILITY TO PURCHASE PREVIOUS STATE SERVICE

3 CREDIT.--AN ACTIVE MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE

4 MEMBER WHO IS AN ACTIVE MEMBER OF CLASS T-G IN THE PUBLIC SCHOOL

5 EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO PURCHASE

6 SERVICE CREDIT FOR PREVIOUS STATE SERVICE, WHETHER OR NOT

7 PREVIOUSLY CREDITED IN THE SYSTEM, EXCEPT TO REINSTATE

8 PREVIOUSLY CREDITED CLASS A-5 SERVICE CREDIT FOR WHICH CLASS A-5

9 ACCUMULATED DEDUCTIONS WERE WITHDRAWN UNDER SECTION 5311 OR

10 5701, AND EXCEPT TO THE EXTENT THAT ANY OTHER PROVISION OF LAW

11 REQUIRES OR ALLOWS ANY PERIOD OF LEAVE TO BE CREDITED AS STATE

12 SERVICE AFTER THE MEMBER RETURNS FROM THE LEAVE TO STATE

13 SERVICE.

14 SECTION 308. SECTIONS 5303.2 (A) AND 5304 (A) AND (B) OF TITLE

15 71 ARE AMENDED TO READ:

16 § 5303.2. ELECTION TO CONVERT SCHOOL SERVICE TO STATE SERVICE.

17 (A) ELIGIBILITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER ON

18 LEAVE WITHOUT PAY WHO WAS AN EMPLOYEE TRANSFERRED FROM THE

19 DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF CORRECTIONS

20 PURSUANT TO SECTION 908-B OF THE ACT OF APRIL 9, 1929 (P.L.177,

21 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, AND WHO ON

22 THE EFFECTIVE DATE OF THAT TRANSFER DID NOT PARTICIPATE IN AN

23 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE DEPARTMENT OF

24 EDUCATION UNDER 24 PA.C.S. § 8301 (A) (1) (RELATING TO MANDATORY

25 AND OPTIONAL MEMBERSHIP) OR SECTION 5301 (A) (12) (RELATING TO

26 MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND

27 PARTICIPATION IN THE PLAN), NOTWITHSTANDING ANY OTHER PROVISION

28 OF LAW OR ANY COLLECTIVE BARGAINING AGREEMENT, ARBITRATION

29 AWARD, CONTRACT OR TERM OR CONDITIONS OF ANY RETIREMENT SYSTEM

30 OR PENSION PLAN, MAY MAKE A ONE-TIME ELECTION TO CONVERT ALL

1 SERVICE CREDITED IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
2 SYSTEM AS OF JUNE 30, 1999, AND TRANSFER TO THE SYSTEM ALL  
3 ACCUMULATED MEMBER CONTRIBUTIONS AND STATUTORY INTEREST CREDITED  
4 IN THE MEMBERS' SAVINGS ACCOUNT IN THE PUBLIC SCHOOL EMPLOYEES'  
5 RETIREMENT SYSTEM AS OF JUNE 30, 1999, PLUS STATUTORY INTEREST  
6 ON THAT AMOUNT CREDITED BY THE PUBLIC SCHOOL EMPLOYEES'  
7 RETIREMENT SYSTEM FROM JULY 1, 1999, TO THE DATE OF TRANSFER TO  
8 THE SYSTEM.

9 \* \* \*

10 § 5304. CREDITABLE NONSTATE SERVICE.

11 (A) ELIGIBILITY.--

12 (1) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER  
13 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A  
14 MEMBER OF THE GENERAL ASSEMBLY AND WHO IS AN ACTIVE MEMBER OF  
15 A CLASS OF SERVICE OTHER THAN CLASS A-5, OR A MULTIPLE  
16 SERVICE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER BEFORE  
17 JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A MEMBER OF  
18 THE GENERAL ASSEMBLY, AND WHO IS A SCHOOL EMPLOYEE AND AN  
19 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
20 SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS T-G SHALL BE  
21 ELIGIBLE FOR CLASS A SERVICE CREDIT FOR CREDITABLE NONSTATE  
22 SERVICE AS SET FORTH IN SUBSECTIONS (B) AND (C) EXCEPT THAT  
23 INTERVENING MILITARY SERVICE SHALL BE CREDITED IN THE CLASS  
24 OF SERVICE FOR WHICH THE MEMBER WAS ELIGIBLE AT THE TIME OF  
25 ENTERING INTO MILITARY SERVICE AND FOR WHICH HE MAKES THE  
26 REQUIRED CONTRIBUTIONS TO THE FUND AND EXCEPT THAT A MULTIPLE  
27 SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER  
28 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT  
29 BE ELIGIBLE TO PURCHASE SERVICE CREDIT FOR CREDITABLE  
30 NONSTATE SERVICE SET FORTH IN SUBSECTION (C) (5).

1           (2) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER  
2 ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010,  
3 AS A MEMBER OF THE GENERAL ASSEMBLY AND IS AN ACTIVE MEMBER  
4 OF A CLASS OF SERVICE OTHER THAN CLASS A-5, OR A MULTIPLE  
5 SERVICE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER ON OR AFTER  
6 JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER  
7 OF THE GENERAL ASSEMBLY, [AND WHO] IS A SCHOOL EMPLOYEE AND  
8 AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
9 SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS T-G AND IS NOT  
10 A MEMBER OF CLASS A-5 SHALL BE ELIGIBLE FOR CLASS A-3 SERVICE  
11 CREDIT FOR CREDITABLE NONSTATE SERVICE AS SET FORTH IN  
12 SUBSECTIONS (B) AND (C) EXCEPT THAT INTERVENING MILITARY  
13 SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE FOR WHICH  
14 THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY  
15 SERVICE AND FOR WHICH HE MAKES THE REQUIRED CONTRIBUTIONS TO  
16 THE FUND AND EXCEPT THAT A MULTIPLE SERVICE MEMBER WHO IS A  
17 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
18 EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO  
19 PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE SET  
20 FORTH IN SUBSECTION (C) (5) .

21           (3) AN ACTIVE MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE  
22 MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE  
23 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS A MEMBER OF  
24 CLASS T-G SHALL BE ELIGIBLE FOR CLASS A-5 SERVICE CREDIT FOR  
25 CREDITABLE NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B)  
26 AND (C) (2) FOR WHICH THE MEMBER MAKES THE REQUIRED  
27 CONTRIBUTIONS TO THE FUND.

28           \* \* \*

29           (B) LIMITATIONS ON ELIGIBILITY.--AN ACTIVE MEMBER OR A  
30 MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE



1 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL  
2 BE ELIGIBLE AS SET FORTH IN SUBSECTION (A) TO RECEIVE CREDIT FOR  
3 NONSTATE SERVICE PROVIDED THAT HE DOES NOT HAVE CREDIT FOR SUCH  
4 SERVICE IN THE SYSTEM OR IN THE [SCHOOL SYSTEM] PUBLIC SCHOOL  
5 EMPLOYEES' RETIREMENT SYSTEM AND IS NOT ENTITLED TO RECEIVE,  
6 ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE, OR IS RECEIVING  
7 RETIREMENT BENEFITS FOR SUCH SERVICE IN THE SYSTEM OR UNDER A  
8 RETIREMENT SYSTEM ADMINISTERED AND WHOLLY OR PARTIALLY PAID FOR  
9 BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY PRIVATE EMPLOYER, OR  
10 A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER IN ACCORDANCE WITH  
11 SECTION 5301(A) (12) (RELATING TO MANDATORY AND OPTIONAL  
12 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), AND  
13 FURTHER PROVIDED, THAT SUCH SERVICE IS CERTIFIED BY THE PREVIOUS  
14 EMPLOYER AND CONTRIBUTIONS ARE AGREED UPON AND MADE IN  
15 ACCORDANCE WITH SECTION 5505 (RELATING TO CONTRIBUTIONS FOR THE  
16 PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE).

17 \* \* \*

18 SECTION 309. SECTION 5305(B) OF TITLE 71 IS AMENDED AND THE  
19 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

20 § 5305. SOCIAL SECURITY INTEGRATION CREDITS.

21 \* \* \*

22 (B) ACCRUAL OF SUBSEQUENT CREDITS.--ANY ACTIVE MEMBER WHO  
23 HAS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS TO HIS  
24 CREDIT OR IS RECEIVING A BENEFIT ON ACCOUNT OF SOCIAL SECURITY  
25 INTEGRATION CREDITS MAY ACCRUE ONE SOCIAL SECURITY INTEGRATION  
26 CREDIT FOR EACH YEAR OF SERVICE AS A STATE EMPLOYEE ON OR  
27 SUBSEQUENT TO MARCH 1, 1974 AND A FRACTIONAL CREDIT FOR A  
28 CORRESPONDING FRACTIONAL YEAR OF SERVICE PROVIDED THAT  
29 CONTRIBUTIONS ARE MADE TO THE FUND, OR WOULD HAVE BEEN MADE TO  
30 THE FUND BUT FOR SECTION 5502.1 (RELATING TO WAIVER OF REGULAR

1 MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER  
2 CONTRIBUTIONS) OR THE LIMITATIONS UNDER IRC § 401(A) (17) OR 415,  
3 EXCEPT AS OTHERWISE PROVIDED IN THIS PART, IN ACCORDANCE WITH  
4 SECTION 5502 (RELATING TO SOCIAL SECURITY INTEGRATION MEMBER  
5 CONTRIBUTIONS), AND HE:

6 (1) CONTINUES SUBSEQUENT TO MARCH 1, 1974 AS AN ACTIVE  
7 MEMBER IN EITHER THE [STATE OR SCHOOL SYSTEM;] SYSTEM IN A  
8 CLASS OF SERVICE OTHER THAN CLASS A-5 OR, IF A MULTIPLE  
9 SERVICE MEMBER, AS AN ACTIVE MEMBER IN THE PUBLIC SCHOOL  
10 EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OF SERVICE OTHER THAN  
11 CLASS T-G;

12 (2) TERMINATES SUCH CONTINUOUS SERVICE IN THE [STATE OR  
13 SCHOOL] SYSTEM OR THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
14 SYSTEM AND RETURNS TO ACTIVE MEMBERSHIP IN THE [STATE] SYSTEM  
15 WITHIN SIX MONTHS IN A CLASS OF SERVICE OTHER THAN CLASS A-5;  
16 OR

17 (3) TERMINATES HIS STATUS AS A VESTEE OR AN ANNUITANT  
18 AND RETURNS TO STATE SERVICE AS AN ACTIVE MEMBER OF THE  
19 SYSTEM IN A CLASS OF SERVICE OTHER THAN CLASS A-5.

20 \* \* \*

21 (E) CLASS A-5 SERVICE INELIGIBLE FOR CREDIT.--NO SOCIAL  
22 SECURITY INTEGRATION CREDITS SHALL ACCRUE FOR ANY SERVICE  
23 PERFORMED OR CREDITED AS CLASS A-5 SERVICE.

24 SECTION 310. SECTION 5305.1 OF TITLE 71 IS AMENDED TO READ:  
25 § 5305.1. ELIGIBILITY FOR ACTUARIAL INCREASE FACTOR.

26 A PERSON WHO HAS CREDIT FOR A CLASS OF SERVICE OTHER THAN  
27 CLASS A-5 AND IS:

- 28 (1) AN ACTIVE MEMBER;  
29 (2) AN INACTIVE MEMBER ON LEAVE WITHOUT PAY; OR  
30 (3) A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE

1 AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
2 RETIREMENT SYSTEM;  
3 WHO TERMINATES STATE SERVICE OR SCHOOL SERVICE, AS THE CASE  
4 MAY BE, AFTER ATTAINING AGE 70 AND WHO APPLIES FOR A  
5 SUPERANNUATION ANNUITY WITH AN EFFECTIVE DATE OF RETIREMENT THE  
6 DAY AFTER THE DATE OF TERMINATION OF STATE SERVICE OR SCHOOL  
7 SERVICE SHALL HAVE THAT PERSON'S MAXIMUM SINGLE LIFE ANNUITY  
8 CALCULATED PURSUANT TO SECTION 5702 (A.1) (RELATING TO MAXIMUM  
9 SINGLE LIFE ANNUITY).

10 SECTION 311. SECTION 5306 (A), (A.1), (A.2), (A.3) AND (B) OF  
11 TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A  
12 SUBSECTION TO READ:

13 § 5306. CLASSES OF SERVICE.

14 (A) CLASS A AND CLASS A-3 MEMBERSHIP.--

15 (1) A STATE EMPLOYEE WHO IS A MEMBER OF CLASS A ON THE  
16 EFFECTIVE DATE OF THIS PART OR WHO FIRST BECOMES A MEMBER OF  
17 THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART AND  
18 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A  
19 MEMBER OF THE GENERAL ASSEMBLY, SHALL BE CLASSIFIED AS A  
20 CLASS A MEMBER AND RECEIVE CREDIT FOR CLASS A SERVICE UPON  
21 PAYMENT OF REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS FOR  
22 CLASS A SERVICE, PROVIDED THAT THE STATE EMPLOYEE DOES NOT  
23 BECOME A MEMBER OF CLASS AA PURSUANT TO SUBSECTION (A.1) OR A  
24 MEMBER OF CLASS D-4 PURSUANT TO SUBSECTION (A.2) OR A MEMBER  
25 OF CLASS A-5.

26 (2) A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE  
27 SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER  
28 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND, UNLESS A  
29 CLASS A-5 EXEMPT EMPLOYEE, BEFORE JANUARY 1, 2017, SHALL BE  
30 CLASSIFIED AS A CLASS A-3 MEMBER AND RECEIVE CREDIT FOR CLASS

1 A-3 SERVICE UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND  
2 SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 SERVICE  
3 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF  
4 CLASS A-4 PURSUANT TO SUBSECTION (A.3) OR A MEMBER OF CLASS  
5 A-5, EXCEPT THAT A MEMBER OF THE JUDICIARY SHALL BE  
6 CLASSIFIED AS A MEMBER OF SUCH OTHER CLASS OF SERVICE FOR  
7 WHICH THE MEMBER OF THE JUDICIARY IS ELIGIBLE[, ] AND SHALL  
8 ELECT AND MAKE REGULAR MEMBER CONTRIBUTIONS UNLESS THE MEMBER  
9 OF THE JUDICIARY SUBSEQUENTLY BECOMES A MEMBER OF CLASS A-5.

10 (3) A CLASS A-5 EXEMPT EMPLOYEE WHO IS A MEMBER OF CLASS  
11 A-3 SHALL HAVE ALL OTHER STATE SERVICE PERFORMED CONCURRENTLY  
12 WITH BEING A CLASS A-5 EXEMPT EMPLOYEE CLASSED AS CLASS A-3  
13 SERVICE INSTEAD OF ANY OTHER CLASS OF SERVICE THE SERVICE  
14 MIGHT OTHERWISE BE CREDITED AS. THIS PARAGRAPH SHALL APPLY  
15 ONLY TO SERVICE PERFORMED CONCURRENTLY WITH CLASS A-5 EXEMPT  
16 SERVICE. OTHER SERVICE PERFORMED BEFORE OR AFTER SERVICE AS A  
17 STATE POLICE OFFICER SHALL BE CREDITED IN THE CLASS OF  
18 SERVICE AS PROVIDED UNDER THIS PART.

19 (A.1) CLASS AA MEMBERSHIP.--

20 (1) A PERSON WHO BECOMES A STATE EMPLOYEE AND AN ACTIVE  
21 MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND WHO FIRST  
22 BECAME AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR BEFORE  
23 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND  
24 WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A  
25 POSITION FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A IS  
26 CREDITED OR COULD BE ELECTED SHALL BE CLASSIFIED AS A CLASS  
27 AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON  
28 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE  
29 AND, SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7)  
30 AND SECTION 5303(I) (RELATING TO RETENTION AND REINSTATEMENT

1 OF SERVICE CREDITS), IF PREVIOUSLY A MEMBER OF CLASS A OR  
2 PREVIOUSLY EMPLOYED IN A POSITION FOR WHICH CLASS A SERVICE  
3 COULD HAVE BEEN EARNED, SHALL HAVE ALL CLASS A STATE SERVICE  
4 (OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE OFFICER  
5 OR FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED  
6 OR COULD HAVE BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

7 (2) A PERSON WHO IS A STATE EMPLOYEE ON JUNE 30, 2001,  
8 AND JULY 1, 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM  
9 BECAUSE MEMBERSHIP IN THE SYSTEM IS OPTIONAL OR PROHIBITED  
10 PURSUANT TO SECTION 5301 (RELATING TO MANDATORY AND OPTIONAL  
11 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN) AND  
12 WHO FIRST BECOMES AN ACTIVE MEMBER AFTER JUNE 30, 2001, AND  
13 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A  
14 MEMBER OF THE GENERAL ASSEMBLY, AND WHO IS NOT A STATE POLICE  
15 OFFICER AND NOT EMPLOYED IN A POSITION FOR WHICH A CLASS OF  
16 SERVICE OTHER THAN CLASS A IS CREDITED OR COULD BE ELECTED  
17 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT  
18 FOR CLASS AA STATE SERVICE UPON PAYMENT OF REGULAR MEMBER  
19 CONTRIBUTIONS FOR CLASS AA SERVICE AND, SUBJECT TO THE  
20 LIMITATIONS CONTAINED IN PARAGRAPH (7) AND SECTION 5303(I),  
21 IF PREVIOUSLY A MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A  
22 POSITION FOR WHICH CLASS A SERVICE COULD HAVE BEEN EARNED,  
23 SHALL HAVE ALL CLASS A STATE SERVICE (OTHER THAN STATE  
24 SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR WHICH A  
25 CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED OR COULD HAVE  
26 BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

27 (3) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA  
28 MEMBER IS MADE PURSUANT TO SECTION 5306.1 (RELATING TO  
29 ELECTION TO BECOME A CLASS AA MEMBER), A STATE EMPLOYEE,  
30 OTHER THAN A STATE EMPLOYEE WHO IS A STATE POLICE OFFICER ON

1 OR AFTER JULY 1, 1989, WHO ON JUNE 30, 2001, AND JULY 1,  
2 2001, IS:

3 (I) A MEMBER OF CLASS A, OTHER THAN A MEMBER OF  
4 CLASS A WHO COULD HAVE ELECTED MEMBERSHIP IN A CLASS C,  
5 CLASS D-3, CLASS E-1 OR CLASS E-2; OR

6 (II) AN INACTIVE MEMBER ON A LEAVE WITHOUT PAY FROM  
7 A POSITION IN WHICH THE STATE EMPLOYEE WOULD BE A CLASS A  
8 ACTIVE MEMBER IF THE EMPLOYEE WAS NOT ON LEAVE WITHOUT  
9 PAY, OTHER THAN A POSITION IN WHICH THE STATE EMPLOYEE  
10 COULD ELECT MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1  
11 OR CLASS E-2;

12 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE  
13 CREDIT FOR CLASS AA STATE SERVICE PERFORMED AFTER JUNE 30,  
14 2001, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS  
15 AA SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED IN  
16 PARAGRAPH (7) AND SECTION 5303(I), SHALL RECEIVE CLASS AA  
17 SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER THAN  
18 STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR AS A  
19 STATE EMPLOYEE IN A POSITION FOR WHICH THE MEMBER COULD HAVE  
20 ELECTED MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1 OR CLASS  
21 E-2, PERFORMED BEFORE JULY 1, 2001.

22 (4) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA  
23 MEMBER IS MADE PURSUANT TO SECTION 5306.1, A FORMER STATE  
24 EMPLOYEE, OTHER THAN A FORMER STATE EMPLOYEE WHO WAS A STATE  
25 POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON JUNE 30,  
26 2001, AND JULY 1, 2001, IS A MULTIPLE SERVICE MEMBER AND A  
27 SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
28 RETIREMENT SYSTEM, SUBJECT TO THE LIMITATIONS CONTAINED IN  
29 PARAGRAPH (7) AND SECTION 5303(I), SHALL RECEIVE CLASS AA  
30 SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER THAN

1 STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR AS A  
2 STATE EMPLOYEE IN A POSITION IN WHICH THE FORMER STATE  
3 EMPLOYEE COULD HAVE ELECTED A CLASS OF SERVICE OTHER THAN  
4 CLASS A, PERFORMED BEFORE JULY 1, 2001.

5 (5) A FORMER STATE EMPLOYEE WHO FIRST BECOMES A MEMBER  
6 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A  
7 MEMBER OF THE GENERAL ASSEMBLY, OTHER THAN A FORMER STATE  
8 EMPLOYEE WHO WAS A STATE POLICE OFFICER ON OR AFTER JULY 1,  
9 1989, WHO IS A SCHOOL EMPLOYEE AND WHO ON OR AFTER JULY 1,  
10 2001, BECOMES A MULTIPLE SERVICE MEMBER, SUBJECT TO THE  
11 LIMITATIONS CONTAINED IN PARAGRAPH (7) AND SECTION 5303(I),  
12 SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL CLASS A STATE  
13 SERVICE OTHER THAN STATE SERVICE PERFORMED AS A STATE  
14 EMPLOYEE IN A POSITION IN WHICH THE FORMER STATE EMPLOYEE  
15 COULD HAVE ELECTED A CLASS OF SERVICE OTHER THAN CLASS A.

16 (6) A STATE EMPLOYEE WHO AFTER JUNE 30, 2001, BECOMES A  
17 STATE POLICE OFFICER OR WHO IS EMPLOYED IN A POSITION IN  
18 WHICH THE MEMBER COULD ELECT MEMBERSHIP IN THE SYSTEM IN A  
19 CLASS OF SERVICE OTHER THAN CLASS AA OR CLASS D-4 SHALL  
20 RETAIN ANY CLASS AA SERVICE CREDIT PRIOR TO BECOMING A  
21 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE  
22 INELIGIBLE TO RECEIVE CLASS AA CREDIT THEREAFTER AND INSTEAD  
23 SHALL RECEIVE CLASS A CREDIT FOR SERVICE AS A MEMBER OF THE  
24 JUDICIARY IF THE JUDICIAL SERVICE BEGINS BEFORE JANUARY 1,  
25 2017, AND THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF THE  
26 SYSTEM BEFORE JANUARY 1, 2017, OR IF HE FIRST BECAME A MEMBER  
27 BEFORE JANUARY 1, 2011, OR DECEMBER 1, 2010, AS A MEMBER OF  
28 THE GENERAL ASSEMBLY, OR CLASS A-3 CREDIT FOR SERVICE OTHER  
29 THAN AS A MEMBER OF THE JUDICIARY AND OTHER THAN SERVICE AS A  
30 CLASS A-5 EXEMPT EMPLOYEE BEFORE JANUARY 1, 2017, AND HE

1 FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 2011, OR  
2 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, UNLESS  
3 A CLASS OF MEMBERSHIP OTHER THAN CLASS A IS ELECTED.

4 (7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE  
5 BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A  
6 SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED  
7 BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR  
8 PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS  
9 CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS  
10 NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A  
11 SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON  
12 PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS AS  
13 PROVIDED IN SECTION 5504 (RELATING TO MEMBER  
14 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS  
15 STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER).

16 (II) A PERSON WHO IS NOT A STATE EMPLOYEE OR A  
17 SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND  
18 WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY  
19 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30,  
20 2001, UPON TERMINATION OF THE DISABILITY ANNUITY) SHALL  
21 NOT RECEIVE CLASS AA SERVICE CREDIT FOR STATE SERVICE  
22 PERFORMED BEFORE JULY 1, 2001, UNTIL SUCH PERSON BECOMES  
23 AN ACTIVE MEMBER, OR AN ACTIVE MEMBER OF THE PUBLIC  
24 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND A MULTIPLE  
25 SERVICE MEMBER, AND EARNS THREE ELIGIBILITY POINTS BY  
26 PERFORMING CREDITED STATE SERVICE IN A CLASS OF SERVICE  
27 OTHER THAN CLASS A-5 OR CREDITED SCHOOL SERVICE IN A  
28 CLASS OF SERVICE OTHER THAN CLASS T-G AFTER JUNE 30,  
29 2001.

30 (III) NOTHING IN THIS PARAGRAPH SHALL BE CONSTRUED



1 TO AUTHORIZE A MEMBER OF CLASS A-5 OR A MULTIPLE SERVICE  
2 MEMBER WHO IS A MEMBER OF CLASS T-G IN THE PUBLIC SCHOOL  
3 EMPLOYEES' RETIREMENT SYSTEM TO REINSTATE OR PURCHASE  
4 CREDIT FOR PREVIOUSLY CREDITED OR UNCREDITED STATE  
5 SERVICE OTHER THAN AS ALLOWED UNDER SECTION 5303(I).

6 (A.2) CLASS OF MEMBERSHIP FOR MEMBERS OF THE GENERAL  
7 ASSEMBLY.--

8 (1) A PERSON WHO:

9 (I) BECOMES A MEMBER OF THE GENERAL ASSEMBLY AND AN  
10 ACTIVE MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND  
11 BEFORE DECEMBER 1, 2010; OR

12 (II) IS A MEMBER OF THE GENERAL ASSEMBLY ON JULY 1,  
13 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM BECAUSE  
14 MEMBERSHIP IN THE SYSTEM IS OPTIONAL PURSUANT TO SECTION  
15 5301 AND WHO BECOMES AN ACTIVE MEMBER AFTER JUNE 30,  
16 2001, AND BEFORE DECEMBER 1, 2010;

17 AND WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1,  
18 1989, SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND UNLESS HE  
19 LATER BECOMES A MEMBER OF CLASS A-5 RECEIVE CREDIT AS A CLASS  
20 D-4 MEMBER FOR ALL STATE SERVICE AS A MEMBER OF THE SYSTEM  
21 PERFORMED AS A MEMBER OF THE GENERAL ASSEMBLY UPON PAYMENT OF  
22 REGULAR MEMBER CONTRIBUTIONS FOR CLASS D-4 SERVICE AND,  
23 SUBJECT TO THE LIMITATIONS CONTAINED IN SUBSECTION (A.1) (7)  
24 AND SECTION 5303(I), IF PREVIOUSLY A MEMBER OF CLASS A OR  
25 EMPLOYED IN A POSITION FOR WHICH CLASS A SERVICE COULD HAVE  
26 BEEN EARNED, SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL  
27 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS  
28 A STATE POLICE OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER  
29 THAN CLASS A OR CLASS D-4 WAS OR COULD HAVE BEEN ELECTED OR  
30 CREDITED.

1 (2) PROVIDED AN ELECTION TO BECOME A CLASS D-4 MEMBER IS  
2 MADE PURSUANT TO SECTION 5306.2 (RELATING TO ELECTIONS BY  
3 MEMBERS OF THE GENERAL ASSEMBLY), A STATE EMPLOYEE WHO WAS  
4 NOT A STATE POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON  
5 JULY 1, 2001, IS A MEMBER OF THE GENERAL ASSEMBLY AND AN  
6 ACTIVE MEMBER OF THE SYSTEM AND NOT A MEMBER OF CLASS D-3  
7 SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND, UNLESS HE  
8 LATER BECOMES A MEMBER OF CLASS A-5, RECEIVE CREDIT AS A  
9 CLASS D-4 MEMBER FOR ALL STATE SERVICE PERFORMED AS A MEMBER  
10 OF THE GENERAL ASSEMBLY NOT CREDITED AS ANOTHER CLASS OTHER  
11 THAN CLASS A UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR  
12 CLASS D-4 SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED  
13 IN PARAGRAPH (A.1) (7), SHALL RECEIVE CLASS AA SERVICE CREDIT  
14 FOR ALL CLASS A STATE SERVICE, OTHER THAN STATE SERVICE  
15 PERFORMED AS A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN  
16 A POSITION IN WHICH THE MEMBER COULD HAVE ELECTED A CLASS OF  
17 SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.

18 (3) A MEMBER OF THE GENERAL ASSEMBLY WHO AFTER JUNE 30,  
19 2001, BECOMES A STATE POLICE OFFICER SHALL RETAIN ANY CLASS  
20 AA SERVICE OR CLASS D-4 SERVICE CREDITED PRIOR TO BECOMING A  
21 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE  
22 INELIGIBLE TO RECEIVE CLASS AA OR CLASS D-4 CREDIT THEREAFTER  
23 AND INSTEAD SHALL RECEIVE CLASS A CREDIT OR CLASS A-3 CREDIT  
24 IF HE FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER  
25 JANUARY 1, 2011, AND BEFORE JANUARY 1, 2017, OR CLASS A-5  
26 CREDIT IF HIS MOST RECENT PERIOD OF STATE SERVICE BEGINS ON  
27 OR AFTER JANUARY 1, 2017.

28 (4) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,  
29 NO SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY PERFORMED  
30 BEFORE DECEMBER 1, 2010, THAT IS NOT CREDITED AS CLASS D-4

1 SERVICE ON NOVEMBER 30, 2010, SHALL BE CREDITED AS CLASS D-4  
2 SERVICE, UNLESS SUCH SERVICE WAS PREVIOUSLY CREDITED IN THE  
3 SYSTEM AS CLASS D-4 SERVICE AND THE MEMBER WITHDREW HIS TOTAL  
4 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5311 (RELATING  
5 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF  
6 [TOTAL] ACCUMULATED DEDUCTIONS). NO SERVICE AS A MEMBER OF  
7 THE GENERAL ASSEMBLY PERFORMED ON OR AFTER DECEMBER 1, 2010,  
8 SHALL BE CREDITED AS CLASS D-4 SERVICE UNLESS THE MEMBER  
9 PREVIOUSLY WAS CREDITED WITH CLASS D-4 SERVICE CREDITS.

10 (A.3) CLASS A-4 MEMBERSHIP.--PROVIDED THAT AN ELECTION TO  
11 BECOME A CLASS A-4 MEMBER IS MADE PURSUANT TO SECTION 5306.3  
12 (RELATING TO ELECTION TO BECOME A CLASS A-4 MEMBER), A STATE  
13 EMPLOYEE WHO OTHERWISE WOULD BE A MEMBER OF CLASS A-3 SHALL BE  
14 CLASSIFIED AS A CLASS A-4 MEMBER AND RECEIVE CLASS A-4 CREDIT  
15 FOR ALL CREDITABLE STATE SERVICE PERFORMED AFTER THE EFFECTIVE  
16 DATE OF MEMBERSHIP IN THE SYSTEM, EXCEPT AS A MEMBER OF THE  
17 JUDICIARY, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND  
18 SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-4 SERVICE[.],  
19 PROVIDED THAT THE MEMBER DOES NOT TERMINATE SERVICE AND THEN, ON  
20 OR AFTER JANUARY 1, 2017, RETURNS TO THE STATE SERVICE IN A  
21 POSITION OTHER THAN A CLASS A-5 EXEMPT EMPLOYEE AND ELECTS TO BE  
22 A MEMBER OF CLASS A-5 UNDER SECTION 5306.4 (RELATING TO ELECTION  
23 TO BECOME A CLASS A-5 MEMBER AND PARTICIPANT).

24 (A.4) CLASS A-5 MEMBERSHIP.--

25 (1) A STATE EMPLOYEE WHO BEGINS STATE SERVICE OR BECOMES  
26 A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2017, OTHER  
27 THAN AS A CLASS A-5 EXEMPT EMPLOYEE, SHALL BE CLASSIFIED AS A  
28 CLASS A-5 MEMBER WITHOUT REGARD TO POSITION OR OFFICE HELD OR  
29 CLASS OF SERVICE THAT THE EMPLOYEE WOULD HAVE BEEN A MEMBER  
30 OF OR BENEFITS THAT THE MEMBER WOULD HAVE BEEN ELIGIBLE TO

1 ACCUE AND RECEIVE BUT FOR THIS SUBSECTION AND SHALL RECEIVE  
2 CREDIT FOR CLASS A-5 SERVICE UPON PAYMENT OF REGULAR MEMBER  
3 CONTRIBUTIONS FOR CLASS A-5 SERVICE.

4 (2) THE PROVISIONS OF THIS PART REGARDING THE  
5 ESTABLISHMENT OF AND MEMBERSHIP IN CLASS A-5 SHALL APPLY TO  
6 ALL CURRENT AND FORMER MEMBERS OF THE STATE EMPLOYEES'  
7 RETIREMENT SYSTEM WHO HAVE RETURNED TO STATE SERVICE ON OR  
8 AFTER JANUARY 1, 2017, OTHER THAN AS A CLASS A-5 EXEMPT  
9 EMPLOYEE, AFTER A TERMINATION OF STATE SERVICE AND WHO HAVE  
10 ELECTED TO BE A MEMBER OF CLASS A-5 UNDER SECTION 5306.4.

11 (3) A TERMINATED STATE EMPLOYEE WHO IS A MEMBER OF CLASS  
12 A-5 OR WHO ELECTS TO BE A MEMBER OF CLASS A-5 UNDER SECTION  
13 5306.4 WHO RETURNS TO STATE SERVICE ON OR AFTER JANUARY 1,  
14 2017, SHALL BE SUBJECT TO THE PROVISIONS OF THIS PART  
15 REGARDING MEMBERSHIP IN CLASS A-5 THAT ARE IN EFFECT ON THE  
16 EFFECTIVE DATE OF REEMPLOYMENT, INCLUDING BENEFIT FORMULAS  
17 AND ACCRUAL RATES, ELIGIBILITY FOR ANNUITIES AND  
18 DISTRIBUTIONS, CONTRIBUTION RATES, DEFINITIONS, PURCHASE OF  
19 CREDITABLE SCHOOL, NONSCHOOL, STATE AND NONSTATE SERVICE  
20 PROVISIONS AND ACTUARIAL AND FUNDING ASSUMPTIONS.

21 (4) AN INDIVIDUAL WHO IS A STATE EMPLOYEE ON JANUARY 1,  
22 2017, BUT IS NOT A MEMBER OF THE SYSTEM OR WHO FIRST BECOMES  
23 A STATE EMPLOYEE ON OR AFTER JANUARY 1, 2017, OTHER THAN AS A  
24 CLASS A-5 EXEMPT EMPLOYEE, SHALL BE INELIGIBLE FOR ACTIVE  
25 MEMBERSHIP IN ANY OF THE SEVERAL CLASSES OF STATE SERVICE AS  
26 OTHERWISE PROVIDED FOR UNDER THIS SECTION OTHER THAN CLASS A-  
27 5. ANY SUCH STATE EMPLOYEE, IF ELIGIBLE, MAY BE A MEMBER OF  
28 CLASS A-5 AS A RESULT OF SUCH STATE SERVICE.

29 (5) NOTWITHSTANDING THIS SUBSECTION THE FOLLOWING SHALL  
30 APPLY:

1           (I) A CURRENT OR FORMER CLASS A-5 EXEMPT EMPLOYEE  
2 WHO HAS SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE CREDITED  
3 AS CLASS A SERVICE SHALL RECEIVE CLASS A SERVICE CREDIT  
4 FOR ANY STATE SERVICE THAT OTHERWISE WOULD BE CREDITED AS  
5 CLASS A-5 AND SHALL NOT BE ELIGIBLE TO BE AN ACTIVE  
6 PARTICIPANT IN THE PLAN FOR THE SERVICE.

7           (II) A CURRENT OR FORMER CLASS A-5 EXEMPT EMPLOYEE  
8 WHO HAS SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE CREDITED  
9 AS CLASS A-3 OR CLASS A-4 SERVICE BEFORE JANUARY 1, 2017,  
10 SHALL RECEIVE CLASS A-3 OR CLASS A-4 SERVICE CREDIT, AS  
11 THE CASE MAY BE, FOR ANY STATE SERVICE THAT OTHERWISE  
12 WOULD BE CREDITED AS CLASS A-5 AND SHALL NOT BE ELIGIBLE  
13 TO BE AN ACTIVE PARTICIPANT IN THE PLAN FOR THE SERVICE.

14           (III) A PERSON WHO FIRST BECOMES A CLASS A-5 EXEMPT  
15 EMPLOYEE ON OR AFTER JANUARY 1, 2017, SHALL RECEIVE  
16 CREDIT FOR SERVICE AS A STATE POLICE OFFICER AS A MEMBER  
17 OF CLASS A-3, UNLESS THE MEMBER WOULD OTHERWISE BE  
18 ELIGIBLE TO RECEIVE CLASS A CREDIT FOR SERVICE AS A CLASS  
19 A-5 EXEMPT EMPLOYEE, UPON PAYMENT OF THE REQUIRED MEMBER  
20 CONTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO BE AN ACTIVE  
21 PARTICIPANT IN THE PLAN FOR SUCH SERVICE. ALL OTHER  
22 CREDITABLE STATE SERVICE SHALL BE CREDITED AS OTHERWISE  
23 PROVIDED UNDER THIS PART, INCLUDING AS CLASS A-5 SERVICE,  
24 EXCEPT THAT ANY STATE SERVICE PERFORMED CONCURRENTLY WITH  
25 SERVICE AS AN ACTIVE OR INACTIVE MEMBER ON LEAVE WITHOUT  
26 PAY AS A CLASS A-5 EXEMPT EMPLOYEE SHALL BE CREDITED AS  
27 CLASS A-3 SERVICE AND SHALL NOT BE ELIGIBLE FOR ACTIVE  
28 PARTICIPATION IN THE PLAN. CLASS A-3 SERVICE PROVIDED FOR  
29 UNDER THIS SUBPARAGRAPH SHALL BE SUBJECT TO AN ELECTION  
30 TO BE CREDITED AS CLASS A-4 SERVICE.

1 (B) OTHER CLASS MEMBERSHIP.--

2 (1) A STATE EMPLOYEE WHO IS A MEMBER OF A CLASS OF  
3 SERVICE OTHER THAN CLASS A ON THE EFFECTIVE DATE OF THIS PART  
4 SHALL RETAIN HIS MEMBERSHIP IN THAT CLASS UNTIL SUCH SERVICE  
5 IS DISCONTINUED; ANY SERVICE THEREAFTER SHALL BE CREDITED AS  
6 CLASS A SERVICE, CLASS AA SERVICE, CLASS A-5 OR CLASS D-4  
7 SERVICE AS PROVIDED FOR IN THIS SECTION.

8 (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,  
9 A STATE EMPLOYEE [WHO] WHOSE FIRST PERIOD OF STATE SERVICE  
10 BEGAN BEFORE JANUARY 1, 2017, IS APPOINTED [BAIL  
11 COMMISSIONER] ARRAIGNMENT COURT MAGISTRATE OF THE  
12 PHILADELPHIA MUNICIPAL COURT UNDER 42 PA.C.S. § 1123(A) (5)  
13 (RELATING TO JURISDICTION AND VENUE) AND IS ELIGIBLE TO BE A  
14 MEMBER OF THE SYSTEM AS AN ARRAIGNMENT COURT MAGISTRATE MAY,  
15 WITHIN 30 DAYS OF THE EFFECTIVE DATE OF THIS SENTENCE OR  
16 WITHIN 30 DAYS OF HIS INITIAL APPOINTMENT AS A [BAIL  
17 COMMISSIONER] ARRAIGNMENT COURT MAGISTRATE, WHICHEVER IS  
18 LATER, ELECT CLASS E-2 SERVICE CREDIT FOR SERVICE PERFORMED  
19 AS [A BAIL COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE  
20 UNTIL THE TERMINATION OF STATE SERVICE. THIS CLASS OF SERVICE  
21 MULTIPLIER FOR E-2 SERVICE AS A BAIL COMMISSIONER SHALL BE  
22 1.5.

23 \* \* \*

24 SECTION 312. SECTIONS 5306.1(C), 5306.2(B) AND 5306.3(C) AND  
25 (D) OF TITLE 71 ARE AMENDED TO READ:  
26 § 5306.1. ELECTION TO BECOME A CLASS AA MEMBER.

27 \* \* \*

28 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS AA  
29 MEMBER SHALL BECOME EFFECTIVE THE LATER OF JULY 1, 2001, OR THE  
30 DATE WHEN THE ELECTION IS FILED WITH THE BOARD AND SHALL REMAIN

1 IN EFFECT UNTIL THE TERMINATION OF EMPLOYMENT. UPON TERMINATION  
2 AND A SUBSEQUENT REEMPLOYMENT THAT OCCURS BEFORE JANUARY 1,  
3 2017, THE MEMBER'S CLASS OF SERVICE SHALL BE CREDITED IN THE  
4 CLASS OF SERVICE OTHERWISE PROVIDED FOR IN THIS PART. IF THE  
5 REEMPLOYMENT OCCURS ON OR AFTER JANUARY 1, 2017, THE STATE  
6 EMPLOYEE'S ELIGIBILITY FOR MEMBERSHIP AND CLASS OF SERVICE IN  
7 THE SYSTEM OR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN  
8 THIS PART.

9 \* \* \*

10 § 5306.2. ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY.

11 \* \* \*

12 (B) EFFECT OF ELECTION.--MEMBERSHIP AS A CLASS D-4 MEMBER  
13 SHALL BECOME EFFECTIVE ON JULY 1, 2001, AND SHALL REMAIN IN  
14 EFFECT UNTIL THE TERMINATION OF SERVICE AS A MEMBER OF THE  
15 GENERAL ASSEMBLY. UPON TERMINATION AND A SUBSEQUENT REEMPLOYMENT  
16 THAT OCCURS BEFORE JANUARY 1, 2017, UNLESS THE REEMPLOYMENT IS  
17 AS A CLASS A-5 EXEMPT EMPLOYEE THE MEMBER'S CLASS OF SERVICE  
18 SHALL BE CREDITED IN THE CLASS OF SERVICE OTHERWISE PROVIDED FOR  
19 IN THIS PART. IF THE REEMPLOYMENT OCCURS ON OR AFTER JANUARY 1,  
20 2017, THE STATE EMPLOYEE'S ELIGIBILITY FOR MEMBERSHIP AND CLASS  
21 OF SERVICE IN THE SYSTEM OR PARTICIPATION IN THE PLAN SHALL BE  
22 AS PROVIDED IN THIS PART.

23 \* \* \*

24 § 5306.3. ELECTION TO BECOME A CLASS A-4 MEMBER.

25 \* \* \*

26 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS A-4  
27 MEMBER SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE  
28 EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM AND SHALL REMAIN IN  
29 EFFECT FOR ALL FUTURE [CREDITABLE] STATE SERVICE[.] CREDITABLE  
30 IN THE SYSTEM THAT OTHERWISE IS NOT CREDITED AS CLASS A-5

1 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE  
2 JUDICIARY, BUT SHALL NOT APPLY TO SERVICE PERFORMED AFTER A  
3 TERMINATION OF STATE SERVICE AND A REEMPLOYMENT WHEN THE  
4 REEMPLOYMENT OCCURS ON OR AFTER JANUARY 1, 2017, AND THE MEMBER  
5 ELECTS TO BE A MEMBER OF CLASS A-5 UNDER SECTION 5306.4  
6 (RELATING TO ELECTION TO BECOME A CLASS A-5 MEMBER AND  
7 PARTICIPANT). PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS  
8 A-4 STATE SERVICE PERFORMED PRIOR TO THE ELECTION OF CLASS A-4  
9 MEMBERSHIP SHALL BE MADE IN A FORM, MANNER AND TIME DETERMINED  
10 BY THE BOARD. UPON TERMINATION OF STATE SERVICE AND A SUBSEQUENT  
11 REEMPLOYMENT, A MEMBER WHO ELECTED CLASS A-4 MEMBERSHIP SHALL BE  
12 CREDITED AS A CLASS A-4 MEMBER FOR CREDITABLE STATE SERVICE  
13 PERFORMED AFTER REEMPLOYMENT, EXCEPT AS A MEMBER OF THE  
14 JUDICIARY, REGARDLESS OF TERMINATION OF EMPLOYMENT, TERMINATION  
15 OF MEMBERSHIP BY WITHDRAWAL OF ACCUMULATED DEDUCTIONS OR STATUS  
16 AS AN ANNUITANT, VESTEE OR INACTIVE MEMBER AFTER THE TERMINATION  
17 OF SERVICE; PROVIDED THAT THE MEMBER DOES NOT ELECT TO BE A  
18 MEMBER OF CLASS A-5.

19 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO  
20 BECOME A CLASS A-4 MEMBER WITHIN THE ELECTION PERIOD SET FORTH  
21 IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S STATE  
22 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE  
23 JUDICIARY OR THAT WOULD OTHERWISE BE CREDITED AS CLASS A-5 AFTER  
24 A TERMINATION AND RETURN TO STATE SERVICE, BEING CREDITED AS  
25 CLASS A-3 SERVICE AND NOT SUBJECT TO FURTHER ELECTION OR  
26 CREDITING AS CLASS A-4 SERVICE. UPON TERMINATION AND SUBSEQUENT  
27 EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO BECOME A CLASS A-4  
28 MEMBER SHALL NOT BE ELIGIBLE TO MAKE ANOTHER ELECTION TO BECOME  
29 A CLASS A-4 MEMBER FOR EITHER PAST OR FUTURE STATE SERVICE.

30 SECTION 312.1. TITLE 71 IS AMENDED BY ADDING A SECTION TO



1 READ:

2 § 5306.4. ELECTION TO BECOME A CLASS A-5 MEMBER AND  
3 PARTICIPANT.

4 (A) GENERAL RULE.--A PERSON WHO RETURNS TO STATE SERVICE ON  
5 OR AFTER JANUARY 1, 2017, AND BECOMES A MEMBER OF A CLASS OF  
6 SERVICE OTHER THAN CLASS A-5 WHO HAS NOT PREVIOUSLY DECLINED TO  
7 ELECT CLASS A-5 MEMBERSHIP UNDER THIS SECTION MAY ELECT TO  
8 BECOME A MEMBER OF CLASS A-5 AND A PARTICIPANT IN THE PLAN.

9 (B) TIME FOR MAKING ELECTION.--THE ELECTION TO BECOME A  
10 CLASS A-5 MEMBER AND PARTICIPANT MUST BE MADE BY THE MEMBER  
11 FILING WRITTEN NOTICE WITH THE BOARD IN A FORM AND MANNER  
12 DETERMINED BY THE BOARD NO LATER THAN 45 DAYS AFTER NOTICE FROM  
13 THE BOARD OF THE MEMBER'S ELIGIBILITY TO ELECT CLASS A-5  
14 MEMBERSHIP AND PARTICIPATION. A STATE EMPLOYEE WHO IS ELIGIBLE  
15 TO ELECT TO BECOME A CLASS A-5 MEMBER AND PARTICIPANT WHO BEGINS  
16 USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED  
17 CLASS A-5 MEMBERSHIP AND PARTICIPATION MAY MAKE THE ELECTION  
18 WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM USERRA LEAVE.

19 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS A-5  
20 MEMBER AND PARTICIPANT SHALL BE IRREVOCABLE AND SHALL BECOME  
21 EFFECTIVE ON THE EFFECTIVE DATE OF ACTIVE MEMBERSHIP IN THE  
22 SYSTEM RESULTING FROM THE MEMBER'S RETURN TO SERVICE. PAYMENT OF  
23 REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER  
24 CONTRIBUTIONS FOR CLASS A-5 STATE SERVICE PERFORMED PRIOR TO THE  
25 ELECTION OF CLASS A-5 MEMBERSHIP SHALL BE MADE IN A FORM, MANNER  
26 AND TIME DETERMINED BY THE BOARD. PAYMENT OF EMPLOYER DEFINED  
27 CONTRIBUTIONS AND MANDATORY PARTICIPANT CONTRIBUTIONS TO THE  
28 PLAN FOR STATE SERVICE PERFORMED PRIOR TO THE ELECTION OF  
29 PARTICIPATION IN THE PLAN SHALL BE AS ESTABLISHED IN THE PLAN  
30 DOCUMENT. UPON TERMINATION AND SUBSEQUENT REEMPLOYMENT, A MEMBER

1 WHO ELECTED CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE PLAN  
2 SHALL BE CREDITED AS A CLASS A-5 MEMBER AND PARTICIPANT FOR  
3 CREDITABLE STATE SERVICE PERFORMED AFTER REEMPLOYMENT,  
4 REGARDLESS OF TERMINATION OF EMPLOYMENT, TERMINATION OF  
5 MEMBERSHIP OR PARTICIPATION BY WITHDRAWAL OF TOTAL ACCUMULATED  
6 DEDUCTIONS, CLASS A-5 ACCUMULATED DEDUCTIONS OR DISTRIBUTION OF  
7 ALL OR PART OF ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR STATUS  
8 AS AN ANNUITANT, VESTEE, INACTIVE MEMBER, PARTICIPANT RECEIVING  
9 DISTRIBUTIONS OR INACTIVE PARTICIPANT AFTER THE TERMINATION OF  
10 SERVICE.

11 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO  
12 BECOME A CLASS A-5 MEMBER AND PARTICIPANT WITHIN THE ELECTION  
13 PERIOD SET FORTH IN SUBSECTION (B) SHALL RESULT IN ALL OF THE  
14 MEMBER'S STATE SERVICE BEING CREDITED IN THE CLASS OF MEMBERSHIP  
15 OTHERWISE PROVIDED FOR UNDER THIS PART AND NOT SUBJECT TO  
16 FURTHER ELECTION OR CREDITING AS CLASS A-5 SERVICE OR ELIGIBLE  
17 FOR PARTICIPATION IN THE PLAN. UPON TERMINATION AND SUBSEQUENT  
18 EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO BECOME A CLASS A-5  
19 MEMBER AND PARTICIPANT SHALL NOT BE ELIGIBLE TO MAKE ANOTHER  
20 ELECTION TO BECOME A CLASS A-5 MEMBER OR PARTICIPANT FOR EITHER  
21 PAST OR FUTURE STATE SERVICE.

22 SECTION 312.2. SECTION 5307 OF TITLE 71 IS AMENDED TO READ:  
23 § 5307. ELIGIBILITY POINTS.

24 (A) GENERAL RULE.--AN ACTIVE MEMBER OF THE SYSTEM SHALL  
25 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE  
26 AS A MEMBER OF THE [STATE OR] SYSTEM AND IF A MULTIPLE SERVICE  
27 MEMBER AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
28 SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO-THIRDS OF AN  
29 ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 CREDITED SERVICE.  
30 IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE,

1 A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF  
2 ELIGIBILITY POINTS TO WHICH THE CLASS OF SERVICE ENTITLES HIM.

3 (A.1) USERRA LEAVE.--A MEMBER OF THE SYSTEM OR PARTICIPANT  
4 IN THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES  
5 WHILE PERFORMING USERRA LEAVE SHALL BE GRANTED THE ELIGIBILITY  
6 POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS STATE  
7 OFFICE OR EMPLOYMENT INSTEAD OF PERFORMING USERRA LEAVE. IN THE  
8 EVENT THAT A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE  
9 MAKES THE MEMBER CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT  
10 CONTRIBUTIONS TO BE GRANTED STATE SERVICE CREDIT FOR THE USERRA  
11 LEAVE, NO ADDITIONAL ELIGIBILITY POINTS WILL BE GRANTED.

12 (B) TRANSITIONAL RULE.--

13 (1) IN DETERMINING WHETHER A MEMBER WHO IS NOT A STATE  
14 EMPLOYEE OR SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1,  
15 2001, AND WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY  
16 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30, 2001,  
17 UPON TERMINATION OF THE DISABILITY ANNUITY) HAS THE FIVE  
18 ELIGIBILITY POINTS REQUIRED BY SECTIONS 5102 (RELATING TO  
19 DEFINITIONS), 5308(B) (RELATING TO ELIGIBILITY FOR  
20 ANNUITIES), 5309 (RELATING TO ELIGIBILITY FOR VESTING),  
21 5704(B) (RELATING TO DISABILITY ANNUITIES) AND 5705(A)  
22 (RELATING TO MEMBER'S OPTIONS), ONLY ELIGIBILITY POINTS  
23 EARNED BY PERFORMING CREDITED STATE SERVICE[, ] OR USERRA  
24 LEAVE IN A CLASS OF SERVICE OTHER THAN CLASS A-5, OR CREDITED  
25 SCHOOL SERVICE AS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
26 EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OF SERVICE OTHER THAN  
27 CLASS T-G AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL SUCH  
28 MEMBER EARNS ONE SUCH ELIGIBILITY POINT BY PERFORMING  
29 CREDITED STATE SERVICE OR CREDITED SCHOOL SERVICE AFTER JUNE  
30 30, 2001, AT WHICH TIME ALL ELIGIBILITY POINTS OTHER THAN

1 ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS A-5  
2 OR CLASS T-G AS DETERMINED PURSUANT TO SUBSECTION (A) SHALL  
3 BE COUNTED.

4 (2) ANY MEMBER TO WHOM PARAGRAPH (1) APPLIES SHALL BE  
5 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE  
6 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER:

7 (I) HAS TEN OR MORE ELIGIBILITY POINTS OF THE  
8 APPLICABLE CLASS OF SERVICE AS DETERMINED PURSUANT TO  
9 SUBSECTION (A); OR

10 (II) HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS  
11 L, CLASS M OR CLASS N SERVICE AND HAS EIGHT OR MORE  
12 ELIGIBILITY POINTS OF A CLASS OF SERVICE OTHER THAN CLASS  
13 A-5 OR CLASS T-G AS DETERMINED PURSUANT TO SUBSECTION  
14 (A) .

15 (C) TRANSITIONAL RULE FOR MEMBERS WITH CLASS A-5 SERVICE  
16 CREDIT.--

17 (1) ANY PROVISION OF THIS PART PERTAINING TO ELIGIBILITY  
18 POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF  
19 ANNUITIES OR BENEFITS ATTRIBUTABLE TO CLASSES OF SERVICE  
20 OTHER THAN CLASS A-5 SHALL NOT INCLUDE ANY ELIGIBILITY POINTS  
21 ATTRIBUTABLE TO SERVICE CREDITED IN CLASS A-5 OR AS A MEMBER  
22 OF CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
23 SYSTEM.

24 (2) ANY PROVISION OF THIS PART PERTAINING TO ELIGIBILITY  
25 POINTS APPLICABLE TO THE ELIGIBILITY FOR OR CALCULATION OF  
26 ANNUITIES OR BENEFITS ATTRIBUTABLE TO SERVICE IN CLASS A-5  
27 SHALL INCLUDE ONLY ELIGIBILITY POINTS ATTRIBUTABLE TO SERVICE  
28 CREDITED IN CLASS A-5 OR IF A MULTIPLE SERVICE MEMBER AS A  
29 MEMBER OF CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES'  
30 RETIREMENT SYSTEM.

1           (3) ONLY ELIGIBILITY POINTS EARNED AS A MEMBER OF CLASS  
2           A-5, OR IF A MULTIPLE SERVICE MEMBER, AS A MEMBER OF CLASS T-  
3           G IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, SHALL BE  
4           APPLICABLE TO ANY PROVISION IN THIS PART REQUIRING  
5           ELIGIBILITY POINTS FOR THE DETERMINATION OR PAYMENT OF  
6           BENEFITS FROM THE PLAN.

7           SECTION 312.3. SECTION 5308 OF TITLE 71, AMENDED DECEMBER  
8           28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

9           § 5308. ELIGIBILITY FOR ANNUITIES.

10          (A) SUPERANNUATION ANNUITY.--ATTAINMENT OF SUPERANNUATION  
11          AGE BY AN ACTIVE MEMBER OR AN INACTIVE MEMBER ON LEAVE WITHOUT  
12          PAY WITH THREE OR MORE ELIGIBILITY POINTS OTHER THAN ELIGIBILITY  
13          POINTS RESULTING FROM NONSTATE SERVICE OR NONSCHOOL SERVICE  
14          SHALL ENTITLE HIM TO RECEIVE A SUPERANNUATION ANNUITY UPON  
15          TERMINATION OF STATE SERVICE AND COMPLIANCE WITH SECTION 5907(F)  
16          (RELATING TO RIGHTS AND DUTIES OF STATE EMPLOYEES [AND  
17          MEMBERS).], MEMBERS AND PARTICIPANTS); PROVIDED THAT ONLY  
18          ELIGIBILITY POINTS EARNED IN CLASSES OF SERVICE OTHER THAN CLASS  
19          A-5 OR, IF A MULTIPLE SERVICE MEMBER, IN CLASS T-G SHALL BE USED  
20          TO DETERMINE IF A MEMBER HAS THE THREE ELIGIBILITY POINTS  
21          NECESSARY TO BE ELIGIBLE TO RECEIVE A SUPERANNUATION ANNUITY  
22          ATTRIBUTABLE TO CLASSES OF SERVICE OTHER THAN CLASS A-5; AND  
23          FURTHER PROVIDED, THAT ONLY ELIGIBILITY POINTS EARNED IN CLASS  
24          A-5 OR, IF A MULTIPLE SERVICE MEMBER, IN CLASS T-G SHALL BE USED  
25          TO DETERMINE IF A MEMBER HAS THE THREE ELIGIBILITY POINTS  
26          NECESSARY TO BE ELIGIBLE TO RECEIVE A SUPERANNUATION ANNUITY  
27          ATTRIBUTABLE TO CLASS A-5 SERVICE.

28          (B) WITHDRAWAL ANNUITY.--

29                 (1) ANY VESTEE OR ANY ACTIVE MEMBER OR INACTIVE MEMBER  
30                 ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE HAVING FIVE

1 OR MORE ELIGIBILITY POINTS AND WHO DOES NOT HAVE CLASS A-3  
2 [OR] CLASS A-4 OR CLASS A-5 SERVICE CREDIT OR CLASS T-E  
3 [OR] CLASS T-F OR CLASS T-G SERVICE CREDIT IN THE PUBLIC  
4 SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR WHO HAS CLASS G,  
5 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS  
6 N SERVICE AND TERMINATES STATE SERVICE HAVING FIVE OR MORE  
7 ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION 5907(F), (G)  
8 OR (H) SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

9 (2) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON  
10 LEAVE WITHOUT PAY WHO HAS CLASS A-3 OR CLASS A-4 SERVICE  
11 CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-E OR CLASS  
12 T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
13 SYSTEM WHO TERMINATES STATE SERVICE HAVING TEN OR MORE  
14 ELIGIBILITY POINTS IN CLASSES OF SERVICE OTHER THAN CLASS A-5  
15 OR CLASS T-G IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
16 SYSTEM, UPON COMPLIANCE WITH SECTION 5907(F), (G) OR (H),  
17 SHALL BE ENTITLED TO RECEIVE AN ANNUITY BASED ON SERVICE AND  
18 COMPENSATION IN CLASSES OF SERVICE OTHER THAN CLASS A-5 OR  
19 CLASS T-G.

20 (3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON  
21 LEAVE WITHOUT PAY WHO HAS EITHER CLASS A-3 [OR] CLASS A-4 OR  
22 CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER,  
23 CLASS T-E [OR] CLASS T-F OR CLASS T-G SERVICE CREDIT IN THE  
24 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND ALSO HAS  
25 SERVICE CREDITED IN THE SYSTEM IN ONE OR MORE OTHER CLASSES  
26 OF SERVICE WHO HAS FIVE OR MORE, BUT FEWER THAN TEN,  
27 ELIGIBILITY POINTS FROM CLASSES OF SERVICE OTHER THAN CLASS  
28 A-5 OR CLASS T-G, UPON COMPLIANCE WITH SECTION 5907(F), (G)  
29 OR (H), SHALL BE ELIGIBLE TO RECEIVE AN ANNUITY CALCULATED ON  
30 HIS SERVICE CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS

1 A-3 [OR], CLASS A-4 OR CLASS A-5, PROVIDED THAT THE MEMBER  
2 HAS FIVE OR MORE ELIGIBILITY POINTS RESULTING FROM SERVICE IN  
3 CLASSES OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 OR  
4 CLASS T-E [OR], CLASS T-F OR CLASS T-G SERVICE IN THE PUBLIC  
5 SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

6 (4) IN ADDITION TO ANY WITHDRAWAL ANNUITY PAYABLE UNDER  
7 PARAGRAPH (2) OR (3), ANY VESTEE, ACTIVE MEMBER OR INACTIVE  
8 MEMBER ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE  
9 HAVING 25 OR MORE ELIGIBILITY POINTS RESULTING FROM CLASS A-5  
10 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-G  
11 SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
12 SYSTEM, UPON COMPLIANCE WITH SECTION 5907 (F), (G) OR (H)  
13 SHALL BE ENTITLED TO RECEIVE AN ANNUITY BASED ON SERVICE AND  
14 COMPENSATION AS A MEMBER OF CLASS A-5 AND CLASS T-G IN  
15 ADDITION TO ANY ANNUITY THE MEMBER IS ELIGIBLE TO RECEIVE  
16 FROM OTHER CLASSES OF SERVICE. IN THE EVENT A MEMBER  
17 TERMINATES STATE SERVICE HAVING TEN OR MORE, BUT LESS THAN 25  
18 ELIGIBILITY POINTS RESULTING FROM CLASS A-5 SERVICE CREDIT  
19 OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-G SERVICE CREDIT IN  
20 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE MEMBER  
21 SHALL BE ELIGIBLE TO RECEIVE AN ANNUITY BASED ON CLASS A-5  
22 SERVICE CREDIT UPON ATTAINMENT OF SUPERANNUATION AGE.

23 (C) DISABILITY ANNUITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER  
24 ON LEAVE WITHOUT PAY WHO:

25 (1) HAS FIVE OR MORE ELIGIBILITY POINTS OTHER THAN  
26 ELIGIBILITY POINTS RESULTING FROM SERVICE AS A MEMBER OF  
27 CLASS A-5 OR MEMBERSHIP IN THE PUBLIC SCHOOL EMPLOYEES'  
28 RETIREMENT SYSTEM [OR ANY ACTIVE MEMBER OR INACTIVE MEMBER ON  
29 LEAVE WITHOUT PAY WHO];

30 (2) IS AN OFFICER OF THE PENNSYLVANIA STATE POLICE OR AN

1 ENFORCEMENT OFFICER; OR  
2 (3) HAS FIVE OR MORE ELIGIBILITY POINTS RESULTING FROM  
3 SERVICE AS A MEMBER OF CLASS A-5;  
4 SHALL, UPON COMPLIANCE WITH SECTION 5907(K), BE ENTITLED TO A  
5 DISABILITY ANNUITY BASED ON SERVICE AND COMPENSATION IN CLASSES  
6 OTHER THAN CLASS A-5 IF HE IS ELIGIBLE FOR A DISABILITY ANNUITY  
7 ON SERVICE OTHER THAN AS A MEMBER OF CLASS A-5 AND A DISABILITY  
8 ANNUITY BASED ON SERVICE AND COMPENSATION IN CLASS A-5 IF HE IS  
9 ELIGIBLE FOR A DISABILITY ANNUITY BASED ON SERVICE AND  
10 COMPENSATION AS A MEMBER OF CLASS A-5 IF HE BECOMES MENTALLY OR  
11 PHYSICALLY INCAPABLE OF CONTINUING TO PERFORM THE DUTIES FOR  
12 WHICH HE IS EMPLOYED AND QUALIFIES IN ACCORDANCE WITH THE  
13 PROVISIONS OF SECTION 5905(C) (1) (RELATING TO DUTIES OF THE  
14 BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS).

15 (D) REQUIRED BEGINNING DATE.--MEMBERS ELIGIBLE FOR AN  
16 ANNUITY MUST COMMENCE RECEIVING THE ANNUITY BY THE MEMBER'S  
17 REQUIRED BEGINNING DATE.

18 SECTION 312.4. SECTION 5308.1 INTRODUCTORY PARAGRAPH AND (1)  
19 OF TITLE 71 ARE AMENDED TO READ:

20 § 5308.1. ELIGIBILITY FOR SPECIAL EARLY RETIREMENT.

21 NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE CONTRARY,  
22 THE FOLLOWING SPECIAL EARLY RETIREMENT PROVISIONS SHALL BE  
23 APPLICABLE TO SPECIFIED ELIGIBLE MEMBERS [AS FOLLOWS]:

24 (1) DURING THE PERIOD OF JULY 1, 1985, TO SEPTEMBER 30,  
25 1991, AN ACTIVE MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST  
26 53 YEARS AND HAS ACCRUED AT LEAST 30 ELIGIBILITY POINTS SHALL  
27 BE ENTITLED, UPON TERMINATION OF STATE SERVICE AND COMPLIANCE  
28 WITH SECTION 5907(F) (RELATING TO RIGHTS AND DUTIES OF STATE  
29 EMPLOYEES [AND], MEMBERS AND PARTICIPANTS), TO RECEIVE A  
30 MAXIMUM SINGLE LIFE ANNUITY CALCULATED UNDER SECTION 5702



1 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY) WITHOUT A REDUCTION  
2 BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH IS UNDER  
3 THE SUPERANNUATION AGE.

4 \* \* \*

5 SECTION 312.5. SECTION 5309 OF TITLE 71, AMENDED DECEMBER  
6 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

7 § 5309. ELIGIBILITY FOR VESTING.

8 ANY MEMBER WHO:

9 (1) DOES NOT HAVE CLASS A-3 [OR], CLASS A-4 OR CLASS A-5  
10 SERVICE CREDIT OR IF A MULTIPLE SERVICE MEMBER, CLASS T-E  
11 [OR], CLASS T-F OR CLASS T-G SERVICE CREDIT IN THE PUBLIC  
12 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE  
13 SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER  
14 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES  
15 SCHOOL SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS, OR ANY  
16 MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K,  
17 CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE  
18 ELIGIBILITY POINTS, SHALL BE ELIGIBLE UNTIL HIS REQUIRED  
19 BEGINNING DATE TO VEST HIS RETIREMENT BENEFITS.

20 (2) HAS ONLY CLASS A-3 [OR] AND, IF A MULTIPLE SERVICE  
21 MEMBER, ONLY CLASS A-4 SERVICE CREDIT OR CLASS T-E OR CLASS  
22 T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
23 SYSTEM AND TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE  
24 MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
25 RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, WITH TEN OR MORE  
26 ELIGIBILITY POINTS SHALL BE ELIGIBLE UNTIL HIS REQUIRED  
27 BEGINNING DATE TO VEST HIS RETIREMENT BENEFITS.

28 (3) HAS EITHER CLASS A-3 [OR] AND, IF A MULTIPLE SERVICE  
29 MEMBER, CLASS A-4 SERVICE CREDIT OR CLASS T-E OR CLASS T-F  
30 SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT

1 SYSTEM, ALSO HAS SERVICE OTHER THAN CLASS A-5 CREDITED IN THE  
2 SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE AND HAS FIVE  
3 OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS RESULTING  
4 FROM SERVICE IN CLASSES OTHER THAN CLASS A-5 OR CLASS T-G AND  
5 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND  
6 AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
7 SYSTEM TERMINATES SCHOOL SERVICE, SHALL BE ELIGIBLE UNTIL HIS  
8 REQUIRED BEGINNING DATE TO VEST HIS RETIREMENT BENEFITS  
9 CALCULATED ON HIS SERVICE CREDITED IN CLASSES OF SERVICE  
10 OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 AND TO BE  
11 CREDITED WITH STATUTORY INTEREST ON TOTAL ACCUMULATED  
12 DEDUCTIONS, REGARDLESS OF WHETHER OR NOT ANY PART OF HIS  
13 ACCUMULATED DEDUCTIONS ARE A RESULT OF CLASS A-3 OR CLASS A-4  
14 SERVICE CREDIT.

15 (4) HAS ONLY CLASS A-5 SERVICE CREDIT AND, IF A MULTIPLE  
16 SERVICE MEMBER, ONLY CLASS T-G SERVICE CREDIT IN THE PUBLIC  
17 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE  
18 SERVICE, OR, IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE  
19 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM,  
20 TERMINATES SCHOOL SERVICE WITH TEN OR MORE AND LESS THAN 25  
21 ELIGIBILITY POINTS SHALL BE REQUIRED UNTIL ATTAINMENT OF  
22 SUPERANNUATION AGE TO VEST HIS RETIREMENT BENEFITS RESULTING  
23 FROM CLASS A-5 SERVICE.

24 (5) HAS ONLY CLASS A-5 SERVICE CREDIT AND, IF A MULTIPLE  
25 SERVICE MEMBER, ONLY CLASS T-G SERVICE CREDIT IN THE PUBLIC  
26 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE  
27 SERVICE, OR, IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE  
28 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM,  
29 TERMINATES SCHOOL SERVICE WITH 25 OR MORE ELIGIBILITY POINTS  
30 SHALL BE ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION AGE TO

1 VEST HIS RETIREMENT BENEFITS RESULTING FROM CLASS A-5  
2 SERVICE.

3 (6) HAS CLASS A-5 SERVICE CREDIT AND SERVICE CREDITED IN  
4 ONE OR MORE OTHER CLASSES OF SERVICE AND TERMINATES STATE  
5 SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER  
6 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES  
7 SCHOOL SERVICE, SHALL BE REQUIRED OR ELIGIBLE TO VEST HIS  
8 RETIREMENT BENEFITS BASED ON CLASS A-5 SERVICE UNTIL THE  
9 ATTAINMENT OF THE APPLICABLE SUPERANNUATION AGE IF HE WOULD  
10 BE REQUIRED OR ELIGIBLE TO VEST HIS RETIREMENT BENEFITS BASED  
11 ON CLASS A-5 SERVICE UNDER PARAGRAPH (4) OR (5) DISREGARDING  
12 ALL CLASSES OF SERVICE OTHER THAN CLASS A-5 AND CLASS T-G AND  
13 SHALL BE ELIGIBLE TO VEST HIS RETIREMENT BENEFITS IN EACH  
14 OTHER CLASS OF SERVICE OTHER THAN CLASS A-5 IN ACCORDANCE  
15 WITH THE REQUIREMENTS OF EACH CLASS OF SERVICE UNTIL THE  
16 ATTAINMENT OF THE APPLICABLE SUPERANNUATION AGES FOR EACH  
17 CLASS OF SERVICE FOR WHICH HE WOULD BE ABLE TO VEST HIS  
18 RETIREMENT BENEFITS UNDER PARAGRAPH (1), (2) OR (3)  
19 DISREGARDING SERVICE IN CLASS A-5 AND CLASS T-G.

20 SECTION 312.6. SECTION 5310 OF TITLE 71 IS AMENDED TO READ:

21 § 5310. ELIGIBILITY FOR DEATH BENEFITS.

22 IN THE EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN  
23 ANNUITY IN ACCORDANCE WITH SECTION 5308(A) OR (B) (RELATING TO  
24 ELIGIBILITY FOR ANNUITIES), HIS BENEFICIARY SHALL BE ENTITLED TO  
25 A DEATH BENEFIT. FOR PURPOSES OF THIS SECTION, A MEMBER WITH TEN  
26 OR MORE BUT LESS THAN 25 ELIGIBILITY POINTS RESULTING FROM CLASS  
27 A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-G  
28 SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
29 SHALL BE CONSIDERED ELIGIBLE FOR AN ANNUITY BASED ON CLASS A-5  
30 SERVICE EVEN IF UNDER SUPERANNUATION AGE.

1 SECTION 312.7. SECTIONS 5311 AND 5501 OF TITLE 71, AMENDED  
2 DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED TO READ:

3 § 5311. ELIGIBILITY FOR REFUNDS.

4 (A) TOTAL ACCUMULATED DEDUCTIONS.--ANY ACTIVE MEMBER,  
5 REGARDLESS OF ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS  
6 TOTAL ACCUMULATED DEDUCTIONS BY HIS REQUIRED BEGINNING DATE UPON  
7 TERMINATION OF SERVICE IN LIEU OF ANY BENEFIT FROM THE SYSTEM  
8 RESULTING FROM SERVICE IN CLASSES OTHER THAN CLASS A-5 TO WHICH  
9 HE IS ENTITLED.

10 (A.1) CLASS A-5 ACCUMULATED DEDUCTIONS.--AN ACTIVE MEMBER  
11 WHO HAS SERVICE CREDITED AS A CLASS A-5 MEMBER AND IS NOT  
12 ELIGIBLE TO RECEIVE AN IMMEDIATE ANNUITY OR BE A VESTEE AS A  
13 RESULT OF HIS CLASS A-5 SERVICE MAY ELECT TO RECEIVE HIS CLASS  
14 A-5 ACCUMULATED DEDUCTIONS UPON TERMINATION OF SERVICE IN LIEU  
15 OF ANY BENEFIT FROM THE SYSTEM RESULTING FROM SERVICE IN CLASS  
16 A-5 TO WHICH HE IS ENTITLED.

17 (B) SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS.--ANY  
18 ACTIVE MEMBER AT ANY TIME AFTER THE ATTAINMENT OF NORMAL  
19 RETIREMENT AGE MAY ELECT TO RECEIVE HIS SOCIAL SECURITY  
20 INTEGRATION ACCUMULATED DEDUCTIONS AND THEREBY TO HAVE ALL HIS  
21 SOCIAL SECURITY INTEGRATION CREDITS AND BENEFITS THEREFOR  
22 CANCELLED, AND SHALL NOT BE ENTITLED TO ACCRUE ANY FURTHER  
23 SOCIAL SECURITY INTEGRATION CREDITS OR BENEFITS; EXCEPT THAT A  
24 DISABILITY ANNUITANT WHO RETURNS TO STATE SERVICE IN A CLASS OF  
25 SERVICE OTHER THAN CLASS A-5 SHALL HAVE THE RIGHT TO REINSTATE  
26 HIS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS AND  
27 CREDITS THEREFOR.

28 § 5501. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

29 REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO THE FUND ON  
30 BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE EXCEPT FOR ANY

1 PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF SUCH  
2 CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF SECTION 5502.1  
3 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL  
4 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF  
5 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR  
6 415 OR LIMITATIONS ON CONTRIBUTIONS TO THE SYSTEM APPLICABLE TO  
7 A CLASS A-5 MEMBER WHO IS MAKING MANDATORY PICKUP PARTICIPANT  
8 CONTRIBUTIONS TO THE TRUST.

9 SECTION 313. SECTION 5501.1(A) AND (B)(1) AND (7) OF TITLE  
10 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION  
11 TO READ:

12 § 5501.1. SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 [AND],  
13 CLASS A-4 AND CLASS A-5 SERVICE.

14 (A) GENERAL.--SHARED-RISK MEMBER CONTRIBUTIONS SHALL BE MADE  
15 TO THE FUND ON BEHALF OF EACH MEMBER OF CLASS A-3 [OR],  
16 4 OR CLASS A-5 FOR CURRENT SERVICE CREDITED AS CLASS A-3 [OR],  
17 CLASS A-4 OR CLASS A-5 AS PROVIDED UNDER THIS SECTION, EXCEPT  
18 FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF THE  
19 CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION OF  
20 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR  
21 415 OR ANY PROVISION OF THIS PART LIMITING CONTRIBUTIONS  
22 APPLICABLE TO A CLASS A-5 MEMBER. SHARED-RISK MEMBER

23 CONTRIBUTIONS SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT.

24 (B) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE[.--] FOR  
25 CLASS A-3 AND CLASS A-4 SERVICE.--THE SHARED-RISK CONTRIBUTION  
26 FOR CLASS A-3 AND CLASS A-4 SERVICE SHALL BE DETERMINED AS  
27 FOLLOWS:

28 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS  
29 SECTION UNTIL JUNE 30, 2014, THE SHARED-RISK CONTRIBUTION  
30 RATE FOR CLASS A-3 AND CLASS A-4 SERVICE SHALL BE ZERO.

1 \* \* \*

2 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL  
3 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER  
4 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)  
5 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH  
6 AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED-RISK  
7 CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT  
8 MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE  
9 ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS  
10 OTHERWISE PROVIDED IN THIS SECTION.

11 \* \* \*

12 (C) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE FOR CLASS  
13 A-5 SERVICE.--THE SHARED RISK CONTRIBUTION FOR CLASS A-5 SERVICE  
14 SHALL BE DETERMINED AS FOLLOWS:

15 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS  
16 SECTION UNTIL JUNE 30, 2022, THE SHARED-RISK CONTRIBUTION  
17 RATE FOR CLASS A-5 SERVICE SHALL BE ZERO.

18 (2) FOR THE PERIOD FROM JULY 1, 2022, TO JUNE 30, 2025,  
19 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE  
20 DURING THE PERIOD FROM JANUARY 1, 2019, TO DECEMBER 31, 2021,  
21 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE  
22 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,  
23 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE  
24 PERIOD, THE SHARED-RISK CONTRIBUTION RATE SHALL BE 0.5%. IN  
25 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL  
26 BE ZERO.

27 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED-  
28 RISK CONTRIBUTION RATE SHALL BE INCREASED BY 0.5% IF THE  
29 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
30 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL

1 CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL  
2 RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND  
3 BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED-RISK  
4 CONTRIBUTION RATE SHALL BE DECREASED BY 0.5% IF THE ANNUAL  
5 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
6 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
7 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF  
8 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON  
9 MARKET VALUE OVER THAT PERIOD.

10 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED-  
11 RISK CONTRIBUTION RATE MAY NOT BE LESS THAN ZERO AND MAY NOT  
12 BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM  
13 INVESTMENT GAINS OR LOSSES IN EFFECT ON THE FIRST DAY WHEN  
14 THE NEW RATE WOULD BE APPLIED, EXPRESSED AS A PERCENTAGE OF  
15 MEMBER COMPENSATION, PROVIDED THAT IN NO EVENT MAY THE  
16 SHARED-RISK CONTRIBUTION RATE BE MORE THAN 2%. FOR THE  
17 DETERMINATION OF THE SHARED-RISK CONTRIBUTION RATE TO BE  
18 EFFECTIVE JULY 1, 2025, THE DETERMINATION PERIOD SHALL BE  
19 JANUARY 1, 2019, THROUGH DECEMBER 31, 2024. FOR THE  
20 DETERMINATION OF THE SHARED-RISK CONTRIBUTION RATE TO BE  
21 EFFECTIVE JULY 1, 2027, THE DETERMINATION PERIOD SHALL BE  
22 JANUARY 1, 2018, THROUGH DECEMBER 31, 2026.

23 (5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS  
24 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE  
25 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL  
26 INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY  
27 FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE  
28 DUTIES OF THE BOARD).

29 (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED  
30 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD

1 USED TO DETERMINE THE SHARED-RISK CONTRIBUTION RATE, THE  
2 BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE  
3 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN  
4 ANNUAL RATE.

5 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL  
6 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER  
7 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)  
8 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH  
9 AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED-RISK  
10 CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT  
11 MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE  
12 ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS  
13 OTHERWISE PROVIDED IN THIS SECTION.

14 (8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY  
15 CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL  
16 COST METHOD PROVIDED IN SECTION 5508(B), AS ADJUSTED BY THE  
17 EXPERIENCE ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE  
18 SHARED-RISK CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL  
19 BE ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS  
20 OTHERWISE PROVIDED IN THIS SECTION.

21 SECTION 314. SECTION 5502 OF TITLE 71, AMENDED DECEMBER 28,  
22 2015 (P.L.529, NO.93), IS AMENDED TO READ:

23 § 5502. SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS.

24 EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING  
25 OF REGULAR MEMBER CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF  
26 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER  
27 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER  
28 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO  
29 LIMITATIONS UNDER IRC § 401(A)(17) OR 415, CONTRIBUTIONS SHALL  
30 BE MADE ON BEHALF OF [A] AN ACTIVE MEMBER OF ANY CLASS OTHER



1 THAN CLASS A-5 WHO PRIOR TO MARCH 1, 1974, HAS ELECTED SOCIAL  
2 SECURITY INTEGRATION COVERAGE. THE AMOUNT OF SUCH CONTRIBUTIONS  
3 SHALL BE 6 1/4% OF THAT PORTION OF HIS COMPENSATION AS AN ACTIVE  
4 MEMBER IN EXCESS OF THE MAXIMUM WAGES TAXABLE UNDER THE  
5 PROVISIONS OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. §  
6 301 ET SEQ.), IN ADDITION TO THE REGULAR MEMBER CONTRIBUTIONS  
7 WHICH, AFTER SUCH ELECTION, SHALL BE DETERMINED ON THE BASIS OF  
8 THE BASIC CONTRIBUTION RATE OF 5% AND THE ADDITIONAL MEMBER  
9 CONTRIBUTION OF 1 1/4%: PROVIDED, THAT A MEMBER MAY ELECT TO  
10 DISCONTINUE SOCIAL SECURITY INTEGRATION COVERAGE AND SHALL  
11 THEREAFTER BE INELIGIBLE TO ACCRUE ANY FURTHER SOCIAL SECURITY  
12 INTEGRATION CREDITS OR ANY ADDITIONAL BENEFITS ON ACCOUNT OF  
13 SOCIAL SECURITY INTEGRATION MEMBERSHIP.

14 SECTION 314.1. SECTIONS 5502.1(B) AND 5503.1(A) OF TITLE 71  
15 ARE AMENDED TO READ:

16 § 5502.1. WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL  
17 SECURITY INTEGRATION MEMBER CONTRIBUTIONS.

18 \* \* \*

19 (B) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO ANY  
20 MEMBER WHO HAS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE  
21 CREDIT.

22 \* \* \*

23 § 5503.1. PICKUP CONTRIBUTIONS.

24 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL  
25 CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS  
26 5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT  
27 SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS  
28 FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5 SERVICE), 5502  
29 (RELATING TO SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS),  
30 5503 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND

1 [SECTION] 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS),  
2 WITH RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE  
3 MEMBER ON OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE  
4 COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE  
5 EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

6 \* \* \*

7 SECTION 314.2. SECTION 5504 OF TITLE 71, AMENDED DECEMBER  
8 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

9 § 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR  
10 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE  
11 MEMBER.

12 (A) AMOUNT OF CONTRIBUTIONS FOR SERVICE IN OTHER THAN CLASS  
13 G THROUGH N.--

14 (1) THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR  
15 ELIGIBLE SCHOOL EMPLOYEE FOR CREDIT [FOR] IN THE SYSTEM FOR  
16 THE PORTION OF TOTAL PREVIOUS STATE SERVICE OTHER THAN  
17 SERVICE IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS  
18 L, CLASS M AND CLASS N THAT A MEMBER IS ELIGIBLE TO HAVE  
19 CREDITED OR TO BECOME A FULL COVERAGE MEMBER SHALL BE  
20 SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE REGULAR AND  
21 ADDITIONAL ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN  
22 STANDING TO THE CREDIT OF THE MEMBER FOR SUCH SERVICE HAD  
23 REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS BEEN MADE WITH  
24 FULL COVERAGE IN THE CLASS OF SERVICE AND AT THE RATE OF  
25 CONTRIBUTION APPLICABLE DURING SUCH PERIOD OF PREVIOUS  
26 SERVICE AND HAD HIS REGULAR AND ADDITIONAL ACCUMULATED  
27 DEDUCTIONS BEEN CREDITED WITH STATUTORY INTEREST DURING ALL  
28 PERIODS OF SUBSEQUENT STATE SERVICE AS AN ACTIVE MEMBER OR  
29 INACTIVE MEMBER ON LEAVE WITHOUT PAY AND SCHOOL SERVICE AS AN  
30 ACTIVE MEMBER OR INACTIVE MEMBER OF THE PUBLIC SCHOOL

1 EMPLOYEES' RETIREMENT SYSTEM UP TO THE DATE OF PURCHASE.

2 (2) NOTWITHSTANDING PARAGRAPH (1), ACTIVE MEMBERS [WITH]  
3 WHO PERFORM STATE SERVICE CREDITED AS CLASS A-3 [STATE]  
4 SERVICE SHALL MAKE CONTRIBUTIONS AND RECEIVE CREDIT AS IF THE  
5 PREVIOUS STATE SERVICE WAS CLASS A-3 SERVICE, AND ACTIVE  
6 MEMBERS [WITH] WHO PERFORM STATE SERVICE CREDITED AS CLASS A-  
7 4 [STATE] SERVICE SHALL MAKE CONTRIBUTIONS AND RECEIVE CREDIT  
8 AS IF THE PREVIOUS STATE SERVICE WAS CLASS A-4 SERVICE, EVEN  
9 IF IT WOULD HAVE BEEN CREDITED AS A DIFFERENT CLASS OF  
10 SERVICE HAD THE STATE EMPLOYEE BEEN A MEMBER OF THE SYSTEM AT  
11 THE TIME THE SERVICE WAS PERFORMED UNLESS IT WAS MANDATORY  
12 THAT THE STATE EMPLOYEE BE AN ACTIVE MEMBER OF THE SYSTEM AND  
13 THE PREVIOUS STATE SERVICE IS BEING CREDITED AS THE RESULT OF  
14 A MANDATORY ACTIVE MEMBERSHIP REQUIREMENT.

15 (A.1) CONVERTED COUNTY SERVICE.--NO CONTRIBUTIONS SHALL BE  
16 REQUIRED TO RESTORE CREDIT FOR PREVIOUSLY CREDITED STATE SERVICE  
17 IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M  
18 AND CLASS N. SUCH SERVICE SHALL BE RESTORED UPON THE  
19 COMMENCEMENT OF PAYMENT OF THE CONTRIBUTIONS BY AN ACTIVE MEMBER  
20 OF A CLASS OF SERVICE OTHER THAN CLASS A-5 REQUIRED TO RESTORE  
21 CREDIT IN THE SYSTEM FOR ALL OTHER PREVIOUS STATE SERVICE OTHER  
22 THAN CLASS A-5 SERVICE.

23 (B) CERTIFICATION AND METHOD OF PAYMENT.--

24 (1) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE  
25 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE  
26 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN  
27 THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO  
28 IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
29 RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST  
30 THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED

1 UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION  
2 AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY  
3 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST  
4 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS  
5 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD  
6 MAY LIMIT THE SALARY DEDUCTION AMORTIZATION PLANS TO SUCH  
7 TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE  
8 CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER  
9 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
10 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL  
11 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER  
12 TO THE BOARD THE AMOUNTS PAID.

13 (2) NO PAYMENTS FOR SERVICE OR COVERAGE SHALL BE ALLOWED  
14 FOR WHICH THE REQUIRED CONTRIBUTIONS WOULD CAUSE A VIOLATION  
15 OF THE LIMITATION RELATED TO CONTRIBUTIONS APPLICABLE TO  
16 GOVERNMENTAL PLANS CONTAINED IN IRC § 415. IN THE EVENT THAT  
17 ANY SERVICE CREDIT OR COVERAGE BASED ON SUCH DISALLOWED  
18 CONTRIBUTIONS IS GRANTED AFTER THE EFFECTIVE DATE OF THIS  
19 PARAGRAPH, THEN SUCH SERVICE CREDIT SHALL BE CANCELED AND  
20 BENEFITS CALCULATED WITHOUT REGARD TO SUCH SERVICE OR  
21 CONTRIBUTIONS AND ANY MEMBER CONTRIBUTIONS IN EXCESS OF THE  
22 LIMITATIONS AND STATUTORY INTEREST CREDITED ON THOSE  
23 CONTRIBUTIONS SHALL BE REFUNDED TO THE MEMBER BY THE BOARD.

24 SECTION 314.3. SECTIONS 5505(B)(1), (C), (D) AND (I)(4) AND  
25 5506.1(A) OF TITLE 71 ARE AMENDED TO READ:

26 § 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE  
27 NONSTATE SERVICE.

28 \* \* \*

29 (B) NONINTERVENING MILITARY SERVICE.--

30 (1) (I) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR

1 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE  
2 BY A MEMBER WHO IS ELIGIBLE TO MAKE THE PURCHASE UNDER  
3 SECTION 5304(A) (1) OR (2) (RELATING TO CREDITABLE  
4 NONSTATE SERVICE) SHALL BE DETERMINED BY APPLYING THE  
5 MEMBER'S BASIC CONTRIBUTION RATE, THE ADDITIONAL  
6 CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL  
7 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF  
8 ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF THE MEMBER  
9 INTO STATE SERVICE TO HIS AVERAGE ANNUAL RATE OF  
10 COMPENSATION, EXCLUDING COMPENSATION RECEIVED FOR CLASS  
11 A-5 SERVICE, OVER THE FIRST THREE YEARS OF SUCH  
12 SUBSEQUENT STATE SERVICE AND MULTIPLYING THE RESULT BY  
13 THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF  
14 CREDITABLE NONINTERVENING MILITARY SERVICE BEING  
15 PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL  
16 PERIODS OF SUBSEQUENT STATE SERVICE AS AN ACTIVE MEMBER  
17 OR INACTIVE MEMBER ON LEAVE WITHOUT PAY AND SCHOOL  
18 SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER OF THE  
19 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TO DATE OF  
20 PURCHASE.

21 (II) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR  
22 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE  
23 BY A MEMBER WHO IS ELIGIBLE TO MAKE THE PURCHASE UNDER  
24 SECTION 5304(A) (3) SHALL BE DETERMINED BY APPLYING THE  
25 MEMBER'S BASIC CONTRIBUTION RATE, PLUS THE COMMONWEALTH  
26 NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME  
27 OF ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF THE  
28 MEMBER INTO CLASS A-5 STATE SERVICE TO HIS AVERAGE ANNUAL  
29 RATE OF COMPENSATION RECEIVED FOR CLASS A-5 SERVICE  
30 SUBJECT TO ANY LIMIT EACH YEAR BY THE APPLICATION OF THE

1 CLASS A-5 ANNUAL COMPENSATION LIMIT, OVER THE FIRST THREE  
2 YEARS OF SUCH SUBSEQUENT CLASS A-5 STATE SERVICE AND  
3 MULTIPLYING THE RESULT BY THE NUMBER OF YEARS AND  
4 FRACTIONAL PART OF A YEAR OF CREDITABLE NONINTERVENING  
5 MILITARY SERVICE BEING PURCHASED, TOGETHER WITH STATUTORY  
6 INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE SERVICE  
7 AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON LEAVE WITHOUT  
8 PAY AND SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE  
9 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
10 TO DATE OF PURCHASE.

11 (III) UPON APPLICATION FOR CREDIT FOR SUCH SERVICE,  
12 PAYMENT SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN  
13 THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE  
14 WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
15 RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH STATUTORY  
16 INTEREST THROUGH SALARY DEDUCTIONS IN AMOUNTS AGREED UPON  
17 BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION  
18 AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY  
19 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY  
20 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE  
21 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO  
22 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION  
23 PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION  
24 DETERMINES. IN THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE  
25 WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
26 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS  
27 SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'  
28 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE  
29 BOARD THE AMOUNTS PAID. APPLICATION MAY BE FILED FOR ALL  
30 SUCH MILITARY SERVICE CREDIT UPON COMPLETION OF THREE

1 YEARS OF SUBSEQUENT STATE SERVICE AND SHALL BE CREDITED  
2 AS CLASS A SERVICE.

3 \* \* \*

4 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT  
5 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED  
6 BY THE MEMBER'S REGULAR CONTRIBUTION RATE, SHARED-RISK  
7 CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION  
8 RATE, THE ADDITIONAL CONTRIBUTION RATE WHICH SHALL BE APPLIED  
9 ONLY TO THOSE MEMBERS WHO BEGAN SERVICE ON OR AFTER THE  
10 EFFECTIVE DATE OF THIS AMENDATORY ACT AND COMPENSATION AT THE  
11 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,  
12 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF  
13 SUBSEQUENT STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER  
14 ON LEAVE WITHOUT PAY AND SCHOOL SERVICE AS AN ACTIVE MEMBER OR  
15 INACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
16 SYSTEM TO DATE OF PURCHASE. UPON APPLICATION FOR SUCH CREDIT THE  
17 AMOUNT DUE SHALL BE CERTIFIED IN THE CASE OF EACH MEMBER BY THE  
18 BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY, AND  
19 CONTRIBUTIONS MAY BE MADE BY:

20 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY  
21 SERVICE; OR

22 (2) A LUMP SUM PAYMENT WITHIN 30 DAYS OF CERTIFICATION;  
23 OR

24 (3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED  
25 UPON BY THE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN  
26 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
27 SYSTEM AND THE BOARD.

28 THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND  
29 THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND  
30 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR

1 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO  
2 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS  
3 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
4 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER  
5 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
6 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL  
7 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO  
8 THE BOARD THE AMOUNTS PAID.

9 (D) NONMILITARY AND NONMAGISTERIAL SERVICE.--CONTRIBUTIONS  
10 ON ACCOUNT OF CREDIT FOR CREDITABLE NONSTATE SERVICE OTHER THAN  
11 MILITARY AND MAGISTERIAL SERVICE BY STATE EMPLOYEES WHO FIRST  
12 BECOME MEMBERS OF THE SYSTEM BEFORE JANUARY 1, 2011, OR BEFORE  
13 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY SHALL BE  
14 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE, THE  
15 ADDITIONAL CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL  
16 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY  
17 SUBSEQUENT TO SUCH CREDITABLE NONSTATE SERVICE OF THE MEMBER  
18 INTO STATE SERVICE TO HIS COMPENSATION AT THE TIME OF ENTRY INTO  
19 STATE SERVICE AS A MEMBER OF THE SYSTEM AND MULTIPLYING THE  
20 RESULT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF  
21 CREDITABLE NONSTATE SERVICE BEING PURCHASED TOGETHER WITH  
22 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE  
23 SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON LEAVE WITHOUT  
24 PAY AND SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER OF  
25 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TO THE DATE OF  
26 PURCHASE. UPON APPLICATION FOR CREDIT FOR SUCH SERVICE PAYMENT  
27 SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN  
28 ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE  
29 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY  
30 BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS



1 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE  
2 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY  
3 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS  
4 AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE  
5 OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO  
6 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS  
7 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
8 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER  
9 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
10 UPON SALARY DEDUCTION SHALL BE REMITTED TO THE PUBLIC SCHOOL  
11 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO  
12 THE BOARD THE AMOUNTS PAID.

13 \* \* \*

14 (I) PURCHASES OF NONSTATE SERVICE CREDIT BY STATE EMPLOYEES  
15 WHO FIRST BECAME MEMBERS OF THE SYSTEM ON OR AFTER DECEMBER 1,  
16 2010.--

17 \* \* \*

18 (4) THE PAYMENT FOR CREDIT PURCHASED UNDER THIS  
19 SUBSECTION SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN  
20 ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE  
21 PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE  
22 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF  
23 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE  
24 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS  
25 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE  
26 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY  
27 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT  
28 AMOUNTS AND INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE  
29 OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES  
30 TO ALLOW. THE BOARD MAY LIMIT THE SALARY DEDUCTION

1 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE  
2 DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE SCHOOL  
3 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
4 EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY  
5 DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'  
6 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE  
7 BOARD THE AMOUNTS PAID.

8 \* \* \*

9 § 5506.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).

10 (A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE  
11 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY  
12 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION  
13 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO  
14 ACCOUNT FOR BENEFIT PURPOSES UNDER THIS PART SHALL NOT EXCEED  
15 THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JANUARY 1,  
16 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC §  
17 401(A)(17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF  
18 1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL  
19 COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93  
20 ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE  
21 COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE  
22 WITH IRC § 401(A)(17)(B). THE COST-OF-LIVING ADJUSTMENT IN  
23 EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD  
24 WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH  
25 COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF  
26 A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE  
27 OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION,  
28 THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE  
29 DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.

30 \* \* \*

1 SECTION 315. TITLE 71 IS AMENDED BY ADDING A SECTION TO  
2 READ:

3 § 5506.2. APPLICATION OF CLASS A-5 ANNUAL COMPENSATION LIMIT.

4 (A) GENERAL RULE.--THE CLASS A-5 ANNUAL COMPENSATION LIMIT  
5 SHALL BE APPLIED TO THE TOTAL COMPENSATION RECEIVED EACH  
6 CALENDAR YEAR FOR SERVICE AS A MEMBER OF CLASS A-5 AND, IF A  
7 MULTIPLE SERVICE MEMBER, FOR SERVICE IN CLASS T-G IN THE PUBLIC  
8 SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

9 (B) ADJUSTMENT REQUIRED.--FOR PURPOSES OF CALCULATING FINAL  
10 AVERAGE SALARY FOR THE DETERMINATION OF STANDARD SINGLE LIFE  
11 ANNUITIES AND OTHER BENEFITS RESULTING FROM CLASS A-5 SERVICE,  
12 COMPENSATION RECEIVED EACH CALENDAR YEAR FOR CLASS A-5 SERVICE  
13 AND, IF A MULTIPLE SERVICE MEMBER, AS A SCHOOL EMPLOYEE FOR  
14 SERVICE AS A CLASS T-G MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
15 RETIREMENT SYSTEM SHALL BE ADJUSTED BY FIRST LIMITING THE  
16 COMPENSATION TO THE CLASS A-5 ANNUAL COMPENSATION LIMIT FOR THAT  
17 YEAR. THE LIMITED CLASS A-5 SERVICE COMPENSATION SHALL THEN BE  
18 ANNUALIZED FOR ANY PART-TIME SERVICE ON THE BASIS OF THE  
19 FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT IS RECEIVED.

20 SECTION 316. SECTION 5507(A), (B), (D) AND (E) OF TITLE 71  
21 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO  
22 READ:

23 § 5507. CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND  
24 OTHER EMPLOYERS.

25 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE  
26 COMMONWEALTH AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF  
27 THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS  
28 TO THE FUND ON BEHALF OF ALL ACTIVE MEMBERS IN SUCH AMOUNTS AS  
29 SHALL BE CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE,  
30 TOGETHER WITH THE MEMBERS' TOTAL ACCUMULATED DEDUCTIONS AND

1 CLASS A-5 ACCUMULATED DEDUCTIONS, ANNUITY RESERVES ON ACCOUNT OF  
2 PROSPECTIVE ANNUITIES OTHER THAN THOSE PROVIDED IN SECTIONS 5708  
3 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO  
4 ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER  
5 ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO  
6 SUPPLEMENTAL ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO  
7 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5  
8 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6  
9 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7  
10 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8  
11 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF  
12 2002), IN ACCORDANCE WITH THE ACTUARIAL COST METHOD PROVIDED IN  
13 SECTION 5508(A), (B), (C), (D) AND (F) (RELATING TO ACTUARIAL  
14 COST METHOD).

15 (B) CONTRIBUTIONS ON BEHALF OF ANNUITANTS.--THE COMMONWEALTH  
16 AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM OR  
17 PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS ON BEHALF OF  
18 ANNUITANTS IN SUCH AMOUNTS AS SHALL BE CERTIFIED BY THE BOARD AS  
19 NECESSARY TO FUND THE LIABILITIES FOR SUPPLEMENTAL ANNUITIES IN  
20 ACCORDANCE WITH THE ACTUARIAL COST METHOD PROVIDED IN SECTION  
21 5508(E) [(RELATING TO ACTUARIAL COST METHOD)].

22 (B.1) PAYMENT OF EMPLOYER CONTRIBUTIONS TO THE SYSTEM.--

23 (1) PAYMENT OF EMPLOYER NORMAL CONTRIBUTIONS SHALL BE AS  
24 A PERCENTAGE OF:

25 (I) THE COMPENSATION OF ACTIVE MEMBERS IN CLASSES OF  
26 SERVICE OTHER THAN CLASS A-5; AND

27 (II) THE COMPENSATION OF ACTIVE MEMBERS OF CLASS A-5  
28 WHO HAVE 25 OR FEWER ELIGIBILITY POINTS RESULTING FROM  
29 CLASS A-5 SERVICE OR, IF A MULTIPLE SERVICE MEMBER, CLASS  
30 T-G SERVICE UP TO EACH EMPLOYEE'S CLASS A-5 ANNUAL

1           COMPENSATION LIMIT.

2           (2) PAYMENT OF ACCRUED LIABILITY CONTRIBUTIONS AS  
3           MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTOR SHALL BE AS A  
4           PERCENTAGE OF COMPENSATION OF ACTIVE MEMBERS AND ACTIVE  
5           PARTICIPANTS.

6           \* \* \*

7           (D) PAYMENT OF FINAL CONTRIBUTION RATE.--NOTWITHSTANDING THE  
8           CALCULATION OF THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AND  
9           THE PROVISIONS OF SUBSECTIONS (A) AND (B), THE COMMONWEALTH AND  
10          OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM OR  
11          PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS TO THE FUND ON  
12          BEHALF OF ALL ACTIVE MEMBERS AND ANNUITANTS IN SUCH AMOUNTS AS  
13          SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE WITH SECTION  
14          5508(I).

15          (E) BENEFITS COMPLETION PLAN CONTRIBUTIONS.--IN ADDITION TO  
16          ALL OTHER CONTRIBUTIONS REQUIRED UNDER THIS SECTION AND SECTION  
17          5508, THE COMMONWEALTH AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE  
18          MEMBERS OF THE SYSTEM SHALL MAKE CONTRIBUTIONS AS CERTIFIED BY  
19          THE BOARD PURSUANT TO SECTION 5941 (RELATING TO BENEFITS  
20          COMPLETION PLAN). PAYMENT OF CONTRIBUTIONS UNDER THIS SUBSECTION  
21          SHALL BE AS A PERCENTAGE OF THE COMPENSATION OF ACTIVE MEMBERS  
22          IN CLASSES OF SERVICE OTHER THAN CLASS A-5 AND THE COMPENSATION  
23          OF ACTIVE MEMBERS OF CLASS A-5 WHO HAVE 25 OR FEWER ELIGIBILITY  
24          POINTS RESULTING FROM CLASS A-5 SERVICE OR, IF A MULTIPLE  
25          SERVICE MEMBER, CLASS T-G UP TO EACH EMPLOYEE'S CLASS A-5 ANNUAL  
26          COMPENSATION LIMIT.

27          \* \* \*

28          SECTION 317. SECTION 5508(A), (B), (C) (1) AND (3), (E) (2),  
29          (F) AND (H) OF TITLE 71 ARE AMENDED AND SUBSECTION (C) IS  
30          AMENDED BY ADDING A PARAGRAPH TO READ:

1 § 5508. ACTUARIAL COST METHOD.

2 (A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE  
3 MEMBERS.--THE AMOUNT OF THE COMMONWEALTH AND OTHER EMPLOYER  
4 CONTRIBUTIONS ON BEHALF OF ALL ACTIVE MEMBERS SHALL BE COMPUTED  
5 BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL  
6 ACTIVE MEMBERS AND PARTICIPANTS, SUBJECT TO THE LIMITATIONS IN  
7 SECTION 5507(B.1) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY  
8 THE COMMONWEALTH AND OTHER EMPLOYEES), DURING THE PERIOD FOR  
9 WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE  
10 BOARD. THE ACTUARIALLY REQUIRED CONTRIBUTION RATE ON BEHALF OF  
11 ALL ACTIVE MEMBERS SHALL CONSIST OF THE EMPLOYER NORMAL  
12 CONTRIBUTION RATE, AS DEFINED IN SUBSECTION (B), AND THE ACCRUED  
13 LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C). THE  
14 ACTUARIALLY REQUIRED CONTRIBUTION RATE ON BEHALF OF ALL ACTIVE  
15 MEMBERS SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTOR AS  
16 CALCULATED IN SUBSECTION (F).

17 (B) EMPLOYER NORMAL CONTRIBUTION RATE.--THE EMPLOYER NORMAL  
18 CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH ACTUARIAL  
19 VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE AND SUCH  
20 MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED BY THE BOARD IN  
21 ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. THE  
22 EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AS A LEVEL  
23 PERCENTAGE OF THE COMPENSATION OF THE AVERAGE NEW ACTIVE MEMBER  
24 ON WHICH EMPLOYER NORMAL CONTRIBUTIONS ARE MADE UNDER SECTION  
25 5507(B.1), WHICH PERCENTAGE, IF CONTRIBUTED ON THE BASIS OF HIS  
26 PROSPECTIVE COMPENSATION ON WHICH EMPLOYER NORMAL CONTRIBUTIONS  
27 ARE MADE UNDER SECTION 5507(B.1) THROUGH HIS ENTIRE PERIOD OF  
28 ACTIVE STATE SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY  
29 FOR ANY PROSPECTIVE BENEFIT PAYABLE TO HIM IN EXCESS OF THAT  
30 PORTION FUNDED BY HIS PROSPECTIVE MEMBER CONTRIBUTIONS,

1 EXCLUDING SHARED-RISK MEMBER CONTRIBUTIONS. IN NO CASE SHALL THE  
2 EMPLOYER NORMAL CONTRIBUTION RATE BE LESS THAN ZERO.

3 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

4 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND  
5 JULY 1, 2003, THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL  
6 BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL ACTIVE  
7 MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT  
8 TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1, 2002, THE  
9 PRESENT VALUE OF THE LIABILITIES FOR ALL PROSPECTIVE  
10 BENEFITS, EXCEPT FOR THE SUPPLEMENTAL BENEFITS AS PROVIDED IN  
11 SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1  
12 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2  
13 (RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES),  
14 5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994),  
15 5708.4 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT  
16 ADJUSTMENT), 5708.5 (RELATING TO SUPPLEMENTAL ANNUITIES  
17 COMMENCING 1998), 5708.6 (RELATING TO SUPPLEMENTAL ANNUITIES  
18 COMMENCING 2002), 5708.7 (RELATING TO SUPPLEMENTAL ANNUITIES  
19 COMMENCING 2003) AND 5708.8 (RELATING TO SPECIAL SUPPLEMENTAL  
20 POSTRETIREMENT ADJUSTMENT OF 2002), IN EXCESS OF THE TOTAL  
21 ASSETS IN THE FUND (CALCULATED RECOGNIZING ALL INVESTMENT  
22 GAINS AND LOSSES OVER A FIVE-YEAR PERIOD), EXCLUDING THE  
23 BALANCE IN THE SUPPLEMENTAL ANNUITY ACCOUNT, AND THE PRESENT  
24 VALUE OF EMPLOYER NORMAL CONTRIBUTIONS AND OF MEMBER  
25 CONTRIBUTIONS PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS ON  
26 DECEMBER 31, 2001, AND EXCLUDING CONTRIBUTIONS TO BE  
27 TRANSFERRED BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS  
28 PURSUANT TO SECTION 5507(C) (RELATING TO CONTRIBUTIONS TO THE  
29 SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS). THE AMOUNT  
30 OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION SHALL BE EQUAL

1 TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE FISCAL YEAR  
2 BEGINNING JULY 1, 2002, EXCEPT THAT, IF THE ACCRUED LIABILITY  
3 IS INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO JUNE 30,  
4 2002, BUT BEFORE JULY 1, 2003, SUCH ADDITIONAL LIABILITY  
5 SHALL BE FUNDED OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY  
6 OF JULY, COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE  
7 OF THE INCREASE. THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY  
8 CONTRIBUTION FOR SUCH ADDITIONAL LEGISLATIVE LIABILITIES  
9 SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE  
10 FIRST ANNUAL PAYMENT.

11 \* \* \*

12 (3) FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, THE  
13 ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE  
14 RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL  
15 BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND IN EQUAL  
16 DOLLAR INSTALLMENTS OVER A PERIOD OF 30 YEARS FROM JULY 1,  
17 2010, THE PRESENT VALUE OF THE LIABILITIES FOR ALL  
18 PROSPECTIVE BENEFITS CALCULATED AS OF THE IMMEDIATELY PRIOR  
19 VALUATION DATE, INCLUDING THE SUPPLEMENTAL BENEFITS AS  
20 PROVIDED IN SECTIONS 5708, 5708.1, 5708.2, 5708.3, 5708.4,  
21 5708.5, 5708.6, 5708.7 AND 5708.8, BUT EXCLUDING THE BENEFITS  
22 PAYABLE FROM THE RETIREMENT BENEFIT PLAN ESTABLISHED PURSUANT  
23 TO SECTION 5941 (RELATING TO BENEFITS COMPLETION PLAN), IN  
24 EXCESS OF THE ACTUARIALLY CALCULATED ASSETS IN THE FUND  
25 (CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED  
26 INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL  
27 INSTALLMENTS OVER FIVE YEARS), INCLUDING THE BALANCE IN THE  
28 SUPPLEMENTAL ANNUITY ACCOUNT, AND THE PRESENT VALUE OF  
29 EMPLOYER NORMAL CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS  
30 PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS, INACTIVE MEMBERS



1 ON LEAVE WITHOUT PAY, VESTEES AND SPECIAL VESTEES ON DECEMBER  
2 31, 2009. IF THE ACCRUED LIABILITY IS CHANGED BY LEGISLATION  
3 ENACTED SUBSEQUENT TO DECEMBER 31, 2009, AND BEFORE JANUARY  
4 1, 2016, SUCH CHANGE IN LIABILITY SHALL BE FUNDED IN EQUAL  
5 DOLLAR INSTALLMENTS OVER A PERIOD OF TEN YEARS FROM THE FIRST  
6 DAY OF JULY FOLLOWING THE VALUATION DATE COINCIDENT WITH OR  
7 NEXT FOLLOWING THE DATE SUCH LEGISLATION IS ENACTED.

8 (4) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2016,  
9 THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS  
10 PROVIDED FOR UNDER PARAGRAPH (3), EXCEPT THAT THE RATE SHALL  
11 BE COMPUTED AS A RATE OF TOTAL COMPENSATION OF ALL ACTIVE  
12 MEMBERS AND ACTIVE PARTICIPANTS. IN ADDITION TO ANY EMPLOYER  
13 DEFINED CONTRIBUTIONS MADE TO THE TRUST, THE COMMONWEALTH AND  
14 OTHER EMPLOYERS OF PARTICIPANTS SHALL MAKE THE ACCRUED  
15 LIABILITY CONTRIBUTIONS TO THE FUND CERTIFIED BY THE BOARD.  
16 IF THE ACCRUED LIABILITY IS CHANGED BY LEGISLATION ENACTED  
17 SUBSEQUENT TO DECEMBER 31, 2015, THE CHANGE IN LIABILITY  
18 SHALL BE FUNDED IN EQUAL DOLLAR INSTALLMENTS AS A PERCENTAGE  
19 OF COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS  
20 OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY  
21 FOLLOWING THE VALUATION DATE COINCIDENT WITH OR NEXT  
22 FOLLOWING THE DATE SUCH LEGISLATION IS ENACTED. THE ACCRUED  
23 LIABILITY CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH  
24 ACTUARIAL VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE  
25 AND THE MORTALITY AND OTHER TABLES ADOPTED BY THE BOARD IN  
26 ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES.

27 \* \* \*

28 (E) SUPPLEMENTAL ANNUITY CONTRIBUTION RATE.--

29 \* \* \*

30 (2) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2010,

1 CONTRIBUTIONS FROM THE COMMONWEALTH AND OTHER EMPLOYERS WHOSE  
2 EMPLOYEES ARE MEMBERS OF THE SYSTEM REQUIRED TO PROVIDE FOR  
3 THE PAYMENT OF SUPPLEMENTAL ANNUITIES AS PROVIDED IN SECTIONS  
4 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7  
5 AND 5708.8 SHALL BE PAID AS PART OF THE ACCRUED LIABILITY  
6 CONTRIBUTION RATE AS PROVIDED FOR IN SUBSECTION (C) (3), AND  
7 THERE SHALL NOT BE A SEPARATE SUPPLEMENTAL ANNUITY  
8 CONTRIBUTION RATE ATTRIBUTABLE TO THOSE SUPPLEMENTAL  
9 ANNUITIES. IN THE EVENT THAT SUPPLEMENTAL ANNUITIES ARE  
10 INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO DECEMBER 31,  
11 2009, THE ADDITIONAL LIABILITY FOR THE INCREASE IN BENEFITS  
12 SHALL BE FUNDED IN EQUAL DOLLAR INSTALLMENTS AS A PERCENTAGE  
13 OF COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS  
14 OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY  
15 FOLLOWING THE VALUATION DATE COINCIDENT WITH OR NEXT  
16 FOLLOWING THE DATE SUCH LEGISLATION IS ENACTED.

17 (F) EXPERIENCE ADJUSTMENT FACTOR.--

18 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED  
19 LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY  
20 CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 2010,  
21 ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED LIABILITY  
22 AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND FUNDING  
23 FOR SUPPLEMENTAL ANNUITIES, DUE TO ACTUAL EXPERIENCE  
24 DIFFERING FROM ASSUMED EXPERIENCE (RECOGNIZING ALL REALIZED  
25 AND UNREALIZED INVESTMENT GAINS AND LOSSES OVER A FIVE-YEAR  
26 PERIOD), CHANGES IN CONTRIBUTIONS CAUSED BY THE FINAL  
27 CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY  
28 REQUIRED CONTRIBUTION RATE, STATE EMPLOYEES MAKING SHARED-  
29 RISK MEMBER CONTRIBUTIONS, CHANGES IN ACTUARIAL ASSUMPTIONS  
30 OR CHANGES IN THE TERMS AND CONDITIONS OF THE BENEFITS

1 PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE OR OTHER  
2 PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT LIMITED  
3 TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART, SHALL BE  
4 AMORTIZED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS AS A  
5 PERCENTAGE OF COMPENSATION OF ALL ACTIVE MEMBERS AND ACTIVE  
6 PARTICIPANTS OVER A PERIOD OF 30 YEARS BEGINNING WITH THE  
7 JULY 1 SUCCEEDING THE ACTUARIAL VALUATION DETERMINING SAID  
8 INCREASES OR DECREASES.

9 (2) THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL BE  
10 THE SUM OF THE NORMAL CONTRIBUTION RATE, THE ACCRUED  
11 LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY  
12 CONTRIBUTION RATE, MODIFIED BY THE EXPERIENCE ADJUSTMENT  
13 FACTOR AS CALCULATED IN PARAGRAPH (1).

14 \* \* \*

15 (H) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--  
16 THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR SHALL BE  
17 DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED CONTRIBUTION  
18 RATE CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION TO  
19 THE PRIOR YEAR'S FINAL CONTRIBUTION RATE. IF, FOR ANY OF THE  
20 FISCAL YEARS BEGINNING JULY 1, 2011, JULY 1, 2012, AND ON OR  
21 AFTER JULY 1, 2013, THE ACTUARIALLY REQUIRED CONTRIBUTION RATE  
22 CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION IS MORE  
23 THAN 3%, 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL COMPENSATION  
24 OF ALL ACTIVE MEMBERS GREATER THAN THE PRIOR YEAR'S FINAL  
25 CONTRIBUTION RATE, THEN THE COLLARED CONTRIBUTION RATE SHALL BE  
26 APPLIED AND BE EQUAL TO THE PRIOR YEAR'S FINAL CONTRIBUTION RATE  
27 INCREASED BY THE RESPECTIVE PERCENTAGE ABOVE OF TOTAL  
28 COMPENSATION OF ALL ACTIVE MEMBERS. OTHERWISE, AND FOR ALL  
29 SUBSEQUENT FISCAL YEARS, THE COLLARED CONTRIBUTION RATE SHALL  
30 NOT BE APPLICABLE. IN NO CASE SHALL THE COLLARED CONTRIBUTION

1 RATE BE LESS THAN 4% OF TOTAL COMPENSATION OF ALL ACTIVE  
2 MEMBERS.

3 \* \* \*

4 SECTION 318. SECTION 5509 OF TITLE 71 IS AMENDED TO READ:  
5 § 5509. APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH.

6 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE  
7 AND SUBMIT ANNUALLY AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS  
8 NECESSARY TO BE APPROPRIATED BY THE COMMONWEALTH OUT OF THE  
9 GENERAL FUND AND SPECIAL OPERATING FUNDS AND THE AMOUNTS TO BE  
10 ASSESSED THE OTHER EMPLOYERS REQUIRED TO MEET THE SEPARATE  
11 OBLIGATIONS TO THE FUND AND THE TRUST ACCRUING DURING THE FISCAL  
12 PERIOD BEGINNING THE FIRST DAY OF JULY OF THE FOLLOWING YEAR.

13 (B) APPROPRIATION AND PAYMENT.--THE GENERAL ASSEMBLY SHALL  
14 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE  
15 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH  
16 AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE  
17 DEPARTMENT OF REVENUE INTO THE FUND OR TRUST, AS THE CASE MAY  
18 BE, IN ACCORDANCE WITH REQUISITIONS PRESENTED BY THE BOARD. THE  
19 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH ON BEHALF OF  
20 ACTIVE MEMBERS WHO ARE OFFICERS OF THE PENNSYLVANIA STATE POLICE  
21 SHALL BE CHARGED TO THE GENERAL FUND AND TO THE MOTOR LICENSE  
22 FUND IN THE SAME RATIOS AS USED TO APPORTION THE APPROPRIATIONS  
23 FOR SALARIES OF MEMBERS OF THE PENNSYLVANIA STATE POLICE. THE  
24 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH ON BEHALF OF  
25 ACTIVE MEMBERS WHO ARE ENFORCEMENT OFFICERS AND INVESTIGATORS OF  
26 THE PENNSYLVANIA LIQUOR CONTROL BOARD SHALL BE CHARGED TO THE  
27 GENERAL FUND AND TO THE STATE STORES FUND.

28 (C) CONTRIBUTIONS FROM FUNDS OTHER THAN GENERAL FUND.--THE  
29 AMOUNTS ASSESSED OTHER EMPLOYERS WHO ARE REQUIRED TO MAKE THE  
30 NECESSARY SEPARATE CONTRIBUTIONS TO THE FUND AND THE TRUST OUT

1 OF FUNDS OTHER THAN THE GENERAL FUND SHALL BE PAID BY SUCH  
2 EMPLOYERS INTO THE FUND OR TRUST, AS THE CASE MAY BE, IN  
3 ACCORDANCE WITH REQUISITIONS PRESENTED BY THE BOARD. THE GENERAL  
4 FUND OF THE COMMONWEALTH SHALL NOT BE HELD LIABLE TO APPROPRIATE  
5 THE MONEYS REQUIRED TO BUILD UP THE RESERVES IN THE FUND  
6 NECESSARY FOR THE PAYMENT OF BENEFITS FROM THE SYSTEM TO  
7 EMPLOYEES OR TO MAKE THE EMPLOYER DEFINED CONTRIBUTIONS FOR  
8 EMPLOYEES OF SUCH OTHER EMPLOYERS. IN CASE ANY SUCH OTHER  
9 EMPLOYER SHALL FAIL TO PROVIDE TO THE FUND THE MONEYS NECESSARY  
10 FOR SUCH PURPOSE, THEN THE SERVICE OF SUCH MEMBERS OF THE SYSTEM  
11 FOR SUCH PERIOD FOR WHICH MONEY IS NOT SO PROVIDED SHALL BE  
12 CREDITED AND PICKUP CONTRIBUTIONS WITH RESPECT TO SUCH MEMBERS  
13 SHALL CONTINUE TO BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT.  
14 THE ANNUITY TO WHICH SUCH MEMBER IS ENTITLED SHALL BE DETERMINED  
15 AS ACTUARIALLY EQUIVALENT TO THE PRESENT VALUE OF THE MAXIMUM  
16 SINGLE LIFE ANNUITY OF EACH SUCH MEMBER REDUCED BY THE AMOUNT OF  
17 EMPLOYER CONTRIBUTIONS TO THE SYSTEM PAYABLE ON ACCOUNT AND  
18 ATTRIBUTABLE TO HIS COMPENSATION DURING SUCH SERVICE, EXCEPT  
19 THAT NO REDUCTION SHALL BE MADE AS A RESULT OF THE FAILURE OF AN  
20 EMPLOYER TO MAKE CONTRIBUTIONS REQUIRED FOR A PERIOD OF USERRA  
21 LEAVE.

22 SECTION 318.1. SECTION 5701 OF TITLE 71, AMENDED DECEMBER  
23 28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

24 § 5701. RETURN OF TOTAL ACCUMULATED DEDUCTIONS.

25 ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL  
26 BENEFITS PAYABLE FROM THE SYSTEM AND ATTRIBUTABLE TO SERVICE IN  
27 CLASSES OTHER THAN CLASS A-5 UNDER THIS CHAPTER TO WHICH HE MAY  
28 BE ENTITLED, ELECT TO RECEIVE HIS TOTAL ACCUMULATED DEDUCTIONS  
29 BY HIS REQUIRED BEGINNING DATE. A MEMBER WHO HAS SERVICE  
30 CREDITED AS A CLASS A-5 MEMBER AND IS NOT ELIGIBLE TO RECEIVE AN

1 IMMEDIATE ANNUITY OR BE A VESTEE AS A RESULT OF HIS CLASS A-5  
2 SERVICE, UPON TERMINATION OF SERVICE, MAY, IN LIEU OF ALL  
3 BENEFITS PAYABLE FROM THE SYSTEM ATTRIBUTABLE TO SERVICE IN  
4 CLASS A-5 UNDER THIS CHAPTER TO WHICH HE MAY BE ENTITLED, ELECT  
5 TO RECEIVE HIS CLASS A-5 ACCUMULATED DEDUCTIONS.

6 SECTION 318.2. SECTION 5701.1 OF TITLE 71 IS AMENDED TO  
7 READ:

8 § 5701.1. TRANSFER OF ACCUMULATED DEDUCTIONS.

9 WHEN AN EMPLOYEE OF THE JUVENILE COURT JUDGES' COMMISSION  
10 ELECTS MEMBERSHIP IN AN INDEPENDENT RETIREMENT PROGRAM PURSUANT  
11 TO SECTION 5301(F) (RELATING TO MANDATORY AND OPTIONAL  
12 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), THE  
13 BOARD SHALL TRANSFER DIRECTLY TO THE TRUSTEE OR ADMINISTRATOR OF  
14 THE INDEPENDENT RETIREMENT PROGRAM ALL ACCUMULATED DEDUCTIONS  
15 RESULTING FROM SERVICE CREDITED WHILE AN EMPLOYEE OF THE  
16 JUVENILE COURT JUDGES' COMMISSION.

17 SECTION 319. SECTION 5702(A), (A.1), (B) AND (C) AND  
18 5704(A), (C), (E) AND (F) OF TITLE 71 ARE AMENDED AND THE  
19 SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ:

20 § 5702. MAXIMUM SINGLE LIFE ANNUITY.

21 (A) GENERAL RULE.--ANY FULL COVERAGE MEMBER WHO IS ELIGIBLE  
22 TO RECEIVE AN ANNUITY PURSUANT TO THE PROVISIONS OF SECTION  
23 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) WHO  
24 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER WHO IS  
25 A SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
26 EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES SCHOOL SERVICE,  
27 BEFORE ATTAINING AGE 70 SHALL BE ENTITLED TO RECEIVE A MAXIMUM  
28 SINGLE LIFE ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND  
29 EQUAL TO THE SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES  
30 BEGINNING AT THE EFFECTIVE DATE OF RETIREMENT:

1           (1) A SINGLE LIFE ANNUITY THAT IS THE SUM OF THE  
2 STANDARD SINGLE LIFE [ANNUITY MULTIPLIED BY THE SUM OF THE  
3 PRODUCTS,] ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF  
4 SERVICE[, OBTAINED BY MULTIPLYING] MULTIPLIED BY THE  
5 APPROPRIATE CLASS OF SERVICE MULTIPLIER [BY THE RATIO OF  
6 YEARS OF SERVICE CREDITED IN THAT CLASS TO THE TOTAL CREDITED  
7 SERVICE] APPLICABLE TO EACH STANDARD SINGLE LIFE ANNUITY. IN  
8 CASE THE MEMBER ON THE EFFECTIVE DATE OF RETIREMENT IS UNDER  
9 SUPERANNUATION AGE FOR ANY SERVICE, A REDUCTION FACTOR  
10 CALCULATED TO PROVIDE BENEFITS ACTUARIALLY EQUIVALENT TO AN  
11 ANNUITY STARTING AT SUPERANNUATION AGE SHALL BE APPLIED TO  
12 THE PRODUCT DETERMINED FOR THAT SERVICE. THE CLASS OF SERVICE  
13 MULTIPLIER FOR ANY PERIOD OF CONCURRENT SERVICE SHALL BE  
14 MULTIPLIED BY THE PROPORTION OF TOTAL STATE AND SCHOOL  
15 COMPENSATION DURING SUCH PERIOD ATTRIBUTABLE TO STATE SERVICE  
16 AS A MEMBER OF THE SYSTEM. IN THE EVENT A MEMBER HAS TWO  
17 MULTIPLIERS FOR ONE CLASS OF SERVICE [THE CLASS OF SERVICE  
18 MULTIPLIER TO BE USED FOR CALCULATING BENEFITS FOR THAT CLASS  
19 SHALL BE THE AVERAGE OF THE TWO MULTIPLIERS WEIGHTED BY THE  
20 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH MULTIPLIER  
21 DURING THE THREE YEARS OF HIGHEST ANNUAL COMPENSATION IN THAT  
22 CLASS OF SERVICE: PROVIDED, THAT IN THE CASE OF A MEMBER OF  
23 CLASS E-1, A PORTION BUT NOT ALL OF WHOSE THREE YEARS OF  
24 HIGHEST ANNUAL JUDICIAL COMPENSATION IS PRIOR TO JANUARY 1,  
25 1973, TWO CLASS OF SERVICE MULTIPLIERS SHALL BE CALCULATED ON  
26 THE BASIS OF HIS ENTIRE JUDICIAL SERVICE, THE ONE APPLYING  
27 THE JUDICIAL CLASS OF SERVICE MULTIPLIERS EFFECTIVE PRIOR TO  
28 JANUARY 1, 1973 AND THE SECOND APPLYING THE CLASS OF SERVICE  
29 MULTIPLIERS EFFECTIVE SUBSEQUENT TO JANUARY 1, 1973. THE  
30 AVERAGE CLASS OF SERVICE MULTIPLIER TO BE USED FOR

1 CALCULATING BENEFITS FOR HIS JUDICIAL SERVICE SHALL BE THE  
2 AVERAGE OF THE TWO CALCULATED MULTIPLIERS WEIGHTED BY THE  
3 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH OF THE  
4 CALCULATED MULTIPLIERS DURING THE THREE YEARS OF HIGHEST  
5 ANNUAL COMPENSATION IN THAT CLASS OF SERVICE.] SEPARATE  
6 STANDARD SINGLE LIFE ANNUITIES SHALL BE CALCULATED FOR THE  
7 PORTION OF SERVICE IN SUCH CLASS APPLICABLE TO EACH CLASS OF  
8 SERVICE MULTIPLIER. IN THE CASE OF A MEMBER WITH CLASS A-5  
9 SERVICE CREDIT AND CREDIT IN ONE OR MORE OTHER CLASSES OF  
10 SERVICE WHO HAS NOT ATTAINED THE SUPERANNUATION AGE  
11 APPLICABLE TO CLASS A-5 SERVICE AND IS NOT ELIGIBLE FOR A  
12 WITHDRAWAL ANNUITY, BUT IS ELIGIBLE TO BE A VESTEE BASED ON  
13 THE CLASS A-5 SERVICE CREDIT AND WHO COMMENCES RECEIPT OF A  
14 SUPERANNUATION OR WITHDRAWAL ANNUITY, NO STANDARD SINGLE LIFE  
15 ANNUITY BASED ON THE MEMBER'S CLASS A-5 SERVICE CREDIT SHALL  
16 BE PAID UNTIL THE ATTAINMENT OF THE SUPERANNUATION AGE  
17 APPLICABLE TO CLASS A-5 SERVICE.

18 (2) IF ELIGIBLE, A SINGLE LIFE ANNUITY OF 2% OF HIS  
19 AVERAGE NONCOVERED SALARY FOR EACH YEAR OF SOCIAL SECURITY  
20 INTEGRATION CREDIT AS PROVIDED FOR IN SECTION 5305 (RELATING  
21 TO SOCIAL SECURITY INTEGRATION CREDITS) MULTIPLIED, IF ON THE  
22 EFFECTIVE DATE OF RETIREMENT THE MEMBER IS UNDER  
23 SUPERANNUATION AGE FOR ANY SERVICE, BY THE ACTUARIALLY  
24 DETERMINED REDUCTION FACTOR FOR THAT SERVICE.

25 (3) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS  
26 ACTUARIALLY EQUIVALENT TO THE REGULAR AND ADDITIONAL  
27 ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO CONTRIBUTIONS AS A  
28 MEMBER OF CLASS C, BUT NOT LESS THAN SUCH ANNUITY DETERMINED  
29 AS IF THE MEMBER WERE AGE 60 ON THE EFFECTIVE DATE OF  
30 RETIREMENT, ACTUARIALLY REDUCED IN THE EVENT THE MEMBER IS



1 UNDER SUPERANNUATION AGE ON THE EFFECTIVE DATE OF RETIREMENT.

2 (4) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS  
3 ACTUARIALLY EQUIVALENT TO THE AMOUNT BY WHICH HIS REGULAR AND  
4 ADDITIONAL ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO ANY  
5 CREDITED SERVICE OTHER THAN AS A MEMBER OF CLASS A-3, CLASS  
6 A-4, CLASS A-5 AND CLASS C ARE GREATER THAN ONE-HALF OF THE  
7 ACTUARIALLY EQUIVALENT VALUE ON THE EFFECTIVE DATE OF  
8 RETIREMENT OF THE ANNUITY AS PROVIDED IN PARAGRAPH (1)  
9 ATTRIBUTABLE TO SERVICE OTHER THAN CLASS A-3, CLASS A-4,  
10 CLASS A-5 AND CLASS C FOR WHICH REGULAR OR JOINT COVERAGE  
11 MEMBER CONTRIBUTIONS WERE MADE. [THIS PARAGRAPH SHALL NOT  
12 APPLY TO ANY MEMBER WITH STATE SERVICE CREDITED AS CLASS A-3  
13 OR CLASS A-4.]

14 (5) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS  
15 ACTUARIALLY EQUIVALENT TO THE AMOUNT BY WHICH HIS SOCIAL  
16 SECURITY INTEGRATION ACCUMULATED DEDUCTIONS ARE GREATER THAN  
17 ONE-HALF OF THE ACTUARIALLY EQUIVALENT VALUE ON THE EFFECTIVE  
18 DATE OF RETIREMENT OF THE ANNUITY PROVIDED FOR UNDER  
19 PARAGRAPH (2).

20 (6) IF ELIGIBLE, A SINGLE LIFE ANNUITY SUFFICIENT  
21 TOGETHER WITH THE ANNUITY PROVIDED FOR IN PARAGRAPH (1) AS A  
22 CLASS A, CLASS AA, CLASS A-3 AND CLASS A-4 MEMBER AND THE  
23 HIGHEST ANNUITY PROVIDED FOR IN PARAGRAPH (2) TO WHICH HE IS  
24 ENTITLED, OR AT HIS OPTION COULD HAVE BEEN ENTITLED, TO  
25 PRODUCE THAT PERCENTAGE OF [A] THE SUMS OF THE STANDARD  
26 SINGLE LIFE [ANNUITY] ANNUITIES ADJUSTED BY THE APPLICATION  
27 OF THE CLASS OF SERVICE MULTIPLIER FOR CLASS A, CLASS AA,  
28 CLASS A-3 OR CLASS A-4 AS SET FORTH IN PARAGRAPH (1) IN THE  
29 CASE WHERE ANY SERVICE IS CREDITED AS A MEMBER OF CLASS A,  
30 CLASS AA, CLASS A-3 OR CLASS A-4 ON THE EFFECTIVE DATE OF

1 RETIREMENT AS DETERMINED BY HIS TOTAL YEARS OF CREDITED  
 2 SERVICE AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 AND CLASS  
 3 A-4 AND BY THE FOLLOWING TABLE:

4 TOTAL YEARS OF	5 PERCENTAGE OF <u>SUMS OF</u>
6 CREDITED SERVICE	7 STANDARD
8 AS A MEMBER OF	9 SINGLE LIFE
10 CLASS A,	11 [ANNUITY] <u>ANNUITIES</u> ADJUSTED FOR
12 CLASS AA, CLASS A-3	13 CLASS A, CLASS AA,
14 AND CLASS A-4	15 CLASS A-3 AND CLASS A-4
	16 CLASS OF
	17 SERVICE MULTIPLIERS

18 35-40	19 100%
20 41	21 102%
22 42	23 104%
24 43	25 106%
26 44	27 108%
28 45 OR MORE	29 110%

30 (A.1) RULE FOR TERMINATIONS AFTER ATTAINING AGE 70.--

(1) ANY FULL COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT TO THE PROVISIONS OF SECTION 5308(A) WHO TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES SCHOOL SERVICE, ON OR AFTER ATTAINING AGE 70 AND WHO APPLIES FOR A SUPERANNUATION ANNUITY TO BE EFFECTIVE THE DAY AFTER THE TERMINATION OF STATE SERVICE OR SCHOOL SERVICE, AS THE CASE MAY BE, SHALL BE ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE ANNUITY AS OF A DETERMINATION DATE THAT IS EQUAL TO THE GREATER OF SUBPARAGRAPH (I) OR (II), PLUS ANY ANNUITY HE MAY BE ELIGIBLE TO RECEIVE ATTRIBUTABLE TO CLASS A-5 SERVICE

1       CREDIT:

2               (I)    THE SUM OF THE ANNUITIES PROVIDED IN SUBSECTION  
3               (A) (1) THROUGH (6) CALCULATED WITHOUT INCLUDING ANY  
4               ANNUITY ATTRIBUTABLE TO CLASS A-5 SERVICE CREDIT AS OF  
5               THE DETERMINATION DATE; AND

6               (II)   THE GREATER OF CLAUSE (A) OR (B):

7                   (A)   THE SUM OF THE ANNUITIES PROVIDED IN  
8                   SUBSECTION (A) (1), (3), (4) AND (6) AS OF THE  
9                   PRECEDING DETERMINATION DATE WITHOUT INCLUDING ANY  
10                  ANNUITY ATTRIBUTABLE TO CLASS A-5 SERVICE CREDIT  
11                  ADJUSTED BY THE ACTUARIAL INCREASE FACTOR, PLUS THE  
12                  ANNUITIES PROVIDED IN SUBSECTION (A) (2) AND (5) AS OF  
13                  THE DETERMINATION DATE; AND

14                  (B)   THE MAXIMUM SINGLE LIFE ANNUITY CALCULATED  
15                  WITHOUT INCLUDING ANY ANNUITY ATTRIBUTABLE TO CLASS  
16                  A-5 SERVICE CREDIT AS OF THE PRECEDING DETERMINATION  
17                  DATE ADJUSTED BY THE ACTUARIAL INCREASE FACTOR.

18               THE MAXIMUM SINGLE LIFE ANNUITY CALCULATED WITHOUT  
19               INCLUDING ANY ANNUITY ATTRIBUTABLE TO CLASS A-5 SERVICE  
20               CREDIT SHALL BE CALCULATED FOR EACH DETERMINATION DATE.

21               (2)   FOR PURPOSES OF THIS SUBSECTION, THE DETERMINATION  
22               DATE SHALL BE:

23                   (I)   THE MEMBER'S BIRTHDAY, PROVIDED THAT AS OF SUCH  
24                   DATE THE MEMBER QUALIFIES FOR A MAXIMUM SINGLE LIFE  
25                   ANNUITY UNDER THIS SUBSECTION, DETERMINED EXCLUDING  
26                   ELIGIBILITY FOR ANY ANNUITY ATTRIBUTABLE TO CLASS A-5  
27                   SERVICE CREDIT; OR

28                   (II)  IF THE MEMBER'S MAXIMUM SINGLE LIFE ANNUITY IS  
29                   BEING DETERMINED AS OF THE MEMBER'S EFFECTIVE DATE OF  
30                   RETIREMENT, THEN THE DETERMINATION DATE SHALL BE THE

1 MEMBER'S EFFECTIVE DATE OF RETIREMENT.

2 (3) IN THE EVENT AN ACTIVE MEMBER, AN INACTIVE MEMBER ON  
3 LEAVE WITHOUT PAY OR A MULTIPLE SERVICE MEMBER WHO IS A  
4 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
5 EMPLOYEES' RETIREMENT SYSTEM HAS ATTAINED AGE 70 BEFORE THE  
6 EFFECTIVE DATE OF THIS SUBSECTION, OR ENTERS STATE SERVICE OR  
7 SCHOOL SERVICE, AS THE CASE MAY BE, AFTER ATTAINING AGE 70,  
8 THEN SECTION 5305.1 (RELATING TO ELIGIBILITY FOR ACTUARIAL  
9 INCREASE FACTOR) AND SUBSECTIONS (A) AND (A.1) SHALL BE  
10 EFFECTIVE PROSPECTIVELY WITH RESPECT TO SUCH MEMBER AT THE  
11 MEMBER'S NEXT BIRTHDAY AFTER THE EFFECTIVE DATE OF THIS  
12 SUBSECTION, ENTRY INTO STATE SERVICE, OR SCHOOL SERVICE.  
13 NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO PROVIDE AN  
14 ACTUARIAL INCREASE FACTOR FOR ANY PERIOD OF SERVICE PRIOR TO THE  
15 EFFECTIVE DATE OF THIS SUBSECTION.

16 (B) PRESENT VALUE OF ANNUITY.--THE PRESENT VALUE OF THE  
17 MAXIMUM SINGLE LIFE ANNUITY AS CALCULATED IN ACCORDANCE WITH  
18 SUBSECTION (A) OF THIS SECTION SHALL BE DETERMINED BY  
19 MULTIPLYING THE MAXIMUM SINGLE LIFE ANNUITY BY THE COST OF A  
20 DOLLAR ANNUITY ON THE EFFECTIVE DATE OF RETIREMENT, WHICH SHALL  
21 TAKE INTO ACCOUNT ANY DELAY IN THE RECEIPT OF THE PORTION OF THE  
22 ANNUITY BASED ON CLASS A-5 IF THE EFFECTIVE DATE OF RETIREMENT  
23 IS UNDER THE SUPERANNUATION AGE APPLICABLE TO CLASS A-5 SERVICE.  
24 SUCH PRESENT VALUE SHALL BE DECREASED ONLY AS REQUIRED UNDER THE  
25 PROVISIONS OF SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS),  
26 5509(C) (RELATING TO APPROPRIATIONS AND ASSESSMENTS BY THE  
27 COMMONWEALTH) OR 5703 (RELATING TO REDUCTION OF ANNUITIES ON  
28 ACCOUNT OF SOCIAL SECURITY OLD-AGE INSURANCE BENEFITS).

29 (C) LIMITATION ON AMOUNT OF ANNUITY.--THE ANNUITY PAID TO A  
30 MEMBER UNDER SUBSECTION (A) ATTRIBUTABLE TO ANY CREDITED SERVICE

1 OTHER THAN AS A MEMBER OF CLASS A-5 AND REDUCED IN ACCORDANCE  
2 WITH THE OPTION ELECTED UNDER SECTION 5705 (RELATING TO MEMBER'S  
3 OPTIONS) SHALL NOT EXCEED THE HIGHEST COMPENSATION RECEIVED FOR  
4 ANY CREDITED SERVICE OTHER THAN SERVICE CREDITED AS CLASS A-5  
5 DURING ANY PERIOD OF TWELVE CONSECUTIVE MONTHS OF CREDITED  
6 SERVICE. NO LIMIT ON THE TOTAL ANNUITY PAID TO A MEMBER WITH  
7 CLASS D-3 SERVICE SHALL BE APPLIED IN THE CASE OF A MEMBER WHO  
8 SERVED AS A CONSTITUTIONAL OFFICER OF THE GENERAL ASSEMBLY.

9 \* \* \*

10 (E) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT  
11 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE  
12 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,  
13 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT  
14 IN THE PLAN.

15 § 5704. DISABILITY ANNUITIES.

16 (A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION  
17 FOR A DISABILITY ANNUITY AND HAS BEEN FOUND TO BE ELIGIBLE IN  
18 ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C) (1) (RELATING  
19 TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND ELECTIONS OF  
20 MEMBERS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM THE  
21 EFFECTIVE DATE OF DISABILITY AS DETERMINED BY THE BOARD AND  
22 CONTINUED UNTIL A SUBSEQUENT DETERMINATION BY THE BOARD THAT THE  
23 ANNUITANT IS NO LONGER ENTITLED TO A DISABILITY ANNUITY. [THE]  
24 IF THE SUM OF THE PRODUCTS OF THE NUMBER OF YEARS AND FRACTIONAL  
25 PART OF A YEAR OF CREDITED SERVICE IN EACH CLASS AND THE  
26 APPROPRIATE CLASS OF SERVICE MULTIPLIER IS GREATER THAN 16.667,  
27 THEN THE DISABILITY ANNUITY SHALL BE A SINGLE LIFE ANNUITY THAT  
28 IS EQUAL TO [A] THE SUM OF THE STANDARD SINGLE LIFE [ANNUITY]  
29 ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF SERVICE  
30 MULTIPLIED BY THE APPROPRIATE CLASS OF SERVICE MULTIPLIER

1 [APPLICABLE TO THE CLASS OF SERVICE AT THE TIME OF DISABILITY IF  
2 THE PRODUCT OF SUCH CLASS OF SERVICE MULTIPLIER AND THE TOTAL  
3 NUMBER OF YEARS OF CREDITED SERVICE IS GREATER THAN 16.667,  
4 OTHERWISE THE], OTHERWISE EACH STANDARD SINGLE LIFE ANNUITY  
5 SHALL BE MULTIPLIED BY THE LESSER OF THE FOLLOWING RATIOS:

$$6 \quad MY^*/Y \text{ OR } 16.667/Y$$

7 WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE, Y\* = TOTAL  
8 YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE AS A  
9 STATE EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE AS APPLICABLE  
10 TO THAT CLASS OF SERVICE AT THE TIME OF DISABILITY, OR IF THE  
11 MEMBER HAS ATTAINED SUPERANNUATION AGE, AS APPLICABLE TO THAT  
12 CLASS OF SERVICE AT THE TIME OF DISABILITY, THEN THE NUMBER OF  
13 YEARS OF CREDITED SERVICE AND M = THE CLASS OF SERVICE  
14 MULTIPLIER AS APPLICABLE TO THAT CLASS OF SERVICE AT THE  
15 EFFECTIVE DATE OF DISABILITY. A MEMBER OF CLASS C SHALL RECEIVE,  
16 IN ADDITION, ANY ANNUITY TO WHICH HE MAY BE ELIGIBLE UNDER  
17 SECTION 5702(A) (3) (RELATING TO MAXIMUM SINGLE LIFE ANNUITY).  
18 THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A JOINT AND  
19 SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY ANNUITY TO  
20 WHICH HE IS ENTITLED UNDER SECTION 5702.

21 \* \* \*

22 (C) REDUCTION ON ACCOUNT OF EARNED INCOME.--SUBSEQUENT TO  
23 JANUARY 1, 1972, PAYMENTS ON ACCOUNT OF DISABILITY SHALL BE  
24 REDUCED BY THAT AMOUNT BY WHICH THE EARNED INCOME OF THE  
25 ANNUITANT, AS REPORTED IN ACCORDANCE WITH SECTION 5908(B)  
26 (RELATING TO RIGHTS AND DUTIES OF ANNUITANTS), FOR THE PRECEDING  
27 CALENDAR YEAR TOGETHER WITH THE DISABILITY ANNUITY PAYMENTS  
28 PROVIDED IN THIS SECTION OTHER THAN SUBSECTION (B), FOR THE  
29 YEAR, EXCEEDS THE PRODUCT OF:

30 [(I)] (1) THE LAST YEAR'S SALARY OF THE ANNUITANT AS A

1 [STATE EMPLOYEE] MEMBER OF THE SYSTEM; AND

2 [(II)] (2) THE RATIO OF THE CURRENT MONTHLY PAYMENT TO  
3 THE MONTHLY PAYMENT AT THE EFFECTIVE DATE OF DISABILITY;  
4 PROVIDED, THAT THE ANNUITANT SHALL NOT RECEIVE LESS THAN HIS  
5 MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE MAY BE ENTITLED UNDER  
6 SECTION 5702 WHICHEVER IS GREATER.

7 \* \* \*

8 (E) TERMINATION OF STATE SERVICE.--UPON TERMINATION OF  
9 DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED  
10 IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO:

11 (1) DOES NOT HAVE CLASS A-3 [OR], CLASS A-4 OR CLASS A-5  
12 SERVICE CREDIT; OR

13 (2) HAS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE  
14 CREDIT AND FEWER THAN TEN ELIGIBILITY POINTS;

15 AND WHO DOES NOT RETURN TO STATE SERVICE MAY FILE AN APPLICATION  
16 WITH THE BOARD FOR AN AMOUNT EQUAL TO THE EXCESS, IF ANY, OF THE  
17 SUM OF THE SHARED-RISK ACCUMULATED DEDUCTIONS PLUS THE REGULAR  
18 AND ADDITIONAL ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT AT  
19 THE EFFECTIVE DATE OF DISABILITY OVER ONE-THIRD OF THE TOTAL  
20 DISABILITY ANNUITY PAYMENTS RECEIVED. IF THE ANNUITANT ON THE  
21 DATE OF TERMINATION OF SERVICE WAS ELIGIBLE FOR AN ANNUITY AS  
22 PROVIDED IN SECTION 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR  
23 ANNUITIES), HE MAY FILE AN APPLICATION WITH THE BOARD FOR AN  
24 ELECTION OF AN OPTIONAL MODIFICATION OF HIS ANNUITY.

25 (F) SUPPLEMENT FOR SERVICE CONNECTED DISABILITY.--

26 (1) IF A MEMBER HAS BEEN FOUND TO BE ELIGIBLE FOR A  
27 DISABILITY ANNUITY AND IF THE DISABILITY HAS BEEN FOUND TO BE  
28 A SERVICE CONNECTED DISABILITY AND IF THE MEMBER IS RECEIVING  
29 WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN MEDICAL  
30 BENEFITS, SUCH MEMBER SHALL RECEIVE A SUPPLEMENT EQUAL TO

1 [70% OF HIS FINAL AVERAGE SALARY] THE AMOUNT DETERMINED UNDER  
2 PARAGRAPH (2) LESS THE SUM OF THE ANNUITY AS DETERMINED UNDER  
3 SUBSECTION (A) AND ANY PAYMENTS PAID OR PAYABLE ON ACCOUNT OF  
4 SUCH DISABILITY UNDER THE ACT OF JUNE 2, 1915 (P.L.736,  
5 NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT, THE ACT OF  
6 JUNE 21, 1939 (P.L.566, NO.284), KNOWN AS THE PENNSYLVANIA  
7 OCCUPATIONAL DISEASE ACT, AND THE SOCIAL SECURITY ACT (49  
8 STAT. 620, 42 U.S.C. § 301 ET SEQ.). SUCH SUPPLEMENT SHALL  
9 CONTINUE AS LONG AS HE IS DETERMINED TO BE DISABLED AND IS  
10 RECEIVING WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN  
11 MEDICAL BENEFITS ON ACCOUNT OF HIS SERVICE CONNECTED  
12 DISABILITY IN ACCORDANCE WITH THE WORKERS' COMPENSATION ACT  
13 OR THE PENNSYLVANIA OCCUPATIONAL DISEASE ACT. IF THE MEMBER  
14 HAS RECEIVED A LUMP SUM WORKERS' COMPENSATION PAYMENT IN LIEU  
15 OF FUTURE WEEKLY COMPENSATION PAYMENTS, THE LENGTH IN WEEKS  
16 AND CALCULATION OF THE SERVICE CONNECTED DISABILITY  
17 SUPPLEMENT SHALL BE DETERMINED BY DIVIDING THE LUMP SUM  
18 PAYMENT BY THE AVERAGE WEEKLY WAGE AS DETERMINED BY THE  
19 WORKERS' COMPENSATION BOARD.

20 (2) FOR A MEMBER WHO DOES NOT HAVE CLASS A-5 SERVICE OR  
21 HAS ONLY CLASS A-5 SERVICE, THE AMOUNT TO BE USED TO  
22 DETERMINE ELIGIBILITY FOR THE SUPPLEMENT UNDER PARAGRAPH (1)  
23 SHALL BE 70% OF HIS FINAL AVERAGE SALARY. FOR A MEMBER WHO  
24 HAS CLASS A-5 SERVICE AND OTHER CLASSES OF SERVICE, THE  
25 AMOUNT TO BE USED TO DETERMINE ELIGIBILITY FOR THE SUPPLEMENT  
26 UNDER PARAGRAPH (1) SHALL BE DETERMINED USING THE FOLLOWING  
27 FORMULA:

$$28 \quad A = 0.7 \left[ \left( \text{FAS}^{A-5} \text{ MULTIPLIED BY } Y^{A-5}/Y^T \right) + \right. \\ 29 \quad \left. \left( \text{FAS}^W \text{ MULTIPLIED BY } Y^W/Y^T \right) \right].$$

30 (3) THE FOLLOWING APPLY TO THE FORMULA IN PARAGRAPH (2):



1           (I) A EQUALS THE AMOUNT USED TO DETERMINE THE  
2           SUPPLEMENT;

3           (II) Y<sup>T</sup> EQUALS TOTAL YEARS OF CREDITED SERVICE;

4           (III) Y<sup>W</sup> EQUALS YEARS OF SERVICE CREDITED IN CLASSES  
5           OF SERVICE OTHER THAN CLASS A-5;

6           (IV) FAS<sup>W</sup> EQUALS FINAL AVERAGE SALARY CALCULATED FOR  
7           CLASSES OF SERVICE OTHER THAN CLASS A-5;

8           (V) Y<sup>A-5</sup> EQUALS YEARS OF SERVICE CREDITED IN CLASS A-  
9           5; AND

10           (VI) FAS<sup>A-5</sup> EQUALS FINAL AVERAGE SALARY CALCULATED  
11           FOR SERVICE CREDITED IN CLASS A-5.

12           \* \* \*

13           (H) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT  
14           OF A DISABILITY ANNUITY UNDER THIS SECTION IS IN ADDITION TO ANY  
15           PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE, HAS RECEIVED OR IS  
16           RECEIVING AS A RESULT OF BEING A PARTICIPANT IN THE PLAN.

17           SECTION 320. SECTION 5705(A) OF TITLE 71, AMENDED DECEMBER  
18           28, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

19           § 5705. MEMBER'S OPTIONS.

20           (A) GENERAL RULE.--ANY SPECIAL VESTEE [WHO HAS ATTAINED  
21           SUPERANNUATION AGE, ANY VESTEE WHO DOES NOT HAVE CLASS A-3 OR  
22           CLASS A-4 SERVICE CREDIT HAVING FIVE OR MORE ELIGIBILITY POINTS  
23           FOR SERVICE OTHER THAN CLASS T-E OR CLASS T-F SERVICE IN THE  
24           PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR VESTEE WHO HAS  
25           CLASS A-3 OR CLASS A-4 SERVICE CREDIT HAVING TEN OR MORE  
26           ELIGIBILITY POINTS, ANY MEMBER WITH CLASS G, CLASS H, CLASS I,  
27           CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING  
28           FIVE OR MORE ELIGIBILITY POINTS OR ANY OTHER ELIGIBLE MEMBER  
29           UPON TERMINATION OF STATE SERVICE WHO HAS NOT WITHDRAWN HIS  
30           TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5701

1 (RELATING TO RETURN OF TOTAL ACCUMULATED DEDUCTIONS)] , VESTEE  
2 OR ANY OTHER MEMBER UPON TERMINATION OF STATE SERVICE WHO IS  
3 ELIGIBLE TO RECEIVE AN ANNUITY AS PROVIDED IN SECTION 5308(A) OR  
4 (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) MAY APPLY FOR AND  
5 ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE ANNUITY, AS  
6 CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5702  
7 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY  
8 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE  
9 MAXIMUM SINGLE LIFE ANNUITY AND IN ACCORDANCE WITH ONE OF THE  
10 FOLLOWING OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY  
11 PAYABLE TO ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE  
12 OR ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF  
13 THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT HE  
14 MAY HAVE ELECTED TO RECEIVE IS LESS THAN 50% OF THE PRESENT  
15 VALUE OF HIS MAXIMUM SINGLE LIFE ANNUITY AND NO MEMBER MAY ELECT  
16 A PAYMENT OPTION THAT WOULD PROVIDE BENEFITS THAT DO NOT SATISFY  
17 THE MINIMUM DISTRIBUTION REQUIREMENTS OR WOULD VIOLATE THE  
18 INCIDENTAL DEATH BENEFIT RULES OF IRC § 401(A) (9) :

- 19 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH:
- 20 (I) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO ALL  
21 CLASSES OF SERVICE OTHER THAN CLASS A-5 EQUAL TO THE  
22 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY  
23 ATTRIBUTABLE TO ALL CLASSES OF SERVICE OTHER THAN CLASS  
24 A-5 ON THE EFFECTIVE DATE OF RETIREMENT WITH THE  
25 PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS  
26 THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE  
27 PAYABLE TO HIS BENEFICIARY[.]; AND
- 28 (II) A GUARANTEED TOTAL PAYMENT ATTRIBUTABLE TO  
29 CLASS A-5 SERVICE EQUAL TO THE PRESENT VALUE OF THE  
30 MAXIMUM SINGLE LIFE ANNUITY ATTRIBUTABLE TO CLASS A-5

1           SERVICE ON THE EFFECTIVE DATE OF RETIREMENT WITH THE  
2           PROVISION THAT, IF, AT HIS DEATH, HE HAS RECEIVED LESS  
3           THAN SUCH PRESENT VALUE, THE UNPAID BALANCE SHALL BE  
4           PAYABLE TO HIS BENEFICIARY.

5           (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE  
6           DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF  
7           SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF  
8           LIVING AT HIS DEATH.

9           (3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR  
10           ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE-  
11           HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR  
12           ANNUITANT, IF LIVING AT HIS DEATH.

13           (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE  
14           CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE  
15           MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING  
16           RESTRICTIONS:

17                   (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION  
18                   DURING THE LIFETIME OF THE MEMBER;

19                   (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE  
20                   DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN  
21                   ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER;  
22                   AND

23                   (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A  
24                   LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT  
25                   EXCEED AN AMOUNT EQUAL TO THE TOTAL ACCUMULATED  
26                   DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER THAT ARE  
27                   NOT THE RESULT OF CONTRIBUTIONS AND STATUTORY INTEREST  
28                   MADE OR CREDITED AS A RESULT OF CLASS A-3 OR CLASS A-4  
29                   SERVICE. THE BALANCE OF THE PRESENT VALUE OF THE MAXIMUM  
30                   SINGLE LIFE ANNUITY ADJUSTED IN ACCORDANCE WITH SECTION

1 5702(B) SHALL BE PAID IN THE FORM OF AN ANNUITY WITH A  
2 GUARANTEED TOTAL PAYMENT, A SINGLE LIFE ANNUITY, OR A  
3 JOINT AND SURVIVOR ANNUITY OR ANY COMBINATION THEREOF BUT  
4 SUBJECT TO THE RESTRICTIONS OF SUBPARAGRAPHS (I) AND (II)  
5 UNDER THIS OPTION.

6 \* \* \*

7 SECTION 320.1. SECTION 5705.1 OF TITLE 71 IS AMENDED TO  
8 READ:

9 § 5705.1. PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM  
10 [CLASS A-3 AND CLASS A-4] MORE THAN ONE CLASS OF  
11 SERVICE.

12 (A) PAYMENT OF ACCUMULATED DEDUCTION RESULTING FROM CLASS A-  
13 3 AND CLASS A-4 SERVICE.--ANY SUPERANNUATION OR WITHDRAWAL  
14 ANNUITANT WHO:

15 (1) HAS CLASS A-3 OR CLASS A-4 SERVICE CREDIT;

16 (2) HAS SERVICE CREDITED IN ONE OR MORE CLASSES OF  
17 SERVICE; [AND]

18 (3) BECAUSE HE HAS FIVE OR MORE, BUT FEWER THAN TEN,  
19 ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON  
20 HIS CLASS A-3 OR CLASS A-4 SERVICE; AND

21 (4) DOES NOT HAVE ANY SERVICE CREDITED AS CLASS A-5  
22 SHALL RECEIVE IN A LUMP SUM AT THE TIME OF HIS RETIREMENT, IN  
23 ADDITION TO ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY  
24 ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A-3  
25 OR CLASS A-4 SERVICE CREDIT. PAYMENT OF THESE ACCUMULATED  
26 DEDUCTIONS RESULTING FROM CLASS A-3 OR CLASS A-4 SERVICE CREDIT  
27 SHALL NOT BE ELIGIBLE FOR INSTALLMENT PAYMENTS PURSUANT TO  
28 SECTION 5905.1 (RELATING TO INSTALLMENT PAYMENTS OF ACCUMULATED  
29 DEDUCTIONS) BUT SHALL BE CONSIDERED A LUMP SUM PAYMENT FOR  
30 PURPOSES OF SECTION 5905.1(D).

1 (B) PAYMENT OF CLASS A-5 ACCUMULATED DEDUCTIONS.--ANY

2 ANNUITANT WHO:

3 (1) IS ELIGIBLE TO RECEIVE OR IS RECEIVING AN ANNUITY AS  
4 A RESULT OF CREDITED SERVICE OTHER THAN SERVICE AS A MEMBER  
5 OF CLASS A-5 WHO HAS NOT ACCRUED ENOUGH ELIGIBILITY POINTS TO  
6 RECEIVE AN ANNUITY OR BECOME A VESTEE FOR BENEFIT  
7 ATTRIBUTABLE TO HIS CLASS A-5 SERVICE ON THE EFFECTIVE DATE  
8 OF RETIREMENT AND HAS CLASS A-5 ACCUMULATED DEDUCTIONS  
9 STANDING TO HIS CREDIT SHALL RECEIVE IN A LUMP SUM UPON  
10 TERMINATION BUT NOT LATER THAN HIS RETIREMENT, IN ADDITION TO  
11 ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY BE  
12 ELIGIBLE TO RECEIVE OR ELECT TO RECEIVE, HIS CLASS A-5  
13 ACCUMULATED DEDUCTIONS. PAYMENT OF THESE CLASS A-5  
14 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-5 SERVICE  
15 CREDIT SHALL NOT BE ELIGIBLE FOR INSTALLMENT PAYMENTS UNDER  
16 SECTION 5905.1, BUT SHALL BE CONSIDERED A LUMP SUM PAYMENT  
17 FOR PURPOSES OF SECTION 5905.1(D).

18 (2) IS A MEMBER WITH CLASS A-5 SERVICE CREDIT AND ONE OR  
19 MORE OTHER CLASSES OF SERVICE CREDIT WHO IS RECEIVING OR WHO  
20 HAS TERMINATED STATE SERVICE AND IS ELIGIBLE TO RECEIVE NOW  
21 OR IN THE FUTURE AN ANNUITY BASED ON HIS CLASS A-5 SERVICE  
22 AND IS NOT ELIGIBLE TO RECEIVE AN ANNUITY BASED ON HIS  
23 SERVICE CREDITED IN ONE OR MORE OF HIS OTHER CLASSES OF  
24 SERVICE SHALL RECEIVE IN A LUMP SUM UPON TERMINATION BUT  
25 LATER THAN HIS RETIREMENT, IN ADDITION TO ANY OTHER ANNUITY  
26 WHICH HE MAY BE ELIGIBLE TO RECEIVE OR ELECT TO RECEIVE FOR  
27 HIS CLASS A-5 SERVICE, HIS ACCUMULATED DEDUCTIONS RESULTING  
28 FROM HIS SERVICE CREDIT IN CLASSES OF SERVICE OTHER THAN  
29 CLASS A-5 FOR WHICH HE IS NOT ELIGIBLE TO RECEIVE AN ANNUITY;  
30 PROVIDED THAT IF HE HAS MORE THAN ONE CLASS OF SERVICE OTHER

1 THAN CLASS A-5, HE MAY NOT ELECT TO RECEIVE HIS ACCUMULATED  
2 DEDUCTIONS FOR ANY OTHER CLASS OF SERVICE UNLESS HE EITHER  
3 RECEIVES AN ANNUITY IN ALL OTHER CLASSES OTHER THAN CLASS A-5  
4 THAT HE IS ELIGIBLE TO RECEIVE OR HE ELECTS TO WITHDRAW HIS  
5 TOTAL ACCUMULATED DEDUCTIONS UNDER SECTIONS 5311 (RELATING TO  
6 ELIGIBILITY FOR REFUND) AND 5701 (RELATING TO RETURN OF TOTAL  
7 ACCUMULATED DEDUCTIONS). PAYMENT OF THESE ACCUMULATED  
8 DEDUCTIONS RESULTING FROM SERVICE IN CLASSES OTHER THAN CLASS  
9 A-5 SHALL NOT BE ELIGIBLE FOR INSTALLMENT PAYMENTS UNDER  
10 SECTION 5905.1, BUT SHALL BE CONSIDERED A LUMP SUM PAYMENT  
11 FOR PURPOSES OF SECTION 5905.1(D).

12 SECTION 320.2 SECTION 5706(A), (A.1), (A.2), (B) AND (C) (1)  
13 OF TITLE 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE  
14 AMENDED TO READ:

15 § 5706. TERMINATION OF ANNUITIES.

16 (A) GENERAL RULE.--

17 (1) IF THE ANNUITANT RETURNS TO STATE SERVICE OR ENTERS  
18 OR HAS ENTERED SCHOOL SERVICE AND ELECTS MULTIPLE SERVICE  
19 MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART SHALL  
20 CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE SERVICE  
21 OR ENTERING SCHOOL SERVICE WITHOUT REGARD TO WHETHER HE IS A  
22 MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR  
23 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,  
24 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR  
25 PARTICIPANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
26 OR SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AND IN THE  
27 CASE OF AN ANNUITY OTHER THAN A DISABILITY ANNUITY THE  
28 PRESENT VALUE OF SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN  
29 THE CASE OF A JOINT COVERAGE MEMBER WHO MAKES THE APPROPRIATE  
30 BACK CONTRIBUTIONS FOR FULL COVERAGE, SHALL BE FROZEN AS OF

1 THE DATE SUCH ANNUITY CEASES. AN ANNUITANT WHO IS CREDITED  
2 WITH AN ADDITIONAL 10% OF CLASS A AND CLASS C SERVICE AS  
3 PROVIDED IN SECTION 5302(C) (RELATING TO CREDITED STATE  
4 SERVICE) AND WHO RETURNS TO STATE SERVICE SHALL FORFEIT SUCH  
5 CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE  
6 ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN  
7 APPLIED TO HIS ACCOUNT. IN THE EVENT THAT THE COST-OF-LIVING  
8 INCREASE ENACTED DECEMBER 18, 1979 OCCURRED DURING THE PERIOD  
9 OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE  
10 SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS  
11 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT  
12 RETURNED TO SERVICE.

13 (2) THIS SUBSECTION SHALL NOT APPLY IN THE CASE OF ANY  
14 ANNUITANT WHO:

15 (I) MAY RENDER SERVICES TO THE COMMONWEALTH IN THE  
16 CAPACITY OF AN INDEPENDENT CONTRACTOR; OR

17 (II) IS OVER NORMAL RETIREMENT AGE OR WHO HAS BEEN  
18 AN ANNUITANT FOR MORE THAN ONE YEAR AND WHO MAY RENDER  
19 SERVICE TO THE COMMONWEALTH:

20 (A) AS A MEMBER OF AN INDEPENDENT BOARD OR  
21 COMMISSION OR AS A MEMBER OF A DEPARTMENTAL  
22 ADMINISTRATIVE OR ADVISORY BOARD OR COMMISSION WHEN  
23 SUCH MEMBERS OF INDEPENDENT OR DEPARTMENTAL BOARDS OR  
24 COMMISSIONS ARE COMPENSATED ON A PER DIEM BASIS FOR  
25 NOT MORE THAN 150 DAYS PER CALENDAR YEAR; OR

26 (B) AS A MEMBER OF AN INDEPENDENT BOARD OR  
27 COMMISSION REQUIRING APPOINTMENT BY THE GOVERNOR,  
28 WITH ADVICE AND CONSENT OF THE SENATE, WHERE THE  
29 ANNUAL SALARY PAYABLE TO THE MEMBER DOES NOT EXCEED  
30 \$35,000 AND WHERE THE MEMBER HAS BEEN AN ANNUITANT

1 FOR AT LEAST SIX MONTHS IMMEDIATELY PRECEDING THE  
2 APPOINTMENT.

3 SUCH SERVICE SHALL NOT BE ELIGIBLE FOR PARTICIPATION IN THE  
4 PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER  
5 DEFINED CONTRIBUTIONS.

6 (A.1) RETURN TO STATE SERVICE DURING EMERGENCY.--WHEN, IN  
7 THE JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE  
8 IN THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF  
9 SERVICE TO THE PUBLIC, AN ANNUITANT WHO IS OVER NORMAL  
10 RETIREMENT AGE OR WHO HAS BEEN AN ANNUITANT FOR MORE THAN ONE  
11 YEAR MAY BE RETURNED TO STATE SERVICE FOR A PERIOD NOT TO EXCEED  
12 95 DAYS IN ANY CALENDAR YEAR WITHOUT LOSS OF HIS ANNUITY. IN  
13 COMPUTING THE NUMBER OF DAYS AN ANNUITANT HAS RETURNED TO STATE  
14 SERVICE, ANY AMOUNT OF TIME LESS THAN ONE-HALF OF A DAY SHALL BE  
15 COUNTED AS ONE-HALF OF A DAY. FOR AGENCIES, BOARDS AND  
16 COMMISSIONS UNDER THE GOVERNOR'S JURISDICTION, THE APPROVAL OF  
17 THE GOVERNOR THAT AN EMERGENCY EXISTS SHALL BE REQUIRED BEFORE  
18 AN ANNUITANT MAY BE RETURNED TO STATE SERVICE HIS SERVICE SHALL  
19 NOT BE SUBJECT TO MEMBER CONTRIBUTIONS OR BE ELIGIBLE FOR  
20 QUALIFICATION AS CREDITABLE STATE SERVICE OR FOR PARTICIPATION  
21 IN THE PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR  
22 EMPLOYER DEFINED CONTRIBUTIONS.

23 (A.2) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE  
24 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES  
25 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO  
26 SECTION 5705 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE  
27 OF HIS RETURN TO STATE SERVICE OR ENTERING SCHOOL SERVICE, THE  
28 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM  
29 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE  
30 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS



1 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN  
2 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR SCHOOL EMPLOYEE  
3 WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
4 RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST  
5 THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON  
6 BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION  
7 PLANS AGREED TO BY THE MEMBER AND THE BOARD MAY INCLUDE A  
8 DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE  
9 TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN  
10 ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY  
11 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS  
12 SOLE DISCRETION DETERMINES. IN THE CASE OF A SCHOOL EMPLOYEE WHO  
13 IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
14 SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO  
15 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL  
16 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

17 \* \* \*

18 (B) SUBSEQUENT DISCONTINUANCE OF SERVICE.--UPON SUBSEQUENT  
19 DISCONTINUANCE OF SERVICE, SUCH MEMBER OTHER THAN A FORMER  
20 ANNUITANT WHO HAD THE EFFECT OF HIS FROZEN PRESENT VALUE  
21 ELIMINATED IN ACCORDANCE WITH SUBSECTION (C) OR A FORMER  
22 DISABILITY ANNUITANT SHALL BE ENTITLED TO AN ANNUITY WHICH IS  
23 ACTUARIALLY EQUIVALENT TO THE SUM OF:

24 (1) THE PRESENT VALUE AS DETERMINED UNDER SUBSECTION (A)  
25 [AND];

26 (2) THE PRESENT VALUE OF A MAXIMUM SINGLE LIFE ANNUITY  
27 BASED ON YEARS OF SERVICE CREDITED IN CLASSES OF SERVICE  
28 OTHER THAN CLASS A-5 SUBSEQUENT TO REENTRY IN THE SYSTEM AND  
29 HIS FINAL AVERAGE SALARY COMPUTED BY REFERENCE TO HIS  
30 COMPENSATION FOR SERVICE CREDITED IN CLASSES OF SERVICE OTHER

1 THAN CLASS A-5 AND CLASS T-G DURING HIS ENTIRE PERIOD OF  
2 STATE AND SCHOOL SERVICE[.]; AND

3 (3) IF ELIGIBLE, THE PRESENT VALUE OF A MAXIMUM SINGLE  
4 LIFE ANNUITY BASED ON YEARS OF SERVICE CREDITED IN CLASS A-5  
5 SUBSEQUENT TO REENTRY IN THE SYSTEM AND HIS FINAL AVERAGE  
6 SALARY COMPUTED BY REFERENCE TO HIS COMPENSATION FOR SERVICE  
7 CREDITED IN CLASS A-5 AND CLASS T-G DURING HIS ENTIRE PERIOD  
8 OF STATE AND SCHOOL SERVICE.

9 (C) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

10 (1) AN ANNUITANT WHO RETURNS TO STATE SERVICE AS AN  
11 ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY  
12 POINTS BY PERFORMING CREDITED STATE SERVICE IN A CLASS OF  
13 SERVICE OTHER THAN CLASS A-5 FOLLOWING THE MOST RECENT PERIOD  
14 OF RECEIPT OF AN ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO  
15 ENTERS SCHOOL SERVICE AND:

16 (I) IS A MULTIPLE SERVICE MEMBER; OR

17 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND  
18 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE  
19 SERVICE OR CREDITED SCHOOL SERVICE IN CLASSES OF SERVICE  
20 OTHER THAN CLASS A-5 OR CLASS T-G FOLLOWING THE MOST RECENT  
21 PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND WHO HAD  
22 THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE WITH  
23 SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE  
24 FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF  
25 RETIREMENT ELIMINATED, PROVIDED THAT ALL PAYMENTS UNDER  
26 OPTION 4 AND ANNUITY PAYMENTS PAYABLE DURING PREVIOUS PERIODS  
27 OF RETIREMENT PLUS INTEREST AS SET FORTH IN PARAGRAPH (3)  
28 SHALL BE RETURNED TO THE FUND IN THE FORM OF AN ACTUARIAL  
29 ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE  
30 BOARD MAY OTHERWISE DIRECT.

1 \* \* \*

2 SECTION 321. SECTIONS 5707(A), (B), (E) AND (F) AND 5709(A)  
3 AND (B) OF TITLE 71 ARE AMENDED AND THE SECTIONS ARE AMENDED BY  
4 ADDING SUBSECTIONS TO READ:

5 § 5707. DEATH BENEFITS.

6 (A) MEMBERS ELIGIBLE FOR ANNUITIES.--ANY ACTIVE MEMBER,  
7 INACTIVE MEMBER ON LEAVE WITHOUT PAY, VESTEE OR CURRENT OR  
8 FORMER STATE EMPLOYEE PERFORMING USERRA LEAVE WHO DIES AND WAS  
9 ELIGIBLE FOR AN ANNUITY IN ACCORDANCE WITH SECTION 5308(A) OR  
10 (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) OR SPECIAL VESTEE  
11 WHO HAS ATTAINED SUPERANNUATION AGE AND DIES BEFORE APPLYING FOR  
12 A SUPERANNUATION ANNUITY SHALL BE CONSIDERED AS HAVING APPLIED  
13 FOR AN ANNUITY TO BECOME EFFECTIVE THE DAY BEFORE HIS DEATH AND  
14 IN THE EVENT HE HAS NOT ELECTED AN OPTION OR SUCH ELECTION HAS  
15 NOT BEEN APPROVED PRIOR TO HIS DEATH, IT SHALL BE ASSUMED THAT  
16 HE ELECTED OPTION 1. FOR PURPOSES OF THIS SUBSECTION, A MEMBER  
17 WITH TEN OR MORE, BUT LESS THAN 25 ELIGIBILITY POINTS RESULTING  
18 FROM CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER,  
19 CLASS T-G SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES'  
20 RETIREMENT SYSTEM SHALL BE CONSIDERED ELIGIBLE FOR AN ANNUITY  
21 BASED ON CLASS A-5 SERVICE EVEN IF UNDER SUPERANNUATION AGE.

22 (B) MEMBERS INELIGIBLE FOR ANNUITIES.--IN THE EVENT OF THE  
23 DEATH OF A SPECIAL VESTEE, AN ACTIVE MEMBER, AN INACTIVE MEMBER  
24 ON LEAVE WITHOUT PAY OR A CURRENT OR FORMER STATE EMPLOYEE  
25 PERFORMING USERRA LEAVE WHO IS NOT ENTITLED TO A DEATH BENEFIT  
26 AS PROVIDED IN SUBSECTION (A), HIS DESIGNATED BENEFICIARY SHALL  
27 BE PAID THE FULL AMOUNT OF HIS TOTAL ACCUMULATED DEDUCTIONS AND  
28 CLASS A-5 ACCUMULATED DEDUCTIONS.

29 (B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF  
30 SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE.--IN THE

1 EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY  
2 BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND  
3 INELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES  
4 OF SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED  
5 ON THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN  
6 ADDITION TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED  
7 DEDUCTIONS ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT  
8 ELIGIBLE FOR AN ANNUITY.

9 \* \* \*

10 (E) ANNUITANTS ELECTING MAXIMUM SINGLE LIFE ANNUITY.--

11 (1) IN THE EVENT OF THE DEATH OF AN ANNUITANT WHO HAS  
12 ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE ANNUITY BEFORE HE  
13 HAS RECEIVED IN ANNUITY PAYMENTS BASED ON HIS SERVICE  
14 CREDITED IN CLASSES OTHER THAN CLASS A-5 THE FULL AMOUNT OF  
15 THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT ON  
16 THE EFFECTIVE DATE OF RETIREMENT, THE BALANCE SHALL BE PAID  
17 TO HIS DESIGNATED BENEFICIARY.

18 (2) IN THE EVENT OF THE DEATH OF AN ANNUITANT WHO HAS  
19 ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE ANNUITY BEFORE HE  
20 HAS RECEIVED IN ANNUITY PAYMENTS BASED ON HIS SERVICE  
21 CREDITED IN CLASS A-5 THE FULL AMOUNT OF THE CLASS A-5  
22 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT ON THE  
23 EFFECTIVE DATE OF RETIREMENT, THE BALANCE SHALL BE PAID TO  
24 HIS DESIGNATED BENEFICIARY.

25 (F) MEMBERS SUBJECT TO LIMITATIONS UNDER SECTION 5702(C).--  
26 SUBJECT TO THE LIMITATIONS CONTAINED IN SECTION 401(A) (9) OF THE  
27 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §  
28 401(A) (9)), THE PRESENT VALUE OF ANY ANNUITY IN EXCESS OF THAT  
29 PAYABLE UNDER SECTION 5702 (RELATING TO MAXIMUM SINGLE LIFE  
30 ANNUITY) THAT IS NOT SUBJECT TO THE LIMITATIONS UNDER SECTION

1 415(B) OF THE INTERNAL REVENUE CODE OF 1986 SHALL BE PAID IN A  
2 LUMP SUM TO THE BENEFICIARY DESIGNATED BY THE MEMBER AFTER THE  
3 DEATH OF THE MEMBER. A BENEFICIARY RECEIVING A BENEFIT UNDER  
4 THIS SUBSECTION SHALL NOT BE ABLE TO ELECT A PAYMENT METHOD  
5 OTHERWISE ALLOWED UNDER SECTION 5709(B) (2) AND (3) (RELATING TO  
6 PAYMENT OF BENEFITS FROM THE SYSTEM).

7 \* \* \*

8 § 5709. PAYMENT OF BENEFITS FROM THE SYSTEM.

9 (A) ANNUITIES.--[ANY] EXCEPT AS PROVIDED IN SUBSECTION (D),  
10 ANY ANNUITY GRANTED UNDER THE PROVISIONS OF THIS PART AND PAID  
11 FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY INSTALLMENTS.

12 (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT  
13 PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION  
14 5707 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF  
15 OPTION 1 OF SECTION 5705(A) (1) (RELATING TO MEMBER'S OPTIONS) IS  
16 \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT  
17 ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

18 (1) A LUMP SUM PAYMENT;

19 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT  
20 PAYABLE; OR

21 (3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE  
22 ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS  
23 THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

24 \* \* \*

25 (E) MEMBERS WITH CLASS A-5 SERVICE AND SERVICE IN ONE OR  
26 MORE OTHER CLASSES OF SERVICE.--AN ANNUITANT WHOSE RECEIPT OF  
27 THE PORTION OF HIS ANNUITY ATTRIBUTABLE TO CLASS A-5 SERVICE HAS  
28 BEEN DELAYED TO THE ATTAINMENT OF CLASS A-5 SUPERANNUATION AGE  
29 SHALL HAVE HIS ANNUITY INCREASED UPON ATTAINMENT OF THE  
30 APPLICABLE SUPERANNUATION AGE UNDER THE TERMS AND CONDITIONS OF

1 THE ANNUITY PAYMENT OPTION SELECTED AT THE TIME OF RETIREMENT OR  
2 IF APPLICABLE UNDER SECTION 5907(J) (RELATING TO RIGHTS AND  
3 DUTIES OF STATE EMPLOYEES AND MEMBERS). IN THE EVENT SUCH A  
4 MEMBER SELECTED A JOINT AND SURVIVOR ANNUITY AND DIED PRIOR TO  
5 ATTAINING THE APPLICABLE SUPERANNUATION AGE, THE ANNUITY OF HIS  
6 SURVIVOR ANNUITANT, IF SURVIVING, WILL BE INCREASED AT THE TIME  
7 THE MEMBER WOULD HAVE ATTAINED CLASS A-5 SUPERANNUATION AGE.

8 SECTION 322. TITLE 71 IS AMENDED BY ADDING A CHAPTER TO  
9 READ:

10 CHAPTER 58

11 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN

12 SEC.

13 5801. ESTABLISHMENT.

14 5802. PLAN DOCUMENT.

15 5803. INDIVIDUAL INVESTMENT ACCOUNTS.

16 5804. PARTICIPANT CONTRIBUTIONS.

17 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

18 5806. EMPLOYER DEFINED CONTRIBUTIONS.

19 5806.1. USE OF PLAN SAVINGS.

20 5807. ELIGIBILITY FOR BENEFITS.

21 5808. DEATH BENEFITS.

22 5809. VESTING.

23 5810. TERMINATION OF DISTRIBUTIONS.

24 5811. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER

25 ORGANIZATIONS.

26 5812. POWERS AND DUTIES OF BOARD.

27 5813. RESPONSIBILITY FOR INVESTMENT LOSS.

28 5814. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT ALLOCATION

29 CHOICES.

30 5815. EXPENSES.

1 5816. (RESERVED).

2 5817. TAX QUALIFICATION.

3 5818. STATE EMPLOYEES' DEFINED CONTRIBUTION HOLDING VEHICLE  
4 TRUST.

5 § 5801. ESTABLISHMENT.

6 (A) STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE STATE  
7 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD  
8 SHALL ADMINISTER AND MANAGE THE PLAN WHICH SHALL BE A DEFINED  
9 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE  
10 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES  
11 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE  
12 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT  
13 INCONSISTENT WITH THIS PART, IRC OR OTHER APPLICABLE LAW AND  
14 SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.

15 (B) STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE STATE  
16 EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS PART OF  
17 THE PLAN. THE TRUST SHALL BE COMPRISED OF THE INDIVIDUAL  
18 INVESTMENT ACCOUNTS AND ALL ASSETS AND MONEYS IN THOSE ACCOUNTS.  
19 THE MEMBERS OF THE BOARD SHALL BE THE TRUSTEES OF THE TRUST,  
20 WHICH SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE  
21 STATE EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR  
22 BENEFICIARIES WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC §  
23 401(A). THE BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF  
24 THE TRUST NOT INCONSISTENT WITH THIS PART, IRC OR OTHER  
25 APPLICABLE LAW AND SHALL PROVIDE FOR THE INVESTMENT AND  
26 ADMINISTRATION OF THE TRUST.

27 (C) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE PLAN  
28 THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE  
29 PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE  
30 WITH THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE

1 PERMITTED BY THE APPLICABLE PROVISIONS OF IRC FOR THE EXCLUSIVE  
2 BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES UNTIL SUCH  
3 TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS OR THEIR  
4 BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN DOCUMENT.  
5 THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE BENEFIT  
6 OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED FOR THE  
7 PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE  
8 ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.

9 (D) NAME FOR TRANSACTING BUSINESS.--ALL OF THE BUSINESS OF  
10 THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL  
11 REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS  
12 CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME  
13 OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN."  
14 NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY  
15 ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF  
16 REGISTERING SECURITIES IN ORDER TO FACILITATE THE PURCHASE, SALE  
17 OR OTHER DISPOSITION OF SECURITIES PURSUANT TO THE PROVISIONS OF  
18 THIS PART.

19 § 5802. PLAN DOCUMENT.

20 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE  
21 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS  
22 OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED  
23 IN THE PENNSYLVANIA BULLETIN. THE CREATION OF THE DOCUMENT  
24 CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE TRUST  
25 DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND PROVISIONS OF  
26 THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY REGULATION OR  
27 FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE ACT OF JULY  
28 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE COMMONWEALTH  
29 DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER LAW TO THE PLAN  
30 SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE CONTEXT CLEARLY



1 INDICATES OTHERWISE.

2 § 5803. INDIVIDUAL INVESTMENT ACCOUNTS.

3 THE BOARD SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL  
4 INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL  
5 CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON BEHALF  
6 OF A PARTICIPANT SHALL BE CREDITED TO THE PARTICIPANT'S  
7 INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH ALL INTEREST AND  
8 INVESTMENT EARNINGS AND LOSSES. INVESTMENT AND ADMINISTRATIVE  
9 FEES, COSTS AND EXPENSES SHALL BE CHARGED TO THE PARTICIPANTS'  
10 INDIVIDUAL INVESTMENT ACCOUNTS. EMPLOYER DEFINED CONTRIBUTIONS  
11 SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY FROM PARTICIPANT  
12 CONTRIBUTIONS, BUT ALL INTEREST, INVESTMENT EARNINGS AND LOSSES,  
13 AND INVESTMENT AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL  
14 BE ALLOCATED PROPORTIONATELY.

15 § 5804. PARTICIPANT CONTRIBUTIONS.

16 (A) MANDATORY CONTRIBUTIONS.--A PARTICIPANT SHALL MAKE  
17 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL  
18 DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
19 FOR STATE SERVICE REQUIRED TO BE CREDITED IN THE PLAN. THE  
20 EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE REQUIRED TO  
21 BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM EACH  
22 PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.

23 (B) VOLUNTARY CONTRIBUTIONS.--A PARTICIPANT MAY MAKE  
24 VOLUNTARY CONTRIBUTIONS THROUGH DIRECT TRUSTEE-TO-TRUSTEE  
25 TRANSFERS OR THROUGH TRANSFERS OF MONEY RECEIVED IN AN ELIGIBLE  
26 ROLLOVER INTO THE TRUST TO THE EXTENT ALLOWED BY IRC § 402. THE  
27 ROLLOVERS SHALL BE MADE IN A FORM AND MANNER AS DETERMINED BY  
28 THE BOARD, SHALL BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
29 INVESTMENT ACCOUNT AND SHALL BE SEPARATELY ACCOUNTED FOR BY THE  
30 BOARD.

1 (C) PROHIBITED CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE  
2 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
3 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
4 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
5 DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS  
6 IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE  
7 CONTRIBUTIONS SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.  
8 § 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

9 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--THE  
10 CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION  
11 5804(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO  
12 STATE SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED  
13 UP BY THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS  
14 THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER  
15 THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A  
16 PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY  
17 PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF  
18 THE PARTICIPANT.

19 (B) TREATMENT FOR OTHER PURPOSES.--FOR ALL PURPOSES OTHER  
20 THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
21 SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE  
22 SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE  
23 MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP.  
24 § 5806. EMPLOYER DEFINED CONTRIBUTIONS.

25 (A) CONTRIBUTIONS FOR SERVICE.--THE COMMONWEALTH OR OTHER  
26 EMPLOYER OF AN ACTIVE PARTICIPANT SHALL MAKE EMPLOYER DEFINED  
27 CONTRIBUTIONS FOR SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE  
28 CREDITED TO THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT  
29 ACCOUNT. EMPLOYER DEFINED CONTRIBUTIONS SHALL BE RECORDED AND  
30 ACCOUNTED FOR SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.

1       (B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED  
2 FROM USERRA LEAVE.--WHEN A STATE EMPLOYEE REEMPLOYED FROM USERRA  
3 LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
4 PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE COMMONWEALTH OR  
5 OTHER EMPLOYER BY WHOM THE STATE EMPLOYEE IS EMPLOYED AT THE  
6 TIME THE PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER  
7 EMPLOYER DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS  
8 SECTION HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS  
9 CONTINUED TO BE EMPLOYED IN THE PARTICIPANT'S STATE OFFICE OR  
10 POSITION INSTEAD OF PERFORMING USERRA LEAVE. THE EMPLOYER  
11 DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE PARTICIPANT'S  
12 INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE PROVIDED BY THIS  
13 PART.

14       (C) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE  
15 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
16 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
17 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
18 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED  
19 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT  
20 EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER  
21 BY THE BOARD.

22 § 5806.1. USE OF PLAN SAVINGS.

23       (A) DETERMINATION.--THE SYSTEM SHALL DETERMINE THE  
24 DIFFERENCE BETWEEN:

25           (1) THE CURRENT AGGREGATE EMPLOYER CONTRIBUTIONS AND THE  
26 AGGREGATE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN  
27 REQUIRED BY ACT 120 OF 2010.

28           (2) THE CURRENT PLAN EXPENDITURES AND THE PLAN  
29 EXPENDITURES THAT WOULD HAVE BEEN REQUIRED BY ACT 120 OF  
30 2010.

1 (B) UTILIZATION.--ANY SAVINGS REALIZED BASED ON THE  
2 IMPLEMENTATION OF THE PLAN, AS DETERMINED UNDER SUBSECTION (A),  
3 SHALL BE UTILIZED TO PAY DOWN THE ACCRUED UNFUNDED LIABILITY.

4 (C) INTENT.--IT IS THE INTENT OF THE GENERAL ASSEMBLY TO  
5 MAKE AN ANNUAL APPROPRIATION FROM THE GENERAL FUND TO THE SYSTEM  
6 IN THE AMOUNT DETERMINED UNDER SUBSECTION (A) (1).

7 (D) DEFINITION.--AS USED IN THIS SECTION, THE TERM "ACT 120  
8 OF 2010" SHALL MEAN THE ACT OF NOVEMBER 23, 2010 (P.L.1269,  
9 NO.120), ENTITLED, "AN ACT AMENDING TITLES 24 (EDUCATION) AND 71  
10 (STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES, IN  
11 TITLE 24, FURTHER PROVIDING FOR DEFINITIONS, FOR MANDATORY AND  
12 OPTIONAL MEMBERSHIP, FOR CONTRIBUTIONS BY THE COMMONWEALTH, FOR  
13 PAYMENTS BY EMPLOYERS, FOR ACTUARIAL COST METHOD, FOR ADDITIONAL  
14 SUPPLEMENTAL ANNUITIES, FOR FURTHER ADDITIONAL SUPPLEMENTAL  
15 ANNUITIES, FOR SUPPLEMENTAL ANNUITIES COMMENCING 1994, FOR  
16 SUPPLEMENTAL ANNUITIES COMMENCING 1998, FOR SUPPLEMENTAL  
17 ANNUITIES COMMENCING 2002, FOR SUPPLEMENTAL ANNUITIES COMMENCING  
18 2003, FOR ADMINISTRATIVE DUTIES OF BOARD, FOR PAYMENTS TO SCHOOL  
19 ENTITIES BY COMMONWEALTH, FOR ELIGIBILITY POINTS FOR RETENTION  
20 AND REINSTATEMENT OF SERVICE CREDITS AND FOR CREDITABLE  
21 NONSCHOOL SERVICE; PROVIDING FOR ELECTION TO BECOME A CLASS T-F  
22 MEMBER; FURTHER PROVIDING FOR CLASSES OF SERVICE, FOR  
23 ELIGIBILITY FOR ANNUITIES, FOR ELIGIBILITY FOR VESTING, FOR  
24 REGULAR MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR  
25 CREDITABLE SCHOOL SERVICE, FOR CONTRIBUTIONS FOR PURCHASE OF  
26 CREDIT FOR CREDITABLE NONSCHOOL SERVICE, FOR MAXIMUM SINGLE LIFE  
27 ANNUITY, FOR DISABILITY ANNUITIES, FOR MEMBER'S OPTIONS, FOR  
28 DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS  
29 AND FOR RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS;  
30 PROVIDING FOR INDEPENDENT FISCAL OFFICE STUDY; IN TITLE 71,

1 ESTABLISHING AN INDEPENDENT FISCAL OFFICE AND MAKING A RELATED  
2 REPEAL; FURTHER PROVIDING FOR DEFINITIONS, FOR CREDITED STATE  
3 SERVICE, FOR RETENTION AND REINSTATEMENT OF SERVICE CREDITS, FOR  
4 CREDITABLE NONSTATE SERVICE AND FOR CLASSES OF SERVICE;  
5 PROVIDING FOR ELECTION TO BECOME A CLASS A-4 MEMBER; FURTHER  
6 PROVIDING FOR ELIGIBILITY FOR ANNUITIES AND FOR ELIGIBILITY FOR  
7 VESTING; PROVIDING FOR SHARED-RISK MEMBER CONTRIBUTIONS FOR  
8 CLASS A-3 AND CLASS A-4 SERVICE; FURTHER PROVIDING FOR WAIVER OF  
9 REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION  
10 MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR PURCHASE OF  
11 CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE  
12 MEMBER, FOR CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR  
13 CREDITABLE NONSTATE SERVICE, FOR CONTRIBUTIONS BY THE  
14 COMMONWEALTH AND OTHER EMPLOYERS, FOR ACTUARIAL COST METHOD, FOR  
15 MAXIMUM SINGLE LIFE ANNUITY, FOR DISABILITY ANNUITIES AND FOR  
16 MEMBER'S OPTIONS; PROVIDING FOR PAYMENT OF ACCUMULATED  
17 DEDUCTIONS RESULTING FROM CLASS A-3 SERVICE; FURTHER PROVIDING  
18 FOR ADDITIONAL SUPPLEMENTAL ANNUITIES, FOR FURTHER ADDITIONAL  
19 SUPPLEMENTAL ANNUITIES, FOR SUPPLEMENTAL ANNUITIES COMMENCING  
20 1994, FOR SUPPLEMENTAL ANNUITIES COMMENCING 1998, FOR  
21 SUPPLEMENTAL ANNUITIES COMMENCING 2002, FOR SUPPLEMENTAL  
22 ANNUITIES COMMENCING 2003, FOR SPECIAL SUPPLEMENTAL  
23 POSTRETIREMENT ADJUSTMENT OF 2002, FOR ADMINISTRATIVE DUTIES OF  
24 THE BOARD, FOR DUTIES OF BOARD TO ADVISE AND REPORT TO HEADS OF  
25 DEPARTMENTS AND MEMBERS, FOR DUTIES OF BOARD REGARDING  
26 APPLICATIONS AND ELECTIONS OF MEMBERS, FOR INSTALLMENT PAYMENTS  
27 OF ACCUMULATED DEDUCTIONS, FOR RIGHTS AND DUTIES OF STATE  
28 EMPLOYEES AND MEMBERS, FOR MEMBERS' SAVINGS ACCOUNT, FOR STATE  
29 ACCUMULATION ACCOUNT, FOR STATE POLICE BENEFIT ACCOUNT, FOR  
30 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, FOR SUPPLEMENTAL ANNUITY

1 ACCOUNT AND FOR CONSTRUCTION OF PART; AND PROVIDING FOR  
2 INDEPENDENT FISCAL OFFICE STUDY, FOR RETIREMENT ELIGIBILITY OF  
3 PENNSYLVANIA STATE POLICE OFFICERS OR MEMBERS, FOR A PROHIBITION  
4 ON THE ISSUANCE OF PENSION OBLIGATION BONDS, FOR HOLDING CERTAIN  
5 PUBLIC OFFICIALS HARMLESS, FOR CONSTRUCTION OF CALCULATION OR  
6 ACTUARIAL METHOD, FOR APPLICABILITY AND FOR CERTAIN OPERATIONAL  
7 PROVISIONS."

8 § 5807. ELIGIBILITY FOR BENEFITS.

9 (A) TERMINATION OF SERVICE.--A PARTICIPANT WHO TERMINATES  
10 STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED  
11 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE  
12 PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
13 ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.  
14 PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS  
15 ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A  
16 PARTICIPANT WHO WITHDRAWS HIS VESTED ACCUMULATED TOTAL DEFINED  
17 CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,  
18 NOTWITHSTANDING THAT THE FORMER STATE EMPLOYEE MAY CONTINUE TO  
19 BE A MEMBER OF THE SYSTEM WITH CLASS A-5 SERVICE CREDIT OR MAY  
20 HAVE CONTRACTED TO RECEIVE AN ANNUITY OR OTHER FORM OF PAYMENT  
21 FROM A PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.

22 (B) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS PURSUANT TO THIS  
23 SECTION SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM  
24 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF  
25 IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY  
26 DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH  
27 THOSE REQUIREMENTS.

28 (C) (RESERVED).

29 (D) PROHIBITED DISTRIBUTIONS.--A PARTICIPANT WHO ALSO IS A  
30 MEMBER OF THE SYSTEM MUST BE TERMINATED FROM ALL POSITIONS THAT

1 RESULT IN EITHER MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN  
2 THE PLAN TO BE ELIGIBLE TO RECEIVE A DISTRIBUTION.

3 (E) LOANS.--LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP  
4 OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO STATE  
5 EMPLOYEES WHO HAVE NOT TERMINATED STATE SERVICE ARE NOT  
6 PERMITTED, EXCEPT AS REQUIRED BY LAW.

7 (F) SMALL INDIVIDUAL INVESTMENT ACCOUNTS.--A PARTICIPANT WHO  
8 TERMINATES STATE SERVICE AND WHOSE VESTED ACCUMULATED TOTAL  
9 DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW  
10 AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED  
11 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS  
12 PROVIDED IN IRC § 401(A)(31).  
13 § 5808. DEATH BENEFITS.

14 (A) GENERAL RULE.--IN THE EVENT OF THE DEATH OF AN ACTIVE  
15 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE  
16 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE  
17 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN  
18 SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN  
19 DOCUMENT.

20 (B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS.--IN THE  
21 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE  
22 BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED  
23 BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A  
24 LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN  
25 THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE  
26 METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE  
27 PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S  
28 BENEFICIARY OR SUCCESSOR PAYEE, AS THE CASE MAY BE, AS PROVIDED  
29 IN THE PLAN DOCUMENT.

30 (C) CONTRACTS.--THE BOARD MAY CONTRACT WITH FINANCIAL

1 INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY  
2 PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM  
3 DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM  
4 AND MANNER AS PROVIDED BY THE CONTRACT.

5 § 5809. VESTING.

6 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT TO THE  
7 FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 5953 (RELATING  
8 TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS  
9 PROVIDED BY LAW, A PARTICIPANT SHALL BE VESTED WITH RESPECT TO  
10 ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY  
11 CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT TO THE  
12 TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS OR LOSSES ON  
13 THE PARTICIPANT CONTRIBUTIONS BUT NOT INCLUDING INVESTMENT FEES  
14 AND ADMINISTRATIVE CHARGES.

15 (B) EMPLOYER DEFINED CONTRIBUTIONS.--

16 (1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS  
17 OF SECTION 5953 OR OTHERWISE AS PROVIDED BY LAW, A  
18 PARTICIPANT WITH THREE ELIGIBILITY POINTS AS PROVIDED UNDER  
19 SECTION 5307(C) (3) (RELATING TO ELIGIBILITY POINTS) SHALL BE  
20 VESTED WITH RESPECT TO ALL EMPLOYER DEFINED CONTRIBUTIONS  
21 PAID TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN  
22 THE TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS AND  
23 LOSSES ON THE EMPLOYER DEFINED CONTRIBUTIONS BUT NOT  
24 INCLUDING INVESTMENT FEES AND ADMINISTRATIVE CHARGES.

25 (2) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS AND THE  
26 INTEREST AND INVESTMENT GAINS AND LOSSES ON THE NONVESTED  
27 EMPLOYER DEFINED CONTRIBUTIONS THAT ARE FORFEITED WHEN A  
28 PARTICIPANT TERMINATES STATE SERVICE BEFORE ACCRUING THREE  
29 ELIGIBILITY POINTS AS PROVIDED UNDER SECTION 5307(C) (3) ARE  
30 CREDITED TO THE PARTICIPANT'S MOST RECENT EMPLOYER'S FUTURE



1 OBLIGATION ASSESSED UNDER SECTION 5509 (RELATING TO  
2 APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH).

3 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN  
4 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE  
5 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER  
6 THIS SECTION FOR THE STATE SERVICE THAT WOULD HAVE BEEN  
7 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

8 § 5810. TERMINATION OF DISTRIBUTIONS.

9 (A) RETURN TO STATE SERVICE.--

10 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE  
11 PARTICIPANT WHO RETURNS TO STATE SERVICE SHALL CEASE  
12 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE  
13 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES  
14 STATE SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS A  
15 MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR  
16 PARTICIPANT IN THE PLAN.

17 (2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION OF  
18 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS OR OTHER  
19 DISTRIBUTIONS THAT THE PARTICIPANT HAS RECEIVED OR USED TO  
20 PURCHASE AN ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.

21 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

22 (1) IF A FORMER STATE EMPLOYEE IS REEMPLOYED FROM USERRA  
23 LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE PLAN  
24 DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE  
25 BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN THE  
26 PLAN DOCUMENT.

27 (2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE  
28 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE  
29 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN  
30 THE CASE OF AN ACTIVE PARTICIPANT MAY BE AMORTIZED WITH

1 INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY  
2 DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE  
3 PARTICIPANT AND THE BOARD, BUT FOR NOT LONGER THAN A PERIOD  
4 THAT STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUES FOR  
5 UP TO THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S  
6 IMMEDIATE PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD  
7 SHALL NOT EXCEED FIVE YEARS.

8 § 5811. AGREEMENTS WITH FINANCIAL INSTITUTIONS AND OTHER  
9 ORGANIZATIONS.

10 (A) WRITTEN AGREEMENT.--TO ESTABLISH AND ADMINISTER THE  
11 PLAN, THE BOARD SHALL ENTER INTO A WRITTEN AGREEMENT WITH ONE OR  
12 MORE FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS  
13 TO ADMINISTER THE PLAN AND THE INVESTMENT OF FUNDS HELD PURSUANT  
14 TO THE PLAN. THE ADMINISTRATOR SHALL BE SELECTED IN ACCORDANCE  
15 WITH THE FOLLOWING:

16 (1) THE BOARD SHALL SOLICIT PROPOSALS FROM FINANCIAL  
17 INSTITUTIONS AND PENSION MANAGEMENT ORGANIZATIONS.

18 (2) THE BOARD SHALL PUBLISH THE SOLICITATION IN THE  
19 PENNSYLVANIA BULLETIN.

20 (3) PROPOSALS RECEIVED SHALL BE EVALUATED BASED ON  
21 SPECIFIC CRITERIA ADOPTED BY THE BOARD. THE CRITERIA SHALL  
22 INCLUDE EXPERIENCE, CUSTOMER SERVICE HISTORY AND OTHER  
23 CRITERIA.

24 (B) REBID.--A CONTRACT TO ADMINISTER THE PLAN UNDER  
25 SUBSECTION (A) SHALL BE REBID AT LEAST ONCE EVERY TEN YEARS.

26 § 5812. POWERS AND DUTIES OF BOARD.

27 THE BOARD SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO  
28 ESTABLISH THE PLAN AND TRUST AND ADMINISTER THE PROVISIONS OF  
29 THIS CHAPTER AND PART:

30 (1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE

1 ASSETS OF OTHER PERSONS OR ENTITIES.

2 (2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS  
3 AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE  
4 PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM  
5 THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS  
6 THE GENERAL ASSEMBLY OTHERWISE PROVIDES BY APPROPRIATIONS  
7 FROM THE GENERAL FUND.

8 (3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND  
9 LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY  
10 MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.

11 (4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS  
12 OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED  
13 STATUS OF THE PLAN.

14 (5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO  
15 PARTICIPATE IN THE PLAN BY THOSE STATE EMPLOYEES FOR WHOM  
16 PARTICIPATION IS NOT MANDATORY.

17 (6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT  
18 REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF  
19 ASSURING THAT THE FUND MANAGER CONTINUES TO MEET ALL  
20 STANDARDS AND CRITERIA ESTABLISHED.

21 (7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND  
22 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM  
23 QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE  
24 EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.

25 (8) THE BOARD MAY ALLOW A FORMER PARTICIPANT TO MAINTAIN  
26 THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT WITHIN THE  
27 PLAN.

28 (9) THE BOARD SHALL ADMINISTER OR ENSURE THE  
29 ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE  
30 QUALIFICATIONS AND OTHER RULES OF THE IRC.

1           (10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR  
2 THE LAWFUL PAYMENT OF BENEFITS.

3           (11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A  
4 TERMINATION OF STATE SERVICE.

5           (12) THE BOARD MAY ESTABLISH PROCEDURES FOR  
6 DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY  
7 THE IRC.

8           (13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN  
9 DOCUMENT OR PROMULGATE RULES AND REGULATIONS AS IT DEEMS  
10 NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,  
11 INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:

12           (I) PROCEDURES FOR ELIGIBLE PARTICIPANTS TO CHANGE  
13 THEIR INVESTMENT CHOICES ON A PERIODIC BASIS OR MAKE  
14 OTHER ELECTIONS REGARDING THEIR PARTICIPATION IN THE  
15 PLAN.

16           (II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP  
17 PARTICIPANT CONTRIBUTIONS FROM A PARTICIPANT'S  
18 COMPENSATION.

19           (III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-  
20 TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED AS  
21 PART OF THE PLAN.

22           (IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS  
23 THAN TEN OPTIONS IN ACCORDANCE WITH THREE OR MORE  
24 PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS  
25 REGARDING INVESTMENTS OF AMOUNTS DEFERRED UNDER THE PLAN.  
26 THE STANDARDS AND CRITERIA MUST PROVIDE FOR VARIETY OF  
27 INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE  
28 WITH CRITERIA ESTABLISHED BY THE BOARD. ONE OF THE  
29 AVAILABLE OPTIONS MUST SERVE AS THE DEFAULT OPTION FOR  
30 PARTICIPANTS WHO DO NOT MAKE A TIMELY ELECTION AND, TO

1 THE EXTENT COMMERCIALY AVAILABLE, ONE OPTION MUST HAVE  
2 AN ANNUITY.

3 (V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE  
4 PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME  
5 ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL  
6 FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS  
7 DEFERRED TO COVER THE FEES, COSTS AND EXPENSES OF  
8 ADMINISTERING AND MANAGING THE PLAN OR TRUST.

9 (VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE  
10 MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION  
11 FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES  
12 CONSISTENT WITH THE PURPOSE OF THE PLAN.

13 (14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION  
14 REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES  
15 THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF  
16 THE PLAN.

17 (15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN  
18 LIEU OF STAFF, EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED  
19 BY LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT  
20 REQUIRED BY LAW TO BE PERFORMED BY THE BOARD CAN BE DELEGATED  
21 TO A THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.

22 (16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE  
23 EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE  
24 EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.

25 (17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE  
26 PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS  
27 AND CHOICES.

28 § 5813. RESPONSIBILITY FOR INVESTMENT LOSS.

29 THE BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL  
30 SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY INVESTMENT LOSS

1 INCURRED UNDER THE PLAN OR FOR THE FAILURE OF ANY INVESTMENT TO  
2 EARN ANY SPECIFIC OR EXPECTED RETURN OR TO EARN AS MUCH AS ANY  
3 OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT THE OTHER  
4 OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.

5 § 5814. INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT  
6 ALLOCATION CHOICES.

7 (A) INVESTMENT BY PARTICIPANT.--ALL CONTRIBUTIONS, INTEREST  
8 AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A  
9 PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT  
10 ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN  
11 PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED CONTRIBUTIONS.  
12 EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY WITH THE AMOUNT  
13 OF CONTRIBUTIONS, INTEREST AND INVESTMENT EARNINGS.

14 (B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN  
15 THE COMMONWEALTH.--INVESTMENT OF CONTRIBUTIONS BY ANY  
16 CORPORATION, INSTITUTION, INSURANCE COMPANY OR CUSTODIAL BANK  
17 THAT THE BOARD HAS APPROVED SHALL NOT BE UNREASONABLY DELAYED,  
18 AND IN NO CASE MAY THE INVESTMENT OF CONTRIBUTIONS BE DELAYED  
19 MORE THAN 30 DAYS FROM THE DATE OF PAYROLL DEDUCTION OR THE DATE  
20 VOLUNTARY CONTRIBUTIONS ARE MADE TO THE DATE THAT FUNDS ARE  
21 INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT  
22 SHALL BE ALLOCATED TO THE COMMONWEALTH AND CREDITED TO THE  
23 INDIVIDUAL INVESTMENT ACCOUNTS OF PARTICIPANTS WHO ARE THEN  
24 PARTICIPATING IN THE PLAN UNLESS THE INTEREST IS USED TO DEFRAY  
25 ADMINISTRATIVE COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED  
26 TO BE BORNE BY PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE  
27 PLAN.

28 § 5815. EXPENSES.

29 ALL FEES, COSTS AND EXPENSES OF ADMINISTERING THE PLAN AND  
30 THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE

1 BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE  
2 BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY  
3 THE BOARD, EXCEPT THAT FOR FISCAL YEARS ENDING BEFORE JULY 1,  
4 2016, THE FEES, COSTS AND EXPENSES OF ESTABLISHING AND  
5 ADMINISTERING THE PLAN AND THE TRUST SHALL BE PAID BY THE  
6 COMMONWEALTH THROUGH ANNUAL APPROPRIATIONS FROM THE GENERAL  
7 FUND, MADE ON THE BASIS OF ESTIMATES FROM THE BOARD.

8 § 5816. (RESERVED).

9 § 5817. TAX QUALIFICATION.

10 (A) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS PURSUANT TO THIS  
11 CHAPTER SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM  
12 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF  
13 IRC § 401(A).

14 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

15 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND  
16 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION  
17 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED ANY  
18 LIMITATION UNDER IRC § 415 WITH RESPECT TO GOVERNMENTAL  
19 PLANS WHICH IS IN EFFECT ON THE DATE THE CONTRIBUTION OR  
20 BENEFIT PAYMENT TAKES EFFECT.

21 (II) AN INCREASE IN A LIMITATION UNDER IRC § 415  
22 SHALL APPLY TO ALL PARTICIPANTS ON AND AFTER THE  
23 EFFECTIVE DATE OF THIS SECTION.

24 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM  
25 "GOVERNMENT PLANS" SHALL HAVE THE SAME MEANING AS THE  
26 TERM HAS IN IRC § 414(D).

27 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN  
28 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF  
29 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR  
30 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR

1 PARTICIPANTS RECEIVING DISTRIBUTIONS SHALL NOT BE DEEMED  
2 TO PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF ANY  
3 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF  
4 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY  
5 PROVIDED BY LEGISLATION.

6 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE  
7 IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS  
8 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED  
9 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

10 § 5818. STATE EMPLOYEES' DEFINED CONTRIBUTION HOLDING VEHICLE  
11 TRUST.

12 (A) ESTABLISHMENT.--THE STATE EMPLOYEES' DEFINED  
13 CONTRIBUTION HOLDING VEHICLE TRUST IS ESTABLISHED AS PART OF THE  
14 PLAN. THE HOLDING VEHICLE TRUST SHALL BE COMPRISED OF THE  
15 INDIVIDUAL INVESTMENT ACCOUNTS AND ALL ASSETS AND MONEYS IN  
16 THOSE ACCOUNTS FROM JANUARY 1, 2017, UNTIL THE EARLIER OF THE  
17 DATE THE BOARD CERTIFIES THAT THE STATE EMPLOYEES' DEFINED  
18 CONTRIBUTION TRUST IS OPERATIONAL AND ABLE TO ACCEPT PARTICIPANT  
19 AND EMPLOYER CONTRIBUTIONS OR DECEMBER 31, 2017. THE MEMBERS OF  
20 THE BOARD SHALL BE THE TRUSTEES OF THE HOLDING VEHICLE TRUST,  
21 WHICH SHALL BE HELD IN A SEPARATE ACCOUNT, ESTABLISHED BY THE  
22 TREASURY DEPARTMENT AND SHALL NOT BE INCONSISTENT WITH THIS  
23 PART, THE IRC OR OTHER APPLICABLE LAW. THE HOLDING VEHICLE TRUST  
24 SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE  
25 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES  
26 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A)  
27 SUBJECT TO THE REQUIREMENTS OF CHAPTER 59 (RELATING TO  
28 ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS).

29 (B) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE  
30 HOLDING VEHICLE TRUST THAT ARE WITHHELD OR CONTRIBUTED BY THE



1 PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE  
2 WITH THIS PART SHALL BE HELD IN TRUST AS PERMITTED BY THE  
3 APPLICABLE PROVISIONS OF THE IRC FOR THE EXCLUSIVE BENEFIT OF  
4 THE PARTICIPANTS AND THEIR BENEFICIARIES UNTIL SUCH TIME AS THE  
5 FUNDS ARE TRANSFERRED TO THE STATE EMPLOYEES' DEFINED  
6 CONTRIBUTION TRUST IN ACCORDANCE WITH THE TERMS OF THE PLAN  
7 DOCUMENT. THE ASSETS OF THE HOLDING VEHICLE TRUST MAY BE USED  
8 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE  
9 ADMINISTRATION AND INVESTMENT OF THE HOLDING VEHICLE TRUST AND  
10 TRANSFER OF ASSETS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION  
11 TRUST.

12 (C) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.--ALL  
13 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED  
14 CONTRIBUTIONS THAT ARE REQUIRED UNDER SECTIONS 5804 (RELATING TO  
15 PARTICIPANT CONTRIBUTIONS), 5805 (RELATING TO MANDATORY PICKUP  
16 PARTICIPANT CONTRIBUTIONS) AND 5806 (RELATING TO EMPLOYER  
17 DEFINED CONTRIBUTIONS) TO BE MADE TO THE STATE EMPLOYEES'  
18 DEFINED CONTRIBUTION TRUST UPON CERTIFICATION OF SUCH TRUST  
19 SHALL BE MADE TO THE HOLDING VEHICLE TRUST PRIOR TO THE DATE THE  
20 BOARD CERTIFIES THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.  
21 THE EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE  
22 REQUIRED TO BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM  
23 EACH PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD AND  
24 SUCH PARTICIPANT CONTRIBUTIONS SHALL BE PICKED UP BY THE  
25 COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS THE  
26 EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). ON AND  
27 AFTER THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING  
28 A PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY  
29 PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF  
30 THE PARTICIPANT. NO PARTICIPANT IS PERMITTED TO MAKE VOLUNTARY

1 CONTRIBUTIONS TO THE HOLDING VEHICLE TRUST.

2 (D) TREATMENT FOR OTHER PURPOSES.--FOR ALL PURPOSES OTHER  
3 THAN THE IRC, THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
4 SHALL BE TREATED AS CONTRIBUTIONS MADE BY A PARTICIPANT IN THE  
5 SAME MANNER AND TO THE SAME EXTENT AS IF THE CONTRIBUTIONS WERE  
6 MADE DIRECTLY BY THE PARTICIPANT AND NOT PICKED UP.

7 (E) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE  
8 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
9 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
10 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
11 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED  
12 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT  
13 EARNINGS ON THE CONTRIBUTIONS SHALL BE REFUNDED TO THE EMPLOYER  
14 BY THE BOARD.

15 (F) DEATH BENEFITS.--IN THE EVENT OF THE DEATH OF AN ACTIVE  
16 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE  
17 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE  
18 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM.

19 (G) INTEREST.--UPON THE DISBURSEMENT OF A RETURN OF CLASS A-  
20 5 ACCUMULATED DEDUCTIONS TO A PARTICIPANT WHO HAS TERMINATED  
21 STATE SERVICE OR OF A DEATH BENEFIT TO A PARTICIPANT'S  
22 DESIGNATED BENEFICIARIES OR UPON THE TRANSFER OF ALL ASSETS IN  
23 THE HOLDING VEHICLE TRUST TO THE STATE EMPLOYEES' DEFINED  
24 CONTRIBUTION TRUST OR DECEMBER 31, 2017, WHICHEVER OCCURS FIRST,  
25 THE COMMONWEALTH SHALL MAKE AN INTEREST PAYMENT TO THE HOLDING  
26 VEHICLE TRUST. THE INTEREST PAYMENT SHALL BE EQUAL TO 4% ANNUAL  
27 RATE OF RETURN ON THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
28 AND EMPLOYER DEFINED CONTRIBUTIONS MADE FOR THE PARTICIPANT,  
29 INCREASED OR DECREASED FOR ANY INVESTMENT LOSSES OR EARNINGS  
30 WHILE IN THE HOLDING VEHICLE TRUST, BUT IN NO CASE SHALL THE

1 INTEREST PAYMENT BE LESS THAN ZERO.

2 (H) RESPONSIBILITY FOR LOSS OF INVESTMENT OPPORTUNITY.--THE  
3 BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL  
4 SUBDIVISION SHALL NOT BE RESPONSIBLE FOR THE FAILURE OF ANY  
5 INVESTMENT IN THE HOLDING VEHICLE TRUST TO EARN ANY SPECIFIC OR  
6 EXPECTED RETURN GREATER THAN THE 4% INTEREST RATE PAID UNDER  
7 SUBSECTION (G) OR TO EARN AS MUCH AS ANY OTHER INVESTMENT  
8 OPPORTUNITY, WHETHER OR NOT THE OTHER OPPORTUNITY WAS OFFERED TO  
9 PARTICIPANTS IN THE HOLDING VEHICLE TRUST.

10 (I) TERMINATION OF HOLDING VEHICLE TRUST.--AFTER THE  
11 DISBURSEMENT OR TRANSFER OF ALL ASSETS IN THE HOLDING VEHICLE  
12 TRUST AND THE CERTIFICATION BY THE BOARD THAT NO FURTHER  
13 LIABILITIES FROM THE HOLDING VEHICLE TRUST EXIST, THE HOLDING  
14 VEHICLE TRUST SHALL BE CLOSED, AND THIS SECTION, EXCEPT FOR  
15 SUBSECTION (H), SHALL BECOME INOPERATIVE.

16 SECTION 323. SECTION 5901(A), (C) AND (D) OF TITLE 71 ARE  
17 AMENDED TO READ:

18 § 5901. THE STATE EMPLOYEES' RETIREMENT BOARD.

19 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN  
20 INDEPENDENT ADMINISTRATIVE BOARD AND CONSIST OF 11 MEMBERS: THE  
21 STATE TREASURER, EX OFFICIO, TWO SENATORS, TWO MEMBERS OF THE  
22 HOUSE OF REPRESENTATIVES AND SIX MEMBERS APPOINTED BY THE  
23 GOVERNOR, ONE OF WHOM SHALL BE AN ANNUITANT OF THE SYSTEM OR A  
24 PARTICIPANT IN THE PLAN WHO HAS TERMINATED STATE SERVICE AND IS  
25 RECEIVING OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, FOR TERMS OF  
26 FOUR YEARS, SUBJECT TO CONFIRMATION BY THE SENATE. AT LEAST FIVE  
27 BOARD MEMBERS SHALL BE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE  
28 PARTICIPANTS IN THE PLAN, AND AT LEAST TWO SHALL HAVE TEN OR  
29 MORE YEARS OF CREDITED STATE SERVICE OR SHALL HAVE BEEN ACTIVE  
30 PARTICIPANTS IN THE PLAN FOR TEN CALENDAR YEARS. THE CHAIRMAN OF

1 THE BOARD SHALL BE DESIGNATED BY THE GOVERNOR FROM AMONG THE  
2 MEMBERS OF THE BOARD. EACH MEMBER OF THE BOARD WHO IS A MEMBER  
3 OF THE GENERAL ASSEMBLY MAY APPOINT A DULY AUTHORIZED DESIGNEE  
4 TO ACT IN HIS STEAD. IN THE EVENT THAT A BOARD MEMBER, WHO IS  
5 DESIGNATED AS AN ACTIVE PARTICIPANT OR AS A PARTICIPANT IN THE  
6 PLAN WHO IS RECEIVING OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS,  
7 RECEIVES A TOTAL DISTRIBUTION OF HIS INTEREST IN THE PLAN, THAT  
8 BOARD MEMBER MAY CONTINUE TO SERVE ON THE BOARD FOR THE  
9 REMAINDER OF HIS TERM.

10 \* \* \*

11 (C) OATH OF OFFICE.--EACH MEMBER OF THE BOARD SHALL TAKE AN  
12 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,  
13 DILIGENTLY AND HONESTLY, ADMINISTER THE AFFAIRS OF SAID BOARD,  
14 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE  
15 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW  
16 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE  
17 MEMBER TAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS  
18 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE  
19 SECRETARY OF THE COMMONWEALTH.

20 (D) COMPENSATION AND EXPENSES.--THE MEMBERS OF THE BOARD WHO  
21 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL  
22 SERVE WITHOUT COMPENSATION BUT SHALL NOT SUFFER LOSS OF SALARY  
23 OR WAGES THROUGH SERVING ON THE BOARD. THE MEMBERS OF THE BOARD  
24 WHO ARE NOT MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN  
25 SHALL RECEIVE \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD  
26 MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER,  
27 WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO  
28 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS  
29 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES  
30 ARE NOT EXECUTED.

1 \* \* \*

2 SECTION 324. SECTIONS 5902(A.1), (B), (C), (E), (H), (I),  
3 (J), (K), (M) AND (N) AND 5903 HEADING AND (B) OF TITLE 71 ARE  
4 AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO  
5 READ:

6 § 5902. ADMINISTRATIVE DUTIES OF THE BOARD.

7 \* \* \*

8 (A.1) SECRETARY.--THE SECRETARY SHALL ACT AS CHIEF  
9 ADMINISTRATIVE OFFICER FOR THE BOARD WITH RESPECT TO BOTH THE  
10 SYSTEM AND THE PLAN. IN ADDITION TO OTHER POWERS AND DUTIES  
11 CONFERRED UPON AND DELEGATED TO THE SECRETARY BY THE BOARD, THE  
12 SECRETARY SHALL:

13 (1) SERVE AS THE ADMINISTRATIVE AGENT OF THE BOARD.

14 (2) SERVE AS LIAISON BETWEEN THE BOARD AND APPLICABLE  
15 LEGISLATIVE COMMITTEES, THE TREASURY DEPARTMENT, THE  
16 DEPARTMENT OF THE AUDITOR GENERAL, AND BETWEEN THE BOARD AND  
17 THE INVESTMENT COUNSEL AND THE MORTGAGE SUPERVISOR IN  
18 ARRANGING FOR INVESTMENTS TO SECURE MAXIMUM RETURNS TO THE  
19 FUND.

20 (3) REVIEW AND ANALYZE PROPOSED LEGISLATION AND  
21 LEGISLATIVE DEVELOPMENTS AFFECTING THE SYSTEM OR THE PLAN AND  
22 PRESENT FINDINGS TO THE BOARD, LEGISLATIVE COMMITTEES, AND  
23 OTHER INTERESTED GROUPS OR INDIVIDUALS.

24 (4) DIRECT THE MAINTENANCE OF FILES AND RECORDS AND  
25 PREPARATION OF PERIODIC REPORTS REQUIRED FOR ACTUARIAL  
26 EVALUATION STUDIES.

27 (5) RECEIVE INQUIRIES AND REQUESTS FOR INFORMATION  
28 CONCERNING THE SYSTEM OR THE PLAN FROM THE PRESS,  
29 COMMONWEALTH OFFICIALS, STATE EMPLOYEES, THE GENERAL PUBLIC,  
30 RESEARCH ORGANIZATIONS, AND OFFICIALS AND ORGANIZATIONS FROM

1 OTHER STATES, AND PROVIDE INFORMATION AS AUTHORIZED BY THE  
2 BOARD.

3 (6) (I) SUPERVISE A STAFF OF ADMINISTRATIVE, TECHNICAL,  
4 AND CLERICAL EMPLOYEES ENGAGED IN RECORD-KEEPING AND  
5 CLERICAL PROCESSING ACTIVITIES FOR BOTH THE SYSTEM AND  
6 THE PLAN IN MAINTAINING FILES OF MEMBERS AND  
7 PARTICIPANTS, ACCOUNTING FOR CONTRIBUTIONS, PROCESSING  
8 PAYMENTS TO ANNUITANTS AND TERMINATED PARTICIPANTS,  
9 PREPARING REQUIRED REPORTS, AND RETIREMENT COUNSELING.

10 (II) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES  
11 PROVIDED FOR UNDER THIS PARAGRAPH FOR BOTH THE SYSTEM AND  
12 THE PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES  
13 INCURRED UNDER THIS PARAGRAPH BETWEEN THE SYSTEM AND THE  
14 PLAN AS APPROPRIATE.

15 (B) PROFESSIONAL PERSONNEL.--

16 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF  
17 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS AND  
18 COUNSELORS, AND SUCH OTHER PROFESSIONAL PERSONNEL AS IT DEEMS  
19 ADVISABLE. THE BOARD MAY, WITH THE APPROVAL OF THE ATTORNEY  
20 GENERAL, CONTRACT FOR LEGAL SERVICES.

21 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS  
22 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE  
23 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED  
24 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS  
25 APPROPRIATE.

26 (C) EXPENSES.--

27 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE  
28 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE  
29 ADMINISTRATIVE EXPENSES OF [THIS PART] THE SYSTEM AND A  
30 SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE

1 PLAN WHICH BUDGETS SHALL INCLUDE THOSE EXPENSES NECESSARY TO  
2 ESTABLISH THE PLAN AND TRUST.

3 (2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE  
4 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM  
5 INVESTMENT EARNINGS OF THE FUND.

6 (3) FOR FISCAL YEARS ENDING ON OR BEFORE JUNE 30, 2018,  
7 SUCH EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY  
8 IN AN APPROPRIATION BILL SHALL BE PAID FROM THE GENERAL FUND.  
9 FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2018, SUCH  
10 EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY  
11 SHALL BE PAID FROM INTEREST, PURSUANT TO SECTION 5814(B)  
12 (RELATING TO INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT  
13 ALLOCATION CHOICES), OR ASSESSMENTS ON THE BALANCES OF THE  
14 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.

15 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE  
16 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A  
17 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY  
18 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST  
19 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID  
20 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL  
21 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE  
22 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS  
23 MEMBERS.

24 \* \* \*

25 (E) RECORDS.--

26 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS  
27 WHICH SHALL BE OPEN TO [INSPECTION] ACCESS BY THE PUBLIC,  
28 EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER LAW.

29 (2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
30 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT

1 PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT  
2 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]  
3 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),  
4 REFERRED TO AS THE RIGHT-TO-KNOW LAW] FEBRUARY 14, 2008  
5 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW, IF, IN THE  
6 REASONABLE JUDGMENT OF THE BOARD, THE [INSPECTION] ACCESS  
7 WOULD:

8 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR  
9 ALTERNATIVE INVESTMENT VEHICLE, INVOLVE THE RELEASE OF  
10 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO  
11 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT  
12 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY  
13 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

14 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE  
15 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL  
16 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

17 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE  
18 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED  
19 OF BY THE FUND OR TRUST OR WOULD CAUSE A BREACH OF THE  
20 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS  
21 PART.

22 (3) (I) THE SENSITIVE INVESTMENT OR FINANCIAL  
23 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
24 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED  
25 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
26 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
27 RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY  
28 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

29 (II) THE SENSITIVE INVESTMENT OR FINANCIAL  
30 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER



1 PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED  
2 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
3 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
4 RIGHT-TO-KNOW LAW ONCE:

5 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES  
6 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM  
7 THE INFORMATION WAS RECEIVED; OR

8 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE  
9 IS LIQUIDATED;

10 WHICHEVER IS LATER.

11 (III) THE SENSITIVE INVESTMENT OR FINANCIAL  
12 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
13 PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED  
14 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
15 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
16 RIGHT-TO-KNOW LAW ONCE:

17 (A) THE [INSPECTION] ACCESS NO LONGER HAS A  
18 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN  
19 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A  
20 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET  
21 FORTH IN THIS PART; OR

22 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE  
23 IS LIQUIDATED;

24 WHICHEVER IS LATER.

25 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING  
26 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY  
27 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED  
28 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR  
29 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT  
30 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

1           (5) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
2 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS  
3 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS  
4 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT  
5 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE  
6 RIGHT-TO-KNOW LAW IF, IN THE REASONABLE JUDGMENT OF THE  
7 BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:

8           (I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER  
9 INFORMATION PERTAINING TO THE ROLLOVER CONTRIBUTIONS OR  
10 TRUSTEE-TO-TRUSTEE TRANSFERS, OF ANY PARTICIPANT.

11           (II) THE INVESTMENT OPTIONS SELECTIONS OF ANY  
12 PARTICIPANT.

13           (III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL  
14 INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO  
15 THE PARTICIPANT, INVESTMENT GAINS OR LOSSES OR RATES OF  
16 RETURN.

17           (IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED  
18 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.

19           (V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.

20           (6) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO  
21 DESIGNATE ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
22 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS  
23 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS  
24 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT AS A PUBLIC RECORD  
25 SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT-TO-KNOW LAW.

26           (7) THE FOLLOWING SHALL APPLY:

27           (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN  
28 THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR  
29 DATA WHICH WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER  
30 THIS SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S

1           FIDUCIARY DUTIES.

2           (II) THIS PARAGRAPH SHALL APPLY TO A RECORD,  
3           MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING  
4           ANY OF THE FOLLOWING:

5                   (A) WHETHER THE RECORD, MATERIAL OR DATA WAS  
6                   CREATED, GENERATED OR STORED BEFORE THE EFFECTIVE  
7                   DATE OF THIS PARAGRAPH.

8                   (B) WHETHER THE RECORD, MATERIAL OR DATA WAS  
9                   PREVIOUSLY RELEASED OR MADE PUBLIC.

10                   (C) WHETHER A REQUEST FOR THE RECORD, MATERIAL  
11                   OR DATA WAS MADE OR IS PENDING FINAL RESPONSE UNDER  
12                   THE RIGHT-TO-KNOW LAW.

13           \* \* \*

14           (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE  
15   ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND  
16   PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION  
17   OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL  
18   COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF  
19   CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE  
20   BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,  
21   PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS  
22   AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND  
23   AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS  
24   ARE ADOPTED PURSUANT TO SUBSECTION (J) AS NECESSARY FOR THE  
25   CALCULATION OF ANNUITIES AND OTHER BENEFITS, SHALL BE AS  
26   EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY ACTUARIAL  
27   ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, REGULATION  
28   OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS FOR  
29   DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM MANNER.

30           (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA

1 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL  
2 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE  
3 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH CALENDAR YEAR.

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

30 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND.--THE

1 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET  
2 REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND  
3 ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE OF  
4 THE MEMBERS' PAYROLL, THE SHARED-RISK CONTRIBUTION RATE, THE  
5 EMPLOYERS' CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508  
6 (RELATING TO ACTUARIAL COST METHOD) NECESSARY FOR THE FUNDING OF  
7 PROSPECTIVE ANNUITIES FOR ACTIVE MEMBERS AND THE ANNUITIES OF  
8 ANNUITANTS AND CERTIFY THE RATES AND AMOUNTS OF THE EMPLOYERS'  
9 NORMAL CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508(B),  
10 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO  
11 SECTION 5508(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS  
12 DETERMINED PURSUANT TO SECTION 5508(E), THE EXPERIENCE  
13 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 5508(F), THE  
14 COLLARED CONTRIBUTION RATE PURSUANT TO SECTION 5508(H) AND THE  
15 FINAL CONTRIBUTION RATE PURSUANT TO SECTION 5508(I), WHICH SHALL  
16 BE PAID TO THE FUND AND CREDITED TO THE APPROPRIATE ACCOUNTS.  
17 THE BOARD MAY ALLOCATE THE FINAL CONTRIBUTION RATE AND CERTIFY  
18 VARIOUS EMPLOYER CONTRIBUTION RATES AND AMOUNTS BASED UPON THE  
19 DIFFERENT BENEFIT ELIGIBILITY, CLASS OF SERVICE MULTIPLIER,  
20 SUPERANNUATION AGE, FINAL AVERAGE SALARY CALCULATION,  
21 COMPENSATION LIMITS AND OTHER BENEFIT DIFFERENCES RESULTING FROM  
22 STATE SERVICE CREDITED FOR INDIVIDUAL MEMBERS EVEN THOUGH SUCH  
23 ALLOCATED EMPLOYER CONTRIBUTION RATE ON BEHALF OF ANY GIVEN  
24 MEMBER MAY BE MORE OR LESS THAN 5% OF THE MEMBER'S COMPENSATION  
25 FOR THE PERIOD FROM JULY 1, 2010, TO JUNE 30, 2011, OR MAY  
26 DIFFER FROM THE PRIOR YEAR'S CONTRIBUTION FOR THAT MEMBER BY  
27 MORE OR LESS THAN THE PERCENTAGES USED TO CALCULATE THE COLLARED  
28 CONTRIBUTION RATE FOR THAT YEAR AND MAY BE BELOW ANY MINIMUM  
29 CONTRIBUTION RATE ESTABLISHED FOR THE COLLARED CONTRIBUTION RATE  
30 OR FINAL CONTRIBUTION RATE. THESE CERTIFICATIONS SHALL BE

1 REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE  
2 SECRETARY OF THE BUDGET.

3 \* \* \*

4 (M) ANNUAL FINANCIAL STATEMENT.--THE BOARD SHALL PREPARE AND  
5 HAVE PUBLISHED, ON OR BEFORE JULY 1 OF EACH YEAR, [A FINANCIAL  
6 STATEMENT] FINANCIAL STATEMENTS AS OF THE CALENDAR YEAR ENDING  
7 DECEMBER 31 OF THE PREVIOUS YEAR SHOWING THE CONDITION OF THE  
8 FUND, THE TRUST AND THE VARIOUS ACCOUNTS, INCLUDING, BUT NOT  
9 LIMITED TO, THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED  
10 COMMISSIONS, AND SETTING FORTH SUCH OTHER FACTS,  
11 RECOMMENDATIONS, AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF  
12 KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY  
13 THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT]  
14 STATEMENTS TO THE GOVERNOR AND SHALL FILE COPIES WITH THE HEAD  
15 OF EACH DEPARTMENT FOR THE USE OF THE STATE EMPLOYEES AND THE  
16 PUBLIC.

17 (N) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR  
18 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY  
19 [AN] INDEPENDENT CERTIFIED PUBLIC [ACCOUNTANT] ACCOUNTANTS,  
20 WHICH [AUDIT] AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND  
21 EXPENDITURE OF DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME  
22 INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE AUDITS OF BOTH  
23 THE SYSTEM AND THE PLAN.

24 \* \* \*

25 (P) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE  
26 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED  
27 BUDGET REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS  
28 AND ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE  
29 OF EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED  
30 CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO

1 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE  
2 CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO  
3 MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL  
4 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON  
5 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY  
6 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
7 INVESTMENT ACCOUNT.

8 § 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF  
9 DEPARTMENTS [AND], MEMBERS AND PARTICIPANTS.

10 \* \* \*

11 (B) MEMBER STATUS STATEMENTS AND CERTIFICATIONS.--THE BOARD  
12 SHALL FURNISH ANNUALLY TO THE HEAD OF EACH DEPARTMENT ON OR  
13 BEFORE APRIL 1, A STATEMENT FOR EACH MEMBER EMPLOYED IN SUCH  
14 DEPARTMENT SHOWING THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-  
15 5 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT AS OF DECEMBER  
16 31 OF THE PREVIOUS YEAR AND REQUESTING THE MEMBER TO MAKE ANY  
17 NECESSARY CORRECTIONS OR REVISIONS REGARDING HIS DESIGNATED  
18 BENEFICIARY. IN ADDITION, FOR EACH MEMBER EMPLOYED IN ANY  
19 DEPARTMENT AND FOR WHOM THE DEPARTMENT HAS FURNISHED THE  
20 NECESSARY INFORMATION, THE BOARD SHALL CERTIFY THE NUMBER OF  
21 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE  
22 ATTRIBUTABLE TO EACH CLASS OF SERVICE, THE NUMBER OF YEARS AND  
23 FRACTIONAL PART OF A YEAR ATTRIBUTABLE TO SOCIAL SECURITY  
24 INTEGRATION CREDITS IN EACH CLASS OF SERVICE AND, IN THE CASE OF  
25 A MEMBER ELIGIBLE TO RECEIVE AN ANNUITY, THE BENEFIT TO WHICH HE  
26 IS ENTITLED UPON THE ATTAINMENT OF SUPERANNUATION AGE.

27 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL  
28 FURNISH ANNUALLY TO EACH PARTICIPANT, ON OR BEFORE APRIL 1 AND  
29 MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY LAW, A  
30 STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS

1 CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, THE  
2 NATURE AND TYPE OF INVESTMENTS AND THE INVESTMENT ALLOCATION OF  
3 FUTURE CONTRIBUTIONS AS OF DECEMBER 31 OF THE PREVIOUS YEAR AND  
4 REQUESTING THE PARTICIPANT TO MAKE ANY NECESSARY CORRECTION OR  
5 REVISION REGARDING HIS DESIGNATED BENEFICIARY.

6 \* \* \*

7 SECTION 325. SECTION 5904(C) OF TITLE 71 IS AMENDED TO READ:  
8 § 5904. DUTIES OF THE BOARD TO REPORT TO THE PUBLIC SCHOOL  
9 EMPLOYEES' RETIREMENT BOARD.

10 \* \* \*

11 (C) APPLICATIONS FOR BENEFITS FOR SCHOOL EMPLOYEES.--UPON  
12 RECEIPT OF NOTIFICATION AND THE REQUIRED DATA FROM THE PUBLIC  
13 SCHOOL EMPLOYEES' RETIREMENT BOARD THAT A FORMER STATE EMPLOYEE  
14 WHO ELECTED MULTIPLE SERVICE HAS APPLIED FOR A PUBLIC SCHOOL  
15 EMPLOYEES' RETIREMENT BENEFIT OR, IN THE EVENT OF HIS DEATH, HIS  
16 LEGALLY CONSTITUTED REPRESENTATIVE HAS APPLIED FOR SUCH BENEFIT,  
17 THE BOARD SHALL:

18 (1) CERTIFY TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
19 BOARD;

20 (I) THE SALARY HISTORY AS A MEMBER OF THE STATE  
21 EMPLOYEES' RETIREMENT SYSTEM AND THE FINAL AVERAGE SALARY  
22 AS CALCULATED ON THE BASIS OF THE COMPENSATION RECEIVED  
23 AS A STATE AND SCHOOL EMPLOYEE; AND

24 (II) THE ANNUITY OR BENEFIT TO WHICH THE MEMBER OR  
25 HIS BENEFICIARY IS ENTITLED AS MODIFIED ACCORDING TO THE  
26 OPTION SELECTED; AND

27 (2) TRANSFER TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
28 FUND THE TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5  
29 ACCUMULATED DEDUCTIONS STANDING TO SUCH MEMBER'S CREDIT AND  
30 THE ACTUARIAL RESERVE REQUIRED ON ACCOUNT OF YEARS OF



1 CREDITED SERVICE IN THE STATE SYSTEM, FINAL AVERAGE SALARY  
2 DETERMINED ON THE BASIS OF HIS COMPENSATION IN BOTH SYSTEMS  
3 AND THE AVERAGE NONCOVERED SALARY TO BE CHARGED TO THE STATE  
4 ACCUMULATION ACCOUNT, THE STATE POLICE BENEFIT ACCOUNT OR THE  
5 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, AS EACH CASE MAY  
6 REQUIRE.

7 \* \* \*

8 SECTION 326. SECTION 5905(B), (C.1), (F) AND (G) OF TITLE  
9 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE AMENDED AND  
10 THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ:

11 § 5905. DUTIES OF THE BOARD REGARDING APPLICATIONS AND  
12 ELECTIONS OF MEMBERS AND PARTICIPANTS.

13 \* \* \*

14 (B) SCHOOL EMPLOYEES ELECTING MULTIPLE SERVICE STATUS.--UPON  
15 RECEIPT OF NOTIFICATION FROM THE PUBLIC SCHOOL EMPLOYEES'  
16 RETIREMENT BOARD THAT A FORMER STATE EMPLOYEE HAS BECOME AN  
17 ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
18 AND HAS ELECTED TO BECOME A MEMBER WITH MULTIPLE SERVICE STATUS  
19 THE BOARD SHALL:

20 (1) IN CASE OF A MEMBER RECEIVING AN ANNUITY FROM THE  
21 SYSTEM:

22 (I) DISCONTINUE PAYMENTS, TRANSFER THE PRESENT VALUE  
23 OF THE MEMBER'S ANNUITY AT THE TIME OF ENTERING SCHOOL  
24 SERVICE, PLUS THE AMOUNT WITHDRAWN IN A LUMP SUM PAYMENT,  
25 ON OR AFTER THE DATE OF ENTERING SCHOOL SERVICE, PURSUANT  
26 TO SECTION 5705 (RELATING TO MEMBER'S OPTIONS), WITH  
27 STATUTORY INTEREST TO DATE OF TRANSFER, MINUS THE AMOUNT  
28 TO BE RETURNED TO THE BOARD ON ACCOUNT OF RETURN TO  
29 SERVICE, THAT THE BOARD HAS DETERMINED IS TO BE CREDITED  
30 IN THE MEMBERS' SAVINGS ACCOUNT, FROM THE ANNUITY RESERVE

1 ACCOUNT TO THE MEMBERS' SAVINGS ACCOUNT AND RESUME  
2 CREDITING OF STATUTORY INTEREST ON THE AMOUNT RESTORED TO  
3 HIS CREDIT;

4 (II) TRANSFER THE BALANCE OF THE PRESENT VALUE OF  
5 THE TOTAL ANNUITY, MINUS THE AMOUNT TO BE RETURNED TO THE  
6 BOARD ON ACCOUNT OF RETURN TO SERVICE THAT THE BOARD HAS  
7 DETERMINED IS TO BE CREDITED IN THE STATE ACCUMULATION  
8 ACCOUNT, FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE  
9 ACCUMULATION ACCOUNT; AND

10 (III) CERTIFY TO THE MEMBER THE AMOUNT OF LUMP SUM  
11 AND ANNUITY PAYMENTS WITH STATUTORY INTEREST THE MEMBER  
12 IS TO RETURN TO THE BOARD AND, OF THOSE AMOUNTS, WHICH  
13 AMOUNT SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT  
14 AND CREDITED WITH STATUTORY INTEREST AS SUCH PAYMENTS ARE  
15 RETURNED AND WHICH AMOUNT SHALL BE CREDITED TO THE STATE  
16 ACCUMULATION ACCOUNT; OR

17 (2) IN CASE OF A MEMBER WHO IS NOT RECEIVING AN ANNUITY  
18 AND HAS NOT WITHDRAWN HIS TOTAL ACCUMULATED DEDUCTIONS OR  
19 CLASS A-5 ACCUMULATED DEDUCTIONS, CONTINUE OR RESUME THE  
20 CREDITING OF STATUTORY INTEREST ON HIS TOTAL ACCUMULATED  
21 DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS DURING THE  
22 PERIOD HIS TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5  
23 ACCUMULATED DEDUCTIONS REMAIN IN THE FUND; OR

24 (3) IN CASE OF A FORMER STATE EMPLOYEE WHO IS NOT  
25 RECEIVING AN ANNUITY FROM THE SYSTEM AND HIS TOTAL  
26 ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED DEDUCTIONS  
27 WERE WITHDRAWN, CERTIFY TO THE FORMER STATE EMPLOYEE THE  
28 ACCUMULATED DEDUCTIONS AS THEY WOULD HAVE BEEN AT THE TIME OF  
29 HIS SEPARATION HAD HE BEEN A FULL COVERAGE MEMBER TOGETHER  
30 WITH STATUTORY INTEREST FOR ALL PERIODS OF SUBSEQUENT STATE

1 AND SCHOOL SERVICE TO THE DATE OF REPAYMENT AND THE AMOUNT OF  
2 SUCH TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED  
3 DEDUCTION HE IS ELIGIBLE TO RESTORE. SUCH AMOUNT SHALL BE  
4 RESTORED BY HIM AND SHALL BE CREDITED WITH STATUTORY INTEREST  
5 AS SUCH PAYMENTS ARE RESTORED.

6 \* \* \*

7 (C.1) TERMINATION OF SERVICE BY MEMBERS.--IN THE CASE OF ANY  
8 MEMBER TERMINATING STATE SERVICE WHO IS ENTITLED TO AN ANNUITY  
9 AND WHO IS NOT THEN A DISABILITY ANNUITANT, THE BOARD SHALL  
10 ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE SYSTEM TO  
11 WHICH HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND  
12 SHALL HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF  
13 TERMINATION OF STATE SERVICE, ONE OR MORE OF THE FOLLOWING THREE  
14 FORMS, A COPY OF WHICH SHALL BE GIVEN TO THE MEMBER AND THE  
15 ORIGINAL OF WHICH SHALL BE FILED WITH THE BOARD:

16 (1) AN APPLICATION FOR THE RETURN OF TOTAL ACCUMULATED  
17 DEDUCTIONS AND IF ELIGIBLE, FOR THE RETURN OF CLASS A-5  
18 ACCUMULATED DEDUCTIONS;

19 (2) IF ELIGIBLE, AN ELECTION TO VEST HIS RETIREMENT  
20 RIGHTS AND, IF HE IS A JOINT COVERAGE MEMBER AND SO DESIRES,  
21 ELECT TO BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY  
22 WITHIN 30 DAYS OF THE DATE OF TERMINATION OF SERVICE THE LUMP  
23 SUM REQUIRED; OR

24 (3) IF ELIGIBLE, AN APPLICATION FOR AN IMMEDIATE ANNUITY  
25 AND, IF HE DESIRES:

26 (I) AN ELECTION TO CONVERT HIS MEDICAL, MAJOR  
27 MEDICAL AND HOSPITALIZATION INSURANCE COVERAGE TO THE  
28 PLAN FOR STATE ANNUITANTS; AND

29 (II) IF HE IS A JOINT COVERAGE MEMBER, AN ELECTION  
30 TO BECOME A FULL COVERAGE MEMBER AND AN AGREEMENT TO PAY

1           WITHIN 30 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP  
2           SUM REQUIRED.

3           (C.2) TERMINATION OF SERVICE BY PARTICIPANTS.--IN THE CASE  
4 OF A PARTICIPANT TERMINATING STATE SERVICE, THE BOARD SHALL  
5 ADVISE THE PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED  
6 TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S  
7 INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE  
8 WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER MATTERS  
9 REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE PARTICIPANT  
10 TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S  
11 REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART  
12 OF THE VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
13 ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY  
14 AUTHORIZE OR AS REQUIRED BY LAW.

15           \* \* \*

16           (E.2) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING  
17 REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY IN WRITING EACH  
18 INACTIVE PARTICIPANT WHO HAS TERMINATED STATE SERVICE AND HAS  
19 NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE PARTICIPANT'S  
20 REQUIRED BEGINNING DATE THAT THE INACTIVE PARTICIPANT HAS AN  
21 OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE REQUIRED BEGINNING  
22 DATE IN A FORM AND MANNER REQUIRED BY IRC § 401(A)(9) AND OTHER  
23 APPLICABLE PROVISIONS OF THE IRC.

24           (F) INITIAL ANNUITY PAYMENT AND CERTIFICATION.--THE BOARD  
25 SHALL MAKE THE FIRST MONTHLY PAYMENT TO A MEMBER WHO IS ELIGIBLE  
26 FOR AN ANNUITY WITHIN 60 DAYS OF THE FILING OF HIS APPLICATION  
27 FOR AN ANNUITY OR, IN THE CASE OF A VESTEE OR SPECIAL VESTEE WHO  
28 HAS DEFERRED THE FILING OF HIS APPLICATION TO A DATE LATER THAN  
29 90 DAYS FOLLOWING ATTAINMENT OF SUPERANNUATION AGE, WITHIN 60  
30 DAYS OF THE EFFECTIVE DATE OF RETIREMENT, AND RECEIPT OF THE

1 REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT AND, IF THE MEMBER  
2 HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS  
3 M OR CLASS N SERVICE, ANY DATA REQUIRED FROM THE COUNTY  
4 RETIREMENT SYSTEM OR PENSION PLAN TO WHICH THE MEMBER WAS A  
5 CONTRIBUTOR BEFORE BEING A STATE EMPLOYEE. CONCURRENTLY, THE  
6 BOARD SHALL CERTIFY TO SUCH MEMBER:

7 (1) THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5  
8 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT SHOWING  
9 SEPARATELY THE AMOUNT CONTRIBUTED BY THE MEMBER, THE PICKUP  
10 CONTRIBUTION AND THE INTEREST CREDITED TO THE DATE OF  
11 TERMINATION OF SERVICE;

12 (2) THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR  
13 CREDITED IN EACH CLASS OF SERVICE;

14 (3) THE FINAL AVERAGE SALARY ON WHICH HIS ANNUITY IS  
15 BASED AS WELL AS ANY APPLICABLE REDUCTION FACTORS DUE TO AGE  
16 AND/OR ELECTION OF AN OPTION; AND

17 (4) THE TOTAL ANNUITY PAYABLE UNDER THE OPTION ELECTED  
18 AND THE AMOUNT AND EFFECTIVE DATE OF ANY FUTURE REDUCTION  
19 UNDER SECTION 5703 (RELATING TO REDUCTION OF ANNUITIES ON  
20 ACCOUNT OF SOCIAL SECURITY OLD-AGE INSURANCE BENEFITS).

21 (F.1) INITIAL PAYMENT TO PARTICIPANTS.--THE BOARD SHALL MAKE  
22 THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A  
23 DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION.

24 (G) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION FROM THE  
25 HEAD OF A DEPARTMENT OF THE DEATH OF AN ACTIVE MEMBER, A MEMBER  
26 PERFORMING USERRA LEAVE [OR], A MEMBER ON LEAVE WITHOUT PAY, AN  
27 ACTIVE PARTICIPANT, AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY  
28 OR A FORMER PARTICIPANT PERFORMING USERRA LEAVE, THE BOARD SHALL  
29 ADVISE THE DESIGNATED BENEFICIARY OF THE BENEFITS TO WHICH HE IS  
30 ENTITLED, AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY

1 WITHIN 60 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER  
2 NECESSARY DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT  
3 THE DATE OF THE MEMBER'S DEATH OR NO NOTICE HAS BEEN FILED WITH  
4 THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE MEMBER'S  
5 ESTATE, THE BOARD IS AUTHORIZED TO PAY THE BENEFITS TO THE  
6 EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR NEXT OF KIN OF THE  
7 DECEASED MEMBER, AND PAYMENT PURSUANT [HERETO] TO THIS SECTION  
8 SHALL FULLY DISCHARGE THE FUND FROM ANY FURTHER LIABILITY TO  
9 MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON. IF NO  
10 BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF A  
11 PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED WITH THE BOARD  
12 TO PAY THE AMOUNT OF THE BENEFITS TO THE PARTICIPANT'S ESTATE,  
13 THE BOARD MAY PAY THE BENEFITS TO THE SURVIVING SPOUSE,  
14 EXECUTOR, ADMINISTRATOR OR NEXT OF KIN OF THE DECEASED  
15 PARTICIPANT, AND PAYMENT PURSUANT TO THIS SUBSECTION SHALL FULLY  
16 DISCHARGE THE FUND FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF  
17 SUCH BENEFITS TO ANY OTHER PERSON.

18 \* \* \*

19 SECTION 327. SECTION 5905.1 (A), (B) AND (D) OF TITLE 71 ARE  
20 AMENDED TO READ:

21 § 5905.1. INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS.

22 (A) GENERAL RULE.--NOTWITHSTANDING ANY OTHER PROVISION OF  
23 THIS PART, WHENEVER A MEMBER ELECTS TO WITHDRAW HIS TOTAL  
24 ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED DEDUCTIONS  
25 PURSUANT TO SECTION 5311(A) (RELATING TO ELIGIBILITY FOR  
26 REFUNDS) OR 5701 (RELATING TO RETURN OF [TOTAL] ACCUMULATED  
27 DEDUCTIONS) OR ELECTS TO RECEIVE A PORTION OF HIS BENEFIT  
28 PAYABLE AS A LUMP SUM PURSUANT TO SECTION 5705(A)(4)(III)  
29 (RELATING TO MEMBER'S OPTIONS), THE MEMBER MAY ELECT TO RECEIVE  
30 THE AMOUNT IN NOT MORE THAN FOUR INSTALLMENTS.

1 (B) PAYMENT OF FIRST INSTALLMENT.--THE PAYMENT OF THE FIRST  
2 INSTALLMENT SHALL BE MADE IN THE AMOUNT AND WITHIN SEVEN DAYS OF  
3 THE DATE SPECIFIED BY THE MEMBER, EXCEPT AS FOLLOWS:

4 (1) UPON RECEIPT OF A MEMBER'S APPLICATION TO WITHDRAW  
5 HIS TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5 ACCUMULATED  
6 DEDUCTIONS AS PROVIDED IN SECTION 5311(A) OR 5701 AND UPON  
7 RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT  
8 AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J,  
9 CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA  
10 REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO  
11 WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED  
12 TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY  
13 THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER THE FILING OF  
14 THE APPLICATION AND THE RECEIPT OF THE DATA OR THE DATE OF  
15 TERMINATION OF SERVICE, WHICHEVER IS LATER.

16 (2) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION  
17 5705(A)(4)(III) BY A MEMBER TERMINATING SERVICE WITHIN 60  
18 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON RECEIPT OF  
19 ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT AND, IF THE  
20 MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS  
21 L, CLASS M OR CLASS N SERVICE, ANY DATA REQUIRED FROM THE  
22 COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO WHICH THE MEMBER  
23 WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED TO STATE  
24 EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY THE FIRST  
25 INSTALLMENT PRIOR TO 21 DAYS AFTER THE LATER OF THE FILING OF  
26 THE APPLICATION AND THE RECEIPT OF THE DATA OR THE DATE OF  
27 TERMINATION OF SERVICE, BUT, UNLESS OTHERWISE DIRECTED BY THE  
28 MEMBER, THE PAYMENT SHALL BE MADE NO LATER THAN 45 DAYS AFTER  
29 THE FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR  
30 THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS LATER.

1           (3) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION  
2 5705(A)(4)(III) BY A MEMBER WHO IS NOT TERMINATING SERVICE  
3 WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON  
4 RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT  
5 AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J,  
6 CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA  
7 REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO  
8 WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED  
9 TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY  
10 THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER THE FILING OF  
11 THE APPLICATION AND THE RECEIPT OF THE DATA OR THE DATE OF  
12 TERMINATION OF SERVICE, WHICHEVER IS LATER.

13 \* \* \*

14       (D) STATUTORY INTEREST.--ANY LUMP SUM, INCLUDING A LUMP SUM  
15 PAYABLE PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF  
16 ACCUMULATED DEDUCTIONS RESULTING FROM [CLASS A-3 AND CLASS A-4]  
17 MORE THAN ONE CLASS OF SERVICE), OR INSTALLMENT PAYABLE SHALL  
18 INCLUDE STATUTORY INTEREST CREDITED TO THE DATE OF PAYMENT,  
19 EXCEPT IN THE CASE OF A MEMBER, OTHER THAN A VESTEE OR SPECIAL  
20 VESTEE, WHO HAS NOT FILED HIS APPLICATION PRIOR TO 90 DAYS  
21 FOLLOWING HIS TERMINATION OF SERVICE.

22       SECTION 328. SECTION 5906(A), (B), (D), (E), (G), (H), (I),  
23 (J) AND (L) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED  
24 BY ADDING A SUBSECTION TO READ:

25 § 5906. DUTIES OF HEADS OF DEPARTMENTS.

26       (A) STATUS OF MEMBERS AND PARTICIPANTS.--THE HEAD OF  
27 DEPARTMENT SHALL, AT THE END OF EACH PAY PERIOD, NOTIFY THE  
28 BOARD IN A MANNER PRESCRIBED BY THE BOARD OF SALARY CHANGES  
29 EFFECTIVE DURING THAT PERIOD FOR ANY MEMBERS AND PARTICIPANTS OF  
30 THE DEPARTMENT, THE DATE OF ALL REMOVALS FROM THE PAYROLL, AND



1 THE TYPE OF LEAVE OF ANY MEMBERS AND PARTICIPANTS OF THE  
2 DEPARTMENT WHO HAVE BEEN REMOVED FROM THE PAYROLL FOR ANY TIME  
3 DURING THAT PERIOD, AND:

4 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, HE SHALL  
5 FURNISH THE BOARD WITH THE DATE OF BEGINNING LEAVE AND THE  
6 DATE OF RETURN TO SERVICE, AND THE REASON FOR LEAVE; OR

7 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER  
8 DEPARTMENT, HE SHALL FURNISH SUCH DEPARTMENT AND THE BOARD  
9 WITH A COMPLETE STATE SERVICE RECORD, INCLUDING PAST STATE  
10 SERVICE IN OTHER DEPARTMENTS OR AGENCIES, OR CREDITABLE  
11 NONSTATE SERVICE; OR

12 (3) IF THE REMOVAL IS DUE TO TERMINATION OF STATE  
13 SERVICE, HE SHALL FURNISH THE BOARD WITH A COMPLETE STATE  
14 SERVICE RECORD, INCLUDING SERVICE IN OTHER DEPARTMENTS OR  
15 AGENCIES, OR CREDITABLE NONSTATE SERVICE AND;

16 (I) IN THE CASE OF DEATH OF THE MEMBER OR  
17 PARTICIPANT, THE HEAD OF THE DEPARTMENT SHALL SO NOTIFY  
18 THE BOARD;

19 (II) IN THE CASE OF A SERVICE CONNECTED DISABILITY  
20 OF A MEMBER, THE HEAD OF DEPARTMENT SHALL, TO THE BEST OF  
21 HIS ABILITY, INVESTIGATE THE CIRCUMSTANCES SURROUNDING  
22 THE DISABLEMENT OF THE MEMBER AND SUBMIT IN WRITING TO  
23 THE BOARD INFORMATION WHICH SHALL INCLUDE BUT NOT  
24 NECESSARILY BE LIMITED TO THE FOLLOWING: DATE, PLACE AND  
25 TIME OF DISABLEMENT TO THE EXTENT ASCERTAINABLE; NATURE  
26 OF DUTIES BEING PERFORMED AT SUCH TIME; AND WHETHER OR  
27 NOT THE DUTIES BEING PERFORMED WERE AUTHORIZED AND  
28 INCLUDED AMONG THE MEMBER'S REGULAR DUTIES. IN ADDITION,  
29 THE HEAD OF DEPARTMENT SHALL FURNISH IN WRITING TO THE  
30 BOARD ALL SUCH OTHER INFORMATION AS MAY BE RELATED TO THE

1 MEMBER'S DISABLEMENT;

2 (III) IN THE CASE OF A MEMBER TERMINATING FROM THE  
3 PENNSYLVANIA STATE UNIVERSITY WHO IS A MEMBER OF THE  
4 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY  
5 POINTS AND WHO HAS TERMINATED STATE SERVICE ON JUNE 30,  
6 1997, BECAUSE OF THE TRANSFER OF HIS JOB POSITION OR  
7 DUTIES TO A CONTROLLED ORGANIZATION OF THE PENN STATE  
8 GEISINGER HEALTH SYSTEM OR BECAUSE OF THE ELIMINATION OF  
9 HIS JOB POSITION OR DUTIES DUE TO THE TRANSFER OF OTHER  
10 JOB POSITIONS OR DUTIES TO A CONTROLLED ORGANIZATION OF  
11 THE PENN STATE GEISINGER HEALTH SYSTEM, THE HEAD OF THE  
12 DEPARTMENT SHALL SO CERTIFY TO THE BOARD.

13 (B) RECORDS AND INFORMATION.--AT ANY TIME AT THE REQUEST OF  
14 THE BOARD AND AT TERMINATION OF SERVICE OF A MEMBER OR A  
15 PARTICIPANT, THE HEAD OF DEPARTMENT SHALL FURNISH SERVICE AND  
16 COMPENSATION RECORDS AND SUCH OTHER INFORMATION AS THE BOARD MAY  
17 REQUIRE AND SHALL MAINTAIN AND PRESERVE SUCH RECORDS AS THE  
18 BOARD MAY DIRECT FOR THE EXPEDITIOUS DISCHARGE OF ITS DUTIES.

19 \* \* \*

20 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE  
21 HEAD OF DEPARTMENT SHALL:

22 (1) CAUSE THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
23 ON BEHALF OF A PARTICIPANT TO BE MADE.

24 (2) CAUSE THE EMPLOYER DEFINED CONTRIBUTIONS ON BEHALF  
25 OF A PARTICIPANT TO BE MADE.

26 (3) NOTIFY THE BOARD AT TIMES AND IN A MANNER PRESCRIBED  
27 BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT TO WHOM  
28 THE LIMITATION UNDER IRC § 401(A)(17) EITHER APPLIES OR IS  
29 EXPECTED TO APPLY AND CAUSE THE PARTICIPANT'S CONTRIBUTIONS  
30 TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER

1 IRC § 401(A) (17) ON THE PAYROLL DATE IF AND WHEN SUCH LIMIT  
2 SHALL BE REACHED.

3 (4) CERTIFY TO THE STATE TREASURER THE AMOUNTS PICKED UP  
4 AND DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING  
5 MADE AND SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND  
6 CONTRIBUTED TOGETHER WITH A DUPLICATE OF THE VOUCHER TO THE  
7 SECRETARY OF THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE  
8 AS ESTABLISHED BY THE BOARD.

9 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR  
10 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW STATE  
11 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,  
12 THE HEAD OF DEPARTMENT SHALL CAUSE AN APPLICATION FOR MEMBERSHIP  
13 OR PARTICIPATION AND A NOMINATION OF BENEFICIARY TO BE MADE BY  
14 SUCH EMPLOYEE AND FILED WITH THE BOARD AND SHALL MAKE PICKUP  
15 CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FROM  
16 THE EFFECTIVE DATE OF STATE EMPLOYMENT.

17 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR  
18 PARTICIPATION.--THE HEAD OF DEPARTMENT SHALL, UPON THE  
19 EMPLOYMENT OR ENTERING INTO OFFICE OF ANY STATE EMPLOYEE WHOSE  
20 MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE PLAN IS NOT  
21 MANDATORY, INFORM SUCH EMPLOYEE OF HIS OPPORTUNITY TO BECOME A  
22 MEMBER OF THE SYSTEM OR PARTICIPANT IN THE PLAN. IF SUCH  
23 EMPLOYEE SO ELECTS, THE HEAD OF DEPARTMENT SHALL CAUSE AN  
24 APPLICATION FOR MEMBERSHIP OR PARTICIPATION AND A NOMINATION OF  
25 BENEFICIARY TO BE MADE BY HIM AND FILED WITH THE BOARD AND SHALL  
26 CAUSE PROPER CONTRIBUTIONS TO BE MADE FROM THE EFFECTIVE DATE OF  
27 MEMBERSHIP OR PARTICIPATION.

28 \* \* \*

29 (G) FORMER SCHOOL EMPLOYEE CONTRIBUTORS.--THE HEAD OF  
30 DEPARTMENT SHALL, UPON THE EMPLOYMENT OF A FORMER CONTRIBUTOR TO

1 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO IS NOT AN  
2 ANNUITANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM,  
3 ADVISE SUCH EMPLOYEE [OF HIS] IF HE HAS A RIGHT TO ELECT WITHIN  
4 365 DAYS OF ENTRY INTO THE SYSTEM OR, FOR A MEMBER OF CLASS A-5,  
5 IF HE HAS A RIGHT TO ELECT WITHIN 45 DAYS OF ENTRY INTO THE  
6 SYSTEM, TO BECOME A MULTIPLE SERVICE MEMBER, AND IN THE CASE OF  
7 ANY SUCH EMPLOYEE WHO SO ELECTS AND HAS WITHDRAWN HIS  
8 ACCUMULATED DEDUCTIONS, REQUIRE HIM TO REINSTATE HIS CREDIT IN  
9 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM. THE HEAD OF THE  
10 DEPARTMENT SHALL ADVISE THE BOARD OF SUCH ELECTION.

11 (H) FORMER SCHOOL EMPLOYEE ANNUITANTS.--THE HEAD OF  
12 DEPARTMENT SHALL, UPON THE EMPLOYMENT OF AN ANNUITANT OF THE  
13 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO APPLIES FOR  
14 MEMBERSHIP IN THE SYSTEM, ADVISE SUCH EMPLOYEE [THAT] IF HE MAY  
15 ELECT MULTIPLE SERVICE MEMBERSHIP WITHIN 365 DAYS OF ENTRY INTO  
16 THE SYSTEM OR, FOR A MEMBER OF CLASS A-5, IF HE HAS A RIGHT TO  
17 ELECT MULTIPLE SERVICE WITHIN 45 DAYS OF ENTRY INTO THE SYSTEM,  
18 AND IF HE SO ELECTS HIS PUBLIC SCHOOL EMPLOYEE'S ANNUITY WILL BE  
19 DISCONTINUED EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE  
20 SERVICE AND, UPON TERMINATION OF STATE SERVICE AND APPLICATION  
21 FOR AN ANNUITY, THE ANNUITY WILL BE ADJUSTED IN ACCORDANCE WITH  
22 SECTION 5706 (RELATING TO TERMINATION OF ANNUITIES). THE HEAD OF  
23 DEPARTMENT SHALL ADVISE THE BOARD OF SUCH ELECTION.

24 (I) ANNUAL STATEMENT TO MEMBERS.--ANNUALLY, UPON RECEIPT  
25 FROM THE BOARD, THE HEAD OF DEPARTMENT SHALL FURNISH TO EACH  
26 MEMBER THE STATEMENT SPECIFIED IN SECTION 5903(B) (RELATING TO  
27 DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF DEPARTMENTS  
28 [AND], MEMBERS AND PARTICIPANTS).

29 (J) TERMINATION OF SERVICE.--THE HEAD OF DEPARTMENT SHALL,  
30 IN THE CASE OF ANY MEMBER TERMINATING STATE SERVICE WHO IS

1 INELIGIBLE FOR AN ANNUITY BEFORE ATTAINMENT OF SUPERANNUATION  
2 AGE, ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS TO WHICH HE  
3 MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND SHALL HAVE  
4 THE MEMBER PREPARE, ON OR BEFORE THE DATE OF TERMINATION OF  
5 STATE SERVICE, AN APPLICATION FOR THE RETURN OF TOTAL  
6 ACCUMULATED DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS OR,  
7 ON OR BEFORE SEPTEMBER 30, 1997, AN APPLICATION TO BE VESTED AS  
8 A SPECIAL VESTEE, IF ELIGIBLE.

9 \* \* \*

10 (L) STATE EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED  
11 LEAVE OF ABSENCE.--THE HEAD OF DEPARTMENT SHALL REPORT TO THE  
12 BOARD ANY STATE EMPLOYEE WHO CEASES TO BE AN ACTIVE MEMBER OR  
13 ACTIVE PARTICIPANT TO PERFORM USERRA SERVICE, OR WHO IS GRANTED  
14 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES  
15 OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE  
16 OF ABSENCE UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING  
17 MILITARY LEAVES OF ABSENCE), THE DATE ON WHICH THE USERRA  
18 SERVICE, LEAVE OF ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN,  
19 THE DATE ON WHICH THE STATE EMPLOYEE IS REEMPLOYED FROM USERRA  
20 LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR MILITARY LEAVE OF  
21 ABSENCE, IF THE EVENT OCCURS, AND ANY OTHER INFORMATION THE  
22 BOARD MAY REQUIRE OR DIRECT.

23 \* \* \*

24 SECTION 328.1. SECTION 5907(A), (C), (D), (E) AND (F) OF  
25 TITLE 71, AMENDED DECEMBER 28, 2015 (P.L.529, NO.93), ARE  
26 AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO  
27 READ:

28 § 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND  
29 PARTICIPANTS.

30 (A) INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF

1 DUTIES EACH NEW STATE EMPLOYEE SHALL FURNISH THE HEAD OF  
2 DEPARTMENT WITH A COMPLETE RECORD OF HIS PREVIOUS STATE SERVICE,  
3 HIS SCHOOL SERVICE OR CREDITABLE NONSTATE SERVICE, AND PROOF OF  
4 HIS DATE OF BIRTH AND CURRENT STATUS IN THE SYSTEM AND THE PLAN  
5 AND IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE  
6 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. WILLFUL FAILURE TO  
7 PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE  
8 EXTENT AVAILABLE UPON ENTRANCE INTO THE SYSTEM SHALL RESULT IN  
9 THE FORFEITURE OF THE RIGHT OF THE MEMBER TO SUBSEQUENTLY ASSERT  
10 ANY RIGHT TO BENEFITS BASED ON ANY OF THE REQUIRED INFORMATION  
11 WHICH HE FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS  
12 THAT A MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE  
13 INFORMATION, THE TOTAL AMOUNT RECEIVED PREDICATED ON SUCH FALSE  
14 INFORMATION TOGETHER WITH STATUTORY INTEREST DOUBLED AND  
15 COMPOUNDED SHALL BE DEDUCTED FROM THE PRESENT VALUE OF ANY  
16 REMAINING BENEFITS TO WHICH THE MEMBER IS LEGALLY ENTITLED.

17 \* \* \*

18 (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JANUARY 1,  
19 2016, IN THE CASE OF AN EMPLOYEE WHO IS NOT CURRENTLY A  
20 PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY, OR  
21 IN THE CASE OF AN EMPLOYEE WHOSE PARTICIPATION IS NOT MANDATORY  
22 BUT IS PERMITTED AND WHO DESIRES TO BECOME A PARTICIPANT IN THE  
23 PLAN, THE NEW EMPLOYEE SHALL EXECUTE AN APPLICATION FOR  
24 PARTICIPATION AND A NOMINATION OF A BENEFICIARY.

25 (C) MULTIPLE SERVICE MEMBERSHIP.--ANY [ACTIVE MEMBER] STATE  
26 EMPLOYEE WHO IS AN ACTIVE MEMBER IN A CLASS OF SERVICE OTHER  
27 THAN CLASS A-5 WHO WAS FORMERLY AN ACTIVE MEMBER IN THE PUBLIC  
28 SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A CLASS OF SERVICE OTHER  
29 THAN CLASS T-G MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER.  
30 SUCH ELECTION SHALL OCCUR NO LATER THAN 365 DAYS AFTER BECOMING

1 AN ACTIVE MEMBER IN A CLASS OF SERVICE OTHER THAN CLASS A-5 IN  
2 THIS SYSTEM. ANY STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF CLASS  
3 A-5 WHO WAS FORMERLY AN ACTIVE MEMBER IN PUBLIC SCHOOL  
4 EMPLOYEES' RETIREMENT SYSTEM IN CLASS T-G MAY ELECT TO BECOME A  
5 MULTIPLE SERVICE MEMBER. SUCH ELECTION SHALL OCCUR NO LATER THAN  
6 45 DAYS AFTER BECOMING AN ACTIVE MEMBER OF CLASS A-5. A STATE  
7 EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A MULTIPLE SERVICE  
8 MEMBER WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD  
9 WITHOUT HAVING ELECTED MULTIPLE SERVICE MEMBERSHIP MAY MAKE THE  
10 ELECTION WITHIN 365 DAYS, OR 45 DAYS IF A MEMBER OF CLASS A-5,  
11 AFTER BEING REEMPLOYED FROM USERRA LEAVE.

12 (D) CREDIT FOR PREVIOUS SERVICE OR CHANGE IN MEMBERSHIP  
13 STATUS.--ANY ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO  
14 DESIRES TO RECEIVE CREDIT FOR THE PORTION OF HIS TOTAL PREVIOUS  
15 STATE SERVICE OR CREDITABLE NONSTATE SERVICE TO WHICH HE IS  
16 ENTITLED, OR A JOINT COVERAGE MEMBER WHO DESIRES TO BECOME A  
17 FULL COVERAGE MEMBER, SHALL SO NOTIFY THE BOARD AND UPON WRITTEN  
18 AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE MANNER OF  
19 PAYMENT OF THE AMOUNT DUE, THE MEMBER SHALL RECEIVE CREDIT FOR  
20 SUCH SERVICE AS OF THE DATE OF SUCH AGREEMENT SUBJECT TO THE  
21 PROVISIONS IN THIS PART RELATING TO THE LIMITATIONS UNDER IRC S  
22 415.

23 \* \* \*

24 (D.2) CONTRIBUTIONS FOR USERRA LEAVE.--ANY ACTIVE  
25 PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OR  
26 FORMER PARTICIPANT WHO WAS REEMPLOYED FROM USERRA LEAVE WHO  
27 DESIRES TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FOR  
28 HIS USERRA LEAVE SHALL SO NOTIFY THE BOARD WITHIN THE TIME  
29 PERIOD REQUIRED UNDER 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT  
30 AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES)

1 AND IRC § 414(U) OF HIS DESIRE TO MAKE SUCH CONTRIBUTIONS. UPON  
2 MAKING THE PERMITTED MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
3 WITHIN THE ALLOWED TIME PERIOD, THE HEAD OF DEPARTMENT SHALL  
4 MAKE THE CORRESPONDING EMPLOYER DEFINED CONTRIBUTIONS AT THE  
5 SAME TIME.

6 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY  
7 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE  
8 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE  
9 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND  
10 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY  
11 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND  
12 OTHER APPLICABLE LAW.

13 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY  
14 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED  
15 WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) (RELATING  
16 TO DUTIES OF HEADS OF DEPARTMENTS) TO RECEIVE THE DEATH BENEFIT  
17 PAYABLE UNDER SECTION 5707 (RELATING TO DEATH BENEFITS) OR THE  
18 BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1 OF SECTION  
19 5705(A) (1) (RELATING TO MEMBER'S OPTIONS). SUCH NOMINATION MAY  
20 BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN DESIGNATION  
21 FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A CONTINGENT  
22 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT  
23 PROVIDED UNDER SECTION 5707 OR THE BENEFIT PAYABLE UNDER THE  
24 PROVISIONS OF OPTION 1 OF SECTION 5705(A) (1).

25 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM THE PLAN.--EVERY  
26 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION  
27 FILED WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) TO  
28 RECEIVE THE DEATH BENEFIT PAYABLE UNDER SECTION 5808 (RELATING  
29 TO DEATH BENEFITS). A PARTICIPANT MAY ALSO NOMINATE A CONTINGENT  
30 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT



1 PROVIDED UNDER SECTION 5808. SUCH NOMINATION MAY BE CHANGED AT  
2 ANY TIME BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH  
3 THE BOARD.

4 (E.2) BENEFICIARIES FOR EMPLOYEES WHO ARE MEMBERS AND  
5 PARTICIPANTS.--A STATE EMPLOYEE WHO IS BOTH A MEMBER OF THE  
6 SYSTEM AND A PARTICIPANT IN THE PLAN MAY DESIGNATE OR NOMINATE  
7 DIFFERENT PERSONS TO BE BENEFICIARIES, SURVIVOR ANNUITANTS AND  
8 SUCCESSOR PAYEES FOR HIS BENEFITS FROM THE SYSTEM AND THE PLAN.

9 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO  
10 TERMINATES STATE SERVICE AND WHO IS NOT THEN A DISABILITY  
11 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF  
12 SERVICE ONE OR MORE OF THE APPROPRIATE [APPLICATION]  
13 APPLICATIONS, DULY ATTESTED BY THE MEMBER OR HIS LEGALLY  
14 CONSTITUTED REPRESENTATIVE, ELECTING TO:

15 (1) WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS AND IF  
16 ELIGIBLE WITHDRAW HIS CLASS A-5 ACCUMULATED DEDUCTIONS; OR

17 (2) IF ELIGIBLE, VEST HIS RETIREMENT RIGHTS; AND IF HE  
18 IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A  
19 FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE  
20 DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED; OR

21 (3) IF ELIGIBLE, RECEIVE AN IMMEDIATE ANNUITY AND MAY,

22 (I) IF ELIGIBLE, ELECT TO CONVERT HIS MEDICAL, MAJOR  
23 MEDICAL, AND HOSPITALIZATION COVERAGE TO THE PLAN FOR  
24 STATE ANNUITANTS; AND

25 (II) IF HE IS A JOINT COVERAGE MEMBER, ELECT TO  
26 BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30  
27 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP SUM  
28 REQUIRED.

29 \* \* \*

30 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT

1 TERMINATES STATE SERVICE AND DOES NOT COMMENCE RECEIVING A  
2 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY, AND HE MAY  
3 ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING  
4 DATE, WITHDRAW THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS  
5 STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION  
6 REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.

7 \* \* \*

8 SECTION 329. SECTIONS 5931(B), 5932, 5933, 5934, 5935, 5936,  
9 5937, 5938, 593 AND 5951 OF TITLE 71 ARE AMENDED TO READ:

10 § 5931. MANAGEMENT OF FUND AND ACCOUNTS.

11 \* \* \*

12 (B) CREDITING OF INTEREST.--THE BOARD, ANNUALLY, SHALL ALLOW  
13 THE REQUIRED INTEREST ON THE MEAN AMOUNT FOR THE PRECEDING YEAR  
14 TO THE CREDIT OF EACH OF THE ACCOUNTS OTHER THAN THE INDIVIDUAL  
15 INVESTMENT ACCOUNTS. THE AMOUNT SO ALLOWED SHALL BE CREDITED  
16 THERETO BY THE BOARD AND TRANSFERRED FROM THE INTEREST RESERVE  
17 ACCOUNT.

18 \* \* \*

19 § 5932. STATE EMPLOYEES' RETIREMENT FUND.

20 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL BALANCES IN  
21 THE SEVERAL SEPARATE ACCOUNTS SET APART TO BE USED UNDER THE  
22 DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS OF THE SYSTEM;  
23 AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE FUND ALL MONEYS  
24 RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING FROM THE  
25 CONTRIBUTIONS RELATING TO OR ON BEHALF OF MEMBERS OF THE SYSTEM  
26 REQUIRED UNDER THE PROVISIONS OF CHAPTER 55 (RELATING TO  
27 CONTRIBUTIONS), AND ANY INCOME EARNED BY THE INVESTMENTS OR  
28 MONEYS OF SAID FUND. THERE SHALL BE ESTABLISHED AND MAINTAINED  
29 BY THE BOARD THE SEVERAL LEDGER ACCOUNTS SPECIFIED IN SECTIONS  
30 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO

1 STATE ACCUMULATION ACCOUNT), 5935 (RELATING TO ANNUITY RESERVE  
2 ACCOUNT), 5936 (RELATING TO STATE POLICE BENEFIT ACCOUNT), 5937  
3 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT ACCOUNT), 5938  
4 (RELATING TO SUPPLEMENTAL ANNUITY ACCOUNT) AND 5939 (RELATING TO  
5 INTEREST RESERVE ACCOUNT).

6 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE  
7 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL  
8 NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT  
9 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED  
10 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE  
11 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED  
12 TO THE FUND BUT SHALL BE PAID TO THE TRUST AND CREDITED TO THE  
13 INDIVIDUAL INVESTMENT ACCOUNTS.

14 § 5933. MEMBERS' SAVINGS ACCOUNT.

15 (A) CREDITS TO ACCOUNT.--THE MEMBERS' SAVINGS ACCOUNT SHALL  
16 BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF  
17 THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER  
18 EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE  
19 MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501  
20 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE),  
21 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS  
22 A-3 [AND], CLASS A-4 AND CLASS A-5 SERVICE), 5502 (RELATING TO  
23 SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503  
24 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS), 5504  
25 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR  
26 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER),  
27 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5505  
28 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR  
29 CREDITABLE NONSTATE SERVICE) AND TRANSFERRED FROM THE MEMBERS'  
30 SAVINGS ACCOUNT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT

1 SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5303.2  
2 (RELATING TO ELECTION TO CONVERT SCHOOL SERVICE TO STATE  
3 SERVICE) .

4 (B) INTEREST AND TRANSFERS FROM ACCOUNT.--THE MEMBERS'  
5 SAVINGS ACCOUNT IN TOTAL AND THE INDIVIDUAL MEMBER ACCOUNTS  
6 SHALL BE CREDITED WITH STATUTORY INTEREST. THE TOTAL ACCUMULATED  
7 DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS CREDITED TO A  
8 MEMBER WHOSE APPLICATION FOR AN ANNUITY HAS BEEN APPROVED SHALL  
9 BE TRANSFERRED FROM THE MEMBERS' SAVINGS ACCOUNT TO THE ANNUITY  
10 RESERVE ACCOUNT PROVIDED FOR IN SECTION 5935 (RELATING TO  
11 ANNUITY RESERVE ACCOUNT), EXCEPT IN THE CASE OF A MEMBER WHO IS  
12 AN OFFICER OF THE PENNSYLVANIA STATE POLICE OR AN ENFORCEMENT  
13 OFFICER THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5  
14 ACCUMULATED DEDUCTIONS TO HIS CREDIT SHALL BE TRANSFERRED FROM  
15 THE MEMBERS' SAVINGS ACCOUNT TO THE STATE POLICE BENEFIT ACCOUNT  
16 PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE BENEFIT  
17 ACCOUNT) OR TO THE ENFORCEMENT OFFICERS BENEFIT ACCOUNT PROVIDED  
18 FOR IN SECTION 5937 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT  
19 ACCOUNT), AS THE CASE MAY BE.

20 (C) CHARGES TO ACCOUNT.--UPON THE ELECTION OF A MEMBER TO  
21 WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS OR CLASS A-5  
22 ACCUMULATED DEDUCTIONS OR UPON THE TRANSFER OF ACCUMULATED  
23 DEDUCTIONS PURSUANT TO SECTION 5701.1 (RELATING TO TRANSFER OF  
24 ACCUMULATED DEDUCTIONS), THE PAYMENT OF SUCH AMOUNT SHALL BE  
25 CHARGED TO THE MEMBERS' SAVINGS ACCOUNT.

26 § 5934. STATE ACCUMULATION ACCOUNT.

27 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO  
28 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH OR  
29 OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM AND  
30 MADE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5507(A) OR (D)

1 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND  
2 OTHER EMPLOYERS) EXCEPT THAT THE AMOUNTS RECEIVED UNDER THE  
3 PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), AND THE  
4 AMOUNTS RECEIVED UNDER THE PROVISIONS OF THE LIQUOR CODE, ACT OF  
5 APRIL 12, 1951 (P.L.90, NO.21), SHALL BE CREDITED TO THE STATE  
6 POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT  
7 ACCOUNT AS THE CASE MAY BE. ALL AMOUNTS TRANSFERRED TO THE FUND  
8 BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS IN ACCORDANCE WITH  
9 THE PROVISIONS OF SECTION 5507(C) ALSO SHALL BE CREDITED TO THE  
10 STATE ACCUMULATION ACCOUNT. ALL AMOUNTS TRANSFERRED TO THE FUND  
11 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE  
12 WITH SECTION 5303.2(E) (RELATING TO ELECTION TO CONVERT SCHOOL  
13 SERVICE TO STATE SERVICE), EXCEPT AMOUNTS CREDITED TO THE  
14 MEMBERS' SAVINGS ACCOUNT, AND ALL AMOUNTS PAID BY THE DEPARTMENT  
15 OF CORRECTIONS IN ACCORDANCE WITH SECTION 5303.2(F) ALSO SHALL  
16 BE CREDITED TO THE STATE ACCUMULATION ACCOUNT. THE STATE  
17 ACCUMULATION ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST.  
18 THE RESERVES NECESSARY FOR THE PAYMENT OF ANNUITIES AND DEATH  
19 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM AS APPROVED BY  
20 THE BOARD AND AS PROVIDED IN CHAPTER 57 (RELATING TO BENEFITS)  
21 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE  
22 ANNUITY RESERVE ACCOUNT PROVIDED FOR IN SECTION 5935 (RELATING  
23 TO ANNUITY RESERVE ACCOUNT), EXCEPT THAT THE RESERVES NECESSARY  
24 ON ACCOUNT OF A MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA  
25 STATE POLICE OR AN ENFORCEMENT OFFICER SHALL BE TRANSFERRED FROM  
26 THE STATE ACCUMULATION ACCOUNT TO THE STATE POLICE BENEFIT  
27 ACCOUNT PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE  
28 BENEFIT ACCOUNT) OR TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT  
29 AS PROVIDED FOR IN SECTION 5937 (RELATING TO ENFORCEMENT  
30 OFFICERS' BENEFIT ACCOUNT) AS THE CASE MAY BE. THE RESERVES

1 NECESSARY FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES IN EXCESS OF  
2 THOSE RESERVES CREDITED TO THE SUPPLEMENTAL ANNUITY ACCOUNT ON  
3 JUNE 30, 2010, SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION  
4 ACCOUNT TO THE SUPPLEMENTAL ANNUITY ACCOUNT. IN THE EVENT THAT  
5 SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED  
6 AFTER DECEMBER 31, 2009, THE NECESSARY RESERVES SHALL BE  
7 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE  
8 SUPPLEMENTAL ANNUITY ACCOUNT.

9 § 5935. ANNUITY RESERVE ACCOUNT.

10 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE  
11 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED  
12 THE RESERVES HELD FOR PAYMENT OF ANNUITIES AND DEATH BENEFITS ON  
13 ACCOUNT OF ALL ANNUITANTS EXCEPT IN THE CASE OF MEMBERS WHO ARE  
14 OFFICERS OF THE PENNSYLVANIA STATE POLICE OR ENFORCEMENT  
15 OFFICERS. THE ANNUITY RESERVE ACCOUNT SHALL BE CREDITED WITH  
16 VALUATION INTEREST. AFTER THE TRANSFERS PROVIDED IN SECTIONS  
17 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO  
18 STATE ACCUMULATION ACCOUNT) AND 5938 (RELATING TO SUPPLEMENTAL  
19 ANNUITY ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS  
20 RESULTING FROM MEMBERSHIP IN THE SYSTEM EXCEPT THOSE PAYABLE TO  
21 ANY MEMBER WHO RETIRES AS AN OFFICER OF THE PENNSYLVANIA STATE  
22 POLICE OR AN ENFORCEMENT OFFICER SHALL BE CHARGED TO THE ANNUITY  
23 RESERVE ACCOUNT AND PAID FROM THE FUND.

24 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT OTHER THAN  
25 A MEMBER WHO WAS RETIRED AS AN OFFICER OF THE PENNSYLVANIA STATE  
26 POLICE OR AN ENFORCEMENT OFFICER BE SUBSEQUENTLY RESTORED TO  
27 ACTIVE SERVICE AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN  
28 THE PLAN, THE PRESENT VALUE OF HIS MEMBER'S ANNUITY AT THE TIME  
29 OF REENTRY INTO STATE SERVICE SHALL BE TRANSFERRED FROM THE  
30 ANNUITY RESERVE ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN

1 THE MEMBERS' SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE  
2 FOR HIS ANNUITY LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'  
3 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE  
4 ACCOUNT TO THE STATE ACCUMULATION ACCOUNT.

5 § 5936. STATE POLICE BENEFIT ACCOUNT.

6 (A) CREDITS AND CHARGES TO ACCOUNT.--THE STATE POLICE  
7 BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE  
8 CREDITED ALL CONTRIBUTIONS RECEIVED UNDER THE PROVISIONS OF THE  
9 ACT OF MAY 12, 1943 (P.L.259, NO.120), AND ANY ADDITIONAL  
10 COMMONWEALTH OR OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN  
11 SECTION 5507 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE  
12 COMMONWEALTH AND OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE  
13 STATE POLICE BENEFIT ACCOUNT. THE STATE POLICE BENEFIT ACCOUNT  
14 SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN ADDITION, UPON  
15 THE FILING OF AN APPLICATION FOR AN ANNUITY BY A MEMBER WHO IS  
16 AN OFFICER OF THE PENNSYLVANIA STATE POLICE, THE TOTAL  
17 ACCUMULATED DEDUCTIONS AND CLASS A-5 ACCUMULATED DEDUCTIONS  
18 STANDING TO THE CREDIT OF THE MEMBER IN THE MEMBERS' SAVINGS  
19 ACCOUNT AND THE NECESSARY RESERVES FROM THE STATE ACCUMULATION  
20 ACCOUNT SHALL BE TRANSFERRED TO THE STATE POLICE BENEFIT  
21 ACCOUNT. THEREAFTER, THE TOTAL ANNUITY OF SUCH ANNUITANT SHALL  
22 BE CHARGED TO THE STATE POLICE BENEFIT ACCOUNT AND PAID FROM THE  
23 FUND.

24 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE  
25 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE  
26 SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE  
27 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL  
28 BE TRANSFERRED FROM THE STATE POLICE BENEFIT ACCOUNT AND PLACED  
29 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN  
30 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY CALCULATED AS IF

1 HE HAD BEEN A MEMBER OF CLASS A IF HE HAS CLASS A OR CLASS C  
2 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF THE  
3 ANNUITANT HAS CLASS A-3 STATE SERVICE CREDITED; OR AS IF HE HAD  
4 BEEN A MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4  
5 SERVICE CREDITED, LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'  
6 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE STATE POLICE  
7 BENEFIT ACCOUNT TO THE STATE ACCUMULATION ACCOUNT. UPON  
8 SUBSEQUENT RETIREMENT OTHER THAN AS AN OFFICER OF THE  
9 PENNSYLVANIA STATE POLICE THE ACTUARIAL RESERVE REMAINING IN THE  
10 STATE POLICE BENEFIT ACCOUNT SHALL BE TRANSFERRED TO THE  
11 APPROPRIATE RESERVE ACCOUNT.

12 § 5937. ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.

13 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ENFORCEMENT  
14 OFFICERS' BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH  
15 SHALL BE CREDITED MONEYS TRANSFERRED FROM THE ENFORCEMENT  
16 OFFICERS' RETIREMENT ACCOUNT IN THE STATE STORES FUND ACCORDING  
17 TO THE PROVISIONS OF THE ACT OF APRIL 12, 1951 (P.L.90, NO.21),  
18 KNOWN AS THE LIQUOR CODE, AND ANY ADDITIONAL COMMONWEALTH OR  
19 OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN SECTION 5507  
20 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND  
21 OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE ENFORCEMENT  
22 OFFICERS' BENEFIT ACCOUNT. THE ENFORCEMENT OFFICERS' BENEFIT  
23 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN  
24 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A  
25 MEMBER WHO IS AN ENFORCEMENT OFFICER OF THE PENNSYLVANIA LIQUOR  
26 CONTROL BOARD, THE TOTAL ACCUMULATED DEDUCTIONS AND CLASS A-5  
27 ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER IN  
28 THE MEMBERS' SAVINGS ACCOUNT AND THE NECESSARY RESERVES FROM THE  
29 STATE ACCUMULATION ACCOUNT SHALL BE TRANSFERRED TO THE  
30 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT. THEREAFTER, THE TOTAL



1 ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED TO THE ENFORCEMENT  
2 OFFICERS' BENEFIT ACCOUNT AND PAID FROM THE FUND.

3 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE  
4 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE  
5 SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE  
6 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL  
7 BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT  
8 AND PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS  
9 ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY  
10 CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE  
11 ANNUITANT DOES NOT HAVE ANY CLASS AA, CLASS A-3 OR CLASS A-4  
12 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS AA IF THE  
13 ANNUITANT DOES HAVE CLASS AA SERVICE CREDITED; AS IF HE HAD BEEN  
14 A MEMBER OF CLASS A-3 IF THE ANNUITANT HAS CLASS A-3 STATE  
15 SERVICE CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A-4 IF  
16 THE ANNUITANT HAS CLASS A-4 SERVICE CREDITED, LESS THE AMOUNT  
17 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED  
18 FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT TO THE STATE  
19 ACCUMULATION ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS  
20 AN ENFORCEMENT OFFICER THE ACTUARIAL RESERVE REMAINING IN THE  
21 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT SHALL BE TRANSFERRED TO  
22 THE APPROPRIATE RESERVE ACCOUNT.

23 § 5938. SUPPLEMENTAL ANNUITY ACCOUNT.

24 THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE THE LEDGER ACCOUNT  
25 TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS FROM THE  
26 COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE WITH SECTION  
27 5507(B) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE  
28 COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE  
29 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO  
30 SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL

1 SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL  
2 SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL  
3 ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO SPECIAL  
4 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 (RELATING TO  
5 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO  
6 SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 (RELATING TO  
7 SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 (RELATING TO  
8 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 2002) MADE  
9 BEFORE JULY 1, 2010, THE AMOUNT TRANSFERRED FROM THE STATE  
10 ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES  
11 NECESSARY AS OF JUNE 30, 2010, TO PAY SUCH SUPPLEMENTAL  
12 ANNUITIES AND ADJUSTMENTS, AND THE AMOUNTS TRANSFERRED FROM THE  
13 STATE ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES  
14 NECESSARY AS A RESULT OF SUPPLEMENTAL ANNUITIES ENACTED AFTER  
15 DECEMBER 31, 2009. THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE  
16 CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE  
17 PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM  
18 THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT  
19 AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE  
20 ACCOUNT).

21 § 5939. INTEREST RESERVE ACCOUNT.

22 THE INTEREST RESERVE ACCOUNT SHALL BE THE LEDGER ACCOUNT TO  
23 WHICH SHALL BE CREDITED ALL INCOME EARNED BY THE FUND AND TO  
24 WHICH SHALL BE CHARGED ALL ADMINISTRATIVE AND INVESTMENT  
25 EXPENSES INCURRED BY THE FUND. AT THE END OF EACH YEAR THE  
26 REQUIRED INTEREST SHALL BE TRANSFERRED FROM THE INTEREST RESERVE  
27 ACCOUNT TO THE CREDIT OF EACH OF THE ACCOUNTS OF THE FUND IN  
28 ACCORDANCE WITH THE PROVISIONS OF THIS SUBCHAPTER. IN ADDITION,  
29 AT THE END OF EACH ACCOUNTING PERIOD, THE INTEREST RESERVE  
30 ACCOUNT SHALL BE CREDITED OR CHARGED WITH ALL RECOGNIZED CHANGES

1 IN THE MARKET VALUATION OF THE INVESTMENTS OF THE FUND. THE  
2 ADMINISTRATIVE AND INVESTMENT EXPENSES OF THE BOARD RELATING TO  
3 THE ADMINISTRATION OF THE SYSTEM AND INVESTMENTS OF THE FUND  
4 SHALL BE PAID FROM THE FUND OUT OF EARNINGS. ANY SURPLUS OR  
5 DEFICIT IN THE INTEREST RESERVE ACCOUNT AT THE END OF EACH YEAR  
6 SHALL BE TRANSFERRED TO THE STATE ACCUMULATION ACCOUNT.

7 § 5951. STATE GUARANTEE REGARDING THE SYSTEM.

8 THE REQUIRED INTEREST CHARGES PAYABLE, THE MAINTENANCE OF  
9 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER  
10 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE  
11 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND  
12 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE  
13 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM  
14 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART  
15 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE  
16 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE  
17 PLAN OR TRUST.

18 SECTION 329.1. SECTION 5953 OF TITLE 71, AMENDED DECEMBER  
19 29, 2015 (P.L.529, NO.93), IS AMENDED TO READ:

20 § 5953. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

21 (A) GENERAL RULE.--

22 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4),  
23 THE RIGHT OF A PERSON TO ANY BENEFIT OR RIGHT ACCRUED OR  
24 ACCRUING UNDER THE PROVISIONS OF THIS PART AND THE MONEYS IN  
25 THE FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR  
26 MUNICIPAL TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT,  
27 SPOUSE'S ELECTION, THE PROVISIONS OF ARTICLE XIII.1 OF THE  
28 ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL  
29 CODE, OR ANY OTHER PROCESS WHATSOEVER AND NO PARTICIPANT OR  
30 BENEFICIARY, SUCCESSOR PAYEE, OR ALTERNATE PAYEE OF A

1 PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL, ASSIGN,  
2 ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,  
3 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR  
4 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO  
5 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER  
6 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE  
7 PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A  
8 PARTICIPANT EXCEPT FOR A SET-OFF BY THE COMMONWEALTH IN THE  
9 CASE PROVIDED IN THIS PARAGRAPH, AND SHALL BE UNASSIGNABLE  
10 EXCEPT TO THE COMMONWEALTH IN THE CASE OF A MEMBER OR  
11 PARTICIPANT WHO IS TERMINATING STATE SERVICE AND HAS BEEN  
12 DETERMINED TO BE OBLIGATED TO THE COMMONWEALTH FOR THE  
13 REPAYMENT OF MONEY OWED ON ACCOUNT OF HIS EMPLOYMENT.

14 (2) (I) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO  
15 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,  
16 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT,  
17 AND BY OR PURSUANT TO SECTION 16(B) OF ARTICLE V OF THE  
18 CONSTITUTION OF PENNSYLVANIA. FORFEITURES UNDER THIS  
19 SUBSECTION OR UNDER ANY OTHER PROVISION OF LAW MAY NOT BE  
20 APPLIED TO INCREASE THE BENEFITS THAT ANY MEMBER WOULD  
21 OTHERWISE RECEIVE UNDER THIS PART.

22 (II) NOTWITHSTANDING THIS PARAGRAPH AND THE  
23 PROVISIONS OF SECTION 16(B) OF ARTICLE V OF THE  
24 CONSTITUTION OF PENNSYLVANIA, THE ACT OF JULY 8, 1978  
25 (P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION  
26 FORFEITURE ACT, OR 42 PA.C.S. § 3352 (RELATING TO PENSION  
27 RIGHTS), THE ACCUMULATED MANDATORY PARTICIPANT  
28 CONTRIBUTIONS AND ACCUMULATED VOLUNTARY CONTRIBUTIONS  
29 STANDING TO THE CREDIT OF A PARTICIPANT SHALL NOT BE  
30 FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES AND

1 RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT  
2 HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE  
3 AS THE RESULT OF AN EQUITABLE DISTRIBUTION OF MARITAL  
4 PROPERTY AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER  
5 ENTERED BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT  
6 OR OTHER TRIBUNAL RESULTING IN A FORFEITURE OF A  
7 PARTICIPANT'S INTEREST IN THE TRUST SHALL NOT BE SUBJECT  
8 TO THE PROVISIONS OF SECTION 16(B) OF ARTICLE V OF THE  
9 CONSTITUTION OF PENNSYLVANIA, THE PUBLIC EMPLOYEE PENSION  
10 FORFEITURE ACT, OR 42 PA.C.S. § 3352. ANY ACCUMULATED  
11 EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A RESULT OF  
12 THIS PARAGRAPH OR OTHER LAW SHALL BE RETAINED BY THE  
13 BOARD AND NOTWITHSTANDING SECTIONS 5812(2) (RELATING TO  
14 POWERS AND DUTIES OF BOARD), 5815 (RELATING TO EXPENSES)  
15 AND 5902(C) (RELATING TO ADMINISTRATIVE DUTIES OF THE  
16 BOARD) USED FOR THE PAYMENT OF EXPENSES OF THE PLAN.

17 (3) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO  
18 ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN AN  
19 APPROVED DOMESTIC RELATIONS ORDER.

20 (4) EFFECTIVE WITH DISTRIBUTIONS MADE ON OR AFTER  
21 JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF  
22 THIS PART TO THE CONTRARY, A DISTRIBUTEE MAY ELECT, AT THE  
23 TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE ANY  
24 PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO  
25 AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR  
26 PURPOSES OF THIS PARAGRAPH, A "DISTRIBUTE" INCLUDES A MEMBER  
27 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A  
28 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO  
29 IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS  
30 ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE

1 PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE  
2 ELSE AUTHORIZED UNDER THE IRC AND THE PLAN TERMS APPROVED BY  
3 THE BOARD TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID  
4 DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT  
5 ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE  
6 ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC  
7 § 402(F)(2)(A), AND "ELIGIBLE RETIREMENT PLAN" HAS THE  
8 MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A  
9 QUALIFIED TRUST SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT  
10 PLAN ONLY IF IT ACCEPTS THE DISTRIBUTEES' ELIGIBLE ROLLOVER  
11 DISTRIBUTION; HOWEVER, IN THE CASE OF AN ELIGIBLE ROLLOVER  
12 DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE RETIREMENT  
13 PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL  
14 RETIREMENT ANNUITY" AS THOSE TERMS ARE DEFINED IN IRC §  
15 408(A) AND (B).

16 (B) AUTHORIZED PAYMENTS FROM FUND.--THE BOARD SHALL BE  
17 AUTHORIZED TO PAY FROM THE FUND [IN]:

18 (1) IN THE CASE OF A MEMBER OR PARTICIPANT WHO IS  
19 TERMINATING SERVICE, THE AMOUNT DETERMINED AFTER  
20 CERTIFICATION BY THE HEAD OF THE DEPARTMENT THAT THE MEMBER  
21 OR PARTICIPANT IS SO OBLIGATED, AND AFTER REVIEW AND APPROVAL  
22 BY THE DEPARTMENT OR AGENCY'S LEGAL REPRESENTATIVE OR UPON  
23 RECEIPT OF AN ASSIGNMENT FROM THE MEMBER OR PARTICIPANT IN  
24 THE AMOUNT SO CERTIFIED[.], EXCEPT THAT NO PAYMENT SHALL BE  
25 MADE FROM THE INDIVIDUAL INVESTMENT ACCOUNT OF A PARTICIPANT  
26 UNTIL THE PARTICIPANT OTHERWISE APPLIES FOR AND RECEIVES A  
27 DISTRIBUTION AND SHALL NOT EXCEED THE AMOUNT OF THE  
28 DISTRIBUTION.

29 (2) IN THE CASE OF A PARTICIPANT WHOSE FORMER SPOUSE IS  
30 AN ALTERNATE PAYEE OF AN EQUITABLE DISTRIBUTION OF MARITAL

1 ASSETS UNDER AN APPROVED DOMESTIC RELATIONS ORDER, A LUMP SUM  
2 OF THE ALTERNATE PAYEE'S INTEREST IN THE PARTICIPANT'S  
3 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS. THIS PARAGRAPH SHALL  
4 APPLY WITHOUT REGARD TO WHETHER THE PARTICIPANT HAS NOT  
5 TERMINATED, IS TERMINATING OR HAS TERMINATED STATE SERVICE.

6 SECTION 329.2. SECTIONS 5953.1, 5953.2, 5953.3 AND 5953.4(A)  
7 OF TITLE 71 ARE AMENDED TO READ:

8 § 5953.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

9 (A) CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS  
10 ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS  
11 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE  
12 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER  
13 MEETS ALL OF THE FOLLOWING:

14 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF  
15 BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED  
16 UNDER THIS PART.

17 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE  
18 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE  
19 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS  
20 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE  
21 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON  
22 OTHER THAN ACTUARIAL VALUE.

23 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S  
24 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE  
25 PAYEE OR THE MANNER IN WHICH SUCH AMOUNT OR PERCENTAGE IS TO  
26 BE DETERMINED.

27 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY  
28 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY  
29 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON  
30 RETIREMENT.

1 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,  
2 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING  
3 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND  
4 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE  
5 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

6 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,  
7 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

8 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION  
9 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S  
10 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER  
11 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER  
12 MAINTAINED BY THE SYSTEM.

13 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC  
14 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED  
15 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE  
16 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THE ORDER MEETS  
17 ALL OF THE FOLLOWING:

18 (1) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE  
19 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
20 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL  
21 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

22 (2) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE  
23 ANY FUNDS WHICH WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE  
24 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC  
25 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS  
26 DESIGNATED REPRESENTATIVE.

27 (3) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO  
28 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE  
29 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE  
30 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE



1 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF  
2 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE  
3 PAYEE.

4 (4) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP  
5 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S  
6 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF  
7 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION  
8 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

9 (5) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE  
10 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE  
11 ALTERNATE PAYEE AND THE DATE UPON WHICH THE VALUATION IS  
12 BASED.

13 (6) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,  
14 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN  
15 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER  
16 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE  
17 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE  
18 PLAN.

19 (7) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,  
20 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.

21 (8) INCLUDES PROVISIONS FOR THE DEFERRED DISTRIBUTION OF  
22 THE EQUITABLE DISTRIBUTION SHARE OF BENEFITS PAYABLE FROM ANY  
23 DEFINED BENEFIT PENSION PROGRAM ADMINISTERED BY THE SYSTEM IN  
24 WHICH THE PARTICIPANT MAY HAVE AN INTEREST AS A MEMBER OF THE  
25 SYSTEM OR STATES THAT THE ALTERNATE PAYEE MAY NOT RECEIVE ANY  
26 PORTION OR ANY BENEFITS PAYABLE TO THE PARTICIPANT AS A  
27 RESULT OF HIS MEMBERSHIP IN THE SYSTEM.

28 (9) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE ALTERNATE  
29 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
30 ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT, ELIGIBLE

1 ROLLOVER OR TRUSTEE-TO-TRUSTEE TRANSFER TO ANOTHER ELIGIBLE  
2 PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE PAYEE.

3 (10) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY  
4 RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE  
5 DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE  
6 BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE  
7 BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE  
8 AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
9 AS OF THE DATE THE ORDER IS APPROVED.

10 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD  
11 AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE SECRETARY OF  
12 THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE  
13 WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS ORDER AND  
14 NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE PAYEE OF  
15 THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
16 THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE  
17 PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE BOARD, OR  
18 HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO AN  
19 ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 SUBCH. A  
20 (RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO  
21 THE COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO  
22 JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT  
23 APPEALS FROM GOVERNMENT AGENCIES).

24 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED  
25 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO  
26 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS  
27 THE TERM IS DEFINED AT 23 PA.C.S. § 4302 (RELATING TO  
28 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS  
29 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF  
30 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT

1 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS  
2 AS ESTABLISHED BY THE LAWS OF THE UNITED STATES AND THIS  
3 COMMONWEALTH[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER  
4 WHICH WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER  
5 STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS  
6 FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST A PARTICIPANT  
7 WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE  
8 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING  
9 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD REQUIRE  
10 A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS IN  
11 THE FORM OF AN ANNUITY OR TO REQUIRE THE PURCHASE OF AN ANNUITY.

12 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS  
13 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO  
14 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS  
15 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS  
16 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE  
17 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN  
18 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE  
19 OBLIGATIONS OF THE SYSTEM OR THE PLAN WITH RESPECT TO SUCH  
20 APPROVAL OR DISAPPROVAL SHALL BE DISCHARGED.

21 § 5953.2. IRREVOCABLE BENEFICIARY.

22 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC  
23 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A  
24 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN  
25 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES  
26 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A  
27 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT  
28 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT  
29 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC  
30 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC

1 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED  
2 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH  
3 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED  
4 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT  
5 WITHOUT APPROVAL BY THE COURT.

6 § 5953.3. IRREVOCABLE SURVIVOR ANNUITANT.

7 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC  
8 RELATIONS ORDER PERTAINING TO A MEMBER MAY PROVIDE FOR AN  
9 IRREVOCABLE SURVIVOR ANNUITANT. A DOMESTIC RELATIONS ORDER  
10 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT  
11 SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN  
12 ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE  
13 REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF  
14 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.  
15 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED  
16 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS  
17 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE  
18 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY  
19 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO  
20 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AS  
21 AN IRREVOCABLE SURVIVOR ANNUITANT.

22 § 5953.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

23 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE  
24 ALTERNATE PAYEE PREDECEASES THE MEMBER OR THE PARTICIPANT AND  
25 THERE ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE  
26 COURT MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO  
27 SUBSTITUTE A PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE  
28 ANY BENEFITS PAYABLE TO THE DECEASED ALTERNATE PAYEE.

29 \* \* \*

30 SECTION 330. TITLE 71 IS AMENDED BY ADDING A SECTION TO

1 READ:

2 § 5953.6. IRREVOCABLE SUCCESSOR PAYEE.

3 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISION OF THIS  
4 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY  
5 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE IF THE PARTICIPANT IS  
6 RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION PROVIDED BY THE  
7 BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.

8 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE  
9 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO  
10 BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS  
11 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN  
12 ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE  
13 REMOVAL OR CHANGE OF THE SUCCESSOR PAYEE WITHOUT APPROVAL OF A  
14 COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.

15 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER  
16 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC  
17 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS DESIGNATED  
18 REPRESENTATIVE. IF A DOMESTIC RELATIONS ORDER IS CERTIFIED UNDER  
19 THIS SUBSECTION, THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE  
20 COURT SHALL NOT BE CHANGED BY THE PARTICIPANT WITHOUT APPROVAL  
21 BY THE COURT.

22 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS  
23 A SUCCESSOR PAYEE SHALL NOT BE DESIGNATED AS AN IRREVOCABLE  
24 SUCCESSOR PAYEE. A COURT SHALL NOT NAME AN IRREVOCABLE SUCCESSOR  
25 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM  
26 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL  
27 PORTION OF THE PENSION BENEFIT.

28 SECTION 331. SECTIONS 5954, 5955 AND 5957 OF TITLE 71 ARE  
29 AMENDED TO READ:

30 § 5954. FRAUD AND ADJUSTMENT OF ERRORS.

1 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE  
2 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED  
3 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO  
4 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE  
5 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

6 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN  
7 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY [OR],  
8 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM  
9 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE  
10 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL  
11 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF  
12 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR  
13 AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO  
14 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE  
15 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL  
16 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED  
17 SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS  
18 FROM THE PLAN, THE BOARD SHALL TAKE ACTION AS PROVIDED FOR IN  
19 THE PLAN DOCUMENT.

20 § 5955. CONSTRUCTION OF PART.

21 (A) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF  
22 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF STATE  
23 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY  
24 AMENDMENT THERETO OR THE PLAN DOCUMENT ESTABLISHED BY THE BOARD,  
25 AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY ARBITRATION AWARD  
26 BETWEEN THE COMMONWEALTH AND [ITS] OTHER EMPLOYERS AND THE  
27 COMMONWEALTH'S AND OTHER EMPLOYERS' EMPLOYEES OR THEIR  
28 COLLECTIVE BARGAINING REPRESENTATIVES SHALL BE CONSTRUED TO  
29 CHANGE ANY OF THE PROVISIONS HEREIN, TO REQUIRE THE BOARD TO  
30 ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH IN THIS

1 PART OR NOT ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, TO  
2 REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF THE TERMS  
3 AND PROVISIONS OF THE PLAN DOCUMENT, OR OTHERWISE REQUIRE ACTION  
4 BY ANY OTHER GOVERNMENT BODY PERTAINING TO PENSION OR RETIREMENT  
5 BENEFITS OR RIGHTS OF STATE EMPLOYEES. NOTWITHSTANDING THE  
6 FOREGOING, ANY PENSION OR RETIREMENT BENEFITS OR RIGHTS  
7 PREVIOUSLY SO ESTABLISHED BY OR AS A RESULT OF AN ARBITRATION  
8 AWARD SHALL REMAIN IN EFFECT AFTER THE EXPIRATION OF THE CURRENT  
9 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE STATE EMPLOYEES SO  
10 AFFECTED AND THE COMMONWEALTH UNTIL THE EXPIRATION OF EACH OF  
11 THE COLLECTIVE BARGAINING AGREEMENTS IN EFFECT ON JANUARY 1,  
12 2011, AT WHICH TIME THE CLASSES OF MEMBERSHIP AND RESULTING  
13 MEMBER CONTRIBUTION RATES AND CONTRIBUTIONS FOR CREDITABLE  
14 NONSTATE SERVICE, ELIGIBILITY FOR VESTING, WITHDRAWAL AND  
15 SUPERANNUATION ANNUITIES, OPTIONAL MODIFICATION OF ANNUITIES AND  
16 OTHER TERMS AND CONDITIONS RELATED TO CLASS OF MEMBERSHIP SHALL  
17 BE AS DETERMINED BY THIS PART FOR EMPLOYEES COVERED BY THOSE AND  
18 SUCCESSOR COLLECTIVE BARGAINING AGREEMENTS. FOR PURPOSES OF  
19 ADMINISTERING THIS PART, FOR THOSE STATE EMPLOYEES WHO ARE  
20 MEMBERS OF EACH SUCH COLLECTIVE BARGAINING UNIT, THE DATE  
21 JANUARY 1, 2011, CONTAINED IN THIS PART, EXCEPT IN THIS SECTION,  
22 SHALL BE REPLACED WITH THE DATE OF THE DAY IMMEDIATELY FOLLOWING  
23 THE EXPIRATION OF EACH SUCH COLLECTIVE BARGAINING AGREEMENT. THE  
24 PROVISIONS OF THIS PART INSOFAR AS THEY ARE THE SAME AS THOSE OF  
25 EXISTING LAW ARE INTENDED AS A CONTINUATION OF SUCH LAWS AND NOT  
26 AS NEW ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT  
27 ANY ACT DONE, LIABILITY INCURRED, RIGHT ACCRUED OR VESTED, OR  
28 ANY SUIT OR PROSECUTION PENDING OR TO BE INSTITUTED TO ENFORCE  
29 ANY RIGHT OR PENALTY OR TO PUNISH ANY OFFENSE UNDER THE  
30 AUTHORITY OF ANY REPEALED LAWS.

1 (B) (RESERVED).

2 (C) OFFICER OR MEMBER OF THE PENNSYLVANIA STATE POLICE.--

3 (1) NOTWITHSTANDING A PROVISION OF SUBSECTION (A) OR  
4 SECTION 12.1 OF THE ACT OF NOVEMBER 23, 2010 (P.L.1269,  
5 NO.120), REGARDING THE CONTINUED EFFECTIVENESS OF PENSION OR  
6 RETIREMENT BENEFITS OR RIGHTS PREVIOUSLY ESTABLISHED BY OR AS  
7 A RESULT OF A BINDING ARBITRATION AWARD ISSUED BEFORE JULY 1,  
8 1989, PURSUANT TO THE ACT OF JUNE 24, 1968 (P.L.237, NO.111),  
9 REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE  
10 BARGAINING ACT, AND IMPLEMENTED BY THE BOARD, THE PENSION OR  
11 RETIREMENT BENEFITS OR RIGHTS OF A STATE EMPLOYEE WHO IS A  
12 CURRENT OR FORMER STATE POLICE OFFICER OR WHO BECOMES A STATE  
13 POLICE OFFICER AFTER THE EFFECTIVE DATE OF THIS SUBSECTION  
14 SHALL BE AS PROVIDED IN THIS PART AS IF THE BINDING  
15 ARBITRATION AWARD WAS NOT ISSUED, EXCEPT AS PROVIDED UNDER  
16 THIS SUBSECTION.

17 (2) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE  
18 POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER  
19 THE EFFECTIVE DATE OF THIS SUBSECTION WHO:

20 (I) TERMINATES STATE SERVICE BEFORE JANUARY 1, 2017;

21 OR

22 (II) TERMINATES STATE SERVICE ON OR AFTER JANUARY 1,  
23 2017 AND, DOES NOT HAVE SERVICE CREDITED IN CLASS A-5  
24 SHALL BE ELIGIBLE TO RECEIVE THE MAXIMUM SINGLE LIFE ANNUITY,  
25 BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705 (RELATING TO  
26 MEMBER'S OPTIONS), THAT THE STATE EMPLOYEE WOULD HAVE BEEN  
27 ELIGIBLE TO RECEIVE IF THIS SUBSECTION HAD NOT BEEN ENACTED.

28 (3) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE  
29 POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER  
30 THE EFFECTIVE DATE OF THIS SUBSECTION WHO HAS SERVICE



1 CREDITED IN CLASS A-5 AND WHO TERMINATES STATE SERVICE ON OR  
2 AFTER JANUARY 1, 2017, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM  
3 SINGLE LIFE ANNUITY BEFORE OPTIONAL MODIFICATION UNDER  
4 SECTION 5705 EQUAL TO THE SUM OF:

5 (I) IF ELIGIBLE, THE MAXIMUM SINGLE LIFE ANNUITY  
6 THAT THE STATE EMPLOYEE WOULD HAVE BEEN ELIGIBLE TO  
7 RECEIVE WITHOUT REGARD TO ANY ELIGIBILITY POINTS, SERVICE  
8 CREDIT, COMPENSATION OR CONTRIBUTIONS ATTRIBUTABLE TO  
9 CLASS A-5 SERVICE IF THIS SUBSECTION HAD NOT BEEN ENACTED  
10 EXCEPT THAT SERVICE CREDIT AND ELIGIBILITY POINTS FOR  
11 SERVICE OTHER THAN AS A MEMBER OF CLASS A-5 SHALL BE  
12 ADJUSTED FOR ANY CONCURRENT SERVICE AS A MEMBER OF CLASS  
13 A-5; AND

14 (II) IF ELIGIBLE, THE MAXIMUM SINGLE LIFE ANNUITY  
15 THAT THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS  
16 PART ATTRIBUTABLE TO CLASS A-5 SERVICE AND, IF A MULTIPLE  
17 SERVICE MEMBER, CLASS T-G SERVICE.

18 (4) (RESERVED).

19 (5) AS USED IN THIS SUBSECTION, "BINDING ARBITRATION  
20 AWARD" MEANS A BINDING ARBITRATION AWARD ISSUED BEFORE JULY  
21 1, 1989, PURSUANT TO THE ACT OF JUNE 24, 1968 (P.L.237,  
22 NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE  
23 BARGAINING ACT, AND IMPLEMENTED BY THE BOARD.

24 (D) APPLICATION TO MEMBERS OF CERTAIN COLLECTIVE BARGAINING  
25 UNITS.--AS APPLIED TO MEMBERS OF THE COLLECTIVE BARGAINING UNITS  
26 REPRESENTED BY THE FRATERNAL ORDER OF POLICE, LODGE #85 AND THE  
27 PENNSYLVANIA STATE RANGERS ASSOCIATION WHO BECOME STATE  
28 EMPLOYEES AS A RESULT OF ENTERING INTO STATE SERVICE ON OR AFTER  
29 JANUARY 1, 2017, AND BEFORE JULY 1, 2017, ANY REFERENCES IN THE  
30 PROVISIONS OF THIS PART PERTAINING TO MEMBERSHIP IN CLASS A-5

1 AND ELIGIBILITY OR INELIGIBILITY FOR MEMBERSHIP IN OTHER CLASSES  
2 OF SERVICE AND PARTICIPATION IN THE PLAN TO DECEMBER 31, 2016,  
3 OR JANUARY 1, 2017, SHALL BE READ AS JUNE 30, 2017, AND JULY 1,  
4 2017, RESPECTIVELY.

5 (E) ADVERSE INFERENCE.--NOTHING IN THIS PART SHALL BE  
6 CONSTRUED TO MEAN THAT THE LIMITATIONS ON BENEFITS OR OTHER  
7 REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE PROVISIONS  
8 OF THE IRC WHICH ARE APPLICABLE TO PARTICIPANTS IN THE PLAN DO  
9 NOT APPLY TO THE PARTICIPANTS OR TO MEMBERS OF THE SYSTEM AND  
10 THE BENEFITS PAYABLE UNDER THIS PART.

11 (F) APPLICABILITY.--A TERMINATED STATE EMPLOYEE WHO HAS  
12 CLASS A-5 SERVICE CREDIT AND WHO RETURNS TO STATE SERVICE ON OR  
13 AFTER JANUARY 1, 2017, SHALL BE SUBJECT TO THE PROVISIONS OF  
14 THIS PART REGARDING PARTICIPATION IN THE PLAN OR MEMBERSHIP IN  
15 THE SYSTEM THAT ARE IN EFFECT ON THE EFFECTIVE DATE OF  
16 REEMPLOYMENT, INCLUDING, BUT NOT LIMITED TO, BENEFIT FORMULAS  
17 AND ACCRUAL RATES, ELIGIBILITY FOR ANNUITIES AND DISTRIBUTIONS,  
18 CONTRIBUTION RATES, DEFINITIONS, PURCHASE OF CREDITABLE SCHOOL,  
19 NONSCHOOL, STATE AND NONSTATE SERVICE PROVISIONS AND ACTUARIAL  
20 AND FUNDING ASSUMPTIONS.

21 (G) FURLOUGHS.--FOR PURPOSES OF SECTIONS 5302 (RELATING TO  
22 CREDITED STATE SERVICE), 5306 (RELATING TO CLASSES OF SERVICE)  
23 AND THIS SECTION, A STATE EMPLOYEE WHO IS FURLOUGHED UNDER  
24 SECTION 802 OF THE ACT OF AUGUST 5, 1941 (P.L. 752, NO. 286),  
25 KNOWN AS THE CIVIL SERVICE ACT, AND REEMPLOYED PURSUANT TO THE  
26 CIVIL SERVICE ACT IN ANY CLASS OF SERVICE OR CIVIL SERVICE  
27 STATUS WHICH WAS PREVIOUSLY HELD, SHALL NOT BE TREATED AS HAVING  
28 BEEN TERMINATED FROM STATE SERVICE AND BEGINNING A NEW PERIOD OF  
29 STATE SERVICE.

30 § 5957. INDEPENDENT FISCAL OFFICE STUDY.

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

10 ARTICLE IV

11 SECTION 401. THE FOLLOWING WORDS AND PHRASES WHEN USED IN  
12 THIS ARTICLE SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS  
13 SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

14 "SCHOOL RETIREMENT BOARD." THE PUBLIC SCHOOL EMPLOYEES'  
15 RETIREMENT BOARD.

16 "SCHOOL SYSTEM." THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
17 SYSTEM.

18 "STATE RETIREMENT BOARD." THE STATE EMPLOYEES' RETIREMENT  
19 BOARD.

20 "STATE SYSTEM." THE STATE EMPLOYEES' RETIREMENT SYSTEM.

21 SECTION 402. THE FOLLOWING APPLY TO RESERVATION OF  
22 LEGISLATIVE AUTHORITY:

23 (1) IN REGARD TO THE SCHOOL SYSTEM:

24 (I) THE FOLLOWING PROVISIONS SHALL NOT CREATE AN  
25 EXPRESS OR IMPLIED CONTRACTUAL RIGHT IN A MEMBER OF THE  
26 SCHOOL SYSTEM, A PARTICIPANT IN THE SCHOOL EMPLOYEES'  
27 DEFINED CONTRIBUTION PLAN OR ANOTHER PERSON CLAIMING AN  
28 INTEREST IN THE ACCOUNT OF A MEMBER OR PARTICIPANT:

29 (A) A PROVISION OF THIS ACT WHICH AMENDS 24  
30 PA.C.S. PT. IV OR 51 PA.C.S. CH. 77, IN RELATION TO

1                   REQUIREMENTS FOR ANY OF THE FOLLOWING:

2                   (I)    QUALIFICATION OF THE SCHOOL EMPLOYEES'  
3                   DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION  
4                   PLAN UNDER SECTIONS 401(A) AND 415(B) OF THE  
5                   INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,  
6                   26 U.S.C. §§ 401(A) AND 415(B)).

7                   (II)   COMPLIANCE WITH THE UNIFORMED SERVICES  
8                   EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994  
9                   (PUBLIC LAW 103-353, 108 STAT. 3149).

10                  (III)   CONTRIBUTION TO, PARTICIPATION IN OR  
11                  BENEFIT FROM THE SCHOOL EMPLOYEES' DEFINED  
12                  CONTRIBUTION PLAN OR SCHOOL EMPLOYEES' DEFINED  
13                  CONTRIBUTION TRUST.

14                  (IV)   CONTRIBUTION TO, MEMBERSHIP IN OR  
15                  BENEFIT ATTRIBUTABLE FROM CLASS T-G SERVICE IN  
16                  THE SCHOOL SYSTEM OR, IF A MULTIPLE SERVICE  
17                  MEMBER, FROM CLASS A-5 SERVICE IN THE STATE  
18                  SYSTEM.

19                  (V)    A DOMESTIC RELATIONS ORDER REGARDING AN  
20                  ALTERNATE PAYEE OF A PARTICIPANT IN THE SCHOOL  
21                  EMPLOYEES' DEFINED CONTRIBUTION PLAN.

22                  (B)    A CONSTRUCTION OF 24 PA.C.S. PT. IV OR 51  
23                  PA.C.S. CH. 77, A REGULATION PROMULGATED UNDER 24  
24                  PA.C.S. PT. IV OR 51 PA.C.S. CH. 77 OR A TERM OR  
25                  PROVISION OF THE SCHOOL EMPLOYEES' DEFINED  
26                  CONTRIBUTION PLAN OR SCHOOL EMPLOYEES' DEFINED  
27                  CONTRIBUTION TRUST ESTABLISHED BY STATUTE OR IN THE  
28                  PLAN DOCUMENT OR TRUST DECLARATION.

29                  (II)   THE PROVISIONS OF 24 PA.C.S. PT. IV SHALL  
30                  REMAIN SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND

1 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS  
2 ACT OF 1994 AND REGULATIONS PROMULGATED UNDER THOSE  
3 STATUTES.

4 (III) THE GENERAL ASSEMBLY RESERVES TO ITSELF THE  
5 FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND OR  
6 SUPPLEMENT THE PROVISIONS OF 24 PA.C.S. PT. IV IN ORDER  
7 TO MAINTAIN THE QUALIFICATION OF THE SYSTEM AS A  
8 QUALIFIED PENSION PLAN UNDER SECTION 401(A) OF THE  
9 INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 401(A)) AND  
10 OTHER APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE  
11 OF 1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND  
12 REEMPLOYMENT RIGHTS ACT OF 1994.

13 (2) IN REGARD TO THE STATE SYSTEM:

14 (I) THE FOLLOWING PROVISIONS SHALL NOT CREATE AN  
15 EXPRESS OR IMPLIED CONTRACTUAL RIGHT IN A MEMBER OF THE  
16 STATE SYSTEM, A PARTICIPANT IN THE STATE EMPLOYEES'  
17 DEFINED CONTRIBUTION PLAN OR ANOTHER PERSON CLAIMING AN  
18 INTEREST IN THE ACCOUNT OF A MEMBER OR PARTICIPANT:

19 (A) A PROVISION OF THIS ACT WHICH AMENDS 51  
20 PA.C.S. § 7306 OR 71 PA.C.S. PT. XXV, IN RELATION TO  
21 REQUIREMENTS FOR ANY OF THE FOLLOWING:

22 (I) QUALIFICATION OF THE STATE EMPLOYEES'  
23 DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION  
24 PLAN UNDER SECTIONS 401(A) AND 415(B) OF THE  
25 INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §§  
26 401(A) AND 415(B)).

27 (II) COMPLIANCE WITH THE UNIFORMED SERVICES  
28 EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994.

29 (III) CONTRIBUTION TO, PARTICIPATION IN OR  
30 BENEFIT FROM THE STATE EMPLOYEES' DEFINED

1 CONTRIBUTION PLAN OR STATE EMPLOYEES' DEFINED  
2 CONTRIBUTION TRUST.

3 (IV) CONTRIBUTION TO, MEMBERSHIP IN OR  
4 BENEFIT ATTRIBUTABLE FROM CLASS A-5 SERVICE IN  
5 THE STATE SYSTEM OR, IF A MULTIPLE SERVICE  
6 MEMBER, FROM CLASS T-G SERVICE IN THE SCHOOL  
7 SYSTEM.

8 (V) A DOMESTIC RELATIONS ORDER REGARDING AN  
9 ALTERNATE PAYEE OF A PARTICIPANT IN THE STATE  
10 EMPLOYEES' DEFINED CONTRIBUTION PLAN.

11 (B) A CONSTRUCTION OF 51 PA.C.S. CH. 77 OR 71  
12 PA.C.S. PT. XXV, A REGULATION PROMULGATED UNDER 51  
13 PA.C.S. CH. 77 OR 71 PA.C.S. PT. XXV OR A TERM OR  
14 PROVISION OF THE STATE EMPLOYEES' DEFINED  
15 CONTRIBUTION PLAN OR STATE EMPLOYEES' DEFINED  
16 CONTRIBUTION TRUST ESTABLISHED BY STATUTE OR IN THE  
17 PLAN DOCUMENT OR TRUST DECLARATION.

18 (II) THE PROVISIONS OF 71 PA.C.S. PT. XXV SHALL  
19 REMAIN SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND  
20 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS  
21 ACT OF 1994 AND REGULATIONS PROMULGATED UNDER THOSE  
22 STATUTES.

23 (III) THE GENERAL ASSEMBLY RESERVES TO ITSELF THE  
24 FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND OR  
25 SUPPLEMENT THE PROVISIONS OF 71 PA.C.S. PT. XXV:

26 (A) IN ORDER TO MAINTAIN THE QUALIFICATION OF  
27 THE STATE SYSTEM AS A QUALIFIED PENSION PLAN UNDER  
28 SECTION 401(A) OF THE INTERNAL REVENUE CODE OF 1986  
29 (26 U.S.C. § 401) AND OTHER APPLICABLE PROVISIONS OF  
30 THE INTERNAL REVENUE CODE OF 1986 AND THE UNIFORMED

1 SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF  
2 1994; AND

3 (B) AS A MATTER OF FISCAL OR PUBLIC POLICY.

4 SECTION 403. NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN  
5 THAT:

6 (1) A CALCULATION OR ACTUARIAL METHOD USED BY THE SCHOOL  
7 RETIREMENT BOARD, ITS ACTUARIES OR THE SCHOOL SYSTEM WAS NOT  
8 IN ACCORDANCE WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR  
9 OTHER APPLICABLE LAW PRIOR TO THE EFFECTIVE DATE OF THIS  
10 PARAGRAPH; OR

11 (2) A CALCULATION OR ACTUARIAL METHOD USED BY THE STATE  
12 RETIREMENT BOARD, ITS ACTUARIES OR THE STATE SYSTEM WAS NOT  
13 IN ACCORDANCE WITH THE PROVISIONS OF 71 PA.C.S. PT. XXV OR  
14 OTHER APPLICABLE LAW PRIOR TO THE EFFECTIVE DATE OF THIS  
15 PARAGRAPH.

16 SECTION 404. THE FOLLOWING APPLY TO ACCRUED LIABILITY:

17 (1) IN REGARD TO THE SCHOOL SYSTEM:

18 (I) (RESERVED).

19 (II) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED  
20 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO  
21 LIMITS IMPOSED UNDER THIS ACT ON EMPLOYER CONTRIBUTIONS  
22 TO THE SCHOOL SYSTEM.

23 (III) FOR PURPOSES OF 24 PA.C.S. §§ 8326, 8327 AND  
24 8328, CHANGES UNDER THIS PARAGRAPH SHALL NOT BE  
25 CONSIDERED TO BE COSTS ADDED BY LEGISLATION.

26 (2) IN REGARD TO THE STATE SYSTEM:

27 (I) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A  
28 CHANGE IN ACCRUED LIABILITY OF THE STATE SYSTEM CREATED  
29 UNDER THIS ACT AS A RESULT OF CHANGES IN BENEFITS SHALL  
30 BE FUNDED IN EQUAL DOLLAR INSTALLMENTS OVER A PERIOD OF

1 20 YEARS BEGINNING JULY 1, 2017.

2 (II) (RESERVED).

3 (III) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED  
4 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO  
5 LIMITS IMPOSED UNDER THIS ACT ON EMPLOYER CONTRIBUTIONS  
6 TO THE STATE SYSTEM.

7 (IV) FOR PURPOSES OF 71 PA.C.S. §§ 5501.2, 5507 AND  
8 5508, CHANGES UNDER THIS PARAGRAPH SHALL NOT BE  
9 CONSIDERED TO BE COSTS ADDED BY LEGISLATION.

10 SECTION 405. THE FOLLOWING SHALL APPLY TO CONSTRUCTION  
11 RELATED TO FEDERAL LAW:

12 (1) IN REGARD TO THE SCHOOL SYSTEM:

13 (I) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN  
14 SUCH A MANNER THAT THE SCHOOL SYSTEM AND THE SCHOOL  
15 EMPLOYEES' DEFINED CONTRIBUTION PLAN SATISFY THE  
16 REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED PENSION  
17 PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE CODE OF  
18 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER  
19 APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF  
20 1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND  
21 REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108  
22 STAT. 3149). REGULATIONS PROMULGATED BY THE SCHOOL  
23 RETIREMENT BOARD AND TERMS AND CONDITIONS OF THE PLAN  
24 DOCUMENT AND TRUST DECLARATION ADOPTED BY THE SCHOOL  
25 RETIREMENT BOARD MAY INCLUDE PROVISIONS NECESSARY TO  
26 ACCOMPLISH THE PURPOSE OF THIS SUBPARAGRAPH.

27 (II) NOTHING IN THIS ACT SHALL BE CONSTRUED TO  
28 REQUIRE A MEMBER OF CLASS T-G TO MAKE CONTRIBUTIONS TO  
29 THE SCHOOL SYSTEM IN EXCESS OF THE LIMITS ESTABLISHED BY  
30 SECTION 415(N) (3) (A) (III) OF THE INTERNAL REVENUE CODE OF



1 1986 (26 U.S.C. § 415(N) (3) (A) (III)). A CONTRIBUTION MADE  
2 BY A MEMBER OF CLASS T-G WHICH IS DETERMINED TO BE IN  
3 EXCESS OF THE LIMITS SHALL BE REFUNDED TO THE MEMBER IN A  
4 LUMP SUM SUBJECT TO WITHHOLDING FOR ALL APPLICABLE TAXES  
5 AND PENALTIES AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER  
6 THE DETERMINATION IS MADE. A REFUND UNDER THIS  
7 SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE  
8 MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A  
9 WITHDRAWAL OF THE MEMBER'S ACCUMULATED DEDUCTIONS.

10 (2) AS TO THE STATE SYSTEM:

11 (I) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN  
12 A MANNER THAT THE STATE SYSTEM AND THE STATE EMPLOYEES'  
13 DEFINED CONTRIBUTION PLAN SHALL SATISFY THE REQUIREMENTS  
14 NECESSARY TO QUALIFY AS A QUALIFIED PENSION PLAN UNDER  
15 SECTION 401(A) OF THE INTERNAL REVENUE CODE OF 1986 (26  
16 U.S.C. § 401(A)), OTHER APPLICABLE PROVISIONS OF THE  
17 INTERNAL REVENUE CODE OF 1986 AND THE UNIFORMED SERVICES  
18 EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994. THE  
19 REGULATIONS PROMULGATED BY THE STATE RETIREMENT BOARD AND  
20 THE TERMS AND CONDITIONS OF THE PLAN DOCUMENT AND TRUST  
21 DECLARATION ADOPTED BY THE STATE RETIREMENT BOARD MAY  
22 INCLUDE PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF  
23 THIS SUBPARAGRAPH.

24 (II) NOTHING IN THIS ACT SHALL BE CONSTRUED OR  
25 DEEMED TO IMPLY THAT ANY MEMBER OF CLASS A-5 SHALL BE  
26 REQUIRED TO MAKE CONTRIBUTIONS TO THE STATE SYSTEM IN  
27 EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N) (3) (A)  
28 (III) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §  
29 415(N) (3) (A) (III)). A CONTRIBUTION MADE BY A MEMBER OF  
30 CLASS A-5 WHICH IS DETERMINED TO BE IN EXCESS OF THE

1           LIMITS SHALL BE REFUNDED TO THE MEMBER IN A LUMP SUM  
2           SUBJECT TO WITHHOLDING FOR ALL APPLICABLE TAXES AND  
3           PENALTIES AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER THE  
4           DETERMINATION IS MADE. A REFUND UNDER THIS SUBPARAGRAPH  
5           SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE MEMBER AND  
6           SHALL NOT BE TREATED AS OR DEEMED TO BE A WITHDRAWAL OF  
7           THE MEMBER'S ACCUMULATED DEDUCTIONS.

8           (III) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN  
9           THAT AN INTERPRETATION OR APPLICATION OF 71 PA.C.S. PT.  
10          XXV OR BENEFITS AVAILABLE TO MEMBERS OF THE STATE SYSTEM  
11          WAS NOT IN ACCORDANCE WITH 71 PA.C.S. PT. XXV OR OTHER  
12          APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE CODE OF  
13          1986 AND THE UNIFORMED SERVICES EMPLOYMENT AND  
14          REEMPLOYMENT RIGHTS ACT OF 1994, BEFORE THE EFFECTIVE  
15          DATE OF THIS SUBPARAGRAPH.

16          SECTION 406. THE FOLLOWING SHALL APPLY TO IMMUNITY FROM  
17          PERSONAL LIABILITY:

18          (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
19          FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR  
20          OTHER REQUIREMENT, NO MEMBER OF THE SCHOOL RETIREMENT BOARD  
21          NOR AN ACTUARY, EMPLOYEE OR OFFICIAL OF THE SCHOOL SYSTEM  
22          SHALL BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR  
23          STANDARD, AS AN INDIVIDUAL, IN AN OFFICIAL CAPACITY OR AS A  
24          GOVERNMENTAL OR CORPORATE ENTITY, FOR AN ACTION OR  
25          CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL  
26          CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS  
27          DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AS  
28          APPROPRIATELY CALCULATED UNDER 24 PA.C.S. PT. IV.

29          (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
30          FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR

1 OTHER REQUIREMENT, NO MEMBER OF THE STATE RETIREMENT BOARD  
2 NOR AN ACTUARY EMPLOYEE OR OFFICIAL OF THE STATE SYSTEM SHALL  
3 BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR  
4 STANDARD, AS AN INDIVIDUAL, IN AN OFFICIAL CAPACITY OR AS A  
5 GOVERNMENTAL OR CORPORATE ENTITY, FOR AN ACTION OR  
6 CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL  
7 CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS  
8 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AS  
9 APPROPRIATELY CALCULATED UNDER 71 PA.C.S. PT. XXV.

10 SECTION 407. NOTHING IN THIS ACT SHALL BE DEEMED TO PERMIT  
11 THE RESTORATION OF SERVICE CREDIT OR A RETIREMENT BENEFIT WHICH:

12 (1) WAS OR IS SUBJECT TO SECTION 16 OF ARTICLE V OF THE  
13 CONSTITUTION OF PENNSYLVANIA OR 42 PA.C.S. § 3352; OR

14 (2) THE SUBJECT OF AN ORDER OF FORFEITURE UNDER THE ACT  
15 OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE PUBLIC  
16 EMPLOYEE PENSION FORFEITURE ACT.

17 SECTION 408. IF A PROVISION OF THIS ACT OR ITS APPLICATION  
18 TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY  
19 SHALL NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS ACT  
20 THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR  
21 APPLICATION.

22 SECTION 409. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.