
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2518 Session of
2014

INTRODUCED BY BLOOM, ROCK, F. KELLER, HELM, SWANGER, MURT AND
SANKEY, SEPTEMBER 23, 2014

REFERRED TO COMMITTEE ON STATE GOVERNMENT, SEPTEMBER 23, 2014

AN ACT

1 Amending Title 71 (State Government) of the Pennsylvania
2 Consolidated Statutes, in preliminary provisions relating to
3 retirement for State employees and officers, further
4 providing for definitions; in membership, credited service,
5 classes of service and eligibility for benefits, further
6 providing for mandatory and optional membership and for
7 eligibility for vesting; and providing for election to
8 discontinue active membership by optional members.

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

11 Section 1. The definitions of "additional accumulated
12 deductions," "regular accumulated deductions," "shared-risk
13 accumulated deductions," "total accumulated deductions" and
14 "vestee" in section 5102 of Title 71 of the Pennsylvania
15 Consolidated Statutes are amended to read:

16 § 5102. Definitions.

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

20 * * *

21 "Additional accumulated deductions." The total of the

1 additional member contributions paid into the fund on account of
2 current service or previous State or creditable nonstate
3 service, together with the statutory interest credited thereon
4 until the date of termination of service. In the case of a
5 vestee, statutory interest shall be credited until the effective
6 date of retirement[.] or the date on which active membership is
7 discontinued under section 5312 (relating to election to
8 discontinue active membership by optional members), whichever is
9 earlier. A member's account shall not be credited with statutory
10 interest for more than two years during a leave without pay.

11 * * *

12 "Regular accumulated deductions." The total of the regular
13 or joint coverage member contributions paid into the fund on
14 account of current service or previous State or creditable
15 nonstate service, together with the statutory interest credited
16 thereon until the date of termination of service[.] or the date
17 on which active membership is discontinued under section 5312
18 (relating to election to discontinue active membership by
19 optional members), whichever is earlier. In the case of a vestee
20 or a special vestee, statutory interest shall be credited until
21 the effective date of retirement. A member's account shall not
22 be credited with statutory interest for more than two years
23 during a leave without pay.

24 * * *

25 "Shared-risk accumulated deductions." The total of the
26 shared-risk member contributions paid into the fund on account
27 of current service or previous State service or creditable
28 nonstate service, together with the statutory interest credited
29 on the contributions until the date of termination of service[.]
30 or the date on which active membership is discontinued under

1 section 5312 (relating to election to discontinue active
2 membership by optional members), whichever is earlier. In the
3 case of a vestee, statutory interest shall be credited until the
4 effective date of retirement. A member's account shall not be
5 credited with statutory interest for more than two years during
6 a leave without pay.

7 * * *

8 "Total accumulated deductions." The sum of the regular
9 accumulated deductions, additional accumulated deductions, the
10 social security integration accumulated deductions, shared-risk
11 member contributions and all other contributions paid into the
12 fund for the purchase, transfer or conversion of credit for
13 service or other coverage together with all statutory interest
14 credited thereon until the date of termination of service[.] or
15 the date on which active membership is discontinued under
16 section 5312 (relating to election to discontinue active
17 membership by optional members), whichever is earlier. In the
18 case of a vestee or a special vestee, statutory interest shall
19 be credited until the effective date of retirement. A member's
20 account shall not be credited with statutory interest for more
21 than two years during a leave without pay.

22 * * *

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

1 fund and to defer receipt of an annuity[.] or who continues
2 State service, discontinues active membership in the system
3 under section 5312 (relating to election to discontinue active
4 membership by optional members), and leaves his total
5 accumulated deductions in the fund.

6 Section 2. Section 5301(a), (b) and (c) of Title 71 are
7 amended to read:

8 § 5301. Mandatory and optional membership.

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

- 12 (1) Governor.
- 13 (2) Lieutenant Governor.
- 14 (3) Members of the General Assembly.
- 15 (4) Heads or deputy heads of administrative departments.
- 16 (5) Members of any independent administrative board or
17 commission.
- 18 (6) Members of any departmental board or commission.
- 19 (7) Members of any advisory board or commission.
- 20 (8) Secretary to the Governor.
- 21 (9) Budget Secretary.
- 22 (10) Legislative employees.
- 23 (11) School employees who have elected membership in the
24 Public School Employees' Retirement System.
- 25 (12) School employees who have elected membership in an
26 independent retirement program approved by the employer,
27 provided that in no case, except as hereinafter provided,
28 shall the employer contribute on account of such elected
29 membership at a rate greater than the employer normal
30 contribution rate as determined in section 5508(b) (relating

1 to actuarial cost method). For the fiscal year 1986-1987 an
2 employer may contribute on account of such elected membership
3 at a rate which is the greater of 7% or the employer normal
4 contribution rate as determined in section 5508(b) and for
5 the fiscal year 1992-1993 and all years after that at a rate
6 of 9.29%.

7 (13) Persons who have elected to retain membership in
8 the retirement system of the political subdivision by which
9 they were employed prior to becoming eligible for membership
10 in the State Employees' Retirement System.

11 (14) Persons who are not members of the system and are
12 employed on a per diem or hourly basis for less than 100 days
13 or 750 hours in a 12-month period.

14 (15) Employees of the Philadelphia Regional Port
15 Authority who have elected to retain membership in the
16 pension plan or retirement system in which they were enrolled
17 as employees of the predecessor Philadelphia Port Corporation
18 prior to the creation of the Philadelphia Regional Port
19 Authority.

20 (16) Employees of the Juvenile Court Judges' Commission
21 who, before the effective date of this paragraph, were
22 transferred from the State System of Higher Education to the
23 Juvenile Court Judges' Commission as a result of an
24 interagency transfer of staff approved by the Office of
25 Administration and who, while employees of the State System
26 of Higher Education, had elected membership in an independent
27 retirement program approved by the employer.

28 (17) State employees who have exercised the option to
29 discontinue active membership in the system under section
30 5312 (relating to election to discontinue active membership

1 by optional members).

2 (b) Optional membership.--The State employees listed in
3 subsection (a)(1) through (11) shall have the right to elect
4 membership in the system; once such election is exercised,
5 membership shall continue until the termination of State
6 service, unless the employee exercises the option to discontinue
7 active membership in the system under section 5312.

8 (c) Prohibited membership.--The State employees listed in
9 subsection (a)(12), (13), (14) [and], (15) and 17 shall not have
10 the right to elect membership in the system.

11 * * *

12 Section 3. Section 5309 of Title 71 is amended by adding
13 paragraphs to read:

14 § 5309. Eligibility for vesting.

15 Any member who:

16 * * *

17 (4) Does not have Class A-3 or Class A-4 service credit
18 or Class T-E or Class T-F service credit in the Public School
19 Employees' Retirement System and continues State service and
20 discontinues active membership in the system under section
21 5312 (relating to election to discontinue active membership
22 by optional members) with five or more eligibility points,
23 shall be eligible to vest his retirement benefits until
24 attainment of superannuation age and termination of State
25 service.

26 (5) Has Class A-3 or Class A-4 service credit or Class
27 T-E or Class T-F service credit in the Public School
28 Employees' Retirement System and ten or more eligibility
29 points, continues State service and discontinues active
30 membership in the system under section 5312 shall be eligible

1 to vest his retirement benefits until attainment of
2 superannuation age and termination of State service.

3 (6) Has either Class A-3 or Class A-4 service credit or
4 Class T-E or Class T-F service credit in the Public School
5 Employees' Retirement System, also has service credited in
6 the system in one or more other classes of service and has
7 five or more, but fewer than ten, eligibility points,
8 continues State service and discontinues active membership in
9 the system under section 5312 shall be eligible, until
10 attainment of superannuation age and termination of State
11 service, to vest his retirement benefits calculated on his
12 service credited in classes of service other than Class A-3
13 or Class A-4 and to be credited with statutory interest on
14 total accumulated deductions, regardless of whether or not
15 any part of his accumulated deductions are a result of Class
16 A-3 or Class A-4 service credit.

17 Section 4. Title 71 is amended by adding a section to read:
18 § 5312. Election to discontinue active membership by optional
19 members.

20 (a) General rule.--Notwithstanding any other provision of
21 this title to the contrary, a State employee for whom membership
22 is optional under section 5301 (relating to mandatory and
23 optional membership), who is an active member of the system on
24 the effective date of this section, may elect to discontinue
25 active membership.

26 (b) Time for making election.--An election pursuant to
27 subsection (a) must be made by the active member filing written
28 notice with the board on or before 90 days after the effective
29 date of this section or before the member terminates State
30 service, whichever occurs first.

1 (c) Effect of election.--Notwithstanding any other provision
2 of this title to the contrary, an election to discontinue active
3 membership shall be irrevocable and shall become effective when
4 the election is filed with the board.

5 (d) Effect of failure to make election.--In the case of a
6 State employee who is eligible to make an election under
7 subsection (a), failure to elect to discontinue active
8 membership within the election period specified in subsection
9 (b) shall result in the continuation of the employee's active
10 membership until the termination of State service.

11 Section 5. This act shall take effect in 90 days.