

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1 Session of 2017

INTRODUCED BY CORMAN, SCARNATI, BROWNE, GORDNER, LANGERHOLC, McILHINNEY, MENSCH, REGAN, RESCHENTHALER, BARTOLOTTA, KILLION, VULAKOVICH, ARGALL, WARD, FOLMER, AUMENT, YAW, STEFANO, VOGEL, WHITE, MARTIN, McGARRIGLE, SCAVELLO, LAUGHLIN AND BAKER, MAY 18, 2017

SENATOR BROWNE, APPROPRIATIONS, RE-REPORTED AS AMENDED, JUNE 4, 2017

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 as follows:~~
4 ~~In Title 24:~~
5 ~~for retirement for school employees, in the areas of~~
6 ~~preliminary provisions, of membership, contributions and~~
7 ~~benefits, of school employees' defined contribution plan~~
8 ~~and of administration and miscellaneous provisions; and~~
9 ~~for health insurance for retired school employees, in~~
10 ~~the area of preliminary provisions.~~
11 ~~In Title 51:~~
12 ~~for employment preferences and pensions, in the area~~
13 ~~of military leave of absence.~~
14 ~~In Title 71:~~
15 ~~for boards and offices, in the area of Independent~~
16 ~~Fiscal Office; and~~
17 ~~for retirement for State employees and officers, in~~
18 ~~the areas of preliminary provisions, of membership,~~
19 ~~credited service, classes of service and eligibility for~~
20 ~~benefits, of contributions, of benefits, of State~~
21 ~~employees' defined contribution plan and of~~
22 ~~administration, funds, accounts, general provisions.~~
23 ~~Providing, as to the revisions:~~
24 ~~for construction and administration, for~~
25 ~~applicability, for liability, for member statements and~~

1 ~~for suspension of provisions of the Public Employee~~
2 ~~Retirement Study Commission Act.~~

3 AMENDING TITLES 24 (EDUCATION), 51 (MILITARY AFFAIRS) AND 71 <--
4 (STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES,
5 EXTENSIVELY REVISING PENSION PROVISIONS AS FOLLOWS:

6 IN TITLE 24:

7 FOR RETIREMENT FOR SCHOOL EMPLOYEES, IN THE AREAS OF
8 PRELIMINARY PROVISIONS, OF MEMBERSHIP, CONTRIBUTIONS AND
9 BENEFITS, OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN
10 AND OF ADMINISTRATION AND MISCELLANEOUS PROVISIONS; AND

11 FOR HEALTH INSURANCE FOR RETIRED SCHOOL EMPLOYEES, IN
12 THE AREA OF PRELIMINARY PROVISIONS.

13 IN TITLE 51:

14 FOR EMPLOYMENT PREFERENCES AND PENSIONS, IN THE AREA
15 OF MILITARY LEAVE OF ABSENCE.

16 IN TITLE 71:

17 FOR BOARDS AND OFFICES, IN THE AREA OF INDEPENDENT
18 FISCAL OFFICE; AND

19 FOR RETIREMENT FOR STATE EMPLOYEES AND OFFICERS, IN
20 THE AREAS OF PRELIMINARY PROVISIONS, OF MEMBERSHIP,
21 CREDITED SERVICE, CLASSES OF SERVICE AND ELIGIBILITY FOR
22 BENEFITS, OF CONTRIBUTIONS, OF BENEFITS, OF STATE
23 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND OF
24 ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS.
25 PROVIDING, AS TO THE REVISIONS:

26 FOR CONSTRUCTION AND ADMINISTRATION, FOR
27 APPLICABILITY, FOR LIABILITY, FOR MEMBER STATEMENTS AND
28 FOR SUSPENSION OF PROVISIONS OF THE PUBLIC EMPLOYEE
29 RETIREMENT STUDY COMMISSION ACT.

30 The General Assembly of the Commonwealth of Pennsylvania
31 hereby enacts as follows:

32 ~~ARTICLE I~~ <--

33 ~~Section 101. The definitions of "alternate payee," "basic~~
34 ~~contribution rate," "beneficiary," "class of service~~
35 ~~multiplier," "compensation," "creditable nonschool service,"~~
36 ~~"credited service," "date of termination of service,"~~
37 ~~"distribution," "domestic relations order," "final average~~
38 ~~salary," "inactive member," "intervening military service,"~~
39 ~~"irrevocable beneficiary," "leave for service with a collective~~
40 ~~bargaining organization," "reemployed from USERRA leave,"~~
41 ~~"required beginning date," "salary deductions," "shared risk~~
42 ~~contribution rate," "standard single life annuity,"~~

1 ~~"superannuation or normal retirement age," "valuation interest"~~
2 ~~and "vestee" in section 8102 of Title 24 of the Pennsylvania~~
3 ~~Consolidated Statutes are amended and the section is amended by~~
4 ~~adding definitions to read:~~

5 ~~§ 8102. Definitions.~~

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

9 ~~* * *~~

10 ~~"Accumulated employer defined contributions." The total of~~
11 ~~the employer defined contributions paid into the trust on~~
12 ~~account of a participant's school service, together with any~~
13 ~~investment earnings and losses and adjustments for fees, costs~~
14 ~~and expenses credited or charged thereon and reduced by any~~
15 ~~distributions.~~

16 ~~"Accumulated mandatory participant contributions." The total~~
17 ~~of the mandatory pickup participant contributions paid into the~~
18 ~~trust on account of a participant's school service, together~~
19 ~~with any investment earnings and losses and adjustments for~~
20 ~~fees, costs and expenses credited or charged thereon and reduced~~
21 ~~by any distributions.~~

22 ~~"Accumulated total defined contributions." The total of the~~
23 ~~accumulated mandatory participant contributions, accumulated~~
24 ~~employer defined contributions and accumulated voluntary~~
25 ~~contributions standing to the credit of a participant in an~~
26 ~~individual investment account in the trust.~~

27 ~~"Accumulated voluntary contributions." The total of~~
28 ~~voluntary contributions paid into the trust by a participant and~~
29 ~~any amounts rolled over by a participant or transferred by a~~
30 ~~direct trustee to trustee transfer into the trust, together with~~

1 ~~any investment earnings and losses and adjustments for fees,~~
2 ~~costs and expenses credited or charged thereon and reduced by~~
3 ~~any distributions.~~

4 * * *

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

12 * * *

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

18 * * *

19 ~~"Basic contribution rate." For Class T A, T B and T C~~
20 ~~service, the rate of 6 1/4%. For Class T D service, the rate of~~
21 ~~7 1/2%. For all active members on the effective date of this~~
22 ~~provision who are currently paying 5 1/4% and elect Class T D~~
23 ~~service, the rate of 6 1/2%. For Class T E service, the rate of~~
24 ~~7 1/2%. For Class T F service, the rate of 10.30%. For Class T G~~
25 ~~service, the rate of 5.5%. For Class T H service, the rate of~~
26 ~~4.5%.~~

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

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

5 * * *

6 "Class of service multiplier."

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

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 the participant's participation in the~~
23 ~~plan.~~

24 * * *

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

28 ~~"Credited service." School or creditable nonschool service~~
29 ~~for which the required contributions have been made to the fund,~~
30 ~~or for which the contributions otherwise required for such~~

1 ~~service were not made solely by reason of any provision of this~~
2 ~~part relating to the limitations under section 401(a)(17) or 415~~
3 ~~of the Internal Revenue Code of 1986 (Public Law 99 514, 26~~
4 ~~U.S.C. § 401(a)(17) or 415), or for which salary deductions to~~
5 ~~the system or lump sum payments have been agreed upon in~~
6 ~~writing.~~

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

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

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

21 ~~(3) Mandatory pickup participant contributions are made~~
22 ~~for an active participant.~~

23 * * *

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

28 ~~"Domestic relations order." Any judgment, decree or order,~~
29 ~~including approval of a property settlement agreement, entered~~
30 ~~on or after the effective date of this definition by a court of~~

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

11 * * *

12 ~~"Employer defined contributions." Contributions equal to~~
13 ~~2.0% of an active participant's compensation that are made by an~~
14 ~~employer to the trust, to be credited in the active~~
15 ~~participant's individual investment account.~~

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

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

1 ~~the case of a noneligible member, subject to the application~~
2 ~~of the provisions of section 8325.1 (relating to annual~~
3 ~~compensation limit under IRC § 401(a)(17)). Final average~~
4 ~~salary shall be determined by including in compensation,~~
5 ~~payments deemed to have been made to a member reemployed from~~
6 ~~USERRA leave to the extent member contributions have been~~
7 ~~made as provided in section 8302(d)(2) (relating to credited~~
8 ~~school service) and payments made to a member on leave of~~
9 ~~absence under 51 Pa.C.S. § 4102 (relating to leaves of~~
10 ~~absence for certain government employees) as provided in~~
11 ~~section 8302(d)(6).~~

12 ~~(2) For purposes of calculating annuities and benefits~~
13 ~~from the system attributable to Class T-G and Class T-H~~
14 ~~service, the following shall apply:~~

15 ~~(i) The highest average compensation received as an~~
16 ~~active member during any five nonoverlapping periods of~~
17 ~~12 consecutive months, with the compensation for part~~
18 ~~time service being annualized on the basis of the~~
19 ~~fractional portion of the school year for which credit is~~
20 ~~received shall be used or the calculation shall be made~~
21 ~~in accordance with the following:~~

22 ~~(A) If the employee was not a member for five~~
23 ~~periods, the total compensation received as an active~~
24 ~~member annualized in the case of part time service~~
25 ~~divided by the number of periods of membership.~~

26 ~~(B) In the case of a member with multiple~~
27 ~~service credit, the final average salary shall be~~
28 ~~determined by reference to compensation received by~~
29 ~~the member as a school employee or a State employee~~
30 ~~or both.~~

1 ~~(C) In the case of a noneligible member, subject~~
2 ~~to the application of the provisions of section~~
3 ~~8325.1.~~

4 ~~(ii) Final average salary shall be determined by~~
5 ~~including in compensation, payments deemed to have been~~
6 ~~made to a member reemployed from USERRA leave to the~~
7 ~~extent member contributions have been made as provided in~~
8 ~~section 8302(d)(2) and payments made to a member on leave~~
9 ~~of absence under 51 Pa.C.S. § 4102 as provided in section~~
10 ~~8302(d)(6).~~

11 * * *

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

24 ~~"Inactive participant." A participant for whom no mandatory~~
25 ~~pickup participant contributions are being made to the trust,~~
26 ~~except in the case of an active participant for whom the~~
27 ~~contributions otherwise required for current school service are~~
28 ~~not being made solely by reason of any provision of this part~~
29 ~~relating to limitations under section 401(a)(17) or 415 of the~~
30 ~~Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. §~~

1 ~~401(a)(17) or 415), but who has vested accumulated total defined~~
2 ~~contributions standing to the participant's credit in the trust~~
3 ~~and who has not filed an application for a distribution.~~

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

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

18 * * *

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

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

30 * * *

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

18 ~~"Mandatory pickup participant contributions." Contributions~~
19 ~~equal to a percentage of compensation that are made by the~~
20 ~~employer for active participants for current school service that~~
21 ~~are picked up by the employer and credited in the plan as~~
22 ~~follows:~~

23 ~~(1) For Class T G and Class T H members, 3.0%.~~

24 ~~(2) For Class DC participants, 7.5%.~~

25 ~~* * *~~

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

28 ~~"Participant receiving distributions." A participant in the~~
29 ~~plan who has commenced receiving distributions from the~~
30 ~~participant's individual investment account, but who has not~~

1 ~~received a total distribution of the vested interest in the~~
2 ~~individual investment account.~~

3 * * *

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

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

11 * * *

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

20 * * *

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

25 * * *

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

1 ~~***~~

2 ~~"Shared risk contribution rate." The additional contribution~~
3 ~~rate that is added to the basic contribution rate for Class T E~~
4 ~~{and T F}, Class T F, Class T G and Class T H members, as~~
5 ~~provided for in section 8321(b) (relating to regular member~~
6 ~~contributions for current service).~~

7 ~~"Standard single life annuity." For Class T A, T B and T C~~
8 ~~credited service of a member, an annuity equal to 2% of the~~
9 ~~final average salary, multiplied by the total number of years~~
10 ~~and fractional part of a year of credited service of a member.~~
11 ~~For Class T D credited service of a member, an annuity equal to~~
12 ~~2.5% of the final average salary, multiplied by the total number~~
13 ~~of years and fractional part of a year of credited service. For~~
14 ~~Class T E credited service of a member, an annuity equal to 2%~~
15 ~~of the final average salary, multiplied by the total number of~~
16 ~~years and fractional part of a year of credited service of a~~
17 ~~member. For Class T F credited service of a member, an annuity~~
18 ~~equal to 2.5% of the final average salary, multiplied by the~~
19 ~~total number of years and fractional part of a year of credited~~
20 ~~service of a member. For Class T G credited service of a member,~~
21 ~~an annuity equal to 1.25% of the final average salary,~~
22 ~~multiplied by the total number of years and fractional part of a~~
23 ~~year of credited service of a member. For Class T H credited~~
24 ~~service of a member, an annuity equal to 1.0% of the final~~
25 ~~average salary, multiplied by the total number of years and~~
26 ~~fractional parts of a year of credited service of a member.~~

27 ~~"State Employees' Defined Contribution Plan." The defined~~
28 ~~contribution plan for State employees established by 71 Pa.C.S.~~
29 ~~Pt. XXV (relating to retirement for State employees and~~
30 ~~officers).~~

1 * * *

2 ~~"Successor payee." The person or persons last designated in~~
3 ~~writing to the board by a participant receiving distributions to~~
4 ~~receive one or more distributions upon the death of the~~
5 ~~participant.~~

6 * * *

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

Class of service	Age
9 T A	62 or any age upon accrual of
10 -	35 eligibility points
11 T B	62
12 T C and T D	62 or age 60 provided the
13 -	member has at least 30
14 -	eligibility points or any
15 -	age upon accrual of 35
16 -	eligibility points
17 T E and T F	65 with accrual of at least
18 -	three eligibility points
19 -	or a combination of age
20 -	and eligibility points
21 -	totaling 92, provided the
22 -	member has accrued at
23 -	least 35 eligibility
24 -	points
25 <u>T G and T H</u>	<u>67 with accrual of at least 3</u>
26 -	<u>eligibility points</u>

27 * * *

28 ~~"Trust." The School Employees' Defined Contribution Trust~~
29 ~~established under Chapter 84 (relating to School Employees'~~
30 ~~Defined Contribution Plan).~~

1 ~~***~~

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

5 ~~"Vestee." A member with five or more eligibility points in a~~
6 ~~class of service other than Class T E or Class T F who has~~
7 ~~terminated school service, has left his accumulated deductions~~
8 ~~in the fund and is deferring filing of an application for~~
9 ~~receipt of an annuity. For Class T E and Class T F members, a~~
10 ~~member with ten or more eligibility points who has terminated~~
11 ~~school service, has left his accumulated deductions in the fund~~
12 ~~and is deferring filing of an application for receipt of an~~
13 ~~annuity.~~

14 ~~"Voluntary contributions." Contributions made by a~~
15 ~~participant to the trust and credited to the participant's~~
16 ~~individual investment account in excess of the mandatory pickup~~
17 ~~participant contributions, either by after tax salary deductions~~
18 ~~paid through the employer or by an eligible rollover or direct~~
19 ~~trustee to trustee transfers.~~

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

22 ~~§ 8103. Construction of part.~~

23 ~~***~~

24 ~~(f) Exclusive source of rights and benefits. Regardless of~~
25 ~~any other provision of law, pension and benefit rights of school~~
26 ~~employees shall be determined solely by this part or any~~
27 ~~amendment thereto, or the plan document established by the~~
28 ~~board, and no collective bargaining agreement nor any~~
29 ~~arbitration award between the employer and the employer's~~
30 ~~employees or the employee's collective bargaining~~

~~representatives shall be construed to do any of the following:~~

~~(1) Change any of the provisions of this part.~~

~~(2) Require the board to administer pension or retirement benefits not set forth in this part or not established by the board in the plan document.~~

~~(3) Require the board to modify, amend or change any of the terms and provisions of the plan document.~~

~~(4) Otherwise require action by any other government body pertaining to pension or retirement benefits or rights of school employees.~~

~~(g) References to certain Federal statutes. References in this part to the IRC or the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), including administrative regulations promulgated under the IRC or the Uniformed Services Employment and Reemployment Rights Act of 1994, are intended to include laws and regulations in effect on the effective date of this section and amended, supplemented or supplanted on and after the effective date of this section.~~

~~(h) Construction. This part may not be construed to mean any of the following:~~

~~(1) That the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits payable under this part.~~

~~(2) That an interpretation or application of a provision of this part or benefits available to members of the Public School Employees' Retirement System was not in accordance with the provisions of this part or other applicable law,~~

1 ~~including the IRC and the Uniformed Services Employment and~~
2 ~~Reemployment Rights Act of 1994 before the effective date of~~
3 ~~this section.~~

4 ~~(3) That the release or publicizing of a record,~~
5 ~~material or data that would not constitute a public record~~
6 ~~under section 8502(e) (2) (relating to administrative duties~~
7 ~~of board) is a violation of the fiduciary duties of the~~
8 ~~board.~~

9 Section 103. Title 24 is amended by adding a section to
10 read:

11 ~~§ 8103.2. Reference to Public School Employees' Retirement~~
12 ~~System.~~

13 ~~(a) General rule. As of the effective date of this section,~~
14 ~~unless the context clearly indicates otherwise, a reference to~~
15 ~~the Public School Employees' Retirement System in a statutory~~
16 ~~provision, other than this part and 71 Pa.C.S. Pt. XXV (relating~~
17 ~~to retirement for State employees and officers), shall include a~~
18 ~~reference to the plan, and a reference to the Public School~~
19 ~~Employees' Retirement Fund shall include a reference to the~~
20 ~~trust.~~

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

25 Section 104. Section 8301 of Title 24 is amended to read:
26 ~~§ 8301. Mandatory and optional membership in the system and~~
27 ~~participation in the plan.~~

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

1 ~~(1) Any officer or employee of the Department of~~
2 ~~Education, State-owned educational institutions, community~~
3 ~~colleges, area vocational technical schools, technical~~
4 ~~institutes, or [the] The Pennsylvania State University and~~
5 ~~who is a member of the State Employees' Retirement System or~~
6 ~~a member of another retirement program approved by the~~
7 ~~employer.~~

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

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

19 ~~(4) Any part-time school employee who has an individual~~
20 ~~retirement account pursuant to the Federal act of September~~
21 ~~2, 1974 (Public Law 93-406, 88 Stat. 829), known as the~~
22 ~~Employee Retirement Income Security Act of 1974.~~

23 ~~(b) Prohibited membership. The school employees categorized~~
24 ~~in subsection (a) (1) and (2) shall not have the right to elect~~
25 ~~membership in the system and shall not be eligible to~~
26 ~~participate in the plan.~~

27 ~~(c) Optional membership. The school employees categorized~~
28 ~~in subsection (a) (3) and, if otherwise eligible, subsection (a)~~
29 ~~(4) shall have the right to elect membership in the system. Once~~
30 ~~such election is exercised, membership shall commence from the~~

1 original date of eligibility and shall continue until the
2 termination of such service.

3 ~~(d) Mandatory participation in the plan. A school employee~~
4 ~~who is a mandatory member of either Class T G or Class T H shall~~
5 ~~also be a mandatory participant in the plan as of the effective~~
6 ~~date of membership in the system.~~

7 Section 105. Section 8302(a), (c) and (d) of Title 24 are
8 amended and the section is amended by adding a subsection to
9 read:

10 § 8302. Credited school service.

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

1 ~~1,100 hours, as the case may be. A part time salaried employee~~
2 ~~shall be credited with the fractional portion of the year which~~
3 ~~corresponds to the service actually rendered and for which~~
4 ~~contributions are or would have been made to the fund except for~~
5 ~~the limitations under the IRC in relation to the service~~
6 ~~required as a comparable full time salaried employee. In no case~~
7 ~~shall a member receive more than one year of credited service~~
8 ~~for any 12 consecutive months or a member who has elected~~
9 ~~multiple service receive an aggregate in the two systems of more~~
10 ~~than one year of credited service for any 12 consecutive months.~~

11 * * *

12 ~~(c) Cancellation of credited service. All credited service~~
13 ~~in the system shall be cancelled if a member withdraws his~~
14 ~~accumulated deductions[.], except that a partial or total~~
15 ~~distribution of accumulated total defined contributions to a~~
16 ~~participant who is also a member may not cancel service credited~~
17 ~~in the system.~~

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

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

1 ~~(relating to definitions). School employees may not receive~~
2 ~~service credit or exercise the options under 51 Pa.C.S. §~~
3 ~~7306(a), (b) and (c) (relating to retirement rights) for~~
4 ~~military leaves that begin on or after the effective date of~~
5 ~~this subsection, except otherwise provided under this~~
6 ~~subsection.~~

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

9 ~~(i) A school employee who is reemployed from USERRA~~
10 ~~leave as an active member of the system shall be treated~~
11 ~~as not having incurred a break in school service by~~
12 ~~reason of the USERRA leave and shall be granted~~
13 ~~eligibility points as if the school employee had not been~~
14 ~~on the USERRA leave. If a school employee who is~~
15 ~~reemployed from USERRA leave as an active member of the~~
16 ~~system subsequently makes regular member contributions,~~
17 ~~shared risk member contributions and any other member~~
18 ~~contributions in the amounts and in the time periods~~
19 ~~required by 38 U.S.C. Ch. 43 (relating to employment and~~
20 ~~reemployment rights of members of the uniformed services)~~
21 ~~and IRC § 414(u) as if the school employee had continued~~
22 ~~in his school office or employment and performed school~~
23 ~~service and been compensated during the period of USERRA~~
24 ~~leave, then the school employee shall be granted school~~
25 ~~service credit for the period of USERRA leave. The~~
26 ~~employee shall have his benefits, rights and obligations~~
27 ~~determined under this part as if he was an active member~~
28 ~~who performed creditable school service during the USERRA~~
29 ~~leave in the job position that he would have held had he~~
30 ~~not been on USERRA leave and received the compensation on~~

1 ~~which the member contributions to receive school service~~
2 ~~credit for the USERRA leave were determined.~~

3 ~~(ii) For purposes of determining whether a school~~
4 ~~employee has made the required employee contributions for~~
5 ~~school service credit for USERRA leave, if an employee~~
6 ~~who is reemployed from USERRA leave as an active member~~
7 ~~of the system terminates school service or dies in school~~
8 ~~service before the expiration of the allowed payment~~
9 ~~period, school service credit for the USERRA leave shall~~
10 ~~be granted as if the required member contributions were~~
11 ~~paid the day before termination or death. The amount of~~
12 ~~the required member contributions shall be treated as an~~
13 ~~incomplete payment subject to the provisions of section~~
14 ~~8325 (relating to incomplete payments). Upon a subsequent~~
15 ~~return to school service or to State service as a~~
16 ~~multiple service member, the required member~~
17 ~~contributions treated as incomplete payments shall be~~
18 ~~treated as member contributions that were either~~
19 ~~withdrawn in a lump sum at termination or paid as a lump~~
20 ~~sum under section 8345(a)(4) (relating to member's~~
21 ~~options). For this purpose, the exclusion of Class T E~~
22 ~~and Class T F members from electing a form of payment~~
23 ~~under section 8345(a)(4)(iii) shall be ignored.~~

24 ~~(iii) A school employee who is reemployed from~~
25 ~~USERRA leave as an active member of the system and who~~
26 ~~does not make the required member contributions or makes~~
27 ~~only part of the required member contributions within the~~
28 ~~allowed payment period shall not be:~~

29 ~~(A) Granted credited service for the period of~~
30 ~~USERRA leave for which the required member~~

1 ~~contributions were not timely made.~~

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

3 ~~(C) Granted either school service credit or~~
4 ~~nonschool service credit for the period of USERRA~~
5 ~~leave for which the required member contributions~~
6 ~~were not timely made.~~

7 ~~(3) A school employee who is a member of the system and~~
8 ~~performs USERRA leave from which the employee could have been~~
9 ~~reemployed from USERRA leave had the school employee returned~~
10 ~~to school service in the time frames required by 38 U.S.C.~~
11 ~~Ch. 43 for reemployment rights, but did not do so, shall be~~
12 ~~able to receive creditable nonschool service as~~
13 ~~nonintervening military service for the period of USERRA~~
14 ~~leave if the employee later returns to school service and is~~
15 ~~otherwise eligible to purchase the service as nonintervening~~
16 ~~military service.~~

17 ~~(4) [A school employee] An active or inactive member~~
18 ~~who, on or after the effective date of this subsection, is~~
19 ~~granted a leave of absence under section 1178 of the Public~~
20 ~~School Code, a leave of absence under 51 Pa.C.S. § 4102~~
21 ~~(relating to leaves of absence for certain government~~
22 ~~employees) or a military leave under 51 Pa.C.S. Ch. 73, that~~
23 ~~is not USERRA leave shall be able to receive creditable~~
24 ~~nonschool service as nonintervening military service should~~
25 ~~the employee return to school service as an active member of~~
26 ~~the system and is otherwise eligible to purchase the service~~
27 ~~as nonintervening military service.~~

28 ~~(5) If a member dies while performing USERRA leave, the~~
29 ~~beneficiaries or survivor annuitants of the deceased member~~
30 ~~shall be entitled to any additional benefits, including~~

1 ~~eligibility points, other than benefit accruals relating to~~
2 ~~the period of qualified military service, provided under this~~
3 ~~part as if the member resumed and then terminated employment~~
4 ~~on account of death.~~

5 ~~(6) A school employee who is on a leave of absence from~~
6 ~~his duties as a school employee and for which 51 Pa.C.S. §~~
7 ~~4102 provides that he is not to suffer a loss of pay, time or~~
8 ~~efficiency shall not be an active member, receive service~~
9 ~~credit or make member contributions for the leave of absence~~
10 ~~except as provided for in this part. Notwithstanding this~~
11 ~~paragraph, any pay the member receives under section 1178 of~~
12 ~~the Public School Code or 51 Pa.C.S. § 4102 shall be included~~
13 ~~in the determination of final average salary and other~~
14 ~~calculations in the system utilizing compensation as if the~~
15 ~~payments were compensation under this part.~~

16 ~~(e) Military service by a participant. A participant who~~
17 ~~has performed USERRA leave shall be treated and may make~~
18 ~~contributions as follows:~~

19 ~~(1) A participant who is reemployed from USERRA leave~~
20 ~~may not be treated as having incurred a break in school~~
21 ~~service by reason of the USERRA leave and shall be granted~~
22 ~~eligibility points as if the participant had not been on~~
23 ~~USERRA leave. If a participant who is reemployed from USERRA~~
24 ~~leave subsequently makes mandatory pickup participant~~
25 ~~contributions in the amounts and in the time periods required~~
26 ~~by 38 U.S.C. Ch. 43 (relating to employment and reemployment~~
27 ~~rights of members of the uniformed services) and IRC § 414(u)~~
28 ~~as if the participant had continued in the participant's~~
29 ~~school employment and performed school service and been~~
30 ~~compensated during the period of USERRA leave, then the~~

1 ~~participant's employer shall make the corresponding employer~~
2 ~~defined contributions. The employee shall have contributions,~~
3 ~~benefits, rights and obligations determined under this part~~
4 ~~as if the employee was an active participant who performed~~
5 ~~school service during the USERRA leave in the job position~~
6 ~~that the employee would have held had the employee not been~~
7 ~~on USERRA leave and received the compensation on which the~~
8 ~~mandatory pickup participant contributions to receive school~~
9 ~~service credit for the USERRA leave were determined,~~
10 ~~including the right to make voluntary contributions on such~~
11 ~~compensation as permitted by law.~~

12 ~~(2) A participant who is reemployed from USERRA leave~~
13 ~~and does not make the mandatory pickup participant~~
14 ~~contributions or makes only part of the mandatory pickup~~
15 ~~participant contributions within the allowed payment period~~
16 ~~may not be eligible to make mandatory pickup participant~~
17 ~~contributions and voluntary contributions at a later date for~~
18 ~~the period of USERRA leave for which the mandatory pickup~~
19 ~~participant contributions were not timely made.~~

20 ~~(3) A participant who performs USERRA leave from which~~
21 ~~the employee could have been reemployed from USERRA leave had~~
22 ~~the school employee returned to school service in the time~~
23 ~~frames required by 38 U.S.C. Ch. 43 for reemployment rights,~~
24 ~~but did not do so, may not be eligible to make mandatory~~
25 ~~pickup participant contributions or voluntary contributions~~
26 ~~for the period of USERRA leave should the employee later~~
27 ~~return to school service and be a participant in the plan.~~

28 ~~(4) An active participant or inactive participant who,~~
29 ~~on or after the effective date of this subsection, is granted~~
30 ~~a leave of absence under 51 Pa.C.S. § 4102 (relating to~~

~~leaves of absence for certain government employees) or a
military leave under 51 Pa.C.S. Ch. 73 (relating to military
leave of absence) that is not USERRA leave may not be
eligible to make mandatory pickup participant contributions
or voluntary contributions during or for the leave of absence
or military leave, and may not have employer defined
contributions made during such leave, without regard to
whether or not the participant received salary, wages,
stipends, differential wage payments or other payments from
the participant's employer during the leave, notwithstanding
any provision to the contrary in 51 Pa.C.S. § 4102 or 51
Pa.C.S. Ch. 73.~~

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

~~Section 106. Section 8303(c) and (d) of Title 24 are amended
to read:~~

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

~~* * *~~

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

~~(1) as a member of Class T C, Class T E [or] Class T F,~~

~~Class T G or Class T H for previous creditable school service or creditable nonschool service; or~~

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

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

~~(d) Purchase of previous noncreditable service. Class T C and Class T D members who are active members on the effective date of this subsection shall have three years from the effective date of this subsection to file a written application with the board to purchase any previous noncreditable school service. Class T C and Class T D members who are not active members on the effective date of this subsection but who become active members after the effective date of this subsection and Class T E [and class T F], Class T F, Class T G and Class T H members shall have 365 days from entry into the system to file a written application with the board to purchase any previous noncreditable school service.~~

~~Section 107. Section 8305(c) (1) and (d) of Title 24 are amended and the section is amended by adding subsections to read:~~

~~§ 8305. Classes of service.~~

~~* * *~~

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

~~(1) A person who becomes a school employee and an active member, or a person who becomes a multiple service member who~~

1 ~~is a State employee and a member of the State Employees'~~
2 ~~Retirement System, on or after the effective date of this~~
3 ~~subsection and before July 2011 shall be classified as a~~
4 ~~Class T D member upon payment of regular member~~
5 ~~contributions. Any prior school service credited as Class T C~~
6 ~~service shall be credited as Class T D service, subject to~~
7 ~~the limitations contained in paragraph (4).~~

8 * * *

9 ~~(d) Class T E membership. Notwithstanding any other~~
10 ~~provision, a person who first becomes a school employee and an~~
11 ~~active member, or a person who first becomes a multiple service~~
12 ~~member who is a State employee and a member of the State~~
13 ~~Employees' Retirement System, on or after the effective date of~~
14 ~~this subsection and before July 1, 2018, shall be classified as~~
15 ~~a Class T E member upon payment of regular member contributions~~
16 ~~and the shared risk contributions.~~

17 * * *

18 ~~(f) Class T G membership. A person who first becomes a~~
19 ~~school employee and an active member on or after July 1, 2018,~~
20 ~~shall be classified as a Class T G member upon payment of~~
21 ~~regular member contributions and the shared risk contributions.~~

22 ~~(g) Class T H membership or Class DC participant. A person~~
23 ~~who first becomes a school employee and an active member on or~~
24 ~~after July 1, 2018, and who is eligible to become a Class T G~~
25 ~~member shall have the right to elect to become one of the~~
26 ~~following:~~

27 ~~(1) a Class T H member, provided the person elects to~~
28 ~~become a Class T H member pursuant to section 8305.3~~
29 ~~(relating to election to become a Class T H member), upon~~
30 ~~written election filed with the board and payment of regular~~

~~member contributions and the shared risk contributions; or~~

~~(2) a Class DC participant, provided the person elects to become a Class DC participant pursuant to section 8305.4 (relating to election to become a Class DC participant), upon written election filed with the board and payment of mandatory pickup participant contributions.~~

Section 107.1. Title 24 is amended by adding sections to read:

~~§ 8305.3. Election to become a Class T H member.~~

~~(a) General rule. A person who first becomes a school employee and an active member on or after the effective date of this subsection and who is eligible to become a Class T G member may elect to become a member of Class T H.~~

~~(b) Time for making election. A member must elect to become a Class T H member by filing a written election with the board within 90 days of notification by the board that such member is eligible for such election. A school employee who is eligible to elect to become a Class T H member who begins USERRA leave during the election period without having elected Class T H membership may make the election within 90 days after being reemployed from USERRA leave.~~

~~(c) Effect of election. An election to become a Class T H member shall be irrevocable and shall commence from the original date of eligibility. A member who elects Class T H membership shall receive Class T H service credit on any and all future service, regardless of whether the member terminates service or has a break in service.~~

~~(d) Effect of failure to make election. If a member fails to timely file an election to become a Class T H member, and does not elect to become a Class DC participant under section~~

~~1 8305.4 (relating to election to become a Class DC participant),
2 then the member shall be enrolled as a member of Class T G, and
3 the member shall never be able to elect Class T H service,
4 regardless of whether the member terminates service or has a
5 break in service.~~

~~6 § 8305.4. Election to become a Class DC participant.~~

~~7 (a) General rule. A person who first becomes a school
8 employee and an active member on or after the effective date of
9 this subsection and who is eligible to become a Class T G member
10 may elect to become a participant of Class DC.~~

~~11 (b) Time for making election. A member must elect to become
12 a Class DC participant by filing a written election with the
13 board within 90 days of notification by the board that such
14 member is eligible for such election. A school employee who is
15 eligible to elect to become a Class DC participant who begins
16 USERRA leave during the election period without having elected
17 to become a Class DC participant may make the election within 90
18 days after being reemployed from USERRA leave.~~

~~19 (c) Effect of election. An election to become a Class DC
20 participant shall be irrevocable and shall commence from the
21 original date of eligibility. A member who elects to become a
22 Class DC participant shall remain a Class DC participant on any
23 and all future service, regardless of whether the participant
24 terminates service or has a break in service.~~

~~25 (d) Effect of failure to make election. If a member fails
26 to timely file an election to become a Class DC participant, and
27 does not elect to become a member of Class T H under section
28 8305.3 (relating to election to become a Class T H member), then
29 the member shall be enrolled as a member of Class T G, and the
30 member shall never be able to elect to become a Class DC~~

1 ~~participant, regardless of whether the member terminates service~~
2 ~~or has a break in service.~~

3 Section 108. Sections 8306, 8307, 8308, 8310, 8321,
4 8322.1(a), 8323(a), (c) and (d)(1), 8324, 8325.1(a), 8326(a) and
5 (c), 8327, 8328(a), (b), (c), (e)(1) and (g) and 8330 of Title
6 24 are amended to read:

7 ~~§ 8306. Eligibility points.~~

8 (a) ~~General rule. An active member of the system shall~~
9 ~~accrue one eligibility point for each year of credited service~~
10 ~~as a member of the [school or State retirement system] system or~~
11 ~~if a multiple service member, as a member of the State~~
12 ~~Employees' Retirement System. A member shall accrue an~~
13 ~~additional two thirds of an eligibility point for each year of~~
14 ~~Class D 3 credited service under the State Employees' Retirement~~
15 ~~System. In the case of a fractional part of a year of credited~~
16 ~~service, a member shall accrue the corresponding fractional~~
17 ~~portion of an eligibility point.~~

18 (a.1) ~~USERRA leave. A member or participant who is~~
19 ~~reemployed from USERRA leave or who dies while performing USERRA~~
20 ~~leave shall be granted the eligibility points that he would have~~
21 ~~accrued had he continued in his school office or employment~~
22 ~~instead of performing USERRA leave. If a school employee who is~~
23 ~~reemployed from USERRA leave makes the member or mandatory~~
24 ~~pickup participant contributions to be granted school service~~
25 ~~credit for the USERRA leave, no additional eligibility points~~
26 ~~may be granted.~~

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

28 (1) ~~In determining whether a member, other than a~~
29 ~~disability annuitant who returns to school service after June~~
30 ~~30, 2001, upon termination of the disability annuity, who is~~

1 ~~not a school employee or a State employee on June 30, 2001,~~
2 ~~and July 1, 2001, and who has previous school service, has~~
3 ~~the five eligibility points required by the definition of~~
4 ~~"vestee" in sections 8102 (relating to definitions), 8307~~
5 ~~(relating to eligibility for annuities), 8308 (relating to~~
6 ~~eligibility for vesting) and 8345 (relating to member's~~
7 ~~options), only eligibility points earned by performing~~
8 ~~credited school service, USERRA leave or credited State~~
9 ~~service as an active member of the State Employees'~~
10 ~~Retirement System after June 30, 2001, shall be counted until~~
11 ~~such member earns one eligibility point by performing~~
12 ~~credited school service or, if a multiple service member,~~
13 ~~credited State service after June 30, 2001, at which time all~~
14 ~~eligibility points as determined under subsection (a) shall~~
15 ~~be counted.~~

16 ~~(2) A member subject to paragraph (1) shall be~~
17 ~~considered to have satisfied any requirement for five~~
18 ~~eligibility points contained in this part if the member has~~
19 ~~at least ten eligibility points determined under subsection~~
20 ~~(a).~~

21 ~~§ 8307. Eligibility for annuities.~~

22 ~~(a) Superannuation annuity. An active or an inactive member~~
23 ~~who attains superannuation age shall be entitled to receive a~~
24 ~~superannuation annuity upon termination of service and filing of~~
25 ~~a proper application. All members must begin receiving a~~
26 ~~superannuation annuity by the member's required beginning date.~~

27 ~~(b) Withdrawal annuity.—~~

28 ~~(1) A vestee in Class T C or Class T D with five or more~~
29 ~~eligibility points or an active or inactive Class T C or~~
30 ~~Class T D member who terminates school service having five or~~

1 ~~more eligibility points shall, upon filing a proper~~
2 ~~application, be entitled to receive an early annuity.~~

3 ~~(2) A vestee in Class T E or Class T F with ten or more~~
4 ~~eligibility points or an active or inactive Class T E or~~
5 ~~Class T F member who terminates school service having ten or~~
6 ~~more eligibility points shall, upon filing a proper~~
7 ~~application, be entitled to receive an early annuity.~~

8 ~~(3) A vestee in Class T G or Class T H with five or more~~
9 ~~eligibility points or an active or inactive Class T G or~~
10 ~~Class T H member who terminates school service having five or~~
11 ~~more eligibility points shall, upon filing a proper~~
12 ~~application, be entitled to receive an early annuity,~~
13 ~~provided the member has attained the age of 62.~~

14 ~~(c) Disability annuity. An active or inactive member who~~
15 ~~has credit for at least five years of service shall, upon filing~~
16 ~~of a proper application, be entitled to a disability annuity if~~
17 ~~he becomes mentally or physically incapable of continuing to~~
18 ~~perform the duties for which he is employed and qualifies for an~~
19 ~~annuity in accordance with the provisions of section 8505(c)(1)~~
20 ~~(relating to duties of board regarding applications and~~
21 ~~elections of members and participants).~~

22 ~~§ 8308. Eligibility for vesting.~~

23 ~~Any Class T C [or], Class T D, Class T G or Class T H member~~
24 ~~who terminates school service, or if a multiple service member~~
25 ~~and an active member of the State Employees' Retirement System~~
26 ~~who terminates State service, with five or more eligibility~~
27 ~~points shall be entitled to vest his retirement benefits until~~
28 ~~the member's required beginning date. Any Class T E or Class T F~~
29 ~~member who terminates school service, or if a multiple service~~
30 ~~member and an active member of the State Employees' Retirement~~

1 ~~System who terminates State service, with ten or more~~
2 ~~eligibility points shall be entitled to vest his retirement~~
3 ~~benefits until his required beginning date.~~

4 ~~§ 8310. Eligibility for refunds.~~

5 ~~Upon termination of service any active member, regardless of~~
6 ~~eligibility for benefits, may elect to receive his accumulated~~
7 ~~deductions by his required beginning date in lieu of any benefit~~
8 ~~from the system to which he is entitled.~~

9 ~~§ 8321. Regular member contributions for current service.~~

10 ~~(a) General. Regular member contributions shall be made to~~
11 ~~the fund on behalf of each active member for current service~~
12 ~~except for any period of current service in which the making of~~
13 ~~such contributions has ceased solely by reason of any provision~~
14 ~~of this part relating to the limitations under IRC § 401(a) (17)~~
15 ~~or 415.~~

16 ~~(b) Class T E [and], Class T F, Class T G and Class T H~~
17 ~~shared risk contributions.~~

18 ~~(1) Commencing with the annual actuarial valuation~~
19 ~~performed under section 8502(j) (relating to administrative~~
20 ~~duties of board), for the period ending June 30, 2014, and~~
21 ~~every three years thereafter, the board shall compare the~~
22 ~~actual investment rate of return, net of fees, to the annual~~
23 ~~interest rate adopted by the board for the calculation of the~~
24 ~~normal contribution rate, based on the market value of~~
25 ~~assets, for the prior ten year period. If the actual~~
26 ~~investment rate of return, net of fees, is less than the~~
27 ~~annual interest rate adopted by the board by an amount of 1%~~
28 ~~or more, the shared risk contribution rate of Class T E [and~~
29 ~~T F], Class T F, Class T G and Class T H members will~~
30 ~~increase by .5%. If the actual investment rate of return, net~~

1 of fees, is equal to or exceeds the annual interest rate
2 adopted by the board by less than 1%, the shared risk
3 contributions rate of Class T E [and T F], ~~Class T F, Class~~
4 ~~T G and Class T H~~ members will decrease by .5% [. Class T E
5 and T F members will contribute at the total member
6 contribution rate in effect when they are hired. The],
7 provided the total member contribution rate on the date of
8 the actuarial valuation is above the member's basic
9 contribution rate. If the actual investment rate of return,
10 net of fees, is more than the annual interest rate adopted by
11 the board by an amount of 1% or more, the shared risk
12 contribution rate of Class T E, Class T F, Class T G and
13 Class T H members will decrease by .5%. If the actual
14 investment rate of return, net of fees, is equal to or below
15 the annual interest rate adopted by the board by less than
16 1%, the shared risk contribution rate of Class T E, Class T
17 F, Class T G and Class T H members will increase by .5%,
18 provided the total member contribution rate on the date of
19 the actuarial valuation is below the member's basic
20 contribution rate.

21 ~~(2) Notwithstanding paragraph (1), the total member~~
22 ~~contribution rate for Class T E members shall not be less~~
23 ~~than [7.5%] 5.5%, nor more than 9.5%. The total member~~
24 ~~contribution rate for Class T F members shall not be less~~
25 ~~than [10.3%] 8.3%, nor more than 12.3%. The total member~~
26 ~~contribution rate for Class T G members shall not be less~~
27 ~~than 3.5% nor more than 7.5%. The total member contribution~~
28 ~~rate for Class T H members shall not be less than 2.5% nor~~
29 ~~more than 6.5%. Notwithstanding this subsection, if the~~
30 ~~system's actuarial funded status is 100% or more as of the~~

1 ~~date used for the comparison required under this subsection,~~
2 ~~as determined in the current annual actuarial valuation, the~~
3 ~~shared risk contribution rate shall [be] not be greater than~~
4 ~~zero. In the event that the annual interest rate adopted by~~
5 ~~the board for the calculation of the normal contribution rate~~
6 ~~is changed during the period used to determine the shared~~
7 ~~risk contribution rate, the board, with the advice of the~~
8 ~~actuary, shall determine the applicable rate during the~~
9 ~~entire period, expressed as an annual rate. The following~~
10 ~~provisions apply:~~

11 ~~[(1)] (i) Until the system has a ten year period of~~
12 ~~investment rate of return experience following the~~
13 ~~effective date of this subsection, the look back period~~
14 ~~shall begin not earlier than the effective date of this~~
15 ~~subsection.~~

16 ~~[(2)] (ii) For any fiscal year in which the employer~~
17 ~~contribution rate is lower than the final contribution~~
18 ~~rate under section 8328(h) (relating to actuarial cost~~
19 ~~method), the total member contribution rate for Class T E~~
20 ~~[and T F], Class T F, Class T G and Class T H members~~
21 ~~shall be prospectively reset to the basic contribution~~
22 ~~rate.~~

23 ~~[(3)] (iii) There shall be no increase in the member~~
24 ~~contribution rate if there has not been an equivalent~~
25 ~~increase to the employer contribution rate over the~~
26 ~~previous three year period.~~

27 ~~§ 8322.1. Pickup contributions.~~

28 ~~(a) Treatment for purposes of IRC § 414(h). All~~
29 ~~contributions to the fund required to be made under sections~~
30 ~~8321 (relating to regular member contributions for current~~

1 ~~service), 8322 (relating to joint coverage member contributions)~~
2 ~~and 8305 (relating to classes of service), with respect to~~
3 ~~current school service rendered by an active member on or after~~
4 ~~January 1, 1983, shall be picked up by the employer and shall be~~
5 ~~treated as the employer's contribution for purposes of IRC §~~
6 ~~414(h).~~

7 * * *

8 ~~§ 8323. Member contributions for creditable school service.~~

9 ~~(a) Previous school service, sabbatical leave and full~~
10 ~~coverage. The contributions to be paid by an active member or~~
11 ~~an eligible State employee for credit in the system for~~
12 ~~reinstatement of all previously credited school service, school~~
13 ~~service not previously credited, sabbatical leave as if he had~~
14 ~~been in full time daily attendance, or full coverage membership~~
15 ~~shall be sufficient to provide an amount equal to the~~
16 ~~accumulated deductions which would have been standing to the~~
17 ~~credit of the member for such service had regular member~~
18 ~~contributions been made with full coverage at the rate of~~
19 ~~contribution necessary to be credited as Class T C service,~~
20 ~~Class T D service if the member is a Class T D member, Class T E~~
21 ~~service if the member is a Class T E member [or], Class T F~~
22 ~~service if the member is a Class T F member, Class T G service~~
23 ~~if the member is a Class T G member or Class T H service if the~~
24 ~~member is a Class T H member and had such contributions been~~
25 ~~credited with statutory interest during the period the~~
26 ~~contributions would have been made and during all periods of~~
27 ~~subsequent school and State service up to the date of purchase.~~

28 * * *

29 ~~(c) Approved leave of absence other than sabbatical leave~~
30 ~~and activated military service leave. The contributions to be~~

1 ~~paid by an active member for credit for an approved leave of~~
2 ~~absence, other than sabbatical leave and activated military~~
3 ~~service leave, shall be sufficient to transfer his membership to~~
4 ~~Class T C or to Class T D if the member is a Class T D member,~~
5 ~~to Class T E if the member is a Class T E member [or],~~ to Class
6 T F if the member is a Class T F member, to Class T G service if
7 the member is a Class T G member or to Class T H service if the
8 member is a Class T H member and further to provide an annuity
9 as a Class T C member or Class T D member if the member is a
10 Class T D member, to Class T E if the member is a Class T E
11 member [or], to Class T F if the member is a Class T F member,
12 to Class T G service if the member is a Class T G member or to
13 Class T H service if the member is a Class T H member for such
14 additional credited service. Such amount shall be the sum of the
15 amount required in accordance with the provisions of subsection
16 (b) and an amount determined as the sum of the member's basic
17 contribution rate and the normal contribution rate as provided
18 in section 8328 (relating to actuarial cost method) during such
19 period multiplied by the compensation which was received or
20 which would have been received during such period and with
21 statutory interest during all periods of subsequent school and
22 State service up to the date of purchase.

23 * * *

24 (d) ~~Certification and payment of contributions.~~

25 (1) ~~In all cases other than for the purchase of credit~~
26 ~~for sabbatical leave and activated military service leave~~
27 ~~beginning before the effective date of paragraph (2), the~~
28 ~~amount payable shall be certified by the board in accordance~~
29 ~~with methods approved by the actuary and may be paid in a~~
30 ~~lump sum within 90 days or in the case of an active member or~~

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

16 * * *

17 ~~§ 8324. Contributions for purchase of credit for creditable~~
18 ~~nonschool service and noncreditable school service.~~

19 ~~(a) Source of contributions. The total contributions to~~
20 ~~purchase credit as a member of Class T C, Class T E [or], Class~~
21 ~~T F, Class T G or Class T H for creditable nonschool service of~~
22 ~~an active member or an eligible State employee shall be paid~~
23 ~~either by the member, the member's previous employer, the~~
24 ~~Commonwealth, or a combination thereof, as provided by law.~~

25 ~~(b) Nonintervening military service. The amount due for the~~
26 ~~purchase of credit for military service other than intervening~~
27 ~~military service shall be determined by applying the member's~~
28 ~~basic contribution rate plus the normal contribution rate as~~
29 ~~provided in section 8328 (relating to actuarial cost method) at~~
30 ~~the time of entry of the member into school service subsequent~~

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

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

7 ~~(c) Intervening military service. Contributions on account~~
8 ~~of credit for intervening military service shall be determined~~
9 ~~by the member's basic contribution rate and compensation at the~~
10 ~~time of entry of the member into active military service,~~
11 ~~together with statutory interest during all periods of~~
12 ~~subsequent school and State service to date of purchase. Upon~~
13 ~~application for such credit the amount due shall be certified in~~
14 ~~the case of each member by the board, in accordance with methods~~
15 ~~approved by the actuary, and contributions may be made by one of~~
16 ~~the following methods:~~

17 ~~(1) Regular monthly payments during active military~~
18 ~~service.~~

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

21 ~~(3) Salary deductions to the system in amounts agreed~~
22 ~~upon by the member and the board. The salary deduction~~
23 ~~amortization plans agreed to by the members and the board may~~
24 ~~include a deferral of payment amounts and statutory interest~~
25 ~~until the termination of school service or State service as~~
26 ~~the board in its sole discretion decides to allow. The board~~
27 ~~may limit salary deduction amortization plans to such terms~~
28 ~~as the board in its sole discretion determines. In the case~~
29 ~~of an eligible State employee who is an active member of the~~
30 ~~State Employees' Retirement System, the agreed upon salary~~

~~deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

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

~~(1) Contributions on account of Class T C credit for creditable nonschool service other than military service shall be determined by applying the member's basic contribution rate plus the normal contribution rate as provided in section 8328 at the time of the member's entry into school service subsequent to such creditable nonschool service to his total compensation received during the first year of subsequent credited school service and multiplying the product by the number of years and fractional part of a year of creditable nonschool service being purchased together with statutory interest during all periods of subsequent school or State service to the date of purchase, except that in the case of purchase of credit for creditable nonschool service as set forth in section 8304(b)(5) (relating to creditable nonschool service) the member shall pay only the employee's share unless otherwise provided by law. 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 the members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State~~

1 ~~service as the board in its sole discretion decides to allow.~~
2 ~~The board may limit salary deduction amortization plans to~~
3 ~~such terms as the board in its sole discretion determines. In~~
4 ~~the case of an eligible State employee who is an active~~
5 ~~member of the State Employees' Retirement System, the agreed~~
6 ~~upon salary deductions shall be remitted to the State~~
7 ~~Employees' Retirement Board, which shall certify and transfer~~
8 ~~to the board the amounts paid.~~

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

1 ~~to the board the amounts paid.~~

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

25 ~~(e) Creditable work experience. Contributions on account of~~
26 ~~Class T C, Class T E [or] Class T F, Class T G or Class T H~~
27 ~~credit for creditable work experience pursuant to section~~
28 ~~8304(b)(6) shall be the present value of the full actuarial cost~~
29 ~~of the increase in the projected superannuation annuity caused~~
30 ~~by the additional service credited on account of the purchase of~~

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

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

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 employer, including the Commonwealth~~
27 ~~as employer of employees of the Department of Education, State~~
28 ~~owned colleges and universities, Thaddeus Stevens College of~~
29 ~~Technology, Western Pennsylvania School for the Deaf, Scotland~~
30 ~~School for Veterans' Children[,] and [the] The Pennsylvania~~

1 ~~State University, shall make payments to the fund each quarter~~
2 ~~in an amount equal to one half the sum of the percentages, as~~
3 ~~determined under section 8328 (relating to actuarial cost~~
4 ~~method), applied to the total compensation during the pay~~
5 ~~periods in the preceding quarter of all its employees who were~~
6 ~~members of the system during such period, including members on~~
7 ~~activated military service leave. In the event a member on~~
8 ~~activated military service leave does not return to service for~~
9 ~~the necessary time or receives an undesirable, bad conduct or~~
10 ~~dishonorable discharge or does not elect to receive credit for~~
11 ~~activated military service under section 8302(b.1)(3) (relating~~
12 ~~to credited school service), the contributions made by the~~
13 ~~employer on behalf of such member shall be returned with~~
14 ~~valuation interest upon application by the employer.~~

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

16 ~~(1) To facilitate the payment of amounts due from any~~
17 ~~employer to the fund and the trust through the State~~
18 ~~Treasurer and to permit the exchange of credits between the~~
19 ~~State Treasurer and any employer, the Secretary of Education~~
20 ~~and the State Treasurer shall cause to be deducted and paid~~
21 ~~into the fund and the trust from the amount of any moneys due~~
22 ~~to any employer on account of any appropriation for schools~~
23 ~~or other purposes amounts equal to the employer~~
24 ~~contributions, employer defined contributions and pickup~~
25 ~~contributions which an employer is required to pay to the~~
26 ~~fund and the trust, as certified by the board, and as remains~~
27 ~~unpaid on the date such appropriations would otherwise be~~
28 ~~paid to the employer. Such amount shall be credited to the~~
29 ~~appropriate accounts in the fund and the trust.~~

30 ~~(2) To facilitate the payments of amounts due from any~~

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

22 ~~(c) Payments by employers after June 30, 1995, and before~~
23 ~~June 30, 2018. After June 30, 1995, and before June 30, 2018,~~
24 ~~each employer, including the Commonwealth as employer of~~
25 ~~employees of the Department of Education, State owned colleges~~
26 ~~and universities, Thaddeus Stevens College of Technology,~~
27 ~~Western Pennsylvania School for the Deaf, Scotland School for~~
28 ~~Veterans' Children and The Pennsylvania State University, shall~~
29 ~~make payments to the fund and the trust each quarter in an~~
30 ~~amount computed in the following manner:~~

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

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

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

1 ~~paid by the employer on behalf of a noneligible member on the~~
2 ~~basis of compensation that was subject to exclusion from~~
3 ~~total compensation in accordance with the provisions of this~~
4 ~~paragraph shall, upon the board's determination or upon~~
5 ~~application by the employer, be returned to the employer plus~~
6 ~~interest and investment gains or losses on such amount but~~
7 ~~minus investment fees and administrative charges.~~

8 ~~(d) Payments by employers after June 30, 2018. After June~~
9 ~~30, 2018, each employer, including the Commonwealth as employer~~
10 ~~of employees of the Department of Education, State owned~~
11 ~~colleges and universities, Thaddeus Stevens College of~~
12 ~~Technology, Western Pennsylvania School for the Deaf, Scotland~~
13 ~~School for Veterans' Children and The Pennsylvania State~~
14 ~~University, shall make payments to the fund and the trust each~~
15 ~~quarter in an amount computed in the following manner:~~

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

30 ~~(2) For an employer that is not a school entity, the~~

1 ~~amount computed under subsection (a).~~

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

16 ~~(c) Agreement. The agreement of an employer listed in the~~
17 ~~definition of school employee under section 8102 (relating to~~
18 ~~definitions) or any other law to make contributions to the fund~~
19 ~~or to enroll its employees as members in the system shall be~~
20 ~~deemed to be an agreement to make contributions to the trust or~~
21 ~~enroll its employees in the plan.~~

22 ~~(f) Contributions. The employer employing a participant~~
23 ~~shall pick up the required mandatory participant contributions~~
24 ~~by a reduction in the compensation of the participant.~~

25 ~~(g) Reemployed from USERRA leave. When a school employee~~
26 ~~reemployed from USERRA leave makes the member contributions~~
27 ~~required to be granted school service credit for the USERRA~~
28 ~~leave after June 30, 2018, either by actual payment or by~~
29 ~~actuarial debt under section 8325 (relating to incomplete~~
30 ~~payments), the employer that employed the school employee when~~

~~1 the member contributions are made, or the last employer before
2 termination in the case of payment under section 8325, shall
3 make the employer contributions that would have been made under
4 this section if the employee making the member contributions
5 after he is reemployed from USERRA leave continued to be
6 employed in his school office or position instead of performing
7 USERRA leave.~~

~~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), plus the additional contribution rate as computed in
18 subsection (j). The actuarially required contribution rate shall
19 consist of the normal contribution rate as defined in subsection
20 (b), the accrued liability contribution rate as defined in
21 subsection (c) and the supplemental annuity contribution rate as
22 defined in subsection (d). Beginning July 1, 2004, the
23 actuarially required contribution rate shall be modified by the
24 experience adjustment factors as calculated in subsection (e).~~

~~25 (b) Normal contribution rate. The normal contribution rate
26 shall be determined after each actuarial valuation. Until all
27 accrued liability contributions have been completed, the normal
28 contribution rate shall be determined, on the basis of an annual
29 interest rate and such mortality and other tables as shall be
30 adopted by the board in accordance with generally accepted~~

1 ~~actuarial principles, as a level percentage of the compensation~~
2 ~~of [the average new active member] all active members, which~~
3 ~~percentage, if contributed from the start of their employment on~~
4 ~~the basis of [his] their prospective compensation through [the]~~
5 ~~their entire period of active school service, would be~~
6 ~~sufficient to fund the liability for any prospective benefit~~
7 ~~payable to [him] them, in excess of that portion funded by [his]~~
8 ~~their prospective member contributions, excluding the shared~~
9 ~~risk contributions. In no case shall the employer's normal cost~~
10 ~~be less than zero.~~

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

12 ~~(1) For the fiscal years beginning July 1, 2002, and~~
13 ~~ending June 30, 2011, the accrued liability contribution rate~~
14 ~~shall be computed as the rate of total compensation of all~~
15 ~~active members which shall be certified by the actuary as~~
16 ~~sufficient to fund over a period of ten years from July 1,~~
17 ~~2002, the present value of the liabilities for all~~
18 ~~prospective benefits of active members, except for the~~
19 ~~supplemental benefits provided in sections 8348 (relating to~~
20 ~~supplemental annuities), 8348.1 (relating to additional~~
21 ~~supplemental annuities), 8348.2 (relating to further~~
22 ~~additional supplemental annuities), 8348.3 (relating to~~
23 ~~supplemental annuities commencing 1994), 8348.4 (relating to~~
24 ~~special supplemental postretirement adjustment), 8348.5~~
25 ~~(relating to supplemental annuities commencing 1998), 8348.6~~
26 ~~(relating to supplemental annuities commencing 2002) and~~
27 ~~8348.7 (relating to supplemental annuities commencing 2003),~~
28 ~~in excess of the total assets in the fund (calculated by~~
29 ~~recognizing the actuarially expected investment return~~
30 ~~immediately and recognizing the difference between the actual~~

1 ~~investment return and the actuarially expected investment~~
2 ~~return over a five year period), excluding the balance in the~~
3 ~~annuity reserve account, and of the present value of normal~~
4 ~~contributions and of member contributions payable with~~
5 ~~respect to all active members on July 1, 2002, during the~~
6 ~~remainder of their active service.~~

7 ~~(2) For the fiscal years beginning July 1, 2003, and~~
8 ~~ending June 30, 2011, the amount of each annual accrued~~
9 ~~liability contribution shall be equal to the amount of such~~
10 ~~contribution for the fiscal year, beginning July 1, 2002,~~
11 ~~except that, if the accrued liability is increased by~~
12 ~~legislation enacted subsequent to June 30, 2002, but before~~
13 ~~July 1, 2003, such additional liability shall be funded over~~
14 ~~a period of ten years from the first day of July, coincident~~
15 ~~with or next following the effective date of the increase.~~
16 ~~The amount of each annual accrued liability contribution for~~
17 ~~such additional legislative liabilities shall be equal to the~~
18 ~~amount of such contribution for the first annual payment.~~

19 ~~(3) Notwithstanding any other provision of law,~~
20 ~~beginning July 1, 2004, and ending June 30, 2011, the~~
21 ~~outstanding balance of the increase in accrued liability due~~
22 ~~to the change in benefits enacted in 2001 and the outstanding~~
23 ~~balance of the net actuarial loss incurred in fiscal year~~
24 ~~2000-2001 shall be amortized in equal dollar annual~~
25 ~~contributions over a period that ends 30 years after July 1,~~
26 ~~2002, and the outstanding balance of the net actuarial loss~~
27 ~~incurred in fiscal year 2001-2002 shall be amortized in equal~~
28 ~~dollar annual contributions over a period that ends 30 years~~
29 ~~after July 1, 2003. For fiscal years beginning on or after~~
30 ~~July 1, 2004, if the accrued liability is increased by~~

1 ~~legislation enacted subsequent to June 30, 2003, such~~
2 ~~additional liability shall be funded in equal dollar annual~~
3 ~~contributions over a period of ten years from the first day~~
4 ~~of July coincident with or next following the effective date~~
5 ~~of the increase.~~

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

25 ~~(5) For the fiscal year beginning on or after July 1,~~
26 ~~2017, the actuarially calculated assets in the fund~~
27 ~~determined in accordance with paragraph (4) shall be no less~~
28 ~~than 70% and no more than 130% of market value.~~

29 ~~* * *~~

30 ~~(c) Experience adjustment factor.~~

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

18 ~~* * *~~

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

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

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

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

9 * * *

10 ~~(j) Additional contribution rate dedicated to pay off~~
11 ~~unfunded accrued liability. Until the system's actuarial funded~~
12 ~~status is 100% or more as determined by the annual actuarial~~
13 ~~evaluation, for each fiscal year beginning with July 1, 2027,~~
14 ~~the total contribution rate as calculated according to this~~
15 ~~section shall be increased annually in accordance with the~~
16 ~~following schedule, notwithstanding any other provisions of this~~
17 ~~section:~~

<u>Fiscal year beginning:</u>	<u>Additional contribution rate:</u>
<u>July 1, 2027</u>	<u>0.01</u>
<u>July 1, 2028</u>	<u>0.02</u>
<u>July 1, 2029</u>	<u>0.05</u>
<u>July 1, 2030</u>	<u>0.06</u>
<u>July 1, 2031</u>	<u>0.08</u>
<u>July 1, 2032</u>	<u>0.11</u>
<u>July 1, 2033</u>	<u>0.11</u>
<u>July 1, 2034</u>	<u>0.14</u>
<u>July 1, 2035</u>	<u>0.14</u>
<u>July 1, 2036</u>	<u>0.17</u>
<u>July 1, 2037</u>	<u>0.19</u>
<u>July 1, 2038</u>	<u>0.21</u>

1	July 1, 2039	0.23
2	July 1, 2040	0.26
3	July 1, 2041	0.25
4	July 1, 2042	0.30
5	July 1, 2043	0.31
6	July 1, 2044	0.33
7	July 1, 2045	0.35
8	July 1, 2046	0.38
9	July 1, 2047	0.38
10	July 1, 2048	0.40
11	July 1, 2049	0.42

12 ~~§ 8330. Appropriations by the Commonwealth.~~

13 ~~(a) Annual submission of budget. The board shall prepare~~
14 ~~and through the Governor submit annually to the General Assembly~~
15 ~~an itemized budget consisting of the amounts necessary to be~~
16 ~~appropriated by the Commonwealth out of the General Fund~~
17 ~~required to meet the separate obligations to the fund and the~~
18 ~~trust accruing during the fiscal period beginning July 1 of the~~
19 ~~following year.~~

20 ~~(b) Appropriation and payment. The General Assembly shall~~
21 ~~make an appropriation sufficient to provide for the separate~~
22 ~~obligations of the Commonwealth to the fund and the trust. Such~~
23 ~~amount shall be paid by the State Treasurer through the~~
24 ~~Department of Revenue into the fund or the trust within 30 days~~
25 ~~of receipt of the requisition presented each quarter by the~~
26 ~~board.~~

27 ~~Section 109. Title 24 is amended by adding a section to~~
28 ~~read:~~

29 ~~§ 8331. Employer funding mandate protection.~~

30 ~~(a) Limited expansion of contractual right to funding.~~

1 ~~Beginning on the July 1 after the actuarial valuation in which~~
2 ~~the actuary certifies that final contribution rate is the~~
3 ~~actuarially required contribution, each active member shall have~~
4 ~~a contractual right to the timely payment of the annual~~
5 ~~actuarially required contributions under sections 8328 (relating~~
6 ~~to actuarial cost method) and 8502(k) (relating to~~
7 ~~administrative duties of board) by such member's employer. The~~
8 ~~following apply:~~

9 ~~(1) The failure of a member's employer to make the~~
10 ~~annually required contribution to the fund will be deemed to~~
11 ~~be an impairment of the contractual right of such member.~~

12 ~~(2) Any claim of contract impairment shall be brought~~
13 ~~against the employer of the member for whom contributions~~
14 ~~were not paid and neither the board nor the system or their~~
15 ~~employees or agents shall be a defendant in any such action~~
16 ~~or liable for any payments or damages arising from such~~
17 ~~impairment.~~

18 ~~(b) Jurisdiction of Supreme Court. Notwithstanding 2-~~
19 ~~Pa.C.S. (relating to administrative law and procedure), 42-~~
20 ~~Pa.C.S. (relating to judiciary and judicial procedure) or any~~
21 ~~other provision of law, the Pennsylvania Supreme Court shall~~
22 ~~have exclusive jurisdiction to do as follows:~~

23 ~~(1) hear any claim of contract impairment for failure to~~
24 ~~pay certified contributions;~~

25 ~~(2) render a declaratory judgment or take such other~~
26 ~~action as it deems appropriate, consistent with the Supreme~~
27 ~~Court retaining jurisdiction over such matter; and~~

28 ~~(3) to find facts or to expedite a final judgment in~~
29 ~~connection with such a challenge or request for declaratory~~
30 ~~relief.~~

1 ~~(c) Sovereign immunity waived. Sovereign immunity is hereby~~
2 ~~waived, and the provisions of 42 Pa.C.S. Ch. 85 (relating to~~
3 ~~matters affecting government units) or lack of jurisdiction by~~
4 ~~the Supreme Court shall not be raised as a defense against a~~
5 ~~claim brought against an employer under this section.~~

6 ~~(d) Attorney fees. A member who prevails in a claim brought~~
7 ~~under this part may be awarded reasonable attorney fees.~~

8 ~~(e) Limitation of contract right. Nothing in this section~~
9 ~~shall be construed to create a contract right or claim of~~
10 ~~contract impairment in any member as to any benefit formula,~~
11 ~~benefit payment option, or any other provision of this part~~
12 ~~other than the funding mandate of the member's employer, or to~~
13 ~~change the jurisdiction of the board or the courts regarding any~~
14 ~~claim other than for payment of the annual actuarially required~~
15 ~~contributions.~~

16 ~~(f) Employer contributions. Nothing in this section shall~~
17 ~~be construed to supersede or conflict with the rights and~~
18 ~~obligations set forth in section 8330 (relating to~~
19 ~~appropriations by the Commonwealth).~~

20 Section 110. Section 8341 of Title 24 is amended to read:
21 ~~§ 8341. Return of accumulated deductions.~~

22 Any member upon termination of service may, in lieu of all
23 benefits payable from the system under this chapter to which he
24 may be entitled, elect to receive his accumulated deductions by
25 his required beginning date.

26 Section 111. Sections 8342(a) and 8344(a), (b) and (d) of
27 Title 24 are amended and the sections are amended by adding
28 subsections to read:

29 ~~§ 8342. Maximum single life annuity.~~

30 (a) General rule. Upon termination of service, any full

~~1 coverage member who is eligible to receive an annuity pursuant
2 to the provisions of section 8307(a) or (b) (relating to
3 eligibility for annuities) and has made an application in
4 accordance with the provisions of section 8507(f) (relating to
5 rights and duties of school employees [and members], members and
6 participants) shall be entitled to receive a maximum single life
7 annuity attributable to his credited service and equal to the
8 sum of the following single life annuities beginning at the
9 effective date of retirement and, in case the member on the
10 effective date of retirement is under superannuation age,
11 multiplied by a reduction factor calculated to provide benefits
12 actuarially equivalent to an annuity starting at superannuation
13 age: Provided however, That on or after July 1, 1976, in the
14 case of any member other than a Class T G or Class T H member
15 who has attained age 55 and has 25 or more eligibility points
16 such sum of single life annuities shall be reduced by a
17 percentage determined by multiplying the number of months,
18 including a fraction of a month as a full month, by which the
19 effective date of retirement precedes superannuation age by
20 1/4%: Further provided, That on or after July 1, 2018, in the
21 case of any Class T G or Class T H member who has attained age
22 62 and has 25 or more eligibility points and who terminates
23 service on or after attaining age 55, such sum of single life
24 annuities shall be reduced by a percentage determined by
25 multiplying the number of months, including a fraction of a
26 month as a full month, by which the effective date of retirement
27 precedes superannuation age by 1/4%: Further provided, In no
28 event shall a Class T E [or], Class T F, Class T G or Class T H
29 member receive an annual benefit, calculated as of the effective
30 date of retirement, greater than the member's final average~~

1 salary:

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

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

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

17 * * *

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

23 § 8344. Disability annuities.

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

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

11
$$\frac{Y^*}{Y} \text{ or } 16.667/Y$$

12 ~~where Y = total number of years of credited service and Y* =~~
13 ~~total years of credited service if the member were to continue~~
14 ~~as a school employee until attaining superannuation age, or if~~
15 ~~the member has attained superannuation age then the number of~~
16 ~~years of credited service. For purposes of calculating a~~
17 ~~disability annuity for a member of Class T G or Class T H, the~~
18 ~~standard single life annuity shall equal 2% of the final average~~
19 ~~salary, multiplied by the total number of years and fractional~~
20 ~~part of a year of service credited for such class of service. In~~
21 ~~no event shall the disability annuity plus any cost of living~~
22 ~~increases be less than \$100 for each full year of credited~~
23 ~~service. The member shall be entitled to the election of a joint~~
24 ~~and survivor annuity on that portion of the disability annuity~~
25 ~~to which he is entitled under section 8342 (relating to maximum~~
26 ~~single life annuity).~~

27 ~~(b) Reduction on account of earned income. Payments on~~
28 ~~account of disability shall be reduced by that amount by which~~
29 ~~the earned income of the annuitant, as reported in accordance~~
30 ~~with section 8508(b) (relating to rights and duties of~~

1 annuitants) for the preceding year together with the disability
2 annuity payments for the year, exceeds the greater of \$5,000 or
3 the last year's salary of the annuitant as a [school employee]
4 ~~member of the system~~, provided that the annuitant shall not
5 receive less than his member's annuity or the amount to which he
6 may be entitled under section 8342, whichever is greater.

7 * * *

8 (d) ~~Withdrawal of accumulated deductions. Upon termination~~
9 ~~of disability annuity payments in excess of an annuity~~
10 ~~calculated in accordance with section 8342, a disability~~
11 ~~annuitant who[:~~

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

13 (2) ~~is a Class T E or Class T F member with less than~~
14 ~~ten eligibility points~~

15 and who] does not return to school service may file an
16 application with the board for an amount equal to the
17 accumulated deductions, shared risk member contributions and
18 statutory interest standing to his credit at the effective date
19 of disability less the total payments received on account of his
20 member's annuity.

21 * * *

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

27 Section 112. Sections 8345(a), 8346(a), (a.1), (b), (b.1)(1)
28 and (d)(1) and (2), 8347(a) and (b) and 8349 heading, (a) and
29 (b) of Title 24 are amended to read:

30 § 8345. Member's options.

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

26 ~~(1) Option 1. A life annuity to the member with a~~
27 ~~guaranteed total payment equal to the present value of the~~
28 ~~maximum single life annuity on the effective date of~~
29 ~~retirement with the provision that, if, at his death, he has~~
30 ~~received less than such present value, the unpaid balance~~

1 ~~shall be 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 ~~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 T F~~
30 ~~member.] For purposes of this subparagraph, the term~~

1 ~~"actuarially equivalent," as applied to any lump sum~~
2 ~~withdrawal attributable to contributions credited to the~~
3 ~~member's savings account of Class T E, Class T F, Class~~
4 ~~T G or Class T H members, together with statutory~~
5 ~~interest thereon, shall mean equal present values,~~
6 ~~computed on the basis of the interest rate and such~~
7 ~~mortality and other tables as adopted by the board~~
8 ~~pursuant to section 8328(b) (relating to actuarial cost~~
9 ~~method) in effect on the effective date of retirement of~~
10 ~~the member.~~

11 * * *

12 ~~§ 8346. Termination of annuities.~~

13 ~~(a) General rule. If an annuitant returns to school service~~
14 ~~or enters or has entered State service and elects multiple~~
15 ~~service membership, any annuity payable to him under this part~~
16 ~~shall cease effective upon the date of his return to school~~
17 ~~service or entering State service without regard to whether he~~
18 ~~is a mandatory, optional or prohibited member of the system or~~
19 ~~participant in the plan or, if a multiple service member,~~
20 ~~whether he is a mandatory, optional or prohibited member or~~
21 ~~participant of the State Employees' Retirement System or State~~
22 ~~Employees' Defined Contribution Plan; and, in the case of an~~
23 ~~annuity other than a disability annuity the present value of~~
24 ~~such annuity, adjusted for full coverage in the case of a joint~~
25 ~~coverage member who makes the appropriate back contributions for~~
26 ~~full coverage, shall be frozen as of the date such annuity~~
27 ~~ceases. An annuitant who is credited with an additional 10% of~~
28 ~~membership service as provided in section 8302(b.2) (relating to~~
29 ~~credited school service) and who returns to school service,~~
30 ~~except as provided in subsection (b), shall forfeit such~~

1 ~~credited service and shall have his frozen present value~~
2 ~~adjusted as if his 10% retirement incentive had not been applied~~
3 ~~to his account. In the event that the cost of living increase~~
4 ~~enacted December 18, 1979, occurred during the period of such~~
5 ~~State or school employment, the frozen present value shall be~~
6 ~~increased, on or after the member attains superannuation age, by~~
7 ~~the percent applicable had he not returned to service.~~

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

1 the board the amounts paid.

2 * * *

3 ~~(b) Return to school service during emergency. When, in the~~
4 ~~judgment of the employer, an emergency creates an increase in~~
5 ~~the work load such that there is serious impairment of service~~
6 ~~to the public or in the event of a shortage of appropriate~~
7 ~~subject certified teachers or other personnel, an annuitant or~~
8 ~~participant receiving distributions may be returned to school~~
9 ~~service for a period not to extend beyond the school year during~~
10 ~~which the emergency or shortage occurs, without loss of his~~
11 ~~annuity or distributions, provided that the annuitant meets the~~
12 ~~conditions set forth in subsection (b.2). The annuitant or~~
13 ~~participant receiving distributions shall not be entitled to~~
14 ~~earn any credited service, and no contributions may be made to~~
15 ~~the fund or the trust by the annuitant or participant receiving~~
16 ~~distributions, the employer or the Commonwealth on account of~~
17 ~~such employment. Such service shall not be subject to member or~~
18 ~~participant contributions or be eligible for qualification as~~
19 ~~creditable school service or for participation in the plan,~~
20 ~~mandatory pickup participant contributions, voluntary~~
21 ~~contributions or employer defined contributions.~~

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

24 ~~(1) An annuitant or participant receiving distributions~~
25 ~~may be employed under separate contract by a public school or~~
26 ~~charter school in an extracurricular position performed~~
27 ~~primarily outside regular instructional hours and not part of~~
28 ~~mandated curriculum without loss of annuity, provided that~~
29 ~~the annuitant meets the conditions set forth in subsection~~
30 ~~(b.2). [Neither the annuitant nor] The annuitant, the~~

~~participant receiving distributions and the employer shall not make contributions to the member's savings account, the individual investment account or State accumulation account respectively for such service. Further, such contract shall contain a waiver whereby the annuitant waives any potential retirement benefits that could arise from the contract and releases the employer and the board from any liability for such benefits. Such service shall not be subject to member or participant contributions or be eligible for qualification as creditable school service or for participation in the plan, mandatory pickup participant contributions or employer defined contributions.~~

~~* * *~~

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

~~(1) An annuitant who returns to school service as an active member of the system and earns three eligibility points by performing credited school service or reemployment from USERRA leave following the most recent period of receipt of an annuity under this part, or an annuitant who enters State service and:~~

~~(i) is a multiple service member; or~~

~~(ii) who elects multiple service membership, and earns three eligibility points by performing credited State service, reemployment from USERRA leave or credited school service following the most recent period of receipt of an annuity under this part, and who had the present value of his annuity frozen in accordance with subsection (a), shall qualify to have the effect of the frozen present value resulting from all previous periods of retirement eliminated, provided that all payments under Option 4 and annuity~~

1 ~~payments payable during previous periods of retirement plus~~
2 ~~interest as set forth in paragraph (3) shall be returned to~~
3 ~~the fund in the form of an actuarial adjustment to his~~
4 ~~subsequent benefits or in such form as the board may~~
5 ~~otherwise direct.~~

6 ~~(2) Upon subsequent discontinuance of service and the~~
7 ~~filing of an application for an annuity from the system, a~~
8 ~~former annuitant who qualifies to have the effect of a frozen~~
9 ~~present value eliminated under this subsection shall be~~
10 ~~entitled to receive the higher of either:~~

11 ~~(i) an annuity (prior to optional modification)~~
12 ~~calculated as if the freezing of the former annuitant's~~
13 ~~account pursuant to subsection (a) had not occurred,~~
14 ~~adjusted by crediting Class T C school service as Class~~
15 ~~T D service as provided for in section 8305(c) (relating~~
16 ~~to classes of service) and further adjusted according to~~
17 ~~paragraph (3), provided that a former annuitant of the~~
18 ~~system or a former annuitant of the State Employees'~~
19 ~~Retirement System who retired under a provision of law~~
20 ~~granting additional service credit if termination of~~
21 ~~school or State service or retirement occurred during a~~
22 ~~specific period of time shall not be permitted to retain~~
23 ~~the additional service credit under the prior law when~~
24 ~~the annuity is computed for his most recent retirement;~~
25 ~~or~~

26 ~~(ii) an annuity (prior to optional modification)~~
27 ~~calculated as if the former annuitant did not qualify to~~
28 ~~have the effect on the frozen present value eliminated,~~
29 ~~unless the former annuitant notifies the board in writing by~~
30 ~~the later of the date the application for annuity is filed or~~

1 ~~the effective date of retirement that the former annuitant~~
2 ~~wishes to receive the lower annuity.~~

3 * * *

4 ~~§ 8347. Death benefits.~~

5 ~~(a) Members eligible for annuities. Any member or former~~
6 ~~member on USERRA leave, other than an annuitant, who dies and~~
7 ~~was eligible for an annuity in accordance with section 8307(a)~~
8 ~~or (b) (relating to eligibility for annuities) shall be~~
9 ~~considered as having applied for an annuity from the fund to~~
10 ~~become effective the day before his death; and, in the event he~~
11 ~~has not elected an option, it shall be assumed that he elected~~
12 ~~Option 1 and assigned as beneficiary that person last designated~~
13 ~~in writing to the board. For purposes of this section, a Class~~
14 ~~T G or Class T II member with five or more eligibility points~~
15 ~~shall be considered eligible for an annuity under section~~
16 ~~8307(a) or (b) (relating to eligibility for annuities) and~~
17 ~~eligible for a death benefit under section 8309 (relating to~~
18 ~~eligibility for death benefits) even if the member had not~~
19 ~~attained the age of 62.~~

20 ~~(b) Members ineligible for annuities. In the event of the~~
21 ~~death of any member or former member on USERRA leave, other than~~
22 ~~an annuitant, who is not entitled to a death benefit as provided~~
23 ~~in subsection (a), his designated beneficiary shall be paid the~~
24 ~~full amount of his accumulated deductions payable from the fund.~~

25 * * *

26 ~~§ 8349. Payment of benefits from the system.~~

27 ~~(a) Annuities. Any annuity granted under the provisions of~~
28 ~~this part and paid from the fund shall be paid in equal monthly~~
29 ~~installments commencing by the required beginning date.~~

30 ~~(b) Death benefits. If the amount of a death benefit~~

1 ~~payable from the fund to a beneficiary of a member under section~~
2 ~~8347 (relating to death benefits) or under the provisions of~~
3 ~~Option 1 of section 8345(a) (1) (relating to member's options) is~~
4 ~~\$10,000 or more, such beneficiary may elect to receive payment~~
5 ~~according to one of the following options:~~

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

7 ~~(2) An annuity actuarially equivalent to the amount~~
8 ~~payable.~~

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

12 ~~***~~

13 ~~Section 113. Title 24 is amended by adding a chapter to~~
14 ~~read:~~

15 ~~CHAPTER 84~~

16 ~~SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN~~

17 ~~Sec.~~

18 ~~8401. Establishment.~~

19 ~~8402. Plan document.~~

20 ~~8403. Individual investment accounts.~~

21 ~~8404. Participant contributions.~~

22 ~~8405. Mandatory pickup participant contributions.~~

23 ~~8406. Employer defined contributions.~~

24 ~~8407. Eligibility for benefits.~~

25 ~~8408. Death benefits.~~

26 ~~8409. Vesting.~~

27 ~~8410. Termination of distributions.~~

28 ~~8411. Powers and duties of board.~~

29 ~~8411.1. Relation of administrators of School Employees' Defined~~
30 ~~Contribution Plan to providers of 403(b) plans.~~

1 ~~8412. Responsibility for investment loss.~~

2 ~~8413. Investments based on participant's investment allocation~~
3 ~~choices.~~

4 ~~8414. Expenses.~~

5 ~~8415. Tax qualification.~~

6 ~~§ 8401. Establishment.~~

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

16 ~~(b) School Employees' Defined Contribution Trust. The~~
17 ~~School Employees' Defined Contribution Trust is established as~~
18 ~~part of the plan in accordance with this part. The trust shall~~
19 ~~be comprised of the individual investment accounts, all assets~~
20 ~~and moneys in those accounts and any assets and monies held by~~
21 ~~the board as part of the plan that are not allocated to the~~
22 ~~individual investment accounts. The members of the board shall~~
23 ~~be the trustees of the trust, which 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). The board shall~~
27 ~~determine the terms and provisions of the trust not inconsistent~~
28 ~~with this part, the IRC and other applicable law and shall~~
29 ~~provide for the investment and administration of the trust.~~

30 ~~(c) Assets held in trust. All assets and income in the plan~~

~~1 that have been or shall be withheld or contributed by the
2 participants, the Commonwealth and employers in accordance with
3 this part shall be held in trust in any funding vehicle
4 permitted by the applicable provisions of the IRC for the
5 exclusive benefit of the plan's participants and their
6 beneficiaries until such time as the funds are distributed to
7 the participants or their beneficiaries in accordance with the
8 terms of the plan document. The assets of the plan held in trust
9 for the exclusive benefit of the participants and their
10 beneficiaries may be used for the payment of the fees, costs and
11 expenses related to the administration and investment of the
12 plan and the trust.~~

~~13 (d) Name for transacting business. By the name of "The
14 School Employees' Defined Contribution Plan," all of the
15 business of the plan shall be transacted, the trust invested,
16 all requisitions for money drawn and payments made and all of
17 its cash and securities and other property shall be held, except
18 that, any other law to the contrary notwithstanding, the board
19 may establish a nominee registration procedure for the purpose
20 of registering securities to facilitate the purchase, sale or
21 other disposition of securities under the provisions of this
22 part.~~

~~23 § 8402. Plan document.~~

~~24 The board shall set forth the terms and provisions of the
25 plan and trust in a document containing the terms and conditions
26 of the plan and in a trust declaration. The creation of the
27 document containing the terms and conditions of the plan and the
28 trust declaration and the establishment of the terms and
29 provisions of the plan and the trust need not be promulgated by
30 regulation or formal rulemaking and shall not be subject to the~~

1 ~~act of July 31, 1968 (P.L.769, No.240), referred to as the~~
2 ~~Commonwealth Documents Law. A reference in this part or other~~
3 ~~law to the plan shall include the plan document unless the~~
4 ~~context clearly indicates otherwise.~~

5 ~~§ 8403. Individual investment accounts.~~

6 ~~The board:~~

7 ~~(1) Shall establish in the trust an individual~~
8 ~~investment account for each participant in the plan. All~~
9 ~~contributions by a participant or an employer for or on~~
10 ~~behalf of a participant shall be credited to the~~
11 ~~participant's individual investment account, together with~~
12 ~~all interest and investment earnings and losses. Investment~~
13 ~~and administrative fees, costs and expenses shall be charged~~
14 ~~to the participants' individual investment accounts.~~

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

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

25 ~~§ 8404. Participant contributions.~~

26 ~~(a) Mandatory contributions. A participant shall make~~
27 ~~mandatory pickup participant contributions through payroll~~
28 ~~deductions to the participant's individual investment account~~
29 ~~for school service required to be credited in the plan. The~~
30 ~~employer shall cause those contributions for service required to~~

1 ~~be credited in the plan to be made and deducted from each~~
2 ~~payroll or on such schedule as established by the board.~~

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

11 ~~(c) Prohibition on contributions. No contributions shall be~~
12 ~~allowed that would cause a violation of the limitations related~~
13 ~~to contributions applicable to governmental plans contained in~~
14 ~~IRC § 415 or in other provisions of law. In the event that any~~
15 ~~disallowed contributions are made, any participant contributions~~
16 ~~in excess of the limitations and investment earnings on those~~
17 ~~contributions, minus investment fees and charges, shall be~~
18 ~~refunded to the participant by the board.~~

19 ~~§ 8405. Mandatory pickup participant contributions.~~

20 ~~(a) Treatment for purposes of IRC § 414(h). The~~
21 ~~contributions to the trust required to be made under section~~
22 ~~8404(a) (relating to participant contributions) with respect to~~
23 ~~school service rendered by an active participant shall be picked~~
24 ~~up by the employer and shall be treated as the employer's~~
25 ~~contribution for purposes of IRC § 414(h). After the effective~~
26 ~~date of this section, an employer employing a participant in the~~
27 ~~plan shall pick up the required mandatory participant~~
28 ~~contributions by a reduction in the compensation of the~~
29 ~~participant.~~

30 ~~(b) Treatment for other purposes. For all other purposes~~

~~1 under this part and otherwise, mandatory pickup participant
2 contributions shall be treated as contributions made by a
3 participant in the same manner and to the same extent as if the
4 contributions were made directly by the participant and not
5 picked up.~~

~~6 § 8406. Employer defined contributions.~~

~~7 (a) Contributions for service. The employer of a
8 participant shall make employer defined contributions for
9 service of an active participant that shall be credited to the
10 active participant's individual investment account. Employer
11 defined contributions must be recorded and accounted for
12 separately from participant contributions.~~

~~13 (b) Contributions resulting from participants reemployed
14 from USERRA leave. When a school employee reemployed from
15 USERRA leave makes the mandatory pickup participant
16 contributions permitted to be made for the USERRA leave, the
17 employer by whom the school employee is employed at the time the
18 participant contributions are made shall make whatever employer
19 defined contributions would have been made under this section
20 had the employee making the participant contributions after
21 being reemployed from USERRA leave continued to be employed in
22 the employee's school position instead of performing USERRA
23 leave. The employer defined contributions shall be placed in the
24 participant's individual investment account as otherwise
25 provided by this part.~~

~~26 (c) Limitations on contributions. No contributions shall 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 thereon shall be refunded to the employer by the board.~~
3 ~~§ 8407. Eligibility for benefits.~~

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

17 ~~(b) Required distributions. All payments under this section~~
18 ~~shall start and be made in compliance with the minimum~~
19 ~~distribution requirements and incidental death benefit rules of~~
20 ~~IRC § 401(a)(9). The board shall take any action and make any~~
21 ~~distributions it may determine are necessary to comply with~~
22 ~~those requirements.~~

23 ~~(c) Prohibited distributions. A school employee must be~~
24 ~~terminated from all positions that result in either membership~~
25 ~~in the system or participation in the plan to be eligible to~~
26 ~~receive a distribution.~~

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

1 ~~(e) Small individual investment accounts. A participant who~~
2 ~~terminates school service and whose vested accumulated total~~
3 ~~defined contributions are below the threshold established by law~~
4 ~~as of the date of termination of service may be paid the vested~~
5 ~~accumulated total defined contributions in a lump sum as~~
6 ~~provided in IRC § 401(a)(31).~~

7 ~~§ 8408. Death benefits.~~

8 ~~(a) General rule. In the event of the death of an active~~
9 ~~participant or inactive participant, the board shall pay to the~~
10 ~~participant's beneficiary the vested balance in the~~
11 ~~participant's individual investment account in a lump sum or in~~
12 ~~such other manner as the board may establish in the plan~~
13 ~~document.~~

14 ~~(b) Death of participant receiving distributions. In the~~
15 ~~event of the death of a participant receiving distributions, the~~
16 ~~board shall pay to the participant's beneficiary the vested~~
17 ~~balance in the participant's individual investment account in a~~
18 ~~lump sum or in such other manner as the board may establish in~~
19 ~~the plan document or, if the board has established alternative~~
20 ~~methods of distribution in the plan document under which the~~
21 ~~participant was receiving distributions, to the participant's~~
22 ~~beneficiary or successor payee as provided 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 and their beneficiaries who~~
26 ~~receive a lump sum distribution to receive payments and death~~
27 ~~benefits in a form and manner as provided by the contract.~~

28 ~~§ 8409. Vesting.~~

29 ~~(a) Participant and voluntary contributions. Subject to the~~
30 ~~forfeiture and attachment provisions of section 8533 (relating~~

~~to taxation, attachment and assignment of funds) or otherwise as provided by law, a participant shall be immediately vested with respect to all mandatory pickup participant contributions and voluntary contributions paid by or on behalf of the participant to the trust plus interest and investment gains or losses on the participant contributions but minus investment fees and administrative charges.~~

~~(b) Employer defined contributions.~~

~~(1) Subject to the forfeiture and attachment provisions of section 8533 or otherwise as provided by law, a participant shall be vested with respect to employer defined contributions paid to the participant's individual investment account in the trust plus interest and investment gains or losses on the employer defined contributions but minus investment fees and administrative charges according to the following schedule:~~

~~(i) until such time as the participant has earned three eligibility points as a member of the plan, 0%; or~~

~~(ii) at and after the attainment of three eligibility points as a member of the plan, 100%.~~

~~(2) For purposes of this subsection, all eligibility points credited to a member of the system in any class of service shall be used for determining vested status in the plan even if the employee was not a participant in the plan at the time the eligibility points were earned.~~

~~(3) Nonvested employer defined contributions, including interest and investment gains and losses that are forfeited by a participant, shall be applied to the participant's most recent employer's obligations assessed in future years.~~

~~(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 school service that would have been performed had the member not performed USERRA leave.~~

~~§ 8410. Termination of distributions.~~

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

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

~~(2) This subsection shall not apply to a distribution that the participant has received or used to purchase an annuity from a provider contracted by the board.~~

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

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

~~(2) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or, in the case of an active participant, may be amortized with interest as provided in the plan document through salary deductions to the trust in amounts agreed upon by the active participant and the board, but not longer than a period that starts with the date of reemployment and continuing for up to~~

~~three times the length of the active participant's immediate past period of USERRA leave. The repayment period shall not exceed five years.~~

~~§ 8411. Powers and duties of board.~~

~~The board, in addition to its powers and duties set forth in Chapter 85 (relating to administration and miscellaneous provisions), shall have the following powers and duties to establish the plan and trust and to administer the provisions of this part:~~

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

~~(2) The board shall pay all administrative fees, costs and expenses of managing, investing and administering the plan, the trust and the individual investment accounts from the balance of such individual investment accounts, except as otherwise provided in this part or as the General Assembly otherwise provides through appropriations from the General Fund.~~

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

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

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

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

1 ~~established.~~

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

6 ~~(8) The board may allow an inactive participant to~~
7 ~~maintain the participant's individual investment account~~
8 ~~within the plan.~~

9 ~~(9) The board shall administer or ensure the~~
10 ~~administration of the plan in compliance with the~~
11 ~~qualification and other rules of IRC.~~

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

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

16 ~~(12) The board may establish procedures for~~
17 ~~distributions of small accounts as required or permitted by~~
18 ~~IRC.~~

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

23 ~~(i) Procedures by which eligible participants may~~
24 ~~change voluntary contribution amounts or their investment~~
25 ~~choices on a periodic basis or make other elections~~
26 ~~regarding their participation in the plan.~~

27 ~~(ii) Procedures for deducting mandatory pickup~~
28 ~~participant contributions and voluntary contributions~~
29 ~~from a participant's compensation.~~

30 ~~(iii) Procedures for rollovers and trustee to~~

1 ~~trustee transfers allowed under the IRC and permitted by~~
2 ~~the board as part of the plan.~~

3 ~~(iv) Standards and criteria for providing not less~~
4 ~~than ten options which are offered by three or more~~
5 ~~providers of investment options to eligible individuals~~
6 ~~regarding investments of amounts deferred under the plan.~~
7 ~~The standards and criteria must provide for a variety of~~
8 ~~investment options and shall be reviewed in accordance~~
9 ~~with criteria established by the board.~~

10 ~~(v) Standards and criteria for disclosing to the~~
11 ~~participants the anticipated and actual income~~
12 ~~attributable to amounts invested, property rights and all~~
13 ~~fees, costs and expenses to be made against amounts~~
14 ~~deferred to cover the costs and expenses of administering~~
15 ~~and managing the plan or trust.~~

16 ~~(vi) Procedures, standards and criteria for the~~
17 ~~making of distributions from the plan upon termination~~
18 ~~from employment or death or in other circumstances~~
19 ~~consistent with the purpose of the plan.~~

20 ~~(14) The board may waive any reporting or information~~
21 ~~requirement contained in this part if the board determines~~
22 ~~that the information is not needed for the administration of~~
23 ~~the plan.~~

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

29 ~~(16) The board may provide that any duties of the~~
30 ~~employer or information provided by the participant to the~~

~~employer be performed or received directly by the board.~~

~~(17) The board shall ensure that participants are provided with educational materials about investment options and choices.~~

~~(18) The board may establish procedures in the plan document for automatic increases in a participant's voluntary contributions, whether or not the participant is then making voluntary contributions, and procedures for a participant to elect not to have increased voluntary contributions.~~

~~§ 8411.1. Relation of administrators of School Employees' Defined Contribution Plan to providers of 403(b) plans.~~

~~(a) General rule. A financial institution or pension management organization entering into a written agreement under section 8411 (relating to powers and duties of board) may offer or provide services to any plan established or maintained by a school district under IRC § 403(b) or 457 if the written agreement for the administration of the School Employees' Defined Contribution Plan is not combined with any other written agreement for the administration of a school district's 403(b) plan or 457 plan. Each school district that provides a 403(b) plan shall make available, in the manner provided by subsection (c), to participants, multiple financial institutions or pension management organizations that have not entered into a written agreement to section 8411 and which provide services to the school district's 403(b) plan or 457 plan.~~

~~(b) Plan transparency and administration. A financial institution or pension management organization providing services for any plan established or maintained by a school district under IRC § 403(b) or 457 shall:~~

1 ~~(1) enter into an agreement with the school district or~~
2 ~~the school district's independent compliance administrator~~
3 ~~that shall require the financial institution or pension~~
4 ~~management organization to provide in an electronic format~~
5 ~~all data necessary for the administration of the 403(b) plan~~
6 ~~or 457 plan as determined by the school district or the~~
7 ~~school district's compliance administrator; and~~

8 ~~(2) provide all data required by the school district or~~
9 ~~a school district's compliance administrator to facilitate~~
10 ~~disclosure of all fees, charges, expenses, commissions,~~
11 ~~compensation and payments to third parties related to~~
12 ~~investments offered under the 403(b) plan or 457 plan.~~

13 ~~(c) Provider selection. A school district that establishes~~
14 ~~or maintains a plan under IRC § 403(b) or 457 shall select a~~
15 ~~minimum of four financial institutions or pension management~~
16 ~~organizations, in addition to the financial institution or~~
17 ~~pension management organization that entered into an agreement~~
18 ~~under section 8411, to provide services to the 403(b) plan or~~
19 ~~457 plan. If fewer than four such additional financial~~
20 ~~institutions or pension management organizations are determined~~
21 ~~to be available or able to meet the requirements established in~~
22 ~~this section, then the school district shall select the number~~
23 ~~of available providers able to meet the school district's~~
24 ~~requirements. A financial institution or pension management~~
25 ~~organization shall be designated a 403(b) plan or 457 plan~~
26 ~~provider if the financial institution or pension management~~
27 ~~organization enters into an agreement in accordance with~~
28 ~~subsection (b).~~

29 ~~§ 8412. Responsibility for investment loss.~~

30 ~~The Commonwealth, the board, an employer or a school entity~~

~~1 or other political subdivision shall not be responsible for any
2 investment loss incurred under the plan or for the failure of
3 any investment to earn any specific or expected return or to
4 earn as much as any other investment opportunity or to cost less
5 than any other investment opportunity, whether or not such other
6 opportunity was offered to participants in the plan.~~

~~7 § 8413. Investments based on participant's investment
8 allocation choices.~~

~~9 (a) Investment by participant. All contributions, interest
10 and investment earnings shall be invested based on a
11 participant's investment allocation choices, provided that the
12 board may provide for a default investment option. All
13 investment allocation choices shall be credited proportionally
14 between contributions from the participant and employer defined
15 contributions. Each participant shall be credited individually
16 with the amount of contributions, interest and investment
17 earnings.~~

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

~~30 § 8414. Expenses.~~

~~All expenses, fees and costs of administering the plan and 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 2016-2017 and 2017-2018, the expenses, fees and costs of establishing and administering the plan and trust shall be paid by the Commonwealth through annual appropriations.~~

~~§ 8415. 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 a governmental plan 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 plan" 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 provide for a contribution or benefit in excess of a 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.~~

~~Section 114. Sections 8501(a), (c), (d) and (e) and 8502(a), (b), (c), (e), (h), (i), (j), (k), (m), (n) and (o) of Title 24 are amended and the sections are amended by adding subsections to read:~~

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

~~(a) Status and membership. The board shall be an independent administrative board and shall consist of 15 members: the Secretary of Education, ex officio; the State Treasurer, ex officio; the Secretary of Banking and Securities, ex officio; two Senators; two members of the House of Representatives; the executive secretary of the Pennsylvania School Boards Association, ex officio; [two] one to be appointed by the Governor[, at least one of whom shall not be a school employee or an officer or employee of the State]; three to be elected by the active professional members of the system and active professional participants of the plan from among their number; one to be elected by annuitants or participants of the plan who have terminated school service and are receiving or are eligible to receive distributions from among their number; one to be elected by the active nonprofessional members of the system or active nonprofessional participants of the plan from~~

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

27 * * *

28 ~~(c) Oath of office. Each member of the board shall take an~~
29 ~~oath of office that he will, so far as it devolves upon him,~~
30 ~~diligently and honestly administer the affairs of said board,~~

1 ~~the system and the plan and that he will not knowingly violate~~
2 ~~or willfully permit to be violated any of the provisions of law~~
3 ~~applicable to this part. Such oath shall be subscribed by the~~
4 ~~member making it and certified by the officer before whom it is~~
5 ~~taken and shall be immediately filed in the office of the~~
6 ~~Secretary of the Commonwealth.~~

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

1 ~~(e) Corporate power and legal advisor. For the purposes of~~
2 ~~this part, the board shall possess the power and privileges of a~~
3 ~~corporation. [The Attorney General of the Commonwealth shall be~~
4 ~~the legal advisor of the board.] Legal counsel to the board~~
5 ~~shall serve independently from the Governor's Office of General~~
6 ~~Counsel, the General Assembly and the Attorney General.~~

7 ~~(f) Board training. Each member of the board will be~~
8 ~~required to obtain eight hours of mandatory training in~~
9 ~~investment strategies, actuarial cost analysis and retirement~~
10 ~~portfolio management on an annual basis.~~

11 ~~§ 8502. Administrative duties of board.~~

12 ~~(a) Employees.~~

13 ~~(1) Effective 30 days after the effective date of this~~
14 ~~paragraph, the positions of secretary, assistant secretary~~
15 ~~and investment professional shall be placed under the~~
16 ~~unclassified service provisions of the act of August 5, 1941~~
17 ~~(P.L.752, No.286), known as the Civil Service Act, as those~~
18 ~~positions are vacated. All other positions of the board shall~~
19 ~~be placed in either the classified or unclassified service~~
20 ~~according to the definition of the terms under the Civil~~
21 ~~Service Act.~~

22 ~~(2) Notwithstanding any other provision of law, the~~
23 ~~compensation of investment professionals shall be established~~
24 ~~by the board. The compensation of all other officers and~~
25 ~~employees of the board who are not covered by a collective~~
26 ~~bargaining agreement shall be established by the board~~
27 ~~consistent with the standards of compensation established by~~
28 ~~the Executive Board of the Commonwealth.~~

29 ~~(3) The board may utilize the staff of employees~~
30 ~~provided for under this subsection for both the system and~~

1 ~~the plan, but shall allocate the fees, costs and expenses~~
2 ~~incurred under this subsection between the system and the~~
3 ~~plan as appropriate.~~

4 ~~(b) Professional personnel.—~~

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

9 ~~(2) The board may utilize the same individuals and firms~~
10 ~~contracted under this subsection for both the system and the~~
11 ~~plan but shall allocate the fees, costs and expenses incurred~~
12 ~~under this subsection between the system and the plan as~~
13 ~~appropriate.~~

14 ~~(c) Expenses.—~~

15 ~~(1) The board shall, through the Governor, submit to the~~
16 ~~General Assembly annually a budget covering the~~
17 ~~administrative expenses of [this part.] the system and a~~
18 ~~separate budget covering the administrative expenses of the~~
19 ~~plan. The separate budgets shall include those expenses~~
20 ~~necessary to establish the plan and trust.~~

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

24 ~~(3) For fiscal years beginning on or after July 1, 2018,~~
25 ~~the expenses of the plan as approved by the General Assembly~~
26 ~~shall be paid from interest, under section 8413(b) (relating~~
27 ~~to investments based on participant's investment allocation~~
28 ~~choices) or assessments on the balances of the participants'~~
29 ~~individual investment accounts or as otherwise provided in~~
30 ~~this part.~~

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

11 ~~* * *~~

12 ~~(e) Records.—~~

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

17 ~~(2) Any record, material or data received, prepared,~~
18 ~~used or retained by the board or its employees, investment~~
19 ~~professionals or agents relating to an investment shall not~~
20 ~~constitute a public record subject to public [inspection]~~
21 ~~access under the act of [June 21, 1957 (P.L.390, No.212),~~
22 ~~referred to] February 14, 2008 (P.L.6, No.3), known as the~~
23 ~~Right to Know Law, if, in the reasonable judgment of the~~
24 ~~board, the [inspection] access would:~~

25 ~~(i) in the case of an alternative investment or~~
26 ~~alternative investment vehicle involve the release of~~
27 ~~sensitive investment or financial information relating to~~
28 ~~the alternative investment or alternative investment~~
29 ~~vehicle which the fund or trust was able to obtain only~~
30 ~~upon agreeing to maintain its confidentiality;~~

1 ~~(ii) cause substantial competitive harm to the~~
2 ~~person from whom sensitive investment or financial~~
3 ~~information relating to the investment was received; or~~

4 ~~(iii) have a substantial detrimental impact on the~~
5 ~~value of an investment to be acquired, held or disposed~~
6 ~~of by the fund or trust, or would cause a breach of the~~
7 ~~standard of care or fiduciary duty set forth in this~~
8 ~~part.~~

9 ~~(3) The following apply:~~

10 ~~(i) The sensitive investment or financial~~
11 ~~information excluded from [inspection] access under~~
12 ~~paragraph (2) (i), to the extent not otherwise excluded~~
13 ~~from [inspection] access, shall constitute a public~~
14 ~~record subject to public [inspection] access under the~~
15 ~~Right to Know Law once the board is no longer required by~~
16 ~~its agreement to maintain confidentiality.~~

17 ~~(ii) The sensitive investment or financial~~
18 ~~information excluded from [inspection] access under~~
19 ~~paragraph (2) (ii), 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:~~

23 ~~(A) the [inspection] access no longer causes~~
24 ~~substantial competitive harm to the person from whom~~
25 ~~the information was received; or~~

26 ~~(B) the entity in which the investment was made~~
27 ~~is liquidated;~~

28 ~~whichever is later.~~

29 ~~(iii) The sensitive investment or financial~~
30 ~~information excluded from [inspection] access under~~

1 paragraph (2) (iii), 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 has a
6 substantial detrimental impact on the value of an
7 investment of the fund or trust and would not cause a
8 breach of the standard of care or fiduciary duty set
9 forth in this part; or

10 (B) the entity in which the investment was made
11 is liquidated;

12 whichever is later.

13 (4) Except for the provisions of paragraph (3), nothing
14 in this subsection shall be construed to designate any
15 record, material or data received, prepared, used or retained
16 by the board or its employees, investment professionals or
17 agents relating to an investment as a public record subject
18 to public [inspection] access under the Right to Know Law.

19 (5) Notwithstanding the provisions of this subsection,
20 the following information regarding an alternative investment
21 vehicle shall be subject to public [inspection] access under
22 the Right to Know Law:

23 (i) The name, address and vintage year of the
24 alternative investment vehicle.

25 (ii) The identity of the manager of the alternative
26 investment vehicle.

27 (iii) The dollar amount of the commitment made by
28 the system or plan to the alternative investment vehicle.

29 (iv) The dollar amount of cash contributions made by
30 the system or plan to the alternative investment vehicle

1 ~~since inception.~~

2 ~~(v) The dollar amount of cash distributions received~~
3 ~~by the system or plan from the alternative investment~~
4 ~~vehicle since inception.~~

5 ~~(vi) The net internal rate of return of the~~
6 ~~alternative investment vehicle since inception, provided~~
7 ~~that the system or plan shall not be required to disclose~~
8 ~~the net internal rate of return under circumstances in~~
9 ~~which, because of the limited number of portfolio assets~~
10 ~~remaining in the alternative investment vehicle, the~~
11 ~~disclosure could reveal the values of specifically~~
12 ~~identifiable remaining portfolio assets to the detriment~~
13 ~~of the alternative investment.~~

14 ~~(vii) The aggregate value of the remaining portfolio~~
15 ~~assets attributable to the system's or plan's investment~~
16 ~~in the alternative investment vehicle, provided that the~~
17 ~~system or plan shall not be required to disclose the~~
18 ~~value under circumstances in which, because of the~~
19 ~~limited number of portfolio assets remaining in the~~
20 ~~alternative investment vehicle, the disclosure could~~
21 ~~reveal the values of specifically identifiable remaining~~
22 ~~portfolio assets to the detriment of the alternative~~
23 ~~investment.~~

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

27 ~~(6) Any record, material or data received, prepared,~~
28 ~~used or retained by the board or its employees or agents~~
29 ~~relating to the contributions, account value or benefits~~
30 ~~payable to or on account of a participant shall not~~

~~constitute a public record subject to public access under the
Right to Know Law, if, in the reasonable judgment of the
board, the access would disclose any of the following:~~

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

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

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

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

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

~~(7) The following shall apply:~~

~~(i) Nothing in this part shall be construed to mean
that the release or publicizing of a record, material or
data that would not constitute a public record under this
subsection shall be a violation of the board's fiduciary
duties.~~

~~(ii) This subsection 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
section;~~

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

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

6 * * *

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

24 ~~(i) Data. The board shall keep in convenient form such data~~
25 ~~as are stipulated by the actuary in order that an annual~~
26 ~~actuarial valuation of the various accounts of the fund can be~~
27 ~~completed within six months of the close of each fiscal year.~~
28 ~~The board shall have final authority over the means by which~~
29 ~~data is collected, maintained and stored and in so doing shall~~
30 ~~protect the rights of its membership as to privacy and~~

1 confidentiality.

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

28 ~~(k) Certification of employer contributions to fund. The~~
29 ~~board shall, each year in addition to the itemized budget~~
30 ~~required under section 8330 (relating to appropriations by the~~

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

23 * * *

24 (m) ~~Member contributions and interest. The board shall~~
25 ~~cause each member's contributions, including payroll deductions,~~
26 ~~pickup contributions, shared risk contributions and all other~~
27 ~~payments, including, but not limited to, amounts collected by~~
28 ~~the State Employees' Retirement System for the reinstatement of~~
29 ~~previous school service or creditable nonschool service and~~
30 ~~amounts paid to return benefits paid after the date of return to~~

1 ~~school service or entering State service representing lump sum~~
2 ~~payments made pursuant to section 8345(a)(4)(iii) (relating to~~
3 ~~member's options) and member's annuity payments, but not~~
4 ~~including other benefits returned pursuant to section 8346(a.1)~~
5 ~~and (a.2) (relating to termination of annuities), to be credited~~
6 ~~to the account of such member and shall pay all such amounts~~
7 ~~into the fund. Such contributions shall be credited with~~
8 ~~statutory interest until date of termination of service, except~~
9 ~~in the case of a vestee, who shall have such interest credited~~
10 ~~until the effective date of retirement or until the return of~~
11 ~~his accumulated deductions, if he so elects; and in the case of~~
12 ~~a multiple service member who shall have such interest credited~~
13 ~~until termination of service in both the school and the State~~
14 ~~systems.~~

15 ~~(n) Annual financial [statement] statements. The board~~
16 ~~shall prepare and have published, on or before January 1 of each~~
17 ~~year, [a financial statement] financial statements as of the~~
18 ~~fiscal year ending June 30 of the previous year showing the~~
19 ~~condition of the fund, the trust and the various accounts,~~
20 ~~including, but not limited to, the board's accrual and~~
21 ~~expenditure of directed commissions, and setting forth such~~
22 ~~other facts, recommendations and data as may be of use in the~~
23 ~~advancement of knowledge concerning annuities and other benefits~~
24 ~~provided by this part. The board shall submit said financial~~
25 ~~[statement] statements to the Governor and shall make copies~~
26 ~~available to the employers for the use of the school employees~~
27 ~~and the public.~~

28 ~~(o) Independent [audit] audits. The board shall provide for~~
29 ~~[an annual audit] annual audits of the system and the plan by an~~
30 ~~independent certified public accounting firm[, which audit]. The~~

1 ~~audits shall include the board's accrual and expenditure of~~
2 ~~directed commissions. The board may use the same independent~~
3 ~~certified public accounting firm for the audits of both the~~
4 ~~system and the plan.~~

5 * * *

6 ~~(g) Participant and employer contributions to trust. The~~
7 ~~board shall, each year in addition to any fees and itemized~~
8 ~~budget required under section 8330, certify, as a percentage of~~
9 ~~each participant's compensation, the employer defined~~
10 ~~contributions, which shall be paid to the trust and credited to~~
11 ~~each participant's individual investment account. These~~
12 ~~certifications shall be regarded as final and not subject to~~
13 ~~modification by the Secretary of the Budget. The board shall~~
14 ~~cause all mandatory pickup participant contributions made on~~
15 ~~behalf of a participant and all voluntary contributions made by~~
16 ~~a participant to be credited to the participant's individual~~
17 ~~investment account.~~

18 Section 115. ~~Section 8502.2(a) of Title 24 is amended to~~
19 ~~read:~~

20 ~~§ 8502.2. Health insurance.~~

21 ~~(a) Authority. The board may sponsor a participant funded~~
22 ~~group health insurance program for annuitants, participants~~
23 ~~receiving distributions, spouses of annuitants and participants~~
24 ~~receiving distributions, survivor annuitants and their~~
25 ~~dependents. The board may promulgate regulations regarding the~~
26 ~~prudent and efficient operation of the program, including, but~~
27 ~~not limited to:~~

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

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

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

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

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

7 ~~* * *~~

8 ~~Section 116. Sections 8503 heading and (b), 8505 heading,~~
9 ~~(h) and (i), 8506 (a), (d), (e), (f), (i) and (k) and 8507~~
10 ~~heading, (a), (e), (f) and (i) of Title 24 are amended and the~~
11 ~~sections are amended by adding subsections to read:~~

12 ~~§ 8503. Duties of board to advise and report to employers [and~~
13 ~~members], members and participants.~~

14 ~~* * *~~

15 ~~(b) Member status statements. The board shall furnish~~
16 ~~annually on or before December 31, a statement to each member~~
17 ~~showing the accumulated deductions standing to the credit of the~~
18 ~~member and the number of years and fractional part of a year of~~
19 ~~service credited in each class of service, as applicable, as of~~
20 ~~June 30 of that year. Each member's statement shall include a~~
21 ~~request that the member make any necessary corrections or~~
22 ~~revisions regarding his designated beneficiary, whose name at~~
23 ~~the request of the member shall remain confidential and not~~
24 ~~appear on this statement.~~

25 ~~(b.1) Participant status statements. The board shall~~
26 ~~furnish annually to each participant on or before December 31,~~
27 ~~and more frequently as the board may agree or as required by~~
28 ~~law, a statement showing the accumulated total defined~~
29 ~~contributions credited to the participant's individual~~
30 ~~investment account, the nature and type of investments and the~~

1 ~~investment allocation of future contributions as of June 30 of~~
2 ~~the current year and shall request the participant to make any~~
3 ~~necessary correction or revision regarding his designated~~
4 ~~beneficiary.~~

5 * * *

6 ~~§ 8505. Duties of board regarding applications and elections of~~
7 ~~members and participants.~~

8 * * *

9 ~~(e.1) Certification to participants terminating service.~~

10 ~~The board shall certify to the participant in writing within one~~
11 ~~year of termination of service of the participants of the vested~~
12 ~~accumulated total defined contributions credited to the~~
13 ~~participant's individual investment account as of the date~~
14 ~~stated in the writing, any notices regarding rollover or other~~
15 ~~matters required by IRC or other law, the obligation of the~~
16 ~~participant to commence distributions from the plan by the~~
17 ~~participant's required beginning date and the ability to receive~~
18 ~~all or part of the vested balance in the participant's~~
19 ~~individual investment account in a lump sum or in such other~~
20 ~~form as the board may authorize or as required by law.~~

21 * * *

22 ~~(f.1) Notification to inactive participants approaching~~
23 ~~required beginning date. The board shall notify in writing each~~
24 ~~inactive participant who has terminated school service and who~~
25 ~~has not commenced distribution by 90 days before the~~
26 ~~participant's required beginning date that the inactive~~
27 ~~participant has an obligation to commence distributions by the~~
28 ~~required beginning date in a form and manner required by IRC §~~
29 ~~401(a)(9) and other applicable provisions of IRC.~~

30 * * *

1 ~~(g.1) Initial payment to a participant. The board shall~~
2 ~~make the initial payment to a participant who has applied for a~~
3 ~~distribution within 60 days of the filing of the application and~~
4 ~~receipt of the required data from the employer of the~~
5 ~~participant and other necessary data.~~

6 ~~(h) Death benefits. Upon receipt of notification of the~~
7 ~~death of a member or former member on USERRA leave or an active~~
8 ~~participant, an inactive participant or a former participant~~
9 ~~performing USERRA leave, the board shall notify the designated~~
10 ~~beneficiary or survivor annuitant of the benefits to which he is~~
11 ~~entitled and shall make the first payment to the beneficiary~~
12 ~~under the [plan] benefits elected by the beneficiary within 60~~
13 ~~days of receipt of certification of death and other necessary~~
14 ~~data. If no beneficiary designation is in effect at the date of~~
15 ~~the member's or participant's death or no notice has been filed~~
16 ~~with the board to pay the amount of such benefits to the~~
17 ~~member's or participant's estate, the board is authorized to pay~~
18 ~~such benefits to the executor, administrator, surviving spouse~~
19 ~~or next of kin of the deceased member or participant, and~~
20 ~~payment pursuant hereto shall fully discharge the fund or plan~~
21 ~~from any further liability to make payment of such benefits to~~
22 ~~any other person.~~

23 ~~(i) Medical insurance coverage. Upon receipt of~~
24 ~~notification from an insurance carrier offering a health~~
25 ~~insurance program approved by the board that an annuitant or~~
26 ~~participant who has attained age 65 has elected medical, major~~
27 ~~medical, and hospitalization insurance coverage or notification~~
28 ~~that annuitants with less than 24 1/2 eligibility points (other~~
29 ~~than disability annuitants), spouses of annuitants and survivor~~
30 ~~annuitants eligible to elect to enroll in the approved health~~

1 ~~insurance program have elected participation in such health-~~
2 ~~insurance program, the board may deduct from the annuity-~~
3 ~~payments, from payments to a participant receiving distributions-~~
4 ~~or from a successor payee, the appropriate annual charges in-~~
5 ~~equal monthly installments. Such deductions shall be transmitted-~~
6 ~~to the insurance carrier.~~

7 * * *

8 ~~§ 8506. Duties of employers.~~

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

15 ~~(1) if the removal is due to leave without pay, the~~
16 ~~employer shall furnish the board with the date of beginning-~~
17 ~~leave, the date of return to service, and the reason for-~~
18 ~~leave;~~

19 ~~(2) if the removal is due to a transfer to another~~
20 ~~employer, the former employer shall furnish such employer and-~~
21 ~~the board with a complete school service record, including-~~
22 ~~credited or creditable nonschool service; or~~

23 ~~(3) if the removal is due to termination of school~~
24 ~~service, the employer shall furnish the board with a complete-~~
25 ~~school service record including credited or creditable-~~
26 ~~nonschool service and in the case of death of the member or~~
27 ~~participant the employer shall so notify the board.~~

28 * * *

29 ~~(c.1) Participant and employer defined contributions. The~~
30 ~~employer shall cause the mandatory pickup participant~~

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

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

~~29 (e) New employees subject to optional membership or
30 participation. The employer shall inform any eligible school~~

1 ~~employee whose membership in the system or participation in the~~
2 ~~plan is not mandatory of his opportunity to become a member of~~
3 ~~the system or participant in the plan provided that he elects to~~
4 ~~purchase credit for all such continuous creditable service. If~~
5 ~~such employee so elects, the employer shall no later than 30~~
6 ~~days thereafter cause an application for membership or~~
7 ~~participation which application shall include the employee's~~
8 ~~home address, birthdate certified by the employer, previous~~
9 ~~school or State service and any other information requested by~~
10 ~~the board, and a nomination of beneficiary to be made by him and~~
11 ~~filed with the board and shall cause proper contributions to be~~
12 ~~made from the date of election of membership or participation.~~

13 ~~(f) Advising members of duties. The employer shall advise~~
14 ~~his employees of their duties as members of the system and~~
15 ~~participants of the plan. Local school districts shall be held~~
16 ~~harmless from decisions made by the employee in this regard.~~

17 ~~* * *~~

18 ~~(i) Termination of service by members. The employer shall,~~
19 ~~in the case of any member terminating school service, advise~~
20 ~~such member in writing of any benefits from the system to which~~
21 ~~he may be entitled under the provisions of this part and shall~~
22 ~~have the member prepare, on or before the date of termination of~~
23 ~~school service, one of the following three forms, a copy of~~
24 ~~which shall be given to the member and the original of which~~
25 ~~shall be filed with the board:~~

26 ~~(1) An application for the return of accumulated~~
27 ~~deductions.~~

28 ~~(2) An election to vest his retirement rights, if~~
29 ~~eligible, and, if he is a joint coverage member and so~~
30 ~~desires, an election to become a full coverage member and an~~

1 ~~agreement to pay within 30 days of the date of termination of~~
2 ~~service the lump sum required.~~

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

8 * * *

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

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

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

15 ~~(ii) is granted a leave of absence under 51 Pa.C.S.~~
16 ~~§ 4102 (relating to leaves of absence for certain~~
17 ~~government employees) or a military leave of absence~~
18 ~~under 51 Pa.C.S. § 7302 (relating to granting military~~
19 ~~leaves of absence).~~

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

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

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

26 ~~(1) Differential wage payments and military leave of absence~~
27 ~~payments. Notwithstanding the exclusion of differential wage~~
28 ~~payments as defined in IRC § 414(u)(12) from compensation under~~
29 ~~this part, the employer of any school employee on USERRA leave~~
30 ~~shall report differential wage payments made to the employee to~~

1 ~~the board, and the employer of any school employee on leave of~~
2 ~~absence under 51 Pa.C.S. § 4102 shall report any payment made to~~
3 ~~the employee in the form and manner established by the board.~~
4 ~~§ 8507. Rights and duties of school employees [and members],~~
5 ~~members and participants.~~

6 (a) ~~Information on new employees. Upon his assumption of~~
7 ~~duties, each new school employee shall furnish his employer with~~
8 ~~a complete record of his previous school or State service, or~~
9 ~~creditable nonschool service, proof of his date of birth, his~~
10 ~~home address, his current status in the system and the plan and~~
11 ~~in the State Employees' Retirement System and the State~~
12 ~~Employees' Defined Contribution Plan and such other information~~
13 ~~as the board may require. Willful failure to provide the~~
14 ~~information required by this subsection to the extent available~~
15 ~~or the provision of erroneous information upon entrance into the~~
16 ~~system or plan shall result in the forfeiture of the right of~~
17 ~~the member or participant to subsequently assert any right to~~
18 ~~benefits based on erroneous information or on any of the~~
19 ~~required information which he failed to provide. In any case in~~
20 ~~which the board finds that a member or participant is receiving~~
21 ~~an annuity based on false information, the additional amounts~~
22 ~~received predicated on such false information together with~~
23 ~~statutory interest doubled and compounded shall be deducted from~~
24 ~~the present value of any remaining benefits to which the member~~
25 ~~or participant is legally entitled and such remaining benefits~~
26 ~~shall be correspondingly decreased.~~

27 * * *

28 ~~(d.2) Contributions for USERRA leave. Any active~~
29 ~~participant or inactive participant or former participant who~~
30 ~~was reemployed from USERRA leave and who desires to make~~

~~1 mandatory pickup participant contributions and voluntary
2 contributions for his USERRA leave shall so notify the board
3 within the time period required under 38 U.S.C. Ch. 43 (relating
4 to employment and reemployment rights of members of the
5 uniformed services) and IRC § 414(u) of his desire to make such
6 contributions. Upon the participant making the permitted
7 mandatory pickup participant contributions within the allowed
8 time period, the employer shall make the corresponding employer
9 defined contributions at the same time.~~

~~10 (d.3) Voluntary contributions by a participant. Any
11 participant who desires to make voluntary contributions to be
12 credited to his individual investment account shall notify the
13 board and, upon compliance with the requirements, procedures and
14 limitations established by the board in the plan document, may
15 do so subject to the limitations under IRC §§ 401(a) and 415 and
16 other applicable law.~~

~~17 (e) Beneficiary for death benefits from system. Every
18 member shall nominate a beneficiary by written designation filed
19 with the board to receive the death benefit or the benefit
20 payable from the system under the provisions of Option 1. Such
21 nomination may be changed at any time by the member by written
22 designation filed with the board. A member may also nominate a
23 contingent beneficiary or beneficiaries to receive the death
24 benefit or the benefit payable under the provisions of Option 1.~~

~~25 (e.1) Beneficiary for death benefits from plan. Every
26 participant shall nominate a beneficiary by written designation
27 filed with the board as provided in section 8506 (relating to
28 duties of employers) to receive the death benefit payable under
29 section 8408 (relating to death benefits). A participant may
30 also nominate a contingent beneficiary or beneficiaries to~~

1 ~~receive the death benefit provided under section 8408. Such~~
2 ~~nominations may be changed at any time by the participant by~~
3 ~~written designation filed with the board.~~

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

8 ~~(f) Termination of service by members. Each member who~~
9 ~~terminates school service and who is not then a disability~~
10 ~~annuitant shall execute on or before the date of termination of~~
11 ~~service a written application, duly attested by the member or~~
12 ~~his legally constituted representative, electing to do one or~~
13 ~~more of the following:~~

14 ~~(1) Withdraw his accumulated deductions.~~

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

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

23 * * *

24 ~~(g.1) Deferral of retirement rights. If a participant~~
25 ~~terminates school service and does not commence receiving a~~
26 ~~distribution, he shall nominate a beneficiary by written~~
27 ~~designation filed with the board, and he may anytime thereafter,~~
28 ~~but no later than his required beginning date, withdraw the~~
29 ~~vested accumulated total defined contributions standing to his~~
30 ~~credit or apply for another form of distribution required by law~~

1 ~~or authorized by the board.~~

2 * * *

3 ~~(i) Failure to apply for annuity. If a member is eligible~~
4 ~~to receive an annuity from the system and does not file a proper~~
5 ~~application within 90 days of termination of service, he shall~~
6 ~~be deemed to have elected to vest, and his annuity will become~~
7 ~~effective as of the date an application is filed with the board~~
8 ~~or the date designated on the application whichever is later,~~
9 ~~provided that in no event shall a member begin receiving~~
10 ~~benefits on a date later than the required beginning date.~~

11 * * *

12 ~~Section 117. Sections 8521(b), 8522, 8524, 8525 and 8531 of~~
13 ~~Title 24 are amended to read:~~

14 ~~§ 8521. Management of fund and accounts.~~

15 * * *

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

1 ~~appropriated from the General Fund shall be credited to the~~
2 ~~State accumulation account.~~

3 ~~* * *~~

4 ~~§ 8522. Public School Employees' Retirement Fund.~~

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

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

27 ~~§ 8524. State accumulation account.~~

28 ~~The State accumulation account shall be the ledger account to~~
29 ~~which shall be credited all contributions of the Commonwealth~~
30 ~~and other employers as well as the earnings of the fund, except~~

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

19 ~~§ 8525. Annuity reserve account.~~

20 ~~(a) Credits and charges to account. The annuity reserve~~
21 ~~account shall be the ledger account to which shall be credited~~
22 ~~the reserves held for the payment of annuities and death~~
23 ~~benefits resulting from membership in the system on account of~~
24 ~~all annuitants and the contributions from the Commonwealth and~~
25 ~~other employers as determined in accordance with section 8328-~~
26 ~~(relating to actuarial cost method) for the payment of the~~
27 ~~supplemental annuities provided in sections 8348 (relating to~~
28 ~~supplemental annuities), 8348.1 (relating to additional~~
29 ~~supplemental annuities), 8348.2 (relating to further additional~~
30 ~~supplemental annuities), 8348.3 (relating to supplemental~~

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

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

21 ~~§ 8531. State guarantee regarding the system.~~

22 ~~Statutory interest charges payable, the maintenance of~~
23 ~~reserves in the fund, and the payment of all annuities and other~~
24 ~~benefits granted by the board from the system under the~~
25 ~~provisions of this part relating to the establishment and~~
26 ~~administration of the system are hereby made obligations of the~~
27 ~~Commonwealth. All income, interest, and dividends derived from~~
28 ~~deposits and investments of the system authorized by this part~~
29 ~~shall be used for the payment of the said obligations of the~~
30 ~~Commonwealth and shall not be used for any obligations of the~~

1 ~~plan or trust.~~

2 Section 118. ~~Section 8533(a), (b) and (d) of Title 24 are~~
3 ~~amended and the section is amended by adding a subsection to~~
4 ~~read:~~

5 ~~§ 8533. Taxation, attachment and assignment of funds.~~

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

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

26 ~~(b) Forfeiture.~~

27 ~~(1) Rights under this part shall be subject to~~
28 ~~forfeiture as provided by the act of July 8, 1978 (P.L.752,~~
29 ~~No.140), known as the Public Employee Pension Forfeiture Act.~~
30 ~~Forfeitures under this subsection or under any other~~

1 ~~provision of law may not be applied to increase the benefits~~
2 ~~that any member would otherwise receive under this part.~~

3 ~~(2) In accordance with section 16(b) of Article V of the~~
4 ~~Constitution of Pennsylvania and notwithstanding paragraph~~
5 ~~(1), the Public Employee Pension Forfeiture Act or 42 Pa.C.S.~~
6 ~~§ 3352 (relating to pension rights), the accumulated~~
7 ~~mandatory participant contributions and accumulated voluntary~~
8 ~~contributions standing to the credit of a participant shall~~
9 ~~not be forfeited but shall be available for payment of fines~~
10 ~~and restitution as provided by law. Amounts in the trust that~~
11 ~~have been ordered to be distributed to an alternate payee as~~
12 ~~the result of an equitable distribution of marital property~~
13 ~~as part of an approved domestic relations order entered~~
14 ~~before the date of the order or action in a court or other~~
15 ~~tribunal resulting in a forfeiture of a participant's~~
16 ~~interest in the trust shall not be subject to the Public~~
17 ~~Employee Pension Forfeiture Act or 42 Pa.C.S. § 3352. Any~~
18 ~~accumulated employer defined contributions forfeited as a~~
19 ~~result of this subsection or other law shall be retained by~~
20 ~~the board and used for the payment of expenses of the plan.~~

21 * * *

22 ~~(d) Direct rollover. Effective with distributions made on~~
23 ~~or after January 1, 1993, and notwithstanding any other~~
24 ~~provision of this part to the contrary, a distributee may elect,~~
25 ~~at the time and in the manner prescribed by the board, to have~~
26 ~~any portion of an eligible rollover distribution paid directly~~
27 ~~to an eligible retirement plan by way of a direct rollover. For~~
28 ~~purposes of this subsection, a "distributee" includes a member~~
29 ~~[and], a participant, a member's surviving spouse [and], a~~
30 ~~participant's surviving spouse, a member's former spouse who is~~

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

17 ~~Section 119. Sections 8533.1, 8533.2, 8533.3 and 8533.4(a)~~
18 ~~of Title 24 are amended to read:~~

19 ~~§ 8533.1. Approval of domestic relations orders.~~

20 ~~(a) Certification regarding members. A domestic relations~~
21 ~~order pertaining to a member of the system shall be certified as~~
22 ~~an approved domestic relations order by the secretary of the~~
23 ~~board, or his designated representative, only if such order~~
24 ~~meets all of the following:~~

25 ~~(1) Requires the system to provide any type or form of~~
26 ~~benefit or any option applicable to members already provided~~
27 ~~under this part.~~

28 ~~(2) Requires the system to provide no more than the~~
29 ~~total amount of benefits than the member would otherwise~~
30 ~~receive (determined on the basis of actuarial value) unless~~

1 ~~increased benefits are paid to the member or alternate payee~~
2 ~~based upon cost of living increases or increases based on~~
3 ~~other than actuarial value.~~

4 ~~(3) Specifies the amount or percentage of the member's~~
5 ~~benefits to be paid by the system to each such alternate~~
6 ~~payee or the manner in which the amount or percentage is to~~
7 ~~be determined.~~

8 ~~(4) Specifies the retirement option to be selected by~~
9 ~~the member upon retirement or states that the member may~~
10 ~~select any retirement option offered by this part upon~~
11 ~~retirement.~~

12 ~~(5) Specifies the name and last known mailing address,~~
13 ~~if any, of the member and the name and last known mailing~~
14 ~~address of each alternate payee covered by the order and~~
15 ~~states that it is the responsibility of each alternate payee~~
16 ~~to keep a current mailing address on file with the system.~~

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

19 ~~(7) Requires the member to execute an authorization~~
20 ~~allowing each alternate payee to monitor the member's~~
21 ~~compliance with the terms of the domestic relations order~~
22 ~~through access to information concerning the member~~
23 ~~maintained by the system. An authorization granted under this~~
24 ~~section shall be construed as an authorization for the~~
25 ~~alternate payee to receive information concerning the~~
26 ~~administration, calculation and payment of the alternate~~
27 ~~payee's share of the benefits payable under this part and not~~
28 ~~as an authorization to exercise the rights afforded to~~
29 ~~members or obtain information that is not related to the~~
30 ~~administration, calculation and payment of alternate payee's~~

1 ~~share of the benefits payable under this part.~~

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 that order~~
6 ~~meets all of the following:~~

7 ~~(1) Does not require the plan to provide any type or~~
8 ~~form of benefit or any option applicable to members of the~~
9 ~~system or participants in the plan.~~

10 ~~(2) Does not require the segregation of the alternate~~
11 ~~payee's share of the participant's individual investment~~
12 ~~account into a subaccount or newly established individual~~
13 ~~account titled in the name of the alternate payee.~~

14 ~~(3) Does not require the plan to recover or distribute~~
15 ~~any funds that were distributed to the participant or at the~~
16 ~~participant's direction prior to the approval of the domestic~~
17 ~~relations order by the secretary of the board or his~~
18 ~~designated representative.~~

19 ~~(4) Requires the plan to pay to the alternate payee no~~
20 ~~more than the lesser of the vested amount of the~~
21 ~~participant's individual investment account specified by the~~
22 ~~domestic relations order or the vested amount of the~~
23 ~~participant's individual investment account as of the date of~~
24 ~~the transfer of the alternate payee's share to the alternate~~
25 ~~payee.~~

26 ~~(5) States that the plan shall not be required to recoup~~
27 ~~or make good for losses in value to the participant's~~
28 ~~individual investment account incurred between the date of~~
29 ~~the valuation of the account used for equitable distribution~~
30 ~~purposes and the date of distribution to the alternate payee.~~

1 ~~(6) Specifies the amount or percentage of the~~
2 ~~participant's individual investment account to be paid to the~~
3 ~~alternate payee and the date upon which such valuation is~~
4 ~~based.~~

5 ~~(7) Specifies the name and last known mailing address,~~
6 ~~if any, of the participant and the name and last known~~
7 ~~mailing address of each alternate payee covered by the order~~
8 ~~and states that it is the responsibility of each alternate~~
9 ~~payee to keep a current mailing address on file with the~~
10 ~~plan.~~

11 ~~(8) Does not grant an alternate payee the rights,~~
12 ~~privileges or options available to a participant.~~

13 ~~(9) Requires the participant to execute an authorization~~
14 ~~allowing each alternate payee to monitor the participant's~~
15 ~~compliance with the terms of the domestic relations order~~
16 ~~through access to information concerning the participant~~
17 ~~maintained by the plan. Any authorization granted under this~~
18 ~~section shall be construed as an authorization for the~~
19 ~~alternate payee to receive information concerning the~~
20 ~~participant that relates to the administration, calculation~~
21 ~~and payment of the alternate payee's share of the~~
22 ~~participant's account and not as an authorization to exercise~~
23 ~~the rights afforded to participants or obtain information~~
24 ~~that is not related to the administration, calculation and~~
25 ~~payment of alternate payee's share of the participant's~~
26 ~~individual investment account.~~

27 ~~(10) Requires the immediate distribution of the~~
28 ~~alternate payee's share of the participant's individual~~
29 ~~investment account, which may be made by direct payment,~~
30 ~~eligible rollover or trustee to trustee transfer to another~~

1 ~~eligible plan or qualified account owned by the alternate~~
2 ~~payee.~~

3 ~~(11) 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 vested balance~~
8 ~~available in the participant's individual investment account~~
9 ~~as of the date the order is approved or require that~~
10 ~~distributions continue to the alternate payee after the death~~
11 ~~of the participant and final settlement of the participant's~~
12 ~~individual investment account.~~

13 ~~(b) Determination by secretary. Within a reasonable period~~
14 ~~of time after receipt of a domestic relations order, the~~
15 ~~secretary of the board, or his designated representative, shall~~
16 ~~determine whether this order is an approved domestic relations~~
17 ~~order and notify the member or participant and each alternate~~
18 ~~payee of this determination. Notwithstanding any other provision~~
19 ~~of law, the exclusive remedy of any member, participant or~~
20 ~~alternate payee aggrieved by a decision of the secretary of the~~
21 ~~board, or his designated representative, shall be the right to~~
22 ~~an adjudication by the board under 2 Pa.C.S. Ch. 5 (relating to~~
23 ~~practice and procedure) with appeal therefrom to the~~
24 ~~Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial~~
25 ~~review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals~~
26 ~~from government agencies).~~

27 ~~(c) Other orders. The requirements for approval identified~~
28 ~~in [subsection (a)] subsections (a) and (a.1) shall not apply to~~
29 ~~any domestic relations order which is an order for support as~~
30 ~~that term is defined in 23 Pa.C.S. § 4302 (relating to~~

1 definitions) or an order for the enforcement of arrearages as
2 provided in 23 Pa.C.S. § 3703 (relating to enforcement of
3 arrearages). These orders shall be approved to the extent that
4 they do not attach moneys in excess of the limits on attachments
5 as established by the laws of this Commonwealth and the United
6 States[.], require distributions of benefits in a manner that
7 would violate the laws of the United States, any other state or
8 this Commonwealth or require the distribution of funds for
9 support or enforcement of arrearages against any participant who
10 is not receiving distributions from the plan at the time the
11 order is entered. These orders may be approved notwithstanding
12 any other provision of this part or the plan that would
13 otherwise require a distribution of accumulated employer defined
14 contributions in the form of an annuity or to require the
15 purchase of an annuity.

16 (d) ~~Obligation discharged.~~ Only the requirements of this
17 part and any regulations promulgated hereunder shall be used to
18 govern the approval or disapproval of a domestic relations
19 order. Therefore, if the secretary of the board, or his
20 designated representative, acts in accordance with the
21 provisions of this part and any promulgated regulations in
22 approving or disapproving a domestic relations order, then the
23 obligations of the system or plan with respect to such approval
24 or disapproval shall be discharged.

25 § 8533.2. Irrevocable beneficiary.

26 Notwithstanding any other provision of this part, a domestic
27 relations order may provide for an irrevocable beneficiary. A
28 domestic relations order requiring the nomination of an
29 irrevocable beneficiary shall be deemed to be one that requires
30 a member or participant to nominate an alternate payee as a

1 beneficiary and that prohibits the removal or change of that
2 beneficiary without approval of a court of competent
3 jurisdiction, except by operation of law. Such a domestic
4 relations order may be certified as an approved domestic
5 relations order by the secretary of the board, or his designated
6 representative, after the member or participant makes such
7 nomination, in which case the irrevocable beneficiary so ordered
8 by the court cannot be changed by the member or participant
9 without approval by the court.

10 § 8533.3. Irrevocable survivor annuitant.

11 Notwithstanding any other provisions of this part, a domestic
12 relations order may provide for an irrevocable survivor
13 annuitant pertaining to a member. A domestic relations order
14 requiring the designation of an irrevocable survivor annuitant
15 of a member of the fund shall be deemed to be one that requires
16 a member to designate an alternate payee as a survivor annuitant
17 and that prohibits the removal or change of that survivor
18 annuitant for benefits payable from the fund without approval of
19 a court of competent jurisdiction, except by operation of law.
20 Such a domestic relations order may be certified as an approved
21 domestic relations order by the secretary of the board, or his
22 designated representative, in which case the irrevocable
23 survivor annuitant so ordered by the court cannot be changed by
24 the member without approval by the court. A person ineligible to
25 be designated as a survivor annuitant may not be designated an
26 irrevocable survivor annuitant.

27 § 8533.4. Amendment of approved domestic relations orders.

28 (a) ~~Deceased alternate payee.~~ In the event that the
29 alternate payee predeceases the member or participant and there
30 are benefits payable to the alternate payee, the divorce court

1 ~~may amend the approved domestic relations order to substitute a~~
2 ~~person for the deceased alternate payee to receive any benefits~~
3 ~~payable to the deceased alternate payee.~~

4 * * *

5 ~~Section 120. Title 24 is amended by adding a section to~~
6 ~~read:~~

7 ~~§ 8533.5. Irrevocable successor payee.~~

8 ~~(a) Condition. Notwithstanding any other provisions of this~~
9 ~~part, a domestic relations order pertaining to a participant may~~
10 ~~provide for an irrevocable successor payee only if the~~
11 ~~participant is receiving a payment under a payment option~~
12 ~~provided by the board that allows for a successor payee.~~

13 ~~(b) Determination. A domestic relations order requiring the~~
14 ~~designation of an irrevocable successor payee shall be deemed to~~
15 ~~be one that requires a participant who is receiving payments~~
16 ~~from an annuity or other distribution option to designate an~~
17 ~~alternate payee as a successor payee and that prohibits the~~
18 ~~removal or change of that successor payee without approval of a~~
19 ~~court of competent jurisdiction, except by operation of law.~~

20 ~~(c) Certification. A domestic relations order under~~
21 ~~subsection (b) may be certified as an approved domestic~~
22 ~~relations order by the secretary of the board, or his designated~~
23 ~~representative, in which case the irrevocable successor payee so~~
24 ~~ordered by the court cannot be changed by the participant~~
25 ~~without approval by the court.~~

26 ~~(d) Ineligibility. A person ineligible to be designated as~~
27 ~~a successor payee may not be designated as an irrevocable~~
28 ~~successor payee. A court may not name an irrevocable successor~~
29 ~~payee if the alternate payee is eligible to receive a lump sum~~
30 ~~distribution of the alternate payee's portion of the marital~~

1 ~~portion of the pension benefit.~~

2 Section 121. Sections 8534 and 8535 of Title 24 are amended
3 to read:

4 § 8534. Fraud and adjustment of errors.

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

10 (b) ~~Adjustment of errors. Should any change or mistake in~~
11 ~~records result in any member, participant, beneficiary, [or]~~
12 ~~survivor annuitant or successor payee receiving from the system~~
13 ~~or plan more or less than he would have been entitled to receive~~
14 ~~had the records been correct, then regardless of the intentional~~
15 ~~or unintentional nature of the error and upon the discovery of~~
16 ~~such error, the board shall correct the error and if the error~~
17 ~~affects contributions to or payments from the system, then so~~
18 ~~far as practicable shall adjust the payments which may be made~~
19 ~~for and to such person in such a manner that the actuarial~~
20 ~~equivalent of the benefit to which he was correctly entitled~~
21 ~~shall be paid. If the error affects contributions to or payments~~
22 ~~from the plan, the board shall take such action as shall be~~
23 ~~provided for in the plan document.~~

24 § 8535. Payments to school entities by Commonwealth.

25 ~~For each school year beginning with the 1995-1996 school year~~
26 ~~and ending with the 2017-2018 school year, each school entity~~
27 ~~shall be paid by the Commonwealth for contributions based upon~~
28 ~~school service of active members of the system after June 30,~~
29 ~~1995, as follows:~~

30 (1) ~~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, whose~~
4 ~~effective dates of employment with their school entities are~~
5 ~~after June 30, 1994, and who also had not previously been~~
6 ~~employed by any school entity within this Commonwealth an~~
7 ~~amount equal to the amount certified by the Public School~~
8 ~~Employees' Retirement Board as necessary to provide, together~~
9 ~~with the members' contributions, reserves on account of~~
10 ~~prospective annuities, supplemental annuities and the premium~~
11 ~~assistance program as provided in this part in accordance~~
12 ~~with section 8328 (relating to actuarial cost method),~~
13 ~~multiplied by the market value/income aid ratio of the school~~
14 ~~entity. For no school year shall any school entity receive~~
15 ~~less than the amount that would result if the market~~
16 ~~value/income aid ratio as defined in section 2501(14.1) of~~
17 ~~the Public School Code [of 1949] was 0.50.~~

18 ~~(2) The Commonwealth shall pay each school entity for~~
19 ~~contributions made to the Public School Employees' Retirement~~
20 ~~Fund based upon school service of all active members,~~
21 ~~including members on activated military service leave, who~~
22 ~~are not described in paragraph (1), one half of the amount~~
23 ~~certified by the Public School Employees' Retirement Board as~~
24 ~~necessary to provide, together with the members'~~
25 ~~contributions, reserves on account of prospective annuities,~~
26 ~~supplemental annuities and the premium assistance program as~~
27 ~~provided in this part in accordance with section 8328.~~

28 ~~(3) School entities shall have up to five days after~~
29 ~~receipt of the Commonwealth's portion of the employer's~~
30 ~~liability to [make] forward the payment to the Public School~~

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

8 Section 122. Title 24 is amended by adding sections to read:

9 ~~§ 8535.1. Payments to school entities by Commonwealth~~
10 ~~commencing with the 2018-2019 school year.~~

11 ~~For each school year, beginning with the 2018-2019 school~~
12 ~~year, each school entity shall be paid by the Commonwealth for~~
13 ~~contributions based upon school service of active members of the~~
14 ~~system and active participants of the plan after June 30, 2017,~~
15 ~~as follows:~~

16 ~~(1) The Commonwealth shall pay each school entity for~~
17 ~~contributions made to the fund or the trust based upon school~~
18 ~~service of all active members or active participants,~~
19 ~~including members or participants on activated or USERRA~~
20 ~~military service leave, whose effective dates of employment~~
21 ~~with their school entities are after June 30, 1994, and who~~
22 ~~also had not previously been employed by any school entity~~
23 ~~within this Commonwealth, an amount equal to the amount~~
24 ~~certified by the board as necessary to provide, together with~~
25 ~~the members' and participants' contributions, reserves on~~
26 ~~account of prospective annuities, supplemental annuities and~~
27 ~~the premium assistance program as provided in this part in~~
28 ~~accordance with section 8328 (relating to actuarial cost~~
29 ~~method), multiplied by the market value/income aid ratio of~~
30 ~~the school entity. For no school year shall any school entity~~

1 ~~receive less than the amount that would result if the market~~
2 ~~value/income aid ratio as defined in section 2501(14.1) of~~
3 ~~the Public School Code was 0.50.~~

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

15 ~~(3) School entities shall have up to five days after~~
16 ~~receipt of the Commonwealth's portion of the employer's~~
17 ~~liability to forward the payment to the fund or the trust.~~
18 ~~School entities are expected to make the full payment to the~~
19 ~~fund or the trust in accordance with section 8327 (relating~~
20 ~~to payments by employers) in the event the receipt of the~~
21 ~~Commonwealth's portion of the employer's liability is delayed~~
22 ~~because of delinquent salary reporting or other conduct by~~
23 ~~the school entities.~~

24 ~~(4) Employers whose payments to the Public School~~
25 ~~Employees' Retirement Fund are delinquent shall be charged~~
26 ~~interest by the Public School Employees' Retirement Fund at~~
27 ~~the annual interest rate adopted by the board under section~~
28 ~~8328 (relating to actuarial cost method) in effect in the~~
29 ~~fiscal year in which the payments are required to be paid.~~
30 ~~§ 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 may 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.~~

~~§ 8538. Public Pension Management and Asset Investment Review
Commission.~~

~~(a) Establishment. A Public Pension Management and Asset
Investment Review Commission shall be established, which shall
be composed of five appointees, one appointed by each of the
following:~~

~~(1) The Governor.~~

~~(2) The President pro tempore of the Senate.~~

~~(3) The Minority Leader of the Senate.~~

~~(4) The Speaker of the House of Representatives.~~

~~(5) The Minority Leader of the House of Representatives.~~

~~The appointees shall be investment professionals and retirement
advisors and shall be appointed within 90 days of the effective
date of this section.~~

~~(b) Duties. The duties of the Public Pension Management and
Asset Investment Review Commission are as follows:~~

~~(1) Study the performance of current investment
strategies and procedures of the Public School Employees'
Retirement System, comparing realized rates of return to
established benchmarks and considering associated fees paid
for active and passive management.~~

~~(2) Study the costs and benefits of both active and~~

~~passive investment strategies in relation to future investment activities of the Public School Employees' Retirement System.~~

~~(3) Study alternative future investment strategies with available assets of the Public School Employees' Retirement System that will maximize future rates of return net of fees.~~

~~(3.1) The commission shall evaluate and make recommendations on:~~

~~(i) Improving investment fee transparency on alternative investments as specified in the Standardized Reporting Guidelines of the Institutional Limited Partners Association.~~

~~(ii) Implementing the recommendations of the Society of Actuaries Blue Ribbon Panel on stress testing, to test the ability of the plan to withstand a period of investment returns above or below the level of assumed return.~~

~~(4) Publish extensive and detailed findings online, including findings about:~~

~~(i) Assets.~~

~~(ii) Returns.~~

~~(iii) Financial managers.~~

~~(iv) Consultants.~~

~~(v) Requests for proposals.~~

~~(vi) Investment performance measured against benchmarks.~~

~~(5) Report its findings and recommendations to the Governor and the General Assembly within six months of its first organizational meeting.~~

~~(c) Quorum. A majority of appointed members shall~~

~~1 constitute a quorum for the purpose of conducting business. The
2 members shall select one of their number to be chairperson and
3 another to be vice chairperson.~~

~~4 (d) Transparency and ethics. The Public Pension Management
5 and Asset Investment Review Commission shall be subject to the
6 following laws:~~

~~7 (1) The act of February 14, 2008 (P.L.6, No.3), known as
8 the Right to Know Law.~~

~~9 (2) The former act of July 3, 1986 (P.L.388, No.84),
10 known as the Sunshine Act.~~

~~11 (3) The act of October 4, 1978 (P.L.883, No.170), known
12 as the Public Official and Employee Ethics Law.~~

~~13 (4) The act of July 19, 1957 (P.L.1017, No.451), known
14 as the State Adverse Interest Act.~~

~~15 (e) Information gathering. The Public Pension Management
16 and Asset Investment Review Commission may conduct hearings and
17 otherwise gather pertinent information and analysis that it
18 considers appropriate and necessary to fulfill its duties.~~

~~19 (f) Logistical and other support. The Public Pension
20 Management and Asset Investment Review Commission shall receive
21 logistical and other support from the Joint State Government
22 Commission and may employ additional temporary staff as needed.~~

~~23 (g) Reimbursement. The members of the Public Pension
24 Management and Asset Investment Review Commission shall be
25 reimbursed for reasonable expenses.~~

~~26 (h) Expiration. The Public Pension Management and Asset
27 Investment Review Commission shall expire 60 days after delivery
28 of its report in accordance with subsection (b) (5). Any unspent
29 appropriation shall lapse back to the General Fund.~~

~~30 Section 123. The definition of "eligible person" in section~~

1 ~~8702(a) of Title 24 is amended to read:~~

2 ~~§ 8702. Definitions.~~

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

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

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

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

15 ~~* * *~~

16 ~~ARTICLE II~~

17 ~~Section 201. Section 7306(a) introductory paragraph of Title~~
18 ~~51 is amended and the section is amended by adding a subsection~~
19 ~~to read:~~

20 ~~§ 7306. Retirement rights.~~

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

1 thereto:

2 * * *

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

4 ~~(1) An employee who is an active or inactive participant~~
5 ~~of the School Employees' Defined Contribution Plan at the~~
6 ~~time the employee is granted a military leave of absence~~
7 ~~shall be entitled to make contributions to the School~~
8 ~~Employees' Defined Contribution Trust for the leave as~~
9 ~~provided in 24 Pa.C.S. Pt. IV (relating to retirement for~~
10 ~~school employees).~~

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

18 ARTICLE III

19 Section 301. (Reserved).

20 Section 302. ~~The definitions of "alternate payee," "average~~
21 ~~noncovered salary," "beneficiary," "class of service~~
22 ~~multiplier," "compensation," "creditable nonstate service,"~~
23 ~~"credited service," "date of termination of service,"~~
24 ~~"distribution," "domestic relations order," "eligibility~~
25 ~~points," "final average salary," "inactive member," "intervening~~
26 ~~military service," "irrevocable beneficiary," "reemployed from~~
27 ~~USERRA leave," "regular member contributions," "required~~
28 ~~beginning date," "retirement counselor," "salary deductions,"~~
29 ~~"shared risk member contributions," "special vestee," "standard~~
30 ~~single life annuity," "State employee," "superannuation age,"~~

1 ~~"valuation interest" and "vestee" in section 5102 of Title 71-~~
2 ~~are amended and the section is amended by adding definitions to~~
3 ~~read:~~

4 ~~§ 5102. Definitions.~~

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

8 * * *

9 ~~"Accumulated employer defined contributions." The total of~~
10 ~~the employer defined contributions paid into the trust on~~
11 ~~account of a participant's State service together with any~~
12 ~~investment earnings and losses and adjustment for fees, costs~~
13 ~~and expenses credited or charged thereon and reduced by any~~
14 ~~distributions.~~

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

21 ~~"Accumulated total defined contributions." The total of the~~
22 ~~accumulated mandatory participant contributions, accumulated~~
23 ~~employer defined contributions and accumulated voluntary~~
24 ~~contributions standing to the credit of a participant in an~~
25 ~~individual investment account in the trust.~~

26 ~~"Accumulated voluntary contributions." The total of~~
27 ~~voluntary contributions paid into the trust by a participant and~~
28 ~~any amounts rolled over by a participant or transferred by a~~
29 ~~direct trustee to trustee transfer into the trust together with~~
30 ~~any investment earnings and losses and adjustment for fees,~~

1 ~~costs and expenses credited or charged thereon and reduced by~~
2 ~~any distributions.~~

3 * * *

4 ~~"Active participant." A State employee for whom mandatory~~
5 ~~pickup participant contributions are being made to the trust or~~
6 ~~for whom contributions otherwise required for State service~~
7 ~~required to be credited in the plan are not being made solely by~~
8 ~~reason of any provision of this part relating to the limitations~~
9 ~~under section 401(a)(17) or 415 of the Internal Revenue Code of~~
10 ~~1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415).~~

11 * * *

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

17 * * *

18 ~~"Average noncovered salary." The average of the amounts of~~
19 ~~compensation received as an active member each calendar year~~
20 ~~since January 1, 1956, exclusive of the amount which was or~~
21 ~~could have been covered by the Federal Social Security Act[, 42-~~
22 ~~U.S.C. § 301 et seq.] (42 U.S.C. § 301 et seq.), during that~~
23 ~~portion of the member's service since January 1, 1956, for which~~
24 ~~he has received social security integration credit.~~

25 * * *

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

1 ~~participant to receive the participant's vested accumulated~~
2 ~~total defined contributions or a lump sum benefit upon the death~~
3 ~~of the participant.~~

4 * * *

5 ~~"Class A 5 exempt employee." Any of the following:~~

6 ~~(1) A sworn police officer.~~

7 ~~(2) An enforcement officer.~~

8 ~~(3) A wildlife conservation officer or other~~

9 ~~commissioned law enforcement personnel employed by the~~

10 ~~Pennsylvania Game Commission who has and exercises the same~~

11 ~~law enforcement powers as a wildlife conservation officer.~~

12 ~~The term shall not include a deputy wildlife conservation~~

13 ~~officer.~~

14 ~~(4) A Delaware River Port Authority policeman.~~

15 ~~(5) A park ranger.~~

16 ~~(6) A Capitol Police officer.~~

17 ~~(7) A campus police officer employed by a State owned~~

18 ~~educational institution, community college or The~~

19 ~~Pennsylvania State University.~~

20 ~~(8) An installation police officer at Fort Indiantown~~

21 ~~Gap or other designated Commonwealth military installation or~~

22 ~~facility commissioned under 51 Pa.C.S. § 711 (relating to~~

23 ~~installation of police officers for Fort Indiantown Gap and~~

24 ~~other designated Commonwealth military installations and~~

25 ~~facilities).~~

26 ~~(9) A correction officer.~~

27 ~~"Class of service multiplier."~~

28 ~~Class of Service Multiplier~~

29 ~~A 1~~

30 ~~AA for all purposes~~

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

1	-	nonstate service	1.25
2	A-4	for all purposes-	
3	-	except the-	
4	-	calculation of-	
5	-	regular member-	
6	-	contributions	1.25
7	A-4	for purposes of-	
8	-	calculating-	
9	-	regular member-	
10	-	contributions	1.86
11	A-5	for all purposes-	
12	-	except the-	
13	-	calculation of-	
14	-	regular member-	
15	-	contributions	.625
16	A-5	for purposes of-	
17	-	calculating-	
18	-	regular member-	
19	-	contributions	1
20	A-6	for all purposes-	
21	-	except the-	
22	-	calculation of-	
23	-	regular member-	
24	-	contributions	.5
25	A-6	for purposes of-	
26	-	calculating-	
27	-	regular member-	
28	-	contributions	.8
29	B		.625
30	C		1

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

1	-	on compensation		
2	-	paid prior to		
3	-	July 1, 2001	1.5	
4	D-4	for purposes of		
5	-	calculating		
6	-	regular member		
7	-	contributions on		
8	-	compensation		
9	-	paid prior to		
10	-	July 1, 2001	1	
11	E, E-1	prior to January		
12	-	1, 1973	2	for each of the
13	-			first ten years
14	-			of judicial
15				service, and
16	-		1.5	for each
17	-			subsequent year
18	-			of judicial
19	-			service
20	E, E-1	on and		
21		subsequent to		
22		January 1, 1973	1.50	for each of the
23				first ten years
24				of judicial
25				service and
26			1.125	for each
27				subsequent year
28				of judicial
29				service
30	E-2	prior to		

1		September 1,	
2		1973	1.5
3	E-2	on and	
4	-	subsequent to	
5	-	September 1,	
6	-	1973	1.125
7	G		0.417
8	H		0.500
9	I		0.625
10	J		0.714
11	K		0.834
12	L		1.000
13	M		1.100
14	N		1.250
15	T-C (Public School		
16	Employees'		
17	Retirement Code)		±
18	T-E (Public School		
19	Employees'		
20	Retirement Code)		±
21	T-F (Public School		
22	Employees'		
23	Retirement Code)		±
24	<u>T-G (Public School</u>		
25	<u>Employees'</u>		
26	<u>Retirement Code)</u>		±
27	<u>T-H (Public School</u>		
28	<u>Employees'</u>		
29	<u>Retirement Code)</u>		±
30	***		

1 ~~"Compensation." Pickup contributions and mandatory pickup~~
2 ~~participant contributions plus remuneration actually received as~~
3 ~~a State employee excluding refunds for expenses, contingency and~~
4 ~~accountable expense allowances; excluding any severance payments~~
5 ~~or payments for unused vacation or sick leave; and excluding~~
6 ~~payments for military leave and any other payments made by an~~
7 ~~employer while on USERRA leave, leave of absence granted under~~
8 ~~51 Pa.C.S. § 4102 (relating to leaves of absence for certain~~
9 ~~government employees), military leave of absence granted under~~
10 ~~51 Pa.C.S. § 7302 (relating to granting military leaves of~~
11 ~~absence) or other types of military leave, including other types~~
12 ~~of leave payments, stipends, differential wage payments as~~
13 ~~defined in IRC § 414(u) (12) and any other payments: Provided,~~
14 ~~however, That for purposes of determining member and employer~~
15 ~~contributions to the system and for calculating annuities and~~
16 ~~benefits from the system resulting from service performed as a~~
17 ~~Class A 5 exempt employee who first became a member on or after~~
18 ~~January 1, 2018, compensation shall not include remuneration~~
19 ~~received in any pay period for voluntary overtime service or~~
20 ~~duty that exceeds 10% of a Class A 5 exempt employee's base~~
21 ~~salary or wages in that pay period: Provided further, That~~
22 ~~compensation received prior to January 1, 1973, shall be subject~~
23 ~~to the limitations for retirement purposes in effect December~~
24 ~~31, 1972, if any: Provided further, That the limitation under~~
25 ~~section 401(a) (17) of the Internal Revenue Code of 1986 (Public~~
26 ~~Law 99-514, 26 U.S.C. § 401(a) (17)) taken into account for the~~
27 ~~purpose of member contributions, including any additional member~~
28 ~~contributions in addition to regular or joint coverage member~~
29 ~~contributions and Social Security integration contributions,~~
30 ~~regardless of class of service, shall apply to each member who~~

1 ~~first became a member of the State Employees' Retirement System~~
2 ~~on or after January 1, 1996, and who by reason of such fact is a~~
3 ~~noneligible member subject to the application of the provisions~~
4 ~~of section 5506.1(a) (relating to annual compensation limit~~
5 ~~under IRC § 401(a) (17)) and shall apply to each participant~~
6 ~~pertaining to his participation in the plan.~~

7 * * *

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

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

11 ~~(2) service converted to State service pursuant to~~
12 ~~section 5303.1 (relating to election to convert county~~
13 ~~service to State service); or~~

14 ~~(3) school service converted to State service pursuant~~
15 ~~to section 5303.2 (relating to election to convert school~~
16 ~~service to State service) [for which an active member may~~
17 ~~obtain credit].~~

18 ~~"Credited service." State or creditable nonstate service for~~
19 ~~which the required contributions have been made to the fund or~~
20 ~~for which the contributions otherwise required for such service~~
21 ~~were not made solely by reason of section 5502.1 (relating to~~
22 ~~waiver of regular member contributions and Social Security~~
23 ~~integration member contributions) or any provision of this part~~
24 ~~relating to the limitations under section 401(a) (17) or 415 of~~
25 ~~the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C.~~
26 ~~§ 401(a) (17) or 415), except as otherwise provided in this part,~~
27 ~~or for which salary deductions or lump sum payments to the~~
28 ~~system have been agreed upon in writing.~~

29 ~~"Date of termination of service." The latest of the~~
30 ~~following dates:~~

1 ~~(1) the last day of service for which pickup~~
2 ~~contributions are made for an active member or for which the~~
3 ~~contributions otherwise required for such service are not~~
4 ~~made solely by reason of any provision of this part relating~~
5 ~~to the limitations under section 401(a)(17) or 415 of the~~
6 ~~Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. §~~
7 ~~401(a)(17) or 415);~~

8 ~~(2) in the case of an inactive member on leave without~~
9 ~~pay or an inactive participant on leave without pay, the date~~
10 ~~of his resignation or the date his employment is formally~~
11 ~~discontinued by his employer[.]; or~~

12 ~~(3) mandatory pickup participant contributions are made~~
13 ~~for an active participant.~~

14 * * *

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

19 ~~"Domestic relations order." Any judgment, decree or order,~~
20 ~~including approval of a property settlement agreement, entered~~
21 ~~on or after the effective date of this definition by a court of~~
22 ~~competent jurisdiction pursuant to a domestic relations law~~
23 ~~which relates to the marital property rights of the spouse or~~
24 ~~former spouse of a member or participant, including the right to~~
25 ~~receive all or a portion of the moneys payable to that member or~~
26 ~~participant under this part in furtherance of the equitable~~
27 ~~distribution of marital assets. The term includes orders of~~
28 ~~support as that term is defined by 23 Pa.C.S. § 4302 (relating~~
29 ~~to definitions) and orders for the enforcement of arrearages as~~
30 ~~provided in 23 Pa.C.S. § 3703 (relating to enforcement of~~

1 arrearages).

2 * * *

3 ~~"Eligibility points." Points which are accrued by an active~~
4 ~~member, active participant or a multiple service member who is~~
5 ~~an active member in the Public School Employees' Retirement~~
6 ~~System for credited service or a member who has been reemployed~~
7 ~~from USERRA leave or a member who dies while performing USERRA~~
8 ~~leave and are used in the determination of eligibility for~~
9 ~~benefits.~~

10 ~~"Employer defined contributions." Contributions equal to a~~
11 ~~percentage of an active participant's compensation that are made~~
12 ~~by the Commonwealth or other employer to the trust to be~~
13 ~~credited in an active participant's individual investment~~
14 ~~account as follows:~~

15 ~~(1) 2% of compensation for service credited as a Class~~
16 ~~A 5 member;~~

17 ~~(2) 2% of compensation for service credited as a Class~~
18 ~~A 6 member; and~~

19 ~~(3) 3.5% of compensation for service performed solely as~~
20 ~~a participant.~~

21 * * *

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

23 ~~(1) For members with an effective date of retirement~~
24 ~~before January 1, 2018, and for purposes of calculating~~
25 ~~standard single life annuities and benefits resulting from~~
26 ~~credited service other than Class A 5 service and Class A 6~~
27 ~~service regardless of the effective date of retirement, the~~
28 ~~highest average compensation received as a member during any~~
29 ~~three nonoverlapping periods of four consecutive calendar~~
30 ~~quarters during which the member was a State employee, with~~

1 ~~the compensation for part time service being annualized on~~
2 ~~the basis of the fractional portion of the year for which~~
3 ~~credit is received; except if the employee was not a member~~
4 ~~for three nonoverlapping periods of four consecutive calendar~~
5 ~~quarters, the total compensation received as a member,~~
6 ~~annualized in the case of part time service, divided by the~~
7 ~~number of nonoverlapping periods of four consecutive calendar~~
8 ~~quarters of membership[;].~~

9 ~~(2) For purposes of calculating standard single life~~
10 ~~annuities and benefits from the system attributable to~~
11 ~~service as a member of Class A 5 or Class A 6, the highest~~
12 ~~average compensation received as a member during any five~~
13 ~~calendar years during which the member was a State employee,~~
14 ~~with the compensation for part time service or for any~~
15 ~~partial year of credit annualized on the basis of the~~
16 ~~fractional portion of the year for which credit is received;~~
17 ~~except if the employee was not a member during five calendar~~
18 ~~years, the average of the number of calendar years during~~
19 ~~which the employee was an active member.~~

20 ~~(3) For all members and for the calculation of all~~
21 ~~standard single life annuities without regard to class of~~
22 ~~membership and credited service, in the case of a member with~~
23 ~~multiple service, the final average salary shall be~~
24 ~~determined on the basis of the compensation received by him~~
25 ~~as a [State employee or as a school employee] member of the~~
26 ~~system or as a member of the Public School Employees'~~
27 ~~Retirement System, or both[;], and, in the case of a member~~
28 ~~with [Class A 3 or Class A 4 service and] service in more~~
29 ~~than one [or more other classes] class of service, the final~~
30 ~~average salary for purposes of calculating annuities and~~

~~benefits from all classes of service shall be determined on the basis of the compensation received by him in all classes of State service credited in the system; and, 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 (relating to leaves of absence for certain government employees) as provided in section 5302(f)(6).~~

~~* * *~~

~~"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 State service are not being made solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415), but who has accumulated deductions standing to his credit in the fund and who is not eligible to become or has not elected to become a vestee or has not filed an application for an annuity.~~

1 ~~"Inactive member on leave without pay." The term does not~~
2 ~~include a State employee who is performing service solely as a~~
3 ~~participant in the plan unless the participant concurrently is~~
4 ~~employed as a Class A 5 exempt employee and on leave without~~
5 ~~pay.~~

6 ~~"Inactive participant." A participant for whom no mandatory~~
7 ~~pickup participant contributions are being made to the trust,~~
8 ~~except in the case of an active participant for whom such~~
9 ~~contributions otherwise required for current State service are~~
10 ~~not being made solely by reason of any provision of this part~~
11 ~~relating to limitations under section 401(a) (17) or 415 of the~~
12 ~~Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. §~~
13 ~~401(a) (17) or 415), but who has vested accumulated total defined~~
14 ~~contributions standing to his credit in the trust and who has~~
15 ~~not filed an application for a distribution.~~

16 ~~"Inactive participant on leave without pay." The term does~~
17 ~~not include a Class A 5 exempt employee who is an active member~~
18 ~~on leave without pay unless the Class A 5 exempt employee~~
19 ~~concurrently is employed in an office or position in which the~~
20 ~~Class A 5 exempt employee is a participant in the plan and on~~
21 ~~leave without pay.~~

22 ~~"Individual investment account." The account in the trust to~~
23 ~~which are credited the amounts of the contributions made by a~~
24 ~~participant and the participant's employer in accordance with~~
25 ~~the provisions of this part, together with all interest and~~
26 ~~investment earnings after deduction for fees, costs, expenses~~
27 ~~and investment losses and charges for distributions.~~

28 ~~"Intervening military service." Active military service of a~~
29 ~~member who was a State employee and active member of the system~~
30 ~~immediately preceding his induction into the armed services or~~

1 ~~forces of the United States in order to meet a military~~
2 ~~obligation excluding any voluntary extension of such service and~~
3 ~~who becomes a State employee within 90 days of the expiration of~~
4 ~~such service.~~

5 * * *

6 ~~"Irrevocable beneficiary." The person or persons permanently~~
7 ~~designated by a member or participant in writing to the State~~
8 ~~Employees' Retirement Board pursuant to an approved domestic~~
9 ~~relations order to receive all or a portion of the accumulated~~
10 ~~deductions, vested accumulated total defined contributions or~~
11 ~~lump sum benefit payable upon the death of such member or~~
12 ~~participant.~~

13 ~~"Irrevocable successor payee." The person permanently~~
14 ~~designated by a participant receiving distributions in writing~~
15 ~~to the board pursuant to an approved domestic relations order to~~
16 ~~receive one or more distributions from the plan upon the death~~
17 ~~of the participant.~~

18 * * *

19 ~~"Mandatory pickup participant contributions." Contributions~~
20 ~~equal to a percentage of compensation that are made by the~~
21 ~~Commonwealth or other employer for active participants for~~
22 ~~current State service that are picked up by the employer and~~
23 ~~credited in the plan as follows:~~

24 ~~(1) 3.5% of compensation for service credited as a Class~~
25 ~~A-5 member;~~

26 ~~(2) 3.5% of compensation for service credited as a Class~~
27 ~~A-6 member; and~~

28 ~~(3) 7.5% of compensation for service performed solely as~~
29 ~~a participant.~~

30 * * *

1 ~~"Member's annuity." The single life annuity which is~~
2 ~~actuarially equivalent, at the effective date of retirement and~~
3 ~~taking into account any delay in the receipt of the portion of~~
4 ~~the annuity based on Class A 5 service or Class A 6 service, if~~
5 ~~the effective date of retirement is under the age at which the~~
6 ~~member can receive a withdrawal annuity based on Class A 5~~
7 ~~service or Class A 6 service, to the sum of the regular~~
8 ~~accumulated deductions, shared risk accumulated deductions, the~~
9 ~~additional accumulated deductions and the social security~~
10 ~~integration accumulated deductions standing to the member's~~
11 ~~credit in the members' savings account.~~

12 * * *

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

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

20 * * *

21 ~~"Plan." The State Employees' Defined Contribution Plan as~~
22 ~~established under the provisions of this part and the board.~~

23 ~~"Plan document." The documents created by the board under~~
24 ~~section 5802 (relating to plan document) that contain the terms~~
25 ~~and provisions of the plan and trust as established by the board~~
26 ~~regarding the establishment, administration and investment of~~
27 ~~the plan and trust.~~

28 * * *

29 ~~"Reemployed from USERRA leave." Resumption of active~~
30 ~~membership or active participation as a State employee after a~~

1 ~~period of USERRA leave, provided, however, that the resumption~~
2 ~~of active membership or active participation was within the time~~
3 ~~period and under conditions and circumstances such that the~~
4 ~~State employee was entitled to reemployment rights under 38~~
5 ~~U.S.C. Ch. 43 (relating to employment and reemployment rights of~~
6 ~~members of the uniformed services).~~

7 * * *

8 ~~"Regular member contributions." The product of the basic~~
9 ~~contribution rate, the class of service multiplier [if greater~~
10 ~~than one] and the compensation of the member[.], subject to any~~
11 ~~adjustment under section 5501.1(c) (relating to shared risk~~
12 ~~member contributions and shared gain adjustments to regular~~
13 ~~member contributions).~~

14 ~~"Required beginning date." The latest date by which~~
15 ~~distributions of a member's interest or a participant's interest~~
16 ~~in his individual investment account must commence under section~~
17 ~~401(a) (9) of the Internal Revenue Code of 1986 (Public Law 99~~
18 ~~514, 26 U.S.C. § 401(a) (9)).~~

19 ~~"Retirement counselor." The State Employees' Retirement~~
20 ~~[System] Board employee whose duty it shall be to advise each~~
21 ~~employee of his rights and duties as a member of the system or~~
22 ~~as a participant of the plan.~~

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

28 ~~"School Employees' Defined Contribution Plan." The defined~~
29 ~~contribution plan for school employees established under 24~~
30 ~~Pa.C.S. Pt. IV (relating to retirement for school employees).~~

1 ~~* * *~~

2 ~~"Shared risk member contributions." The product of the~~
3 ~~applicable shared risk contribution rate and the compensation of~~
4 ~~a member [for service credited as Class A 3 or Class A 4] who is~~
5 ~~required to make shared risk member contributions.~~

6 ~~* * *~~

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

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

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

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

28 ~~(4) the member elects to leave the member's total~~
29 ~~accumulated deductions in the fund and to defer receipt of an~~
30 ~~annuity until attainment of superannuation age or the~~

1 ~~member's required beginning date.~~

2 ~~"Standard single life annuity." An annuity equal to 2% of~~
3 ~~the final average salary, multiplied by the total number of~~
4 ~~years and fractional part of a year of credited service of a~~
5 ~~member in each class of service.~~

6 ~~"State employee." Any person holding a State office or~~
7 ~~position under the Commonwealth, employed by the State~~
8 ~~Government of the Commonwealth, in any capacity whatsoever,~~
9 ~~except an independent contractor or any person compensated on a~~
10 ~~fee basis or any person paid directly by an entity other than a~~
11 ~~State Employees' Retirement System employer, and shall include~~
12 ~~members of the General Assembly, and any officer or employee of~~
13 ~~the following:~~

14 ~~(1) (i) The Department of Education.~~

15 ~~(ii) State owned educational institutions.~~

16 ~~(iii) Community colleges.~~

17 ~~(iv) The Pennsylvania State University, except an~~
18 ~~employee in the College of Agriculture who is paid wholly~~
19 ~~from Federal funds or an employee who is participating in~~
20 ~~the Federal Civil Service Retirement System. The~~
21 ~~university shall be totally responsible for all employer~~
22 ~~contributions under section 5507 (relating to~~
23 ~~contributions to the system by the Commonwealth and other~~
24 ~~employers) and all employer defined contributions to the~~
25 ~~trust under section 5806 (relating to employer defined~~
26 ~~contributions).~~

27 ~~(2) The Pennsylvania Turnpike Commission, the Delaware~~
28 ~~River Port Authority, the Port Authority Transit Corporation,~~
29 ~~the Philadelphia Regional Port Authority, the Delaware River~~
30 ~~Joint Toll Bridge Commission, the State Public School~~

1 ~~Building Authority, The General State Authority, the State~~
2 ~~Highway and Bridge Authority, the Delaware Valley Regional~~
3 ~~Planning Commission, the Interstate Commission of the~~
4 ~~Delaware River Basin, and the Susquehanna River Basin~~
5 ~~Commission any time subsequent to its creation, provided the~~
6 ~~commission or authority agrees to contribute and does~~
7 ~~contribute to the fund or trust, from time to time, the~~
8 ~~moneys required to build up the reserves necessary for the~~
9 ~~payment of the annuities or other benefits of such officers~~
10 ~~and employees without any liability on the part of the~~
11 ~~Commonwealth to make appropriations for such purposes, and~~
12 ~~provided in the case of employees of the Interstate~~
13 ~~Commission of the Delaware River Basin, that the employee~~
14 ~~shall have been a member of the system for at least ten years~~
15 ~~prior to January 1, 1963.~~

16 ~~(3) Any separate independent public corporation created~~
17 ~~by statute, not including any municipal or quasi municipal~~
18 ~~corporation, so long as he remains an officer or employee of~~
19 ~~such public corporation, and provided that such officer or~~
20 ~~employee of such public corporation was an employee of the~~
21 ~~Commonwealth immediately prior to his employment by such~~
22 ~~corporation, and further provided such public corporation~~
23 ~~shall agree to contribute and contributes to the fund or~~
24 ~~trust, from time to time, the moneys required to build up the~~
25 ~~reserves necessary for the payment of the annuities or other~~
26 ~~benefits of such officers and employees without any liability~~
27 ~~on the part of the Commonwealth to make appropriations for~~
28 ~~such purposes.~~

29 ~~* * *~~

30 ~~"Successor payee." The person or persons last designated in~~

1 ~~writing to the board by a participant receiving distributions to~~
2 ~~receive one or more distributions upon the death of the~~
3 ~~participant.~~

4 ~~"Superannuation age." For classes of service in the system~~
5 ~~other than Class A 3 [and], Class A 4, Class A 5 and Class A 6,~~
6 ~~any age upon accrual of 35 eligibility points or age 60, except~~
7 ~~for a member of the General Assembly who has no service as a~~
8 ~~member of the General Assembly in Class A 3, Class A 4, Class A~~
9 ~~5 or Class A 6, an enforcement officer, a correction officer, a~~
10 ~~psychiatric security aide, a Delaware River Port Authority~~
11 ~~policeman or an officer of the Pennsylvania State Police, age~~
12 ~~50, and, except for a member with Class G, Class H, Class I,~~
13 ~~Class J, Class K, Class L, Class M or Class N service, age 55~~
14 ~~upon accrual of 20 eligibility points. For Class A 3 and Class~~
15 ~~A 4 service, any age upon attainment of a superannuation score~~
16 ~~of 92, provided the member has accrued 35 eligibility points, or~~
17 ~~age 65, or for park rangers or capitol police officers, age 55~~
18 ~~with 20 years of service as a park ranger or capitol police~~
19 ~~officer, except for a member of the General Assembly whose~~
20 ~~service as a member of the General Assembly is rendered as a~~
21 ~~Class A 3 or Class A 4 member, an enforcement officer, a~~
22 ~~correction officer, a psychiatric security aide, a Delaware~~
23 ~~River Port Authority policeman or an officer of the Pennsylvania~~
24 ~~State Police, age 55. For Class A 5 and Class A 6 service, age~~
25 ~~67. A vestee with Class A 3 or Class A 4 service credit attains~~
26 ~~superannuation age on the birthday the vestee attains the age~~
27 ~~resulting in a superannuation score of 92, provided that the~~
28 ~~vestee has at least 35 eligibility points, or attains another~~
29 ~~applicable superannuation age, whichever occurs first.~~

30 ~~* * *~~

1 ~~"Sworn police officer." A State police officer who is~~
2 ~~employed and serving as an officer of the Pennsylvania State~~
3 ~~Police.~~

4 * * *

5 ~~"Trust." The State Employees' Defined Contribution Trust~~
6 ~~established under Chapter 58 (relating to State Employees'~~
7 ~~Defined Contribution Plan).~~

8 * * *

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

12 ~~"Vestee." A member with:~~

13 ~~(1) five or more eligibility points in a class of~~
14 ~~service other than Class A 3 [or], Class A 4, Class A 5 or~~
15 ~~Class A 6 or Class T E or Class T F in the Public School~~
16 ~~Employees' Retirement System[, a member with];~~

17 ~~(2) Class G, Class H, Class I, Class J, Class K, Class~~
18 ~~L, Class M or Class N service with five or more eligibility~~
19 ~~points[, or a member with]; or~~

20 ~~(3) Class A 3 [or], Class A 4, Class A 5 or Class A 6~~
21 ~~service with ten or more eligibility points~~

22 ~~and who has terminated State service and has elected to leave~~
23 ~~his total accumulated deductions in the fund and to defer~~
24 ~~receipt of an annuity.~~

25 ~~"Voluntary contributions." Contributions made by a~~
26 ~~participant to the trust and credited to his individual~~
27 ~~investment account in excess of his mandatory pickup participant~~
28 ~~contributions, either by salary deductions paid through the~~
29 ~~Commonwealth or other employer, or through an eligible rollover~~
30 ~~or through a direct trustee to trustee transfer.~~

1 Section 303. Section 5103 of Title 71 is amended to read:

2 ~~§ 5103. Notice to members and participants.~~

3 ~~Notice by publication, including, without being limited to,~~
4 ~~newsletters, newspapers, forms, first class mail, letters,~~
5 ~~manuals and, to the extent authorized by a policy adopted by the~~
6 ~~board, electronically, including, without being limited to, e-~~
7 ~~mail or [World Wide Web sites] Internet websites, distributed or~~
8 ~~made available to members and participants in a manner~~
9 ~~reasonably calculated to give actual notice of [those sections~~
10 ~~of the State Employees' Retirement Code] the provisions of this~~
11 ~~part that require notice to members or participants shall be~~
12 ~~deemed sufficient notice for all purposes.~~

13 Section 304. Title 71 is amended by adding a section to
14 read:

15 ~~§ 5104. Reference to State Employees' Retirement System.~~

16 ~~(a) Construction. As of the effective date of this section,~~
17 ~~unless the context clearly indicates otherwise, any reference to~~
18 ~~the State Employees' Retirement System in a statutory provision~~
19 ~~other than this part and 24 Pa.C.S. Pt. IV (relating to~~
20 ~~retirement for school employees) shall include a reference to~~
21 ~~the State Employees' Defined Contribution Plan and any reference~~
22 ~~to the State Employees' Retirement Fund shall include a~~
23 ~~reference to the State Employees' Defined Contribution Trust.~~

24 ~~(b) Agreement. The agreement of an employer listed in the~~
25 ~~definition of "State employee" or any other law to make~~
26 ~~contributions to the fund or to enroll its employees as members~~
27 ~~in the system shall be deemed to be an agreement to make~~
28 ~~contributions to the trust or to enroll its employees in the~~
29 ~~plan.~~

30 Section 305. Section 5301 heading, (a), (b), (c) and (d) of

1 ~~Title 71 are amended and the section is amended by adding~~
2 ~~subsections to read:~~

3 ~~§ 5301. Mandatory and optional membership in the system and~~
4 ~~participation in the plan.~~

5 ~~(a) Mandatory membership. Membership in the system shall be~~
6 ~~mandatory as of the effective date of employment for all State~~
7 ~~employees except the following:~~

8 ~~(1) Governor.~~

9 ~~(2) Lieutenant Governor.~~

10 ~~(3) Members of the General Assembly.~~

11 ~~(4) Heads or deputy heads of administrative departments.~~

12 ~~(5) Members of any independent administrative board or~~
13 ~~commission.~~

14 ~~(6) Members of any departmental board or commission.~~

15 ~~(7) Members of any advisory board or commission.~~

16 ~~(8) Secretary to the Governor.~~

17 ~~(9) Budget Secretary.~~

18 ~~(10) Legislative employees.~~

19 ~~(11) School employees who have elected membership in the~~
20 ~~Public School Employees' Retirement System.~~

21 ~~(12) School employees who have elected membership in an~~
22 ~~independent retirement program approved by the employer,~~
23 ~~provided that in no case, except as hereinafter provided,~~
24 ~~shall the employer contribute on account of such elected~~
25 ~~membership at a rate greater than the employer normal~~
26 ~~contribution rate as determined in section 5508(b) (relating~~
27 ~~to actuarial cost method). For the fiscal year 1986-1987 an~~
28 ~~employer may contribute on account of such elected membership~~
29 ~~at a rate which is the greater of 7% or the employer normal~~
30 ~~contribution rate as determined in section 5508(b) and for~~

1 ~~the fiscal year 1992-1993 and all fiscal years after that at~~
2 ~~a rate of 9.29%.~~

3 ~~(13) Persons who have elected to retain membership in~~
4 ~~the retirement system of the political subdivision by which~~
5 ~~they were employed prior to becoming eligible for membership~~
6 ~~in the State Employees' Retirement System.~~

7 ~~(14) Persons who are not members of the system and are~~
8 ~~employed on a per diem or hourly basis for less than 100 days~~
9 ~~or 750 hours in a [12 month period] calendar year.~~

10 ~~(15) Employees of the Philadelphia Regional Port~~
11 ~~Authority who have elected to retain membership in the~~
12 ~~pension plan or retirement system in which they were enrolled~~
13 ~~as employees of the predecessor Philadelphia Port Corporation~~
14 ~~prior to the creation of the Philadelphia Regional Port~~
15 ~~Authority.~~

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

24 ~~(17) State employees, other than any Class A-5 exempt~~
25 ~~employees performing service as Class A-5 exempt employees,~~
26 ~~whose first period of State service starts on or after~~
27 ~~January 1, 2018.~~

28 ~~(a.1) Mandatory participation in the plan. A State employee~~
29 ~~who is a member of the system as a member of Class A-5 or Class~~
30 ~~A-6 shall be a mandatory participant in the plan for that same~~

1 ~~service as of the effective date of Class A 5 or Class A 6~~
2 ~~membership in the system except for service as a Class A 5~~
3 ~~exempt employee. A State employee who elected to be solely a~~
4 ~~participant in the plan shall be a mandatory participant in the~~
5 ~~plan for all service except for service as a Class A 5 exempt~~
6 ~~employee.~~

7 ~~(b) Optional membership in the system. The State employees~~
8 ~~listed in subsection (a) (1) through (11) shall have the right to~~
9 ~~elect membership in the system; once such election is exercised,~~
10 ~~membership shall continue until the termination of State~~
11 ~~service. State employees listed in subsection (a) (17) shall have~~
12 ~~the right to elect membership in Class A 5 or Class A 6 provided~~
13 ~~they have not previously elected to be solely participants in~~
14 ~~the plan.~~

15 ~~(b.1) Optional participation in the plan. The State~~
16 ~~employees who are optional members of the system as a member of~~
17 ~~Class A 5 or Class A 6 also are optional participants in the~~
18 ~~plan. The State employees who elect membership in the system as~~
19 ~~members of Class A 5 or Class A 6 also automatically elect~~
20 ~~participation in the plan as of the date they elect membership~~
21 ~~in the system, except for service as a Class A 5 exempt~~
22 ~~employee. A State employee can elect participation in the plan~~
23 ~~without also electing membership in the system under section~~
24 ~~5306.4 (relating to election to become a Class A 6 member or~~
25 ~~solely a participant in the plan).~~

26 ~~(c) Prohibited membership in the system. The State~~
27 ~~employees listed in subsection (a) (12), (13), (14) and (15)~~
28 ~~shall not have the right to elect membership in the system.~~

29 ~~(c.1) Prohibited participation in the plan. The State~~
30 ~~employees listed in subsection (a) (11), (12), (13), (14) and~~

1 ~~(15) or who first become a member of the system before January~~
2 ~~1, 2018, or who could have elected membership in the system but~~
3 ~~did not do so in the required time period shall not be eligible~~
4 ~~to be active participants in the plan. Class A 5 exempt~~
5 ~~employees shall not be eligible to participate in the plan for~~
6 ~~service performed as a Class A 5 exempt employee. State~~
7 ~~employees who are not mandatory participants in the plan under~~
8 ~~subsection (a.1) or eligible for optional participation in the~~
9 ~~plan under subsection (b.1) shall not be eligible to participate~~
10 ~~in the plan.~~

11 ~~(d) Return to service.~~

12 ~~(1) An annuitant who returns to service as a State~~
13 ~~employee before January 1, 2018, or returns to State service~~
14 ~~as a Class A 5 exempt employee after December 31, 2017, shall~~
15 ~~resume active membership in the system as of the effective~~
16 ~~date of employment, except as otherwise provided in section~~
17 ~~5706(a) (relating to termination of annuities), regardless of~~
18 ~~the optional membership category of the position.~~

19 ~~(2) An annuitant or a participant receiving~~
20 ~~distributions who returns to service as a State employee on~~
21 ~~or after January 1, 2018, shall resume active membership in~~
22 ~~the system and, if an active member of Class A 5 or Class A~~
23 ~~6, shall be an active participant in the plan as of the~~
24 ~~effective date of employment, except as otherwise provided in~~
25 ~~section 5706(a), regardless of the optional membership or~~
26 ~~participation category of the position: Provided, however,~~
27 ~~That a participant or former participant who previously~~
28 ~~elected to be solely a participant under section 5306.4 shall~~
29 ~~be a participant in the plan except for service as a Class A~~
30 ~~5 exempt employee.~~

1 ~~***~~

2 ~~Section 306. Sections 5302(a), (b), (e) and (f), 5303(b) (1)~~
3 ~~and (2), (d) (1) and (e) (1) and (4), 5303.2(a), 5304(a) and (b),~~
4 ~~5305(b) and 5305.1 of Title 71 are amended to read:~~

5 ~~§ 5302. Credited State service.~~

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

1 ~~section 5502.1 or limitations under the IRC to 220 days or 1,650~~
2 ~~hours, as the case may be. A part time salaried employee shall~~
3 ~~be credited with the fractional portion of the year which~~
4 ~~corresponds to the number of hours or days of service actually~~
5 ~~rendered in relation to 1,650 hours or 220 days, as the case may~~
6 ~~be. In no case shall a member who has elected multiple service~~
7 ~~receive an aggregate in the two systems of more than one year of~~
8 ~~credited service for any 12 consecutive months.~~

9 ~~(b) Creditable leaves of absence.~~

10 ~~(1) A member on leave without pay who is studying under~~
11 ~~a Federal grant approved by the head of his department or who~~
12 ~~is engaged up to a maximum of two years of temporary service~~
13 ~~with the United States Government, another state or a local~~
14 ~~government under the Intergovernmental Personnel Act of 1970~~
15 ~~(5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) shall~~
16 ~~be eligible for credit for such service: Provided, That~~
17 ~~contributions are made in accordance with sections 5501~~
18 ~~(relating to regular member contributions for current~~
19 ~~service), 5501.1 (relating to shared risk member~~
20 ~~contributions [for Class A 3 and Class A 4 service] and~~
21 ~~shared gain adjustments to regular member contributions),~~
22 ~~5505.1 (relating to additional member contributions) and 5507~~
23 ~~(relating to contributions to the system by the Commonwealth~~
24 ~~and other employers), the member returns from leave without~~
25 ~~pay to active State service as a member of the system for a~~
26 ~~period of at least one year, and he is not entitled to~~
27 ~~retirement benefits for such service under a retirement~~
28 ~~system administered by any other governmental agency.~~

29 ~~(2) An active member or active participant on paid leave~~
30 ~~granted by an employer for purposes of serving as an elected~~

1 ~~full time officer for a Statewide employee organization which~~
2 ~~is a collective bargaining representative under the act of~~
3 ~~June 24, 1968 (P.L.237, No.111), referred to as the Policemen~~
4 ~~and Firemen Collective Bargaining Act, or the act of July 23,~~
5 ~~1970 (P.L.563, No.195), known as the Public Employe Relations~~
6 ~~Act, and up to 14 full time business agents appointed by an~~
7 ~~employee organization that represents correction officers~~
8 ~~employed at State correctional institutions: Provided, That~~
9 ~~for elected full time officers such leave shall not be for~~
10 ~~more than three consecutive terms of the same office and for~~
11 ~~up to 14 full time business agents appointed by an employee~~
12 ~~organization that represents correction officers employed at~~
13 ~~State correctional institutions no more than three~~
14 ~~consecutive terms of the same office; that the employer shall~~
15 ~~fully compensate the member or participant, including, but~~
16 ~~not limited to, salary, wages, pension and retirement~~
17 ~~contributions and benefits, other benefits and seniority, as~~
18 ~~if he were in full time active service; and that the~~
19 ~~Statewide employee organization shall fully reimburse the~~
20 ~~employer for all expenses and costs of such paid leave,~~
21 ~~including, but not limited to, contributions and payment in~~
22 ~~accordance with sections 5501, 5501.1, 5505.1 [and], 5507,~~
23 ~~5804 (relating to participant contributions), 5805 (relating~~
24 ~~to mandatory pickup participant contributions) and 5806~~
25 ~~(relating to employer defined contributions), if the employee~~
26 ~~organization either directly pays, or reimburses the~~
27 ~~Commonwealth or other employer for, contributions made in~~
28 ~~accordance with [section 5507] sections 5507, 5804, 5805 and~~
29 ~~5806.~~
30 ~~* * *~~

1 ~~(e) Cancellation of credited service.~~

2 ~~(1) All credited service in the system shall be~~
3 ~~cancelled if a member withdraws his total accumulated~~
4 ~~deductions, except that a member with Class A 3 [or], Class~~
5 ~~A 4, Class A 5 or Class A 6 service credit and one or more~~
6 ~~other classes of service credit shall not have his service~~
7 ~~credit as a member of any classes of service other than as a~~
8 ~~member of Class A 3 [or], Class A 4, Class A 5 or Class A 6~~
9 ~~cancelled when the member receives a lump sum payment of~~
10 ~~accumulated deductions resulting from Class A 3 [or], Class~~
11 ~~A 4, Class A 5 or Class A 6 service pursuant to section~~
12 ~~5705.1 (relating to payment of accumulated deductions~~
13 ~~resulting from [Class A 3 and Class A 4] more than one class~~
14 ~~of service).~~

15 ~~(2) A partial or total distribution of accumulated total~~
16 ~~defined contributions to a participant who also is a member~~
17 ~~shall not cancel service credited in the system.~~

18 ~~(f) Credit for military service. A State employee who has~~
19 ~~performed USERRA leave may receive credit in the system or~~
20 ~~participate in the plan as follows:~~

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

1 definitions).

2 ~~(1.1) State employees may not receive service credit in~~
3 ~~the system or exercise the options under 51 Pa.C.S. § 7306~~
4 ~~(relating to retirement rights) for military leaves that~~
5 ~~begin on or after the effective date of this subsection,~~
6 ~~except as otherwise provided by this subsection.~~

7 ~~(1.2) State employees may not participate in the plan or~~
8 ~~exercise the options under 51 Pa.C.S. § 7306 for military~~
9 ~~leaves that begin on or after the effective date of this~~
10 ~~paragraph, except as otherwise provided by this subsection.~~

11 ~~(2) A State employee who has performed USERRA leave may~~
12 ~~receive credit in the system as provided by this paragraph.~~
13 ~~The following shall apply:~~

14 ~~(i) A State employee who is reemployed from USERRA~~
15 ~~leave as an active member of the system shall be treated~~
16 ~~as not having incurred a break in State service by reason~~
17 ~~of the USERRA leave and shall be granted eligibility~~
18 ~~points as if the State employee had not been on the~~
19 ~~USERRA leave. If a State employee who is reemployed from~~
20 ~~USERRA leave as an active member of the system~~
21 ~~subsequently makes regular member contributions,~~
22 ~~additional member contributions, Social Security~~
23 ~~integration member contributions, shared risk member~~
24 ~~contributions and any other member contributions in the~~
25 ~~amounts and in the time periods required by 38 U.S.C. Ch.~~
26 ~~43 (relating to employment and reemployment rights of~~
27 ~~members of the uniformed services) and IRC § 414(u) as if~~
28 ~~the State employee had continued in State office or~~
29 ~~employment and performed State service and was~~
30 ~~compensated during the period of USERRA leave, then the~~

1 ~~State employee shall be granted State service credit for~~
2 ~~the period of USERRA leave. The State employee shall have~~
3 ~~the State employee's benefits, rights and obligations~~
4 ~~determined under this part as if the State employee was~~
5 ~~an active member who performed creditable State service~~
6 ~~during the USERRA leave in the job position that the~~
7 ~~State employee would have held had the State employee not~~
8 ~~been on USERRA leave and received the compensation on~~
9 ~~which the member contributions to receive State service~~
10 ~~credit for the USERRA leave were determined.~~

11 ~~(ii) For purposes of determining whether a State~~
12 ~~employee has made the required employee contributions for~~
13 ~~State service credit for USERRA leave, if an employee who~~
14 ~~is reemployed from USERRA leave as an active member of~~
15 ~~the system terminates State service or dies in State~~
16 ~~service before the expiration of the allowed payment~~
17 ~~period, then State service credit for the USERRA leave~~
18 ~~will be granted as if the required member contributions~~
19 ~~were paid the day before termination or death. The amount~~
20 ~~of the required member contributions will be treated as~~
21 ~~an incomplete payment subject to the provisions of~~
22 ~~section 5506 (relating to incomplete payments). Upon a~~
23 ~~subsequent return to State service or to school service~~
24 ~~as a multiple service member, the required member~~
25 ~~contributions treated as incomplete payments shall be~~
26 ~~treated as member contributions that were either~~
27 ~~withdrawn in a lump sum at termination or paid as a lump~~
28 ~~sum pursuant to section 5705(a)(4) or (a.1) (relating to~~
29 ~~member's options), as the case may be.~~

30 ~~(iii) A State employee who is reemployed from USERRA~~

1 ~~leave as an active member of the system who does not make~~
2 ~~the required member contributions or makes only part of~~
3 ~~the required member contributions within the allowed~~
4 ~~payment period shall not be granted credited service for~~
5 ~~the period of USERRA leave for which the required member~~
6 ~~contributions were not timely made, shall not be eligible~~
7 ~~to subsequently make contributions and shall not be~~
8 ~~granted either State service credit or nonstate service~~
9 ~~credit for the period of USERRA leave for which the~~
10 ~~required member contributions were not timely made.~~

11 ~~(2.1) (i) A participant who is reemployed from USERRA~~
12 ~~leave shall be treated as not having incurred a break in~~
13 ~~State service by reason of the USERRA leave and shall be~~
14 ~~granted eligibility points as if the participant had not~~
15 ~~been on USERRA leave. If a participant who is reemployed~~
16 ~~from USERRA leave subsequently makes mandatory pickup~~
17 ~~participant contributions in the amounts and in the time~~
18 ~~periods required by 38 U.S.C. Ch. 43 and IRC § 414(u) as~~
19 ~~if the participant had continued in his State office or~~
20 ~~employment and performed State service and been~~
21 ~~compensated during the period of USERRA leave, the~~
22 ~~participant's employer shall make the corresponding~~
23 ~~employer defined contributions. The employee shall have~~
24 ~~his contributions, benefits, rights and obligations~~
25 ~~determined under this part as if he were an active~~
26 ~~participant who performed State service during the USERRA~~
27 ~~leave in the job position that he would have held had he~~
28 ~~not been on USERRA leave and received the compensation on~~
29 ~~which the mandatory pickup participant contributions to~~
30 ~~receive State service credit for the USERRA leave were~~

1 ~~determined.~~

2 ~~(ii) A participant who is reemployed from USERRA~~
3 ~~leave who does not make the mandatory pickup participant~~
4 ~~contributions or makes only part of the mandatory pickup~~
5 ~~participant contributions within the allowed payment~~
6 ~~period shall not be eligible to make mandatory pickup~~
7 ~~participant contributions or voluntary contributions at a~~
8 ~~later date for the period of USERRA leave for which the~~
9 ~~mandatory pickup participant contributions were not~~
10 ~~timely made.~~

11 ~~(3) A State employee who is a member of the system and~~
12 ~~performs USERRA leave from which the employee could have been~~
13 ~~reemployed from USERRA leave had the State employee returned~~
14 ~~to State service in the time frames required by 38 U.S.C. Ch.~~
15 ~~43 for reemployment rights, but did not do so, shall be able~~
16 ~~to receive creditable nonstate service as nonintervening~~
17 ~~military service for the period of USERRA leave should the~~
18 ~~employee later return to State service as an active member of~~
19 ~~the system and is otherwise eligible to purchase the service~~
20 ~~as nonintervening military service.~~

21 ~~(3.1) A State employee who is a participant in the plan~~
22 ~~and performs USERRA leave from which the employee could have~~
23 ~~been reemployed from USERRA leave had the employee returned~~
24 ~~to State service in the time frames required by 38 U.S.C. Ch.~~
25 ~~43 for reemployment rights, but did not do so, shall not be~~
26 ~~eligible to make mandatory pickup participant contributions~~
27 ~~or voluntary contributions for the period of USERRA leave~~
28 ~~should the employee later return to State service and be a~~
29 ~~participant in the plan.~~

30 ~~(4) [A State employee] An active member or inactive~~

1 ~~member on leave without pay who on or after the effective~~
2 ~~date of this subsection is granted a leave of absence under~~
3 ~~51 Pa.C.S. § 4102 (relating to leaves of absence for certain~~
4 ~~government employees) or a military leave under 51 Pa.C.S.~~
5 ~~Ch. 73, that is not USERRA leave shall be able to receive~~
6 ~~creditable nonstate service as nonintervening military~~
7 ~~service should the employee return to State service as an~~
8 ~~active member of the system and is otherwise eligible to~~
9 ~~purchase the service as nonintervening military service.~~

10 ~~(4.1) An active participant or inactive participant on~~
11 ~~leave without pay who on or after the effective date of this~~
12 ~~paragraph is granted a leave of absence under 51 Pa.C.S. §~~
13 ~~4102 or a military leave under 51 Pa.C.S. Ch. 73 that is not~~
14 ~~USERRA leave shall not be able to make mandatory pickup~~
15 ~~participant contributions or voluntary contributions during~~
16 ~~or for the leave of absence or military leave and shall not~~
17 ~~have employer defined contributions made during such leave,~~
18 ~~without regard to whether or not the State employee received~~
19 ~~salary, wages, stipends, differential wage payments or other~~
20 ~~payments from his employer during the leave, notwithstanding~~
21 ~~any provision to the contrary under 51 Pa.C.S. § 4102 or 51~~
22 ~~Pa.C.S. Ch. 73.~~

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

30 ~~(5.1) If a participant dies while performing USERRA~~

~~1 leave, the beneficiaries or successor payees of the deceased
2 participant are entitled to any additional benefits, other
3 than benefit accruals relating to the period of qualified
4 military service, provided under this part had the
5 participant resumed and then terminated employment on account
6 of death.~~

~~7 (6) A State employee who is on a leave of absence from
8 his duties as a State employee for which 51 Pa.C.S. § 4102
9 provides that he is not to suffer a loss of pay, time or
10 efficiency rating shall not be an active member, receive
11 service credit or make member contributions for the leave of
12 absence, except as provided for in this part. Notwithstanding
13 this paragraph, any pay the member receives pursuant to 51
14 Pa.C.S. § 4102 shall be included in the determination of
15 final average salary and other calculations in the system
16 utilizing compensation as if the payments were compensation
17 under this part.~~

~~18 § 5303. Retention and reinstatement of service credits.~~

~~19 * * *~~

~~20 (b) Eligibility points for prospective credited service.~~

~~21 (1) Every active member of the system or a multiple
22 service member who is a school employee and a member of the
23 Public School Employees' Retirement System on or after the
24 effective date of this part shall receive eligibility points
25 in accordance with section 5307 for current State service,
26 previous State service, or creditable nonstate service upon
27 compliance with sections 5501 (relating to regular member
28 contributions for current service), 5501.1 (relating to
29 shared risk member contributions [for Class A 3 and Class A 4
30 service] and shared gain adjustments to regular member~~

1 ~~contributions), 5504 (relating to member contributions for~~
2 ~~the purchase of credit for previous State service or to~~
3 ~~become a full coverage member), 5505 (relating to~~
4 ~~contributions for the purchase of credit for creditable~~
5 ~~nonstate service), 5505.1 (relating to additional member~~
6 ~~contributions) or 5506 (relating to incomplete payments).~~
7 ~~Subject to the limitations in sections 5306.1 (relating to~~
8 ~~election to become a Class AA member) and 5306.2 (relating to~~
9 ~~elections by members of the General Assembly), the class or~~
10 ~~classes of service in which the member may be credited for~~
11 ~~previous State service prior to the effective date of this~~
12 ~~part shall be the class or classes in which he was or could~~
13 ~~have at any time elected to be credited for such service,~~
14 ~~except that a State employee who first becomes a member of~~
15 ~~the system on or after January 1, 2011, or on or after~~
16 ~~December 1, 2010, as a member of the General Assembly and:~~

17 ~~(i) is credited with Class A 3 service for such~~
18 ~~membership and is not a member of Class A 5, shall be~~
19 ~~credited only with Class A 3 service for previous State~~
20 ~~service performed before January 1, 2011, that was not~~
21 ~~previously credited in the system; [or]~~

22 ~~(ii) is credited with Class A 4 service for such~~
23 ~~membership and is not a member of Class A 5, shall be~~
24 ~~credited only with Class A 4 service for previous State~~
25 ~~service performed before January 1, 2011, that was not~~
26 ~~previously credited in the system[.]~~

27 ~~(iii) is credited with Class A 5 service for such~~
28 ~~membership, shall be credited only with Class A 5 service~~
29 ~~for previous State service, performed before January 1,~~
30 ~~2018, other than service as a Class A 5 exempt employee,~~

~~that was not previously credited in the system; or
(iv) is credited with Class A 6 service for such
membership, shall be credited only with Class A 6 service
for previous State service, performed before January 1,
2018, other than service as a Class A 5 exempt employee,
which was not previously credited in the system.~~

~~The class of service in which a member shall be credited for
service subsequent to the effective date of this part shall
be determined in accordance with section 5306 (relating to
classes of service).~~

~~* * *~~

~~(2) A special vestee or person otherwise eligible to be
a special vestee who returns to State service, other than
solely as a participant in the plan, or withdraws his
accumulated deductions pursuant to section 5311 (relating to
eligibility for refunds) or 5701 (relating to return of total
accumulated deductions) shall receive or retain eligibility
points in accordance with paragraph (1) but upon subsequent
termination of State service shall only be eligible to be an
annuitant vestee or inactive member without regard to
previous status as a special vestee and without regard to the
provisions of this part providing for special vestees.~~

~~* * *~~

~~(d) Transfer of certain pension service credit.~~

~~(1) Any person who was an employee of any county in this
Commonwealth on the personal staff of an appellate court
judge prior to September 9, 1985, and who had that employment
transferred to the Commonwealth pursuant to 42 Pa.C.S. § 3703
(relating to local chamber facilities) shall be a member of
the system for all service rendered as an employee of the~~

~~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~~

1 ~~system is greater than the amount that would have accumulated~~
2 ~~in the member's account if the employee had been a member of~~
3 ~~the system, all excess funds shall be returned to the~~
4 ~~employee within 90 days of the date on which such funds are~~
5 ~~credited to the member's account in the system. Within 60~~
6 ~~days of receipt of written notice that an employee has~~
7 ~~elected to transfer credits under the provisions of this~~
8 ~~subsection, the county or other municipal pension plans or~~
9 ~~retirement systems shall be required to transfer to the~~
10 ~~system an amount, excluding contributions due under section~~
11 ~~5504(a), equal to the liability of the prior service in~~
12 ~~accordance with county or other municipal pension plan or~~
13 ~~retirement system benefit provisions, multiplied by the ratio~~
14 ~~of system actuarial value of assets for active members to the~~
15 ~~system actuarial accrued liability for active members. The~~
16 ~~Public Employee Retirement Study Commission shall determine~~
17 ~~the appropriate amount of employer contributions to be~~
18 ~~transferred to the system by the county or other municipal~~
19 ~~pension plans or retirement systems.~~

20 * * *

21 ~~(c) Transfer and purchase of certain pension service credit;~~
22 ~~Philadelphia Regional Port Authority.~~

23 ~~(1) Any employee of the Philadelphia Regional Port~~
24 ~~Authority who becomes a State employee, as defined in section~~
25 ~~5102 (relating to definitions), and an active member of the~~
26 ~~system shall be eligible to obtain retirement credit for~~
27 ~~prior uncredited service with the Philadelphia Port~~
28 ~~Corporation, a Pennsylvania not for profit corporation~~
29 ~~("predecessor corporation"), provided that the Commonwealth~~
30 ~~does not incur any liability for the funding of the annuities~~

1 ~~attributable to the prior, uncredited "predecessor-~~
2 ~~corporation" service, the cost of which shall be determined-~~
3 ~~according to paragraph (2).~~

4 ~~* * *~~

5 ~~(4) Any person who became employed by the Philadelphia-~~
6 ~~Regional Port Authority between July 10, 1989, and passage of-~~
7 ~~this act and who becomes a State employee, as defined in-~~
8 ~~section 5102, and an active member of the system shall be-~~
9 ~~eligible to obtain retirement credit for service from the-~~
10 ~~date of employment with the Philadelphia Regional Port-~~
11 ~~Authority, provided that the contributions are made in-~~
12 ~~accordance with sections 5501, 5504, 5505.1 and 5506.~~

13 ~~* * *~~

14 ~~§ 5303.2. Election to convert school service to State service.~~

15 ~~(a) Eligibility. An active member or inactive member on-~~
16 ~~leave without pay who was an employee transferred from the-~~
17 ~~Department of Education to the Department of Corrections-~~
18 ~~pursuant to section 908 B of the act of April 9, 1929 (P.L.177,~~
19 ~~No.175), known as The Administrative Code of 1929, and who on-~~
20 ~~the effective date of that transfer did not participate in an-~~
21 ~~independent retirement program approved by the Department of-~~
22 ~~Education under 24 Pa.C.S. § 8301(a)(1) (relating to mandatory-~~
23 ~~and optional membership in the system and participation in the~~
24 ~~plan) or section 5301(a)(12) (relating to mandatory and optional-~~
25 ~~membership in the system and participation in the plan),-~~
26 ~~notwithstanding any other provision of law or any collective-~~
27 ~~bargaining agreement, arbitration award, contract or term or-~~
28 ~~conditions of any retirement system or pension plan, may make a-~~
29 ~~one time election to convert all service credited in the Public-~~
30 ~~School Employees' Retirement System as of June 30, 1999, and-~~

1 ~~transfer to the system all accumulated member contributions and~~
2 ~~statutory interest credited in the members' savings account in~~
3 ~~the Public School Employees' Retirement System as of June 30,~~
4 ~~1999, plus statutory interest on that amount credited by the~~
5 ~~Public School Employees' Retirement System from July 1, 1999, to~~
6 ~~the date of transfer to the system.~~

7 * * *

8 ~~§ 5304. Creditable nonstate service.~~

9 ~~(a) Eligibility.~~

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

27 ~~(2) An active member who first becomes an active member~~
28 ~~on or after January 1, 2011, or on or after December 1, 2010,~~
29 ~~as a member of the General Assembly and is an active member~~
30 ~~of a class of service other than Class A 5 or Class A 6, or a~~

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

17 ~~(3) An active member of Class A 5 or Class A 6 or a~~
18 ~~multiple service member who has service credited only as~~
19 ~~Class A 5 or Class A 6 and is a school employee and an active~~
20 ~~member of the Public School Employees' Retirement System~~
21 ~~shall be eligible for Class A 5 service credit if a Class A 5~~
22 ~~member and Class A 6 service credit if a Class A 6 member for~~
23 ~~creditable nonstate service as set forth in subsections (b)~~
24 ~~and (c) for which the member makes the required contributions~~
25 ~~to the fund.~~

26 ~~* * *~~

27 ~~(b) Limitations on eligibility. An active member or a~~
28 ~~multiple service member who is a school employee and an active~~
29 ~~member of the Public School Employees' Retirement System shall~~
30 ~~be eligible as provided under subsection (a) to receive credit~~

1 ~~for nonstate service provided that he does not have credit for~~
2 ~~such service in the system or in the [school system] Public~~
3 ~~School Employees' Retirement System and is not entitled to~~
4 ~~receive, eligible to receive now or in the future, or is~~
5 ~~receiving retirement benefits for such service in the system or~~
6 ~~under a retirement system administered and wholly or partially~~
7 ~~paid for by any other governmental agency or by any private~~
8 ~~employer, or a retirement program approved by the employer in~~
9 ~~accordance with section 5301(a)(12) (relating to mandatory and~~
10 ~~optional membership in the system and participation in the~~
11 ~~plan), and further provided, that such service is certified by~~
12 ~~the previous employer and contributions are agreed upon and made~~
13 ~~in accordance with section 5505 (relating to contributions for~~
14 ~~the purchase of credit for creditable nonstate service).~~

15 ~~* * *~~

16 ~~§ 5305. Social security integration credits.~~

17 ~~* * *~~

18 ~~(b) Accrual of subsequent credits. Any active member who~~
19 ~~has social security integration accumulated deductions to his~~
20 ~~credit or is receiving a benefit on account of social security~~
21 ~~integration credits may accrue one social security integration~~
22 ~~credit for each year of service as a State employee on or~~
23 ~~subsequent to March 1, 1974, and a fractional credit for a~~
24 ~~corresponding fractional year of service provided that~~
25 ~~contributions are made to the fund, or would have been made to~~
26 ~~the fund but for section 5502.1 (relating to waiver of regular~~
27 ~~member contributions and Social Security integration member~~
28 ~~contributions) or the limitations under IRC § 401(a)(17) or 415,~~
29 ~~except as otherwise provided in this part, in accordance with~~
30 ~~section 5502 (relating to Social Security integration member~~

1 contributions), and he:

2 ~~(1) continues subsequent to March 1, 1974, as an active~~
3 ~~member in either the [State or school] system or, if a~~
4 ~~multiple service member, as an active member in the Public~~
5 ~~School Employees' Retirement System;~~

6 ~~(2) terminates such continuous service in the [State or~~
7 ~~school] system or the Public School Employees' Retirement~~
8 ~~System and returns to active membership in the [State] system~~
9 ~~within six months; or~~

10 ~~(3) terminates his status as a vestee or an annuitant~~
11 ~~and returns to State service as an active member of the~~
12 ~~system.~~

13 ~~***~~

14 ~~§ 5305.1. Eligibility for actuarial increase factor.~~

15 ~~A person who is:~~

16 ~~(1) an active member;~~

17 ~~(2) an inactive member on leave without pay; [or]~~

18 ~~(3) a multiple service member who is a school employee~~
19 ~~and an active member of the Public School Employees'~~
20 ~~Retirement System; or~~

21 ~~(4) an active participant or an inactive participant on~~
22 ~~leave without pay;~~

23 ~~who terminates State service or school service, as the case may~~
24 ~~be, after attaining age 70 and who applies for a superannuation~~
25 ~~annuity with an effective date of retirement the day after the~~
26 ~~date of termination of State service or school service shall~~
27 ~~have that person's maximum single life annuity calculated~~
28 ~~pursuant to section 5702(a.1) (relating to maximum single life~~
29 ~~annuity).~~

30 ~~Section 307. Section 5306(a), (a.1), (a.2), (a.3) and (b)(2)~~

1 ~~of Title 71 are amended, subsection (a) is amended by adding a~~
2 ~~paragraph and the section is amended by adding subsections to~~
3 ~~read:~~

4 ~~§ 5306. Classes of service.~~

5 ~~(a) Class A and Class A 3 membership.~~

6 ~~(1) A State employee who is a member of Class A on the~~
7 ~~effective date of this part or who first becomes a member of~~
8 ~~the system subsequent to the effective date of this part and~~
9 ~~before January 1, 2011, or before December 1, 2010, as a~~
10 ~~member of the General Assembly, shall be classified as a~~
11 ~~Class A member and receive credit for Class A service upon~~
12 ~~payment of regular and additional member contributions for~~
13 ~~Class A service, provided that the State employee does not~~
14 ~~become a member of Class AA pursuant to subsection (a.1) or a~~
15 ~~member of Class D 4 pursuant to subsection (a.2).~~

16 ~~(2) A State employee who first becomes a member of the~~
17 ~~system on or after January 1, 2011, or on or after December~~
18 ~~1, 2010, as a member of the General Assembly and before~~
19 ~~January 1, 2018, shall be classified as a Class A 3 member~~
20 ~~and receive credit for Class A 3 service upon payment of~~
21 ~~regular member contributions and shared risk member~~
22 ~~contributions for Class A 3 service provided that the State~~
23 ~~employee does not become a member of Class A 4 pursuant to~~
24 ~~subsection (a.3), except that a member of the judiciary shall~~
25 ~~be classified as a member of such other class of service for~~
26 ~~which the member of the judiciary is eligible, shall elect~~
27 ~~and make regular member contributions.~~

28 ~~(3) A State employee who first becomes a member of the~~
29 ~~system on or after January 1, 2011, or on or after December~~
30 ~~1, 2010, as a member of the General Assembly, and a Class A 5~~

~~exempt employee on or after January 1, 2018, shall receive credit for all service as a Class A 5 exempt employee as a member of Class A 3 upon payment of the required member contributions and shall not be eligible to be a member of Class A 5 or Class A 6 or a participant in the plan for such service. All other State service shall be credited in the system or in the plan as otherwise provided under this part. Class A 3 service provided for under this paragraph shall be subject to an election to be credited as Class A 4 provided that the State employee has not previously had the opportunity to elect Class A 3 service and failed to do so.~~

~~(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), 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~~

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

19 ~~(3) Provided that an election to become a Class AA~~
20 ~~member is made pursuant to section 5306.1 (relating to~~
21 ~~election to become a Class AA member), a State employee,~~
22 ~~other than a State employee who is a State police officer on~~
23 ~~or after July 1, 1989, who on June 30, 2001, and July 1,~~
24 ~~2001, is:~~

25 ~~(i) a member of Class A, other than a member of~~
26 ~~Class A who could have elected membership in a Class C,~~
27 ~~Class D 3, Class E 1 or Class E 2; or~~

28 ~~(ii) an inactive member on a leave without pay from~~
29 ~~a position in which the State employee would be a Class A~~
30 ~~active member if the employee was not on leave without~~

1 ~~pay, other than a position in which the State employee~~
2 ~~could elect membership in Class C, Class D 3, Class E 1~~
3 ~~or Class E 2;~~
4 ~~shall be classified as a Class AA member and receive~~
5 ~~credit for Class AA State service performed after June 30,~~
6 ~~2001, upon payment of regular member contributions for Class~~
7 ~~AA service and, subject to the limitations contained in~~
8 ~~paragraph (7), shall receive Class AA service credit for all~~
9 ~~Class A State service, other than State service performed as~~
10 ~~a State police officer or as a State employee in a position~~
11 ~~for which the member could have elected membership in Class~~
12 ~~C, Class D 3, Class E 1 or Class E 2, performed before July~~
13 ~~1, 2001.~~

14 ~~(4) Provided that an election to become a Class AA~~
15 ~~member is made pursuant to section 5306.1, a former State~~
16 ~~employee, other than a former State employee who was a State~~
17 ~~police officer on or after July 1, 1989, who on June 30,~~
18 ~~2001, and July 1, 2001, is a multiple service member and a~~
19 ~~school employee and a member of the Public School Employees'~~
20 ~~Retirement System, subject to the limitations contained in~~
21 ~~paragraph (7), shall receive Class AA service credit for all~~
22 ~~Class A State service, other than State service performed as~~
23 ~~a State police officer or as a State employee in a position~~
24 ~~in which the former State employee could have elected a class~~
25 ~~of service other than Class A, performed before July 1, 2001.~~

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

1 ~~2001, becomes a multiple service member, subject to the~~
2 ~~limitations contained in paragraph (7), shall receive Class~~
3 ~~AA service credit for all Class A State service other than~~
4 ~~State service performed as a State employee in a position in~~
5 ~~which the former State employee could have elected a class of~~
6 ~~service other than Class A.~~

7 ~~(6) A State employee who after June 30, 2001, becomes a~~
8 ~~State police officer or [who is employed in a position in~~
9 ~~which the member could elect membership in a class of service~~
10 ~~other than Class AA or Class D 4] a member of the judiciary~~
11 ~~shall retain any Class AA service credited prior to becoming~~
12 ~~a State police officer or being so employed but shall be~~
13 ~~ineligible to receive Class AA credit thereafter and instead~~
14 ~~shall receive Class A credit for service as a member of the~~
15 ~~judiciary if the State employee first becomes a member of the~~
16 ~~system before January 1, 2018, or if he first became a member~~
17 ~~before January 1, 2011, or December 1, 2010, as a member of~~
18 ~~the General Assembly, or Class A 3 credit for service other~~
19 ~~than as a member of the judiciary and he first became a~~
20 ~~member on or after January 1, 2011, or December 1, 2010, as a~~
21 ~~member of the General Assembly, if the nonjudicial service is~~
22 ~~service as a Class A 5 exempt employee, or Class A 5 service~~
23 ~~credit, Class A 6 service credit or solely as a participant~~
24 ~~in the plan if the State employee first became a member on or~~
25 ~~after January 1, 2018, and the service is not as a Class A 5~~
26 ~~exempt employee, unless a class of membership other than~~
27 ~~Class A is elected.~~

28 ~~(7) (i) State service performed as Class A service~~
29 ~~before July 1, 2001, and State service for which Class A~~
30 ~~service could have been credited but was not credited~~

1 ~~because membership in the system was optional or~~
2 ~~prohibited pursuant to section 5301 shall be credited as~~
3 ~~Class AA service only upon the completion of all acts~~
4 ~~necessary for the State service to be credited as Class A~~
5 ~~service had this subsection not been enacted and upon~~
6 ~~payment of required Class AA member contributions as~~
7 ~~provided in section 5504 (relating to member~~
8 ~~contributions for the purchase of credit for previous~~
9 ~~State service or to become a full coverage member).~~

10 ~~(ii) A person who is not a State employee or a~~
11 ~~school employee on June 30, 2001, and July 1, 2001, and~~
12 ~~who has previous State service (except a disability~~
13 ~~annuitant who returns to State service after June 30,~~
14 ~~2001, upon termination of the disability annuity) shall~~
15 ~~not receive Class AA service credit for State service~~
16 ~~performed before July 1, 2001, until such person becomes~~
17 ~~an active member, or an active member of the Public~~
18 ~~School Employees' Retirement System and a multiple~~
19 ~~service member, and earns three eligibility points by~~
20 ~~performing credited State service or credited school~~
21 ~~service after June 30, 2001.~~

22 ~~(a.2) Class of membership for members of the General~~
23 ~~Assembly.~~

24 ~~(1) A person who:~~

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

28 ~~(ii) is a member of the General Assembly on July 1,~~
29 ~~2001, but is not an active member of the system because~~
30 ~~membership in the system is optional pursuant to section~~

1 ~~5301 and who becomes an active member after June 30,~~
2 ~~2001, and before December 1, 2010,~~
3 ~~and who was not a State police officer on or after July 1,~~
4 ~~1989, shall be classified as a Class D 4 member and receive~~
5 ~~credit as a Class D 4 member for all State service as a~~
6 ~~member of the system as a member of the General Assembly upon~~
7 ~~payment of regular member contributions for Class D 4 service~~
8 ~~and, subject to the limitations contained in subsection (a.1)~~
9 ~~(7), if previously a member of Class A or employed in a~~
10 ~~position for which Class A service could have been earned,~~
11 ~~shall receive Class AA service credit for all Class A State~~
12 ~~service, other than State service performed as a State police~~
13 ~~officer or for which a class of service other than Class A or~~
14 ~~Class D 4 was or could have been elected or credited.~~

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

1 ~~A, performed before July 1, 2001.~~

2 ~~(3) A member of the General Assembly who after June 30,~~
3 ~~2001, becomes a State police officer shall retain any Class~~
4 ~~AA service or Class D 4 service credited prior to becoming a~~
5 ~~State police officer or being so employed but shall be~~
6 ~~ineligible to receive Class AA or Class D 4 credit thereafter~~
7 ~~and instead shall receive Class A credit or Class A 3 credit~~
8 ~~if he first becomes a member of the system on or after~~
9 ~~January 1, 2011[.], and before January 1, 2018, or as a Class~~
10 ~~A 5 exempt employee, and Class A 5 or Class A 6 credit if he~~
11 ~~first becomes a member of the system on or after January 1,~~
12 ~~2018, and is not a Class A 5 exempt employee.~~

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

25 ~~(a.3) Class A 4 membership. Provided that an election to~~
26 ~~become a Class A 4 member is made pursuant to section 5306.3~~
27 ~~(relating to election to become a Class A 4 member), a State~~
28 ~~employee who first becomes a member before January 1, 2018, or~~
29 ~~is a Class A 5 exempt employee who otherwise would be a member~~
30 ~~of Class A 3 shall be classified as a Class A 4 member and~~

1 ~~receive Class A 4 credit for all creditable State service~~
2 ~~performed after the effective date of membership in the system,~~
3 ~~except as a member of the judiciary, and for all creditable~~
4 ~~State service performed as a Class A 5 exempt employee if the~~
5 ~~employee first becomes a member on or after January 1, 2018,~~
6 ~~upon payment of regular member contributions and shared risk~~
7 ~~member contributions for Class A 4 service.~~

8 ~~(a.4) Class A 5 membership. A State employee who first~~
9 ~~becomes a member of the system on or after January 1, 2018,~~
10 ~~other than as a Class A 5 exempt employee, and who does not make~~
11 ~~an election to be a member of Class A 6 or an election to be~~
12 ~~solely a participant in the plan under section 5306.4 (relating~~
13 ~~to election to become a Class A 6 member or solely a participant~~
14 ~~in the plan), shall be classified as a Class A 5 member and~~
15 ~~receive credit for Class A 5 service for service other than as a~~
16 ~~Class A 5 exempt employee upon payment of regular member~~
17 ~~contributions and shared risk member contributions for Class A 5~~
18 ~~service. A Class A 5 exempt employee who first becomes a member~~
19 ~~of the system on or after January 1, 2018, shall be classified~~
20 ~~in the applicable class other than Class A 5 for service~~
21 ~~performed as a Class A 5 exempt employee and classified as a~~
22 ~~Class A 5 member for any service performed in a position or~~
23 ~~office other than as a Class A 5 exempt employee.~~

24 ~~(a.5) Class A 6 membership. Provided that an election to~~
25 ~~become a Class A 6 member is made pursuant to section 5306.4, a~~
26 ~~State employee who otherwise would be a member of Class A 5~~
27 ~~shall be classified as a Class A 6 member and receive Class A 6~~
28 ~~credit for all creditable State service performed after the~~
29 ~~effective date of membership in the system, except as a Class A~~
30 ~~5 exempt employee, upon payment of regular member contributions~~

1 ~~and shared risk member contributions for Class A 6 service.~~

2 ~~(b) Other class membership.~~

3 * * *

4 ~~(2) Notwithstanding any other provision of this section,~~
5 ~~a State employee [who] whose first period of State service~~
6 ~~began before January 1, 2018, is appointed [bail~~
7 ~~commissioner] an arraignment court magistrate of the~~
8 ~~Philadelphia Municipal Court under 42 Pa.C.S. § 1123(a)(5)~~
9 ~~(relating to jurisdiction and venue) and is eligible to be a~~
10 ~~member of the system as an arraignment court magistrate may,~~
11 ~~within 30 days of the effective date of this sentence or~~
12 ~~within 30 days of his initial appointment as [a bail~~
13 ~~commissioner] an arraignment court magistrate, whichever is~~
14 ~~later, elect Class E 2 service credit for service performed~~
15 ~~as [a bail commissioner] an arraignment court magistrate~~
16 ~~until the termination of State service. [This] The class of~~
17 ~~service multiplier for E 2 service as [a bail commissioner]~~
18 ~~an arraignment court magistrate shall be 1.5.~~

19 * * *

20 ~~(e) Ineligibility for classes of service. An individual who~~
21 ~~is a State employee on January 1, 2018, but is not a member of~~
22 ~~the system or who first becomes a State employee on or after~~
23 ~~January 1, 2018, shall be ineligible for active membership in~~
24 ~~the system other than as a member of Class A 5 or Class A 6, or~~
25 ~~the several classes of State service for service performed as a~~
26 ~~Class A 5 exempt employee as otherwise provided for under this~~
27 ~~section. Any such State employee, if eligible, may be a~~
28 ~~participant in the plan as a result of such State service.~~

29 ~~Section 308. Sections 5306.1(c), 5306.2(b) and 5306.3(b),~~
30 ~~(c) and (d) of Title 71 are amended to read:~~

1 ~~§ 5306.1. Election to become a Class AA member.~~

2 ~~* * *~~

3 ~~(c) Effect of election. An election to become a Class AA~~
4 ~~member shall become effective the later of July 1, 2001, or the~~
5 ~~date when the election is filed with the board and shall remain~~
6 ~~in effect until the termination of employment. Upon termination~~
7 ~~and subsequent reemployment, the member's class of service shall~~
8 ~~be credited in the class of service otherwise provided for in~~
9 ~~this part and the State employee's eligibility for participation~~
10 ~~in the plan shall be as provided in this part.~~

11 ~~* * *~~

12 ~~§ 5306.2. Elections by members of the General Assembly.~~

13 ~~* * *~~

14 ~~(b) Effect of election. Membership as a Class D 4 member~~
15 ~~shall become effective on July 1, 2001, and shall remain in~~
16 ~~effect until the termination of service as a member of the~~
17 ~~General Assembly. Upon termination and a subsequent~~
18 ~~reemployment, the member's class of service shall be credited in~~
19 ~~the class of service otherwise provided for in this part and the~~
20 ~~State employee's eligibility for participation in the plan shall~~
21 ~~be as provided in this part.~~

22 ~~* * *~~

23 ~~§ 5306.3. Election to become a Class A 4 member.~~

24 ~~* * *~~

25 ~~(b) Time for making election. The election to become a~~
26 ~~Class A 4 member must be made by the member filing written~~
27 ~~notice with the board in a form and manner determined by the~~
28 ~~board no later than 45 days after notice from the board of the~~
29 ~~member's eligibility to elect Class A 4 membership. A State~~
30 ~~employee who is eligible to elect to become a Class A 4 member~~

1 ~~who begins USERRA leave during the election period without~~
2 ~~having elected Class A 4 membership [may make the election~~
3 ~~within 45 days after being reemployed from] shall have the~~
4 ~~election period extended by the number of days on USERRA leave.~~

5 ~~(c) Effect of election. An election to become a Class A 4~~
6 ~~member shall be irrevocable and shall become effective on the~~
7 ~~effective date of membership in the system and shall remain in~~
8 ~~effect for all future [creditable] State service creditable to~~
9 ~~the system, other than service performed as a member of the~~
10 ~~judiciary[.], but shall not apply to service not performed as a~~
11 ~~Class A 5 exempt employee if the State employee first becomes a~~
12 ~~member of the system on or after January 1, 2018. Payment of~~
13 ~~regular member contributions and shared risk member~~
14 ~~contributions for Class A 4 State service performed prior to the~~
15 ~~election of Class A 4 membership shall be made in a form, manner~~
16 ~~and time determined by the board. Upon termination of State~~
17 ~~service and subsequent reemployment, a member who elected Class~~
18 ~~A 4 membership shall be credited as a Class A 4 member for~~
19 ~~creditable State service performed after reemployment, except as~~
20 ~~a member of the judiciary, provided that if the State employee~~
21 ~~first becomes a member of the system on or after January 1,~~
22 ~~2018, the reemployment is as a Class A 5 exempt employee,~~
23 ~~regardless of termination of employment, termination of~~
24 ~~membership by withdrawal of accumulated deductions or status as~~
25 ~~an annuitant, vestee or inactive member after the termination of~~
26 ~~service.~~

27 ~~(d) Effect of failure to make election. Failure to elect to~~
28 ~~become a Class A 4 member within the election period set forth~~
29 ~~in subsection (b) shall result in all of the member's State~~
30 ~~service, other than service performed as a member of the~~

1 ~~judiciary, or if the State employee first becomes a member of~~
2 ~~the system on or after January 1, 2018, all service as a Class~~
3 ~~A 5 exempt employee, being credited as Class A 3 service and not~~
4 ~~subject to further election or crediting as Class A 4 service.~~
5 ~~Upon termination and subsequent employment, a member who failed~~
6 ~~to elect to become a Class A 4 member shall not be eligible to~~
7 ~~make another election to become a Class A 4 member for either~~
8 ~~past or future State service.~~

9 Section 309. Title 71 is amended by adding a section to
10 read:

11 ~~§ 5306.4. Election to become a Class A 6 member or solely a~~
12 ~~participant in the plan.~~

13 ~~(a) General rule. A State employee who otherwise is~~
14 ~~eligible for Class A 5 membership who has not previously elected~~
15 ~~or declined to elect Class A 6 membership or to be solely a~~
16 ~~participant in the plan may elect to become either a member of~~
17 ~~Class A 6 or solely a participant in the plan.~~

18 ~~(b) Time for making election. The election to become a~~
19 ~~Class A 6 member or solely a participant in the plan must be~~
20 ~~made by the member filing written notice with the board in a~~
21 ~~form and manner determined by the board no later than 45 days~~
22 ~~after notice from the board of the member's eligibility to elect~~
23 ~~Class A 6 membership or to be solely a participant in the plan.~~
24 ~~This notice shall be given upon a State employee first beginning~~
25 ~~State service in a position eligible to be a member of the~~
26 ~~system that is not as a Class A 5 exempt employee. A State~~
27 ~~employee who is eligible to elect to become a Class A 6 member~~
28 ~~or solely a participant in the plan who begins USERRA leave~~
29 ~~during the election period without having elected Class A 6~~
30 ~~membership or to be solely a participant in the plan will have~~

1 ~~the election period extended by the number of days on USERRA~~
2 ~~leave.~~

3 ~~(c) Effect of election to be a Class A 6 member. An~~
4 ~~election to become a Class A 6 member shall be irrevocable and~~
5 ~~shall become effective on the effective date of membership in~~
6 ~~the system and shall remain in effect for all future creditable~~
7 ~~State service, other than service performed as a Class A 5~~
8 ~~exempt employee. Payment of regular member contributions for~~
9 ~~Class A 6 State service performed prior to the election of Class~~
10 ~~A 6 membership shall be made in a form, manner and time~~
11 ~~determined by the board. Upon termination and subsequent~~
12 ~~reemployment, a member who elected Class A 6 membership shall be~~
13 ~~credited as a Class A 6 member for creditable State service~~
14 ~~performed after reemployment, except as a Class A 5 exempt~~
15 ~~employee, regardless of termination of employment, termination~~
16 ~~of membership by withdrawal of accumulated deductions or status~~
17 ~~as an annuitant, vestee or inactive member after the termination~~
18 ~~of service.~~

19 ~~(d) Effect of election to be solely a participant in the~~
20 ~~plan. An election to become solely a participant in the plan~~
21 ~~shall be irrevocable and shall become effective on the date that~~
22 ~~membership in the system would have been effective had the~~
23 ~~election not been made and shall remain in effect for all future~~
24 ~~State service, other than service performed as a Class A 5~~
25 ~~exempt employee. Payment of mandatory participant pickup~~
26 ~~contributions for service solely as a participant in the plan~~
27 ~~performed prior to the election shall be made in a form, manner~~
28 ~~and time determined by the board. Upon termination and~~
29 ~~subsequent reemployment, a State employee who elected to be~~
30 ~~solely a participant in the plan shall resume active~~

~~1 participation for State service performed after reemployment,
2 except as a Class A 5 exempt employee, regardless of termination
3 of employment, termination of participation by a partial or
4 total distribution of vested total defined contributions or
5 status as an annuitant, vestee or inactive member of the system
6 as a Class A 5 exempt employee after the termination of service.~~

~~7 (c) Effect of failure to make election. Failure to elect to
8 become a Class A 6 member or solely a participant in the plan
9 within the election period set forth in subsection (b) shall
10 result in all of the member's State service being credited as
11 Class A 5 service and not subject to further election or
12 crediting as Class A 6 service or solely as a participant in the
13 plan. Upon termination and subsequent employment, a member who
14 failed to elect to become a Class A 6 member or solely a
15 participant in the plan shall not be eligible to make another
16 election to become a Class A 6 member or solely a participant in
17 the plan for either past or future State service.~~

~~18 Section 310. Sections 5307, 5308, 5308.1 introductory
19 paragraph and (1), 5309, 5310, 5311(a), 5501.1, 5502, 5503.1(a)
20 and 5504 of Title 71 are amended to read:~~

~~21 § 5307. Eligibility points.~~

~~22 (a) General rule. An active member of the system shall
23 accrue one eligibility point for each year of credited service
24 as a member of the [State or] system and if a multiple service
25 member as a member of the Public School Employees' Retirement
26 System. A member shall accrue an additional two thirds of an
27 eligibility point for each year of Class D 3 credited service.
28 In the case of a fractional part of a year of credited service,
29 a member shall accrue the corresponding fractional portion of
30 eligibility points to which the class of service entitles him. A~~

~~1 State employee who is performing State service solely as a
2 participant in the plan shall accrue eligibility points at the
3 same rate and manner as if the State employee was performing
4 State service credited as a member of Class A 5. No eligibility
5 points shall accrue in the system or the plan for service as a
6 school employee credited as Class DC service in the Public
7 School Employees' Retirement System.~~

~~8 (a.1) USERRA leave. A member of the system or participant
9 in the plan who is reemployed from USERRA leave or who dies
10 while performing USERRA leave shall be granted the eligibility
11 points that he would have accrued had he continued in his State
12 office or employment instead of performing USERRA leave. In the
13 event that a State employee who is reemployed from USERRA leave
14 makes the member contributions or mandatory pickup participant
15 contributions to be granted State service credit for the USERRA
16 leave, no additional eligibility points will be granted.~~

~~17 (b) Transitional rule.—~~

~~18 (1) In determining whether a member who is not a State
19 employee or school employee on June 30, 2001, and July 1,
20 2001, and who has previous State service (except a disability
21 annuitant who returns to State service after June 30, 2001,
22 upon termination of the disability annuity) has the five
23 eligibility points required by sections 5102 (relating to
24 definitions), 5308(b) (relating to eligibility for
25 annuities), 5309 (relating to eligibility for vesting),
26 5704(b) (relating to disability annuities) and 5705(a)
27 (relating to member's options), only eligibility points
28 earned by performing credited State service, USERRA leave or
29 credited school service as an active member of the Public
30 School Employees' Retirement System after June 30, 2001,~~

1 ~~shall be counted until such member earns one eligibility~~
2 ~~point by performing credited State service or, if a multiple~~
3 ~~service member, credited school service after June 30, 2001,~~
4 ~~at which time all eligibility points as determined pursuant~~
5 ~~to subsection (a) shall be counted.~~

6 ~~(2) Any member to whom paragraph (1) applies shall be~~
7 ~~considered to have satisfied any requirement for five~~
8 ~~eligibility points contained in this part if the member:~~

9 ~~(i) has ten or more eligibility points as determined~~
10 ~~pursuant to subsection (a); or~~

11 ~~(ii) has Class G, Class H, Class I, Class J, Class~~
12 ~~L, Class M or Class N service and has eight or more~~
13 ~~eligibility points as determined pursuant to subsection~~
14 ~~(a).~~

15 ~~(c) Application of eligibility points. Eligibility points~~
16 ~~accrued for service as either member of the system or~~
17 ~~participant in the plan may be used to determine the eligibility~~
18 ~~for benefits from either the system or the plan unless the~~
19 ~~provision is restricted to eligibility points accrued from~~
20 ~~specific types of State service. Eligibility points accrued from~~
21 ~~service as an active member of the Public School Employees'~~
22 ~~Retirement System shall apply only if a State employee has~~
23 ~~elected multiple service. Eligibility points accrued by a State~~
24 ~~employee for service solely as a participant in the plan for~~
25 ~~which he received a total distribution of accumulated total~~
26 ~~defined contributions shall not apply when determining~~
27 ~~eligibility for benefits from the system or the plan resulting~~
28 ~~from any State service subsequently credited in the system or~~
29 ~~performed after the total distribution.~~

30 ~~§ 5308. Eligibility for annuities.~~

1 ~~(a) Superannuation annuity. Attainment of superannuation~~
2 ~~age by an active member [or], an inactive member on leave~~
3 ~~without pay or a participant with service credited as a member~~
4 ~~of the system with three or more eligibility points other than~~
5 ~~eligibility points resulting from nonstate service or nonschool~~
6 ~~service shall entitle him to receive a superannuation annuity~~
7 ~~upon termination of State service and compliance with section~~
8 ~~5907(f) (relating to rights and duties of State employees [and~~
9 ~~members], members and participants).~~

10 ~~(b) Withdrawal annuity.~~

11 ~~(1) Any vestee or any active member [or], inactive~~
12 ~~member on leave without pay or participant with service~~
13 ~~credited as a member of the system who terminates State~~
14 ~~service having five or more eligibility points and who does~~
15 ~~not have Class A 3 [or], Class A 4, Class A 5 or Class A 6~~
16 ~~service credit or, if a multiple service member, Class T E or~~
17 ~~Class T F service credit in the Public School Employees'~~
18 ~~Retirement System, or who has Class G, Class H, Class I,~~
19 ~~Class J, Class K, Class L, Class M or Class N service and~~
20 ~~terminates State service having five or more eligibility~~
21 ~~points, upon compliance with section 5907(f), (g) or (h)~~
22 ~~shall be entitled to receive an annuity.~~

23 ~~(2) Any vestee, active member [or], inactive member on~~
24 ~~leave without pay or participant with service credited as a~~
25 ~~member of the system who has Class A 3 [or], Class A 4, Class~~
26 ~~A 5 or Class A 6 service credit or, if a multiple service~~
27 ~~member, Class T E or Class T F service credit in the Public~~
28 ~~School Employees' Retirement System who terminates State~~
29 ~~service having ten or more eligibility points, upon~~
30 ~~compliance with section 5907(f), (g) or (h), shall be~~

1 ~~entitled to receive an annuity.~~

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

18 ~~(4) Notwithstanding paragraphs (2) and (3), no single~~
19 ~~life annuity determined on service credited as Class A 5 or~~
20 ~~Class A 6 shall be paid before a member attains age 62. In~~
21 ~~the event that a member is eligible to receive an annuity on~~
22 ~~service credited in classes other than Class A 5 or Class A~~
23 ~~6, the member may receive an annuity before attaining age 62~~
24 ~~on classes of service other than Class A 5 and A 6, with~~
25 ~~payment of an annuity on service credited in Class A 5 and~~
26 ~~Class A 6, other than a payment of a lump sum under section~~
27 ~~5705(a.1) (relating to member's options), deferred until the~~
28 ~~annuitant attains age 62 as provided under sections 5702~~
29 ~~(relating to maximum single life annuity) and 5705.~~

30 ~~(c) Disability annuity. An active member or inactive member~~

1 ~~on leave without pay who has five or more eligibility points~~
2 ~~other than eligibility points resulting from membership in the~~
3 ~~Public School Employees' Retirement System or any active member~~
4 ~~or inactive member on leave without pay who is an officer of the~~
5 ~~Pennsylvania State Police or an enforcement officer shall, upon~~
6 ~~compliance with section 5907(k), be entitled to a disability~~
7 ~~annuity if he becomes mentally or physically incapable of~~
8 ~~continuing to perform the duties for which he is employed and~~
9 ~~qualifies in accordance with the provisions of section 5905(c)~~
10 ~~(1) (relating to duties of the board regarding applications and~~
11 ~~elections of members and participants).~~

12 ~~(d) Required beginning date. Members eligible for an~~
13 ~~annuity must commence receiving the annuity by the member's~~
14 ~~required beginning date.~~

15 ~~§ 5308.1. Eligibility for special early retirement.~~

16 ~~Notwithstanding any provisions of this title to the contrary,~~
17 ~~the following special early retirement provisions shall be~~
18 ~~applicable to specified eligible members [as follows]:~~

19 ~~(1) During the period of July 1, 1985, to September 30,~~
20 ~~1991, an active member who has attained the age of at least~~
21 ~~53 years and has accrued at least 30 eligibility points shall~~
22 ~~be entitled, upon termination of State service and compliance~~
23 ~~with section 5907(f) (relating to rights and duties of State~~
24 ~~employees [and], members and participants), to receive a~~
25 ~~maximum single life annuity calculated under section 5702~~
26 ~~(relating to maximum single life annuity) without a reduction~~
27 ~~by virtue of an effective date of retirement which is under~~
28 ~~the superannuation age.~~

29 ~~* * *~~

30 ~~§ 5309. Eligibility for vesting.~~

1 ~~Any member who:~~

2 ~~(1) Does not have Class A 3 [or], Class A 4, Class A 5~~
3 ~~or Class A 6 service credit or, if a multiple service member,~~
4 ~~Class T E or Class T F service credit in the Public School~~
5 ~~Employees' Retirement System and terminates State service, or~~
6 ~~if a multiple service member and an active member of the~~
7 ~~Public School Employees' Retirement System terminates school~~
8 ~~service, with five or more eligibility points, or any member~~
9 ~~with Class G, Class H, Class I, Class J, Class K, Class L,~~
10 ~~Class M or Class N service with five or more eligibility~~
11 ~~points, shall be eligible until his required beginning date~~
12 ~~to vest his retirement benefits.~~

13 ~~(2) Has only Class A 3 [or], Class A 4, Class A 5 or~~
14 ~~Class A 6 service credit [or] and, if a multiple service~~
15 ~~member, only Class T E or Class T F service credit in the~~
16 ~~Public School Employees' Retirement System and terminates~~
17 ~~State service, or if a multiple service member and an active~~
18 ~~member of the Public School Employees' Retirement System~~
19 ~~terminates school service, with ten or more eligibility~~
20 ~~points shall be eligible until his required beginning date to~~
21 ~~vest his retirement benefits.~~

22 ~~(3) Has either Class A 3 [or], Class A 4, Class A 5 or~~
23 ~~Class A 6 service credit [or] and, if a multiple service~~
24 ~~member, Class T E or Class T F service credit in the Public~~
25 ~~School Employees' Retirement System, also has service~~
26 ~~credited in the system in one or more other classes of~~
27 ~~service and has five or more, but fewer than ten, eligibility~~
28 ~~points and terminates State service, or if a multiple service~~
29 ~~member and an active member of the Public School Employees'~~
30 ~~Retirement System terminates school service, shall be~~

1 ~~eligible until his required beginning date to vest his~~
2 ~~retirement benefits calculated on his service credited in~~
3 ~~classes of service other than Class A 3 [or], Class A 4,~~
4 ~~Class A 5 or Class A 6 and to be credited with statutory~~
5 ~~interest on total accumulated deductions, regardless of~~
6 ~~whether or not any part of his accumulated deductions are a~~
7 ~~result of Class A 3 [or], Class A 4, Class A 5 or Class A 6~~
8 ~~service credit.~~

9 ~~§ 5310. Eligibility for death benefits.~~

10 ~~In the event of the death of a member who is eligible for an~~
11 ~~annuity in accordance with section 5308(a) or (b) (relating to~~
12 ~~eligibility for annuities), his beneficiary shall be entitled to~~
13 ~~a death benefit. For purposes of this section, a member with ten~~
14 ~~or more eligibility points shall be considered eligible for an~~
15 ~~annuity based on Class A 5 service or Class A 6 service even if~~
16 ~~under superannuation age.~~

17 ~~§ 5311. Eligibility for refunds.~~

18 ~~(a) Total accumulated deductions. Any active member,~~
19 ~~regardless of eligibility for benefits, may elect to receive his~~
20 ~~total accumulated deductions by his required beginning date upon~~
21 ~~termination of service in lieu of any benefit from the system to~~
22 ~~which he is entitled.~~

23 ~~* * *~~

24 ~~§ 5501.1. Shared risk member contributions [for Class A 3 and~~
25 ~~Class A 4 service] and shared gain adjustments to~~
26 ~~regular member contributions.~~

27 ~~(a) General. Shared risk member contributions shall be made~~
28 ~~to the fund on behalf of each member of Class A 3 [or], Class A~~
29 ~~4, Class A 5 or Class A 6 for current service credited [as Class~~
30 ~~A 3 or Class A 4] in each such class of service as provided~~

1 ~~under this section, except for any period of current service in~~
2 ~~which the making of the contributions has ceased solely by~~
3 ~~reason of any provision of this part relating to the limitations~~
4 ~~under IRC § 401(a)(17) or 415. Shared risk member contributions~~
5 ~~shall be credited to the members' savings account. A shared gain~~
6 ~~adjustment to regular member contributions for Class A 3, Class~~
7 ~~A 4, Class A 5 and Class A 6 shall be made as provided under~~
8 ~~this section.~~

9 ~~(b) Determination of shared risk contribution rate[.] for~~
10 ~~Class A 3, Class A 4, Class A 5 and Class A 6 service. The~~
11 ~~shared risk contribution for Class A 3, Class A 4, Class A 5 and~~
12 ~~Class A 6 service shall be determined as follows:~~

13 ~~(1) For the period from the effective date of this~~
14 ~~section until June 30, 2014, the shared risk contribution~~
15 ~~rate for Class A 3, Class A 4, Class A 5 and Class A 6 shall~~
16 ~~be zero.~~

17 ~~(2) For the period from July 1, 2014, to June 30, 2017,~~
18 ~~if the annual interest rate adopted by the board for use~~
19 ~~during the period from January 1, 2011, to December 31, 2013,~~
20 ~~for the calculation of the normal contribution rate is more~~
21 ~~than 1% greater than the actual rate of return, net of fees,~~
22 ~~of the investments of the fund based on market value over the~~
23 ~~period, the shared risk contribution rate shall be .5%. In~~
24 ~~all other situations, the shared risk contribution rate shall~~
25 ~~be zero.~~

26 ~~(3) For each subsequent three year period, if the~~
27 ~~shared gain adjustment to regular member contributions is~~
28 ~~zero, the shared risk contribution rate shall be increased by~~
29 ~~.5% if the annual interest rate adopted by the board for use~~
30 ~~during the previous ten year period for the calculation of~~

1 ~~the normal contribution rate is more than 1% greater than the~~
2 ~~actual rate of return, net of fees, of the investments of the~~
3 ~~fund based on market value over the period. The shared risk-~~
4 ~~contribution rate shall be decreased by .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 shall not be less than zero and shall~~
12 ~~not be more than the experience adjustment factor resulting~~
13 ~~from investment gains or losses during the determination~~
14 ~~period in effect on the first day when the new rate would be~~
15 ~~applied, expressed as a percentage of member compensation,~~
16 ~~and shall not be more than 2%. For the determination of the~~
17 ~~shared risk contribution rate to be effective July 1, 2017,~~
18 ~~the determination period shall be January 1, 2011, through~~
19 ~~December 31, 2016. For the determination of the shared risk-~~
20 ~~contribution rate to be effective July 1, 2020, the~~
21 ~~determination period shall be January 1, 2011, through~~
22 ~~December 31, 2019.~~

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) (relating to~~
17 ~~actuarial cost method), as adjusted by the experience~~
18 ~~adjustment factor, are zero or less, then the shared risk~~
19 ~~contribution rate for the next fiscal year shall be zero and~~
20 ~~shall not subsequently be increased, except as otherwise~~
21 ~~provided in this section.~~

22 ~~(c) Determination of shared gain adjustment to regular~~
23 ~~member contributions for Class A 3, Class A 4, Class A 5 and~~
24 ~~Class A 6 service. The regular member contributions for Class~~
25 ~~A 3, Class A 4, Class A 5 and Class A 6 service shall be~~
26 ~~determined as follows:~~

27 ~~(1) For the period from the effective date of this~~
28 ~~section until June 30, 2017, the regular member contributions~~
29 ~~for Class A 3, Class A 4, Class A 5 and Class A 6 service~~
30 ~~shall be determined as otherwise provided in this part.~~

~~(2) For the period from July 1, 2017, to June 30, 2020, if the shared risk contribution rate for Class A 3, Class A 4, Class A 5 and Class A 6 service is zero and annual interest rate adopted by the board for use during the period from January 1, 2011, to December 31, 2016, for the calculation of the normal contribution rate is more than 1% lower than the actual rate of return, net of fees, of the investments of the fund based on market value over the period, then the regular member contribution rate of each member for Class A 3, Class A 4, Class A 5 or Class A 6 service shall be reduced by .5%. In all other situations, the regular member contributions shall be determined as otherwise provided in this part.~~

~~(3) For each subsequent three year period, the regular member contribution rate shall be decreased by .5% if the annual interest rate adopted by the board for use during the previous ten year period for the calculation of the normal contribution rate is more than 1% lower than the actual rate of return, net of fees, of the investments of the fund based on market value over the period. The regular member contribution rate shall be increased by .5% if the annual interest rate adopted by the board for use during the previous ten year period for the calculation of the normal contribution rate is equal to or greater than the actual rate of return, net of fees, of the investments of the fund based on market value over that period.~~

~~(4) Notwithstanding paragraphs (2) and (3), the regular member contribution rate may not be greater than the product of the basic contribution rate and the class of service multiplier; and the amount of the adjustment to a lower~~

~~regular member contribution rate may not be greater than the reduction in the actuarially required contribution rate by the experience adjustment factor resulting from investment gains or losses during the determination period in effect on the first day when the new rate would be applied, expressed as a percentage of member compensation. In no event may the adjustment to the regular member contribution rate be more than 2%. For the determination of the regular member contribution rate to be effective July 1, 2020, the determination period shall be January 1, 2011, through December 31, 2019.~~

~~(5) The shared gain adjustment to the regular member contribution rate and the factors entering into its calculation shall be certified by the actuary as part of the annual valuations and the actuarial investigation and evaluation of the system conducted every five years under section 5902(j).~~

~~(6) If the annual interest rate adopted by the board for the calculation is changed during the period used to determine the shared gain adjustment to the regular member contribution rate, the board, with the advice of the actuary, shall determine the applicable rate during the entire period, expressed as an annual rate.~~

~~(d) Calculation of regular member contribution rate. For purposes of this section, the regular member contribution rate for each member is the product of the basic contribution rate and the class of service multiplier used to determine the regular member contributions for each member.~~

~~§ 5502. Social Security integration member contributions.~~

~~Except for any period of current service in which the making~~

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

20 ~~§ 5503.1. Pickup contributions.~~

21 ~~(a) Treatment for purposes of IRC § 414(h). All~~
22 ~~contributions to the fund required to be made under sections~~
23 ~~5501 (relating to regular member contributions for current~~
24 ~~service), 5501.1 (relating to shared risk member contributions~~
25 ~~[for Class A 3 and Class A 4 service] and shared gain~~
26 ~~adjustments to regular member contributions), 5502 (relating to~~
27 ~~Social Security integration member contributions), 5503~~
28 ~~(relating to joint coverage member contributions) and [section]~~
29 ~~5505.1 (relating to additional member contributions), with~~
30 ~~respect to current State service rendered by an active member on~~

1 ~~or after January 1, 1982, shall be picked up by the Commonwealth~~
2 ~~or other employer and shall be treated as the employer's~~
3 ~~contribution for purposes of IRC § 414(h).~~

4 * * *

5 ~~§ 5504. Member contributions for the purchase of credit for~~
6 ~~previous State service or to become a full coverage~~
7 ~~member.~~

8 ~~(a) Amount of contributions for service in other than Class~~
9 ~~G through N.~~

10 ~~(1) The contributions to be paid by an active member or~~
11 ~~eligible school employee for credit in the system for the~~
12 ~~portion of total previous State service other than service in~~
13 ~~Class G, Class H, Class I, Class J, Class K, Class L, Class M~~
14 ~~and Class N that a member is eligible to have credited or to~~
15 ~~become a full coverage member shall be sufficient to provide~~
16 ~~an amount equal to the regular accumulated deductions,~~
17 ~~shared risk accumulated deductions and additional accumulated~~
18 ~~deductions which would have been standing to the credit of~~
19 ~~the member for such service had regular accumulated~~
20 ~~deductions, shared risk accumulated deductions and additional~~
21 ~~member contributions been made with full coverage in the~~
22 ~~class of service and at the rate of contribution applicable~~
23 ~~during such period of previous service and had his regular~~
24 ~~and additional accumulated deductions been credited with~~
25 ~~statutory interest during all periods of subsequent State and~~
26 ~~school service up to the date of purchase.~~

27 ~~(2) Notwithstanding paragraph (1), members [with Class~~
28 ~~A 3 State service] who are performing State service credited~~
29 ~~in Class A 3, Class A 4, Class A 5 or Class A 6 shall make~~
30 ~~contributions and receive credit as if [the previous]~~

~~1 previously uncredited State service was [Class A 3 service,
2 and members with Class A 4 State service shall make
3 contributions and receive credit as if the previous State
4 service was Class A 4 service,] performed in the class in
5 which they are an active member at the time the service is
6 credited even if it would have been credited as a different
7 class of service had the State employee been a member of the
8 system at the time the service was performed unless it was
9 mandatory that the State employee be an active member of the
10 system and the previous State service is being credited as
11 the result of a mandatory active membership requirement.
12 Notwithstanding section 5303(b) (relating to retention and
13 reinstatement of service credits) a State employee who is an
14 active member of the system as a result of concurrently
15 performing service in more than one position or office at the
16 time previously uncredited State service is credited shall
17 elect which position or office is used for the determination
18 of required contributions and crediting and classification of
19 the previously uncredited service.~~

~~20 (a.1) Converted county service. No contributions shall be
21 required to restore credit for previously credited State service
22 in Class G, Class H, Class I, Class J, Class K, Class L, Class M
23 and Class N. Such service shall be restored upon the
24 commencement of payment of the contributions required to restore
25 credit in the system for all other previous State service.~~

~~26 (b) Certification and method of payment.~~

~~27 (1) 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 member or eligible school employee who~~

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

16 ~~(2) No payments for service or coverage shall be allowed~~
17 ~~for which the required contributions would cause a violation~~
18 ~~of the limitation related to contributions applicable to~~
19 ~~governmental plans contained in IRC § 415. In the event that~~
20 ~~any service credit or coverage based on such disallowed~~
21 ~~contributions is granted after the effective date of this~~
22 ~~paragraph, then such service credit shall be canceled and~~
23 ~~benefits calculated without regard to such service or~~
24 ~~contributions and any member contributions in excess of the~~
25 ~~limitations and statutory interest credited on those~~
26 ~~contributions shall be refunded to the member by the board.~~

27 ~~Section 311. Section 5505(b), (c), (d) and (i)(2) and (4) of~~
28 ~~Title 71 are amended and the section is amended by adding a~~
29 ~~subsection to read:~~

30 ~~§ 5505. Contributions for the purchase of credit for creditable~~

1 ~~nonstate service.~~

2 ~~***~~

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

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

1 ~~Employees' Retirement System, the agreed upon salary-~~
2 ~~deductions shall be remitted to the Public School Employees'~~
3 ~~Retirement Board, which shall certify and transfer to the-~~
4 ~~board the amounts paid. Application may be filed for all such-~~
5 ~~military service credit upon completion of three years of-~~
6 ~~subsequent State service as a member of the system and shall-~~
7 ~~be credited as Class A service except as provided in section~~
8 ~~5304(a).~~

9 ~~(1.1) In the case of an active member who is purchasing~~
10 ~~the military service as Class A 3 service, for purposes of~~
11 ~~paragraph (1), the Commonwealth normal contribution rate for~~
12 ~~active members at the time of entry, subsequent to the~~
13 ~~military service, shall be determined using only the average~~
14 ~~new Class A 3 member.~~

15 ~~(1.2) In the case of an active member who is purchasing~~
16 ~~the military service as Class A 5 service, for purposes of~~
17 ~~paragraph (1), the Commonwealth normal contribution rate for~~
18 ~~active members at the time of entry, subsequent to the~~
19 ~~military service, shall be determined using only the average~~
20 ~~new Class A 5 member, and the member's basic contribution~~
21 ~~rate shall be multiplied by the class of service multiplier~~
22 ~~used to calculated regular member contributions for Class A 5~~
23 ~~service.~~

24 ~~(1.3) In the case of an active member who is purchasing~~
25 ~~the military service as Class A 6 service, for purposes of~~
26 ~~paragraph (1), the Commonwealth normal contribution rate for~~
27 ~~active members at the time of entry, subsequent to the~~
28 ~~military service, shall be determined using only the average~~
29 ~~new Class A 6 member, and the member's basic contribution~~
30 ~~rate shall be multiplied by the class of service multiplier~~

~~used to calculate regular member contributions for Class A 6 service.~~

~~(2) Applicants may purchase credit as follows:~~

~~(i) one purchase of the total amount of creditable nonintervening military service; or~~

~~(ii) one purchase per 12 month period of a portion of creditable nonintervening military service.~~

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

~~(c) Intervening military service. Contributions on account of credit for intervening military service shall be determined by the member's regular contribution rate, shared risk contribution rate, Social Security integration contribution rate, the additional contribution rate which shall be applied only to those members who began service on or after the effective date of this amendatory act and compensation as a member of the system at the time of entry of the member into active military service, together with statutory interest during all periods of subsequent State and school service to date of purchase. Upon application for such credit the amount due shall be certified in the case of each member by the board in accordance with methods approved by the actuary, and contributions may be made by:~~

~~(1) regular monthly payments during active military service; or~~

~~(2) a lump sum payment within 30 days of certification; or~~

~~(3) salary deductions to the system in amounts agreed upon by the member or eligible school employee who is an active member of the Public School Employees' Retirement~~

1 ~~System and the board.~~

2 ~~The salary deduction amortization plans agreed to by members and~~
3 ~~the board may include a deferral of payment amounts and~~
4 ~~statutory interest until the termination of school service or~~
5 ~~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 deductions shall be remitted to the Public School~~
11 ~~Employees' Retirement Board, which shall certify and transfer to~~
12 ~~the board the amounts paid.~~

13 ~~(d) Nonmilitary and nonmagisterial service. Contributions~~
14 ~~on account of credit for creditable nonstate service other than~~
15 ~~military and magisterial service by State employees who first~~
16 ~~become members of the system before January 1, 2011, or before~~
17 ~~December 1, 2010, as a member of the General Assembly shall be~~
18 ~~determined by applying the member's basic contribution rate, the~~
19 ~~additional contribution rate plus the Commonwealth normal~~
20 ~~contribution rate for active members at the time of entry~~
21 ~~subsequent to such creditable nonstate service of the member~~
22 ~~into State service to his compensation as a member of the system~~
23 ~~at the time of entry into State service and multiplying the~~
24 ~~result by the number of years and fractional part of a year of~~
25 ~~creditable nonstate service being purchased together with~~
26 ~~statutory interest during all periods of subsequent State and~~
27 ~~school service to the date of purchase. Upon application for~~
28 ~~credit for such service payment shall be made in a lump sum~~
29 ~~within 30 days or in the case of an active member or eligible~~
30 ~~school employee who is an active member of the Public School~~

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

15 ~~* * *~~

16 ~~(i) Purchases of nonstate service credit by State employees~~
17 ~~who first became members of the system on or after December 1,~~
18 ~~2010.~~

19 ~~* * *~~

20 ~~(2) The full actuarial cost of the increased benefit~~
21 ~~attributable to the purchased nonstate service credit shall~~
22 ~~be the difference between:~~

23 ~~(i) the present value of a standard single life~~
24 ~~annuity, beginning at the earliest possible~~
25 ~~superannuation age assuming Class A 3 service credit for~~
26 ~~the nonstate service to be purchased[; and] by a member~~
27 ~~of Class A 3 or Class A 4 who first becomes a member of~~
28 ~~the system before January 1, 2018, and assuming Class A 5~~
29 ~~service credit for the nonstate service to be purchased~~
30 ~~by a member of Class A 5 and assuming Class A 6 service~~

~~credit for the nonstate service to be purchased by a member of Class A-6; and~~

~~(ii) the present value of a standard single life annuity, beginning at the earliest possible superannuation age, excluding the nonstate service credit to be purchased.~~

~~* * *~~

~~(4) The payment for credit purchased under this subsection shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School Employees' Retirement System 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 interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit the salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

~~* * *~~

~~(k) Inapplicability of election and adjustments. If a member is purchasing creditable nonstate service, the regular~~

~~1 member contribution rate used to determine the contributions
2 necessary to purchase such credit shall be determined without
3 regard to any adjustments applicable under section 5501.1(c)
4 (relating to shared risk member contributions and shared gain
5 adjustments to regular member contributions).~~

6 Section 312. Section 5506.1(a) of Title 71 is amended to
7 read:

8 ~~§ 5506.1. Annual compensation limit under IRC § 401(a)(17).~~

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

29 * * *

30 Section 313. Section 5507(a), (b) and (d) of Title 71 are

1 ~~amended and the section is amended by adding subsections to~~
2 ~~read:~~

3 ~~§ 5507. Contributions to the system by the Commonwealth and~~
4 ~~other employers.~~

5 ~~(a) Contributions on behalf of active members. The~~
6 ~~Commonwealth and other employers whose employees are members of~~
7 ~~the system or participants in the plan shall make contributions~~
8 ~~to the fund on behalf of all active members in such amounts as~~
9 ~~shall be certified by the board as necessary to provide,~~
10 ~~together with the members' total accumulated deductions, annuity~~
11 ~~reserves on account of prospective annuities other than those~~
12 ~~provided in sections 5708 (relating to supplemental annuities),~~
13 ~~5708.1 (relating to additional supplemental annuities), 5708.2~~
14 ~~(relating to further additional supplemental annuities), 5708.3~~
15 ~~(relating to supplemental annuities commencing 1994), 5708.4~~
16 ~~(relating to special supplemental postretirement adjustment),~~
17 ~~5708.5 (relating to supplemental annuities commencing 1998),~~
18 ~~5708.6 (relating to supplemental annuities commencing 2002),~~
19 ~~5708.7 (relating to supplemental annuities commencing 2003) and~~
20 ~~5708.8 (relating to special supplemental postretirement~~
21 ~~adjustment of 2002), in accordance with the actuarial cost~~
22 ~~method provided in section 5508(a), (b), (c), (d) and (f)~~
23 ~~(relating to actuarial cost method).~~

24 ~~(b) Contributions on behalf of annuitants. The Commonwealth~~
25 ~~and other employers whose employees are members of the system or~~
26 ~~participants in the plan shall make contributions on behalf of~~
27 ~~annuitants in such amounts as shall be certified by the board as~~
28 ~~necessary to fund the liabilities for supplemental annuities in~~
29 ~~accordance with the actuarial cost method provided in section~~
30 ~~5508(e) [(relating to actuarial cost method)].~~

1 ~~(b.1) Payment of employer contributions to the system.~~

2 ~~(1) Payment of employer normal contributions shall be as~~
3 ~~a percentage of compensation of active members.~~

4 ~~(2) Payment of accrued liability contributions as~~
5 ~~modified by the experience adjustment factor and supplemental~~
6 ~~annuity contributions shall be as a percentage of~~
7 ~~compensation of active members and active participants.~~

8 * * *

9 ~~(d) Payment of final contribution rate. Notwithstanding the~~
10 ~~calculation of the actuarially required contribution rate and~~
11 ~~the provisions of subsections (a) and (b), the Commonwealth and~~
12 ~~other employers whose employees are members of the system or~~
13 ~~participants in the plan shall make contributions to the fund on~~
14 ~~behalf of all active members and annuitants in such amounts as~~
15 ~~shall be certified by the board in accordance with section~~
16 ~~5508(i).~~

17 * * *

18 ~~(g) Payment of additional accrued liability contributions.~~
19 ~~In addition to all other contributions required under this~~
20 ~~section and sections 5508 and 5941, the Commonwealth and other~~
21 ~~employers whose employees are members of the system or~~
22 ~~participants in the plan shall make contributions as certified~~
23 ~~by the board as a percentage of the compensation of each member~~
24 ~~and each participant as provided in this subsection, unless the~~
25 ~~actuary certifies that the accrued liability contribution rate~~
26 ~~determined under section 5508(c) is zero or less for that fiscal~~
27 ~~year. Additional accrued liability contributions received by the~~
28 ~~board as a result of this subsection shall be recognized as part~~
29 ~~of the experience adjustment factor under section 5508(f).~~

30 ~~Fiscal year Additional accrued liability~~

	<u>beginning date</u>	<u>contribution rate</u>
1		
2	<u>July 1, 2017</u>	<u>—0.00%</u>
3	<u>July 1, 2018</u>	<u>—0.68%</u>
4	<u>July 1, 2019</u>	<u>—0.64%</u>
5	<u>July 1, 2020</u>	<u>—0.61%</u>
6	<u>July 1, 2021</u>	<u>—0.58%</u>
7	<u>July 1, 2022</u>	<u>—0.00%</u>
8	<u>July 1, 2023</u>	<u>—0.00%</u>
9	<u>July 1, 2024</u>	<u>—0.00%</u>
10	<u>July 1, 2025</u>	<u>—0.00%</u>
11	<u>July 1, 2026</u>	<u>—0.00%</u>
12	<u>July 1, 2027</u>	<u>—0.00%</u>
13	<u>July 1, 2028</u>	<u>—0.00%</u>
14	<u>July 1, 2029</u>	<u>—0.00%</u>
15	<u>July 1, 2030</u>	<u>—0.06%</u>
16	<u>July 1, 2031</u>	<u>—0.19%</u>
17	<u>July 1, 2032</u>	<u>—0.31%</u>
18	<u>July 1, 2033</u>	<u>—0.42%</u>
19	<u>July 1, 2034</u>	<u>—0.53%</u>
20	<u>July 1, 2035</u>	<u>—0.63%</u>
21	<u>July 1, 2036</u>	<u>—0.73%</u>
22	<u>July 1, 2037</u>	<u>—0.82%</u>
23	<u>July 1, 2038</u>	<u>—0.90%</u>
24	<u>July 1, 2039</u>	<u>—0.98%</u>
25	<u>July 1, 2040</u>	<u>—1.05%</u>

26 ~~Section 314. Section 5508(a), (b), (c)(1), (e)(2), (f) and~~
27 ~~(h) of Title 71 are amended and subsection (c) is amended by~~
28 ~~adding a paragraph to read:~~

29 ~~§ 5508. Actuarial cost method.~~

30 ~~(a) Employer contribution rate on behalf of active~~

1 members. ~~[The] For each fiscal year, the amount of the~~
2 ~~Commonwealth and other employer contributions on behalf of all~~
3 ~~active members shall be computed by the actuary as a percentage~~
4 ~~of the total compensation of all active members during the~~
5 ~~period for which the amount is determined and shall be so~~
6 ~~certified by the board. The actuarially required contribution~~
7 ~~rate on behalf of all active members shall consist of the~~
8 ~~employer normal contribution rate, as defined in subsection (b),~~
9 ~~and the accrued liability contribution rate as defined in~~
10 ~~subsection (c). The actuarially required contribution rate on~~
11 ~~behalf of all active members shall be modified by the experience~~
12 ~~adjustment factor as calculated in subsection (f).~~

13 ~~(b) Employer normal contribution rate. The employer normal~~
14 ~~contribution rate shall be determined after each actuarial~~
15 ~~valuation on the basis of an annual interest rate and such~~
16 ~~mortality and other tables as shall be adopted by the board in~~
17 ~~accordance with generally accepted actuarial principles. The~~
18 ~~employer normal contribution rate shall be determined as [a~~
19 ~~level percentage of the compensation of the average new active~~
20 ~~member, which percentage, if contributed on the basis of his~~
21 ~~prospective compensation through his entire period of active~~
22 ~~State service, would be sufficient to fund the liability for any~~
23 ~~prospective benefit payable to him in excess of that portion~~
24 ~~funded by his prospective member contributions, excluding~~
25 ~~shared risk member contributions.] follows:~~

26 ~~(1) For fiscal years through fiscal year 2021-2022, as a~~
27 ~~level percentage of the compensation of the average new~~
28 ~~active member, which percentage, if contributed on the basis~~
29 ~~of his prospective compensation through his entire period of~~
30 ~~active State service, would be sufficient to fund the~~

1 ~~liability for any prospective benefit payable to him in~~
2 ~~excess of that portion funded by his prospective member~~
3 ~~contributions, excluding shared risk member contributions and~~
4 ~~shared gain adjustments to regular member contributions. In~~
5 ~~no case shall the employer normal contribution rate in the~~
6 ~~aggregate or for each class of service separately be less~~
7 ~~than zero.~~

8 ~~(2) For fiscal year 2022-2023 and each fiscal year~~
9 ~~thereafter, as a level percentage of the compensation of all~~
10 ~~active members, which percentage, if contributed from the~~
11 ~~start of their employment on the basis of their prospective~~
12 ~~compensation through their entire period of active State~~
13 ~~service, would be sufficient to fund the liability for any~~
14 ~~prospective benefit payable to them in excess of that portion~~
15 ~~funded by their prospective member contributions, excluding~~
16 ~~shared risk member contributions and shared gain adjustments~~
17 ~~to regular member contributions. In no case shall the~~
18 ~~employer normal contribution rate in the aggregate or for~~
19 ~~each class of service separately be less than zero.~~

20 ~~(c) Accrued liability contribution rate.—~~

21 ~~(1) For the fiscal years beginning July 1, 2002, and~~
22 ~~July 1, 2003, the accrued liability contribution rate shall~~
23 ~~be computed as the rate of total compensation of all active~~
24 ~~members which shall be certified by the actuary as sufficient~~
25 ~~to fund over a period of ten years from July 1, 2002, the~~
26 ~~present value of the liabilities for all prospective~~
27 ~~benefits, except for the supplemental benefits as provided in~~
28 ~~sections 5708 (relating to supplemental annuities), 5708.1~~
29 ~~(relating to additional supplemental annuities), 5708.2~~
30 ~~(relating to further additional supplemental annuities),~~

~~5708.3 (relating to supplemental annuities commencing 1994),
5708.4 (relating to special supplemental postretirement
adjustment), 5708.5 (relating to supplemental annuities
commencing 1998), 5708.6 (relating to supplemental annuities
commencing 2002), 5708.7 (relating to supplemental annuities
commencing 2003) and 5708.8 (relating to special supplemental
postretirement adjustment of 2002), in excess of the total
assets in the fund (calculated recognizing all investment
gains and losses over a five year period), excluding the
balance in the supplemental annuity account, and the present
value of employer normal contributions and of member
contributions payable with respect to all active members on
December 31, 2001, and excluding contributions to be
transferred by county retirement systems or pension plans
pursuant to section 5507(c) (relating to contributions to the
system by the Commonwealth and other employers). The amount
of each annual accrued liability contribution shall be equal
to the amount of such contribution for the fiscal year
beginning July 1, 2002, except that, if the accrued liability
is increased by legislation enacted subsequent to June 30,
2002, but before July 1, 2003, such additional liability
shall be funded over a period of ten years from the first day
of July, coincident with or next following the effective date
of the increase. The amount of each annual accrued liability
contribution for such additional legislative liabilities
shall be equal to the amount of such contribution for the
first annual payment.~~

~~***~~

~~(4) For fiscal years beginning on or after July 1, 2017,
the accrued liability contribution rate shall be computed as~~

~~provided for under this section, except that the rate shall be computed as a rate of total compensation of all active members and active participants for the applicable period. If the accrued liability is changed by legislation enacted subsequent to December 31, 2015, such 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. In addition to any employer defined contributions made to the trust, the Commonwealth and other employers of participants shall make the accrued liability contributions to the fund certified by the board.~~

~~* * *~~

~~(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 following the date such legislation is enacted.~~

~~(f) Experience adjustment factor.~~

~~(1) For each fiscal year after the establishment of the accrued liability contribution rate and the supplemental annuity contribution rate for the fiscal year beginning July 1, 2010, any increase or decrease in the unfunded accrued liability and any increase or decrease in the liabilities and funding for supplemental annuities, due to actual experience differing from assumed experience (recognizing all realized and unrealized investment gains and losses over a five year period), changes in contributions caused by the final contribution rate being different from the actuarially required contribution rate, State employees making shared risk member contributions or having shared gain adjustments to their regular member contributions, payment of additional accrued liability contributions under section 5507 (g), changes in actuarial assumptions 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 in equal dollar annual contributions as a percentage of compensation of all active members and active participants over a period of 30 years beginning with the July 1 succeeding the actuarial valuation determining said increases or decreases.~~

~~(2) The actuarially required contribution rate shall be the sum of the normal contribution rate, the accrued~~

1 ~~liability contribution rate and the supplemental annuity~~
2 ~~contribution rate, modified by the experience adjustment~~
3 ~~factor as calculated in paragraph (1).~~

4 * * *

5 ~~(h) Temporary application of collared contribution rate.~~

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

23 * * *

24 ~~Section 315. Section 5509 of Title 71 is amended to read:~~

25 ~~§ 5509. Appropriations and assessments by the Commonwealth.~~

26 ~~(a) Annual submission of budget. The board shall prepare~~
27 ~~and submit annually an itemized budget consisting of the amounts~~
28 ~~necessary to be appropriated by the Commonwealth out of the~~
29 ~~General Fund and special operating funds and the amounts to be~~
30 ~~assessed the other employers required to meet the separate~~

1 ~~obligations to the fund and the trust accruing during the fiscal-~~
2 ~~period beginning the first day of July of the following year.~~

3 ~~(b) Appropriation and payment. The General Assembly shall-~~
4 ~~make an appropriation sufficient to provide for the separate~~
5 ~~obligations of the Commonwealth to the fund and the trust. Such-~~
6 ~~amount shall be paid by the State Treasurer through the-~~
7 ~~Department of Revenue into the fund or trust in accordance with-~~
8 ~~requisitions presented by the board. The contributions to the~~
9 ~~system by the Commonwealth on behalf of active members who are-~~
10 ~~officers of the Pennsylvania State Police shall be charged to-~~
11 ~~the General Fund and to the Motor License Fund in the same-~~
12 ~~ratios as used to apportion the appropriations for salaries of-~~
13 ~~members of the Pennsylvania State Police. The contributions to~~
14 ~~the system by the Commonwealth on behalf of active members who-~~
15 ~~are enforcement officers and investigators of the Pennsylvania-~~
16 ~~Liquor Control Board shall be charged to the General Fund and to-~~
17 ~~the State Stores Fund.~~

18 ~~(c) Contributions from funds other than General Fund. The-~~
19 ~~amounts assessed other employers who are required to make the-~~
20 ~~necessary separate contributions to the fund and the trust out-~~
21 ~~of funds other than the General Fund shall be paid by such-~~
22 ~~employers into the fund or trust in accordance with requisitions-~~
23 ~~presented by the board. The General Fund of the Commonwealth-~~
24 ~~shall not be held liable to appropriate the moneys required to-~~
25 ~~build up the reserves in the fund necessary for the payment of-~~
26 ~~benefits from the system to employees or to make the employer~~
27 ~~defined contributions for employees of such other employers. In-~~
28 ~~case any such other employer shall fail to provide to the fund~~
29 ~~the moneys necessary for such purpose, then the service of such-~~
30 ~~members of the system for such period for which money is not so-~~

1 ~~provided shall be credited and pickup contributions with respect~~
2 ~~to such members shall continue to be credited to the members'~~
3 ~~savings account. The annuity to which such member is entitled~~
4 ~~shall be determined as actuarially equivalent to the present~~
5 ~~value of the maximum single life annuity of each such member~~
6 ~~reduced by the amount of employer contributions to the system~~
7 ~~payable on account and attributable to his compensation during~~
8 ~~such service, except that no reduction shall be made as a result~~
9 ~~of the failure of an employer to make contributions required for~~
10 ~~a period of USERRA leave.~~

11 Section 316. Title 71 is amended by adding a section to
12 read:

13 ~~§ 5510. Employer funding mandate protection.~~

14 ~~(a) Limited expansion of contractual right to funding.~~
15 ~~Commencing on the July 1 following the actuarial valuation in~~
16 ~~which the actuary certifies that the final contribution rate is~~
17 ~~the actuarially required contribution, each active member shall~~
18 ~~have a contractual right to the timely payment of the annual~~
19 ~~actuarially required contributions under sections 5508 (relating~~
20 ~~to actuarial cost method) and 5902(k) (relating to~~
21 ~~administrative duties of the board) by such member's employer.~~

22 ~~The following apply:~~

23 ~~(1) The failure of a member's employer to make the~~
24 ~~annually required contribution to the fund will be deemed to~~
25 ~~be an impairment of the contractual right of such member.~~

26 ~~(2) Any claim of contract impairment shall be brought~~
27 ~~against the employer of the member for whom contributions~~
28 ~~were not paid, and neither the board nor the system or their~~
29 ~~employees or agents shall be a defendant in any such action~~
30 ~~or liable for any payments or damages arising from such~~

1 ~~impairment.~~

2 ~~(b) Jurisdiction of Supreme Court. Notwithstanding any~~
3 ~~provision of 2 Pa.C.S. (relating to administrative law and~~
4 ~~procedure), 42 Pa.C.S. (relating to judiciary and judicial~~
5 ~~procedure) or any other provision of law, the Pennsylvania~~
6 ~~Supreme Court shall have exclusive jurisdiction to do as~~
7 ~~follows:~~

8 ~~(1) hear any claim of contract impairment for failure to~~
9 ~~pay certified contributions;~~

10 ~~(2) render a declaratory judgment or take such other~~
11 ~~action as it deems appropriate, consistent with the Supreme~~
12 ~~Court retaining jurisdiction over such matter; and~~

13 ~~(3) find facts or expedite a final judgment in~~
14 ~~connection with such a challenge or request for declaratory~~
15 ~~relief.~~

16 ~~(c) Sovereign immunity waived. Sovereign immunity is hereby~~
17 ~~waived, and the provisions of 42 Pa.C.S. Ch. 85 (relating to~~
18 ~~matters affecting government units) or lack of jurisdiction by~~
19 ~~the Supreme Court shall not be raised as a defense against a~~
20 ~~claim brought against an employer under this section.~~

21 ~~(d) Attorney fees. A member who prevails in a claim brought~~
22 ~~under this part may be awarded reasonable attorney fees.~~

23 ~~(e) Limitation of contract right. Nothing in this section~~
24 ~~shall be construed to create a contract right or claim of~~
25 ~~contract impairment in any member as to any benefit formula,~~
26 ~~benefit payment option, or any other provision of this part~~
27 ~~other than the funding mandate of the member's employer, or to~~
28 ~~change the jurisdiction of the board or the courts regarding any~~
29 ~~claim other than for payment of the annual actuarially required~~
30 ~~contributions.~~

1 ~~(f) Employer contributions. Nothing in this section shall~~
2 ~~be deemed to supersede or conflict with the rights and~~
3 ~~obligations set forth in section 5509 (relating to~~
4 ~~appropriations and assessments by the Commonwealth).~~

5 Section 317. Sections 5701 and 5701.1 of Title 71 are
6 amended to read:

7 § 5701. Return of total accumulated deductions.

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

12 § 5701.1. Transfer of accumulated deductions.

13 When an employee of the Juvenile Court Judges' Commission
14 elects membership in an independent retirement program pursuant
15 to section 5301(f) (relating to mandatory and optional
16 membership in the system and participation in the plan), the
17 board shall transfer directly to the trustee or administrator of
18 the independent retirement program all accumulated deductions
19 resulting from service credited while an employee of the
20 Juvenile Court Judges' Commission.

21 Section 318. Sections 5702(a)(1), (4) and (6), (b) and (c),
22 5704(a), (c), (e) and (f) and 5705(a) of Title 71 are amended
23 and the sections are amended by adding subsections to read:

24 § 5702. Maximum single life annuity.

25 (a) General rule. Any full coverage member who is eligible
26 to receive an annuity pursuant to the provisions of section
27 5308(a) or (b) (relating to eligibility for annuities) who
28 terminates State service, or if a multiple service member who is
29 a school employee who is an active member of the Public School
30 Employees' Retirement System who terminates school service,

1 ~~before attaining age 70 shall be entitled to receive a maximum~~
2 ~~single life annuity attributable to his credited service and~~
3 ~~equal to the sum of the following single life annuities~~
4 ~~beginning at the effective date of retirement:~~

5 ~~(1) A single life annuity that is the sum of the~~
6 ~~standard single life [annuity multiplied by the sum of the~~
7 ~~products,] annuities determined separately for each class of~~
8 ~~service[, obtained by multiplying] multiplied by the~~
9 ~~appropriate class of service multiplier [by the ratio of~~
10 ~~years of service credited in that class to the total credited~~
11 ~~service] applicable to each standard single life annuity. In~~
12 ~~case the member on the effective date of retirement is under~~
13 ~~superannuation age for any service, a reduction factor~~
14 ~~calculated to provide benefits actuarially equivalent to an~~
15 ~~annuity starting at superannuation age shall be applied to~~
16 ~~the product determined for that service[.]: Provided,~~
17 ~~however, That any standard single life annuity resulting from~~
18 ~~Class A 5 service or Class A 6 service shall be reduced by a~~
19 ~~percentage determined by multiplying the number of months,~~
20 ~~including a fraction of a month as a full month, by which the~~
21 ~~effective date of retirement precedes superannuation age by~~
22 ~~0.25% if the effective date of retirement is on or after the~~
23 ~~date the member has attained age 62 and the member has 25 or~~
24 ~~more eligibility points. The class of service multiplier for~~
25 ~~any period of concurrent service shall be multiplied by the~~
26 ~~proportion of total State and school compensation during such~~
27 ~~period attributable to State service as a member of the~~
28 ~~system. In the event a member has two multipliers for one~~
29 ~~class of service [the class of service multiplier to be used~~
30 ~~for calculating benefits for that class shall be the average~~

1 of the two multipliers weighted by the proportion of
2 compensation attributable to each multiplier during the three
3 years of highest annual compensation in that class of
4 service: Provided, That in the case of a member of Class E 1,
5 a portion but not all of whose three years of highest annual
6 judicial compensation is prior to January 1, 1973, two class
7 of service multipliers shall be calculated on the basis of
8 his entire judicial service, the one applying the judicial
9 class of service multipliers effective prior to January 1,
10 1973 and the second applying the class of service multipliers
11 effective subsequent to January 1, 1973. The average class of
12 service multiplier to be used for calculating benefits for
13 his judicial service shall be the average of the two
14 calculated multipliers weighted by the proportion of
15 compensation attributable to each of the calculated
16 multipliers during the three years of highest annual
17 compensation in that class of service.], separate standard
18 single life annuities shall be calculated for the portion of
19 service in such class applicable to each class of service
20 multiplier. In the case of a member with Class A 5 service
21 credit or Class A 6 service credit and credit in one or more
22 other classes of service who has not attained age 62 on the
23 effective date of retirement but who is otherwise eligible
24 for an annuity resulting from his Class A 5 service or Class
25 A 6 service, and who commences receipt of a superannuation
26 annuity or withdrawal annuity based on the other classes of
27 service, no annuity based on the member's Class A 5 service
28 credit or Class A 6 service credit shall be paid until the
29 attainment of age 62.

30 * * *

1 ~~(4) If eligible, a single life annuity which is~~
2 ~~actuarially equivalent to the amount by which his regular and~~
3 ~~additional accumulated deductions attributable to any~~
4 ~~credited service other than as a member of Class A 3, Class~~
5 ~~A 4, Class A 5, Class A 6 and Class C are greater than one~~
6 ~~half of the actuarially equivalent value on the effective~~
7 ~~date of retirement of the annuity as provided in paragraph~~
8 ~~(1) attributable to service other than Class A 3, Class A 4,~~
9 ~~Class A 5, Class A 6 and Class C for which regular or joint~~
10 ~~coverage member contributions were made. [This paragraph~~
11 ~~shall not apply to any member with State service credited as~~
12 ~~Class A 3 or Class A 4.]~~

13 ~~***~~

14 ~~(6) If eligible, a single life annuity sufficient~~
15 ~~together with the annuity provided for in paragraph (1) as a~~
16 ~~Class A, Class AA, Class A 3 [and], Class A 4, Class A 5 or~~
17 ~~Class A 6 member and the highest annuity provided for in~~
18 ~~paragraph (2) to which he is entitled, or at his option could~~
19 ~~have been entitled, to produce that percentage of [a] the~~
20 ~~sums of the standard single life [annuity] annuities adjusted~~
21 ~~by the application of the class of service multiplier for~~
22 ~~Class A, Class AA, Class A 3 [or], Class A 4, Class A 5 or~~
23 ~~Class A 6 as set forth in paragraph (1) in the case where any~~
24 ~~service is credited as a member of Class A, Class AA, Class~~
25 ~~A 3 [or], Class A 4, Class A 5 or Class A 6 on the effective~~
26 ~~date of retirement as determined by his total years of~~
27 ~~credited service as a member of Class A, Class AA, Class A 3~~
28 ~~[and], Class A 4, Class A 5 or Class A 6 and by the following~~
29 ~~table:~~

30 ~~Total Years of~~

~~Percentage of Sums of~~

1	Credited Service	Standard
2	as a Member of	Single Life
3	Class A,	[Annuity] Annuities Adjusted for
4	Class AA, Class A 3	Class A, Class AA,
5	[and], Class A 4, Class A 5	Class A 3 [and], Class A 4,
6	<u>and Class A 6</u>	<u>Class A 5 and Class A 6</u>
7	-	Class of
8		Service Multipliers
9	35-40	100%
10	41	102%
11	42	104%
12	43	106%
13	44	108%
14	45 or more	110%

15 * * *

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~~
21 ~~shall take into account any delay in the receipt of the portion~~
22 ~~of the annuity based on Class A 5 service or Class A 6 service~~
23 ~~if the effective date of retirement is before the member attains~~
24 ~~age 62. Such present value shall be decreased only as required~~
25 ~~under the provisions of section 5506 (relating to incomplete~~
26 ~~payments), 5509(c) (relating to appropriations and assessments~~
27 ~~by the Commonwealth) or 5703 (relating to reduction of annuities~~
28 ~~on 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) and reduced in accordance with the~~

1 ~~option elected under section 5705 (relating to member's options)~~
2 ~~shall not exceed the highest compensation received as a member~~
3 ~~of the system during any period of twelve consecutive months of~~
4 ~~credited service. No limit on the total annuity paid to a member~~
5 ~~with Class D-3 service shall be applied in the case of a member~~
6 ~~who served as a constitutional officer of the General Assembly.~~

7 * * *

8 ~~(e) Coordination of benefits. The determination and payment~~
9 ~~of the maximum single life annuity under this section shall be~~
10 ~~in addition to any payments a member may be entitled to receive,~~
11 ~~has received or is receiving as a result of being a participant~~
12 ~~in the plan.~~

13 ~~§ 5704. Disability annuities.~~

14 ~~(a) Amount of annuity. A member who has made application~~
15 ~~for a disability annuity and has been found to be eligible in~~
16 ~~accordance with the provisions of section 5905(c)(1) (relating~~
17 ~~to duties of the board regarding applications and elections of~~
18 ~~members and participants) shall receive a disability annuity~~
19 ~~payable from the effective date of disability as determined by~~
20 ~~the board and continued until a subsequent determination by the~~
21 ~~board that the annuitant is no longer entitled to a disability~~
22 ~~annuity. [The] If the sum of the products of the number of years~~
23 ~~and fractional part of a year of credited service in each class~~
24 ~~and the appropriate class of service multiplier is greater than~~
25 ~~16.667, the disability annuity shall be a single life annuity~~
26 ~~that is equal to [a] the sum of the standard single life~~
27 ~~[annuity] annuities determined separately for each class of~~
28 ~~service multiplied by the appropriate class of service~~
29 ~~multiplier [applicable to the class of service at the time of~~
30 ~~disability if the product of such class of service multiplier~~

1 ~~and the total number of years of credited service is greater~~
2 ~~than 16.667, otherwise the], otherwise each standard single life~~
3 ~~annuity shall be multiplied by the lesser of the following~~
4 ~~ratios:~~

5 ~~MY^*/Y or $16.667/Y$~~

6 ~~[where] Where $Y =$ total number of years of credited service[,];~~
7 ~~$Y^* =$ total years of credited service if the member were to~~
8 ~~continue as a State employee until attaining superannuation age~~
9 ~~as applicable to that class of service at the time of~~
10 ~~disability, or if the member has attained superannuation age, as~~
11 ~~applicable to that class of service at the time of disability,~~
12 ~~then the number of years of credited service and $M =$ the class~~
13 ~~of service multiplier as applicable to that class of service at~~
14 ~~the effective date of disability. A member of Class C shall~~
15 ~~receive, in addition, any annuity to which he may be eligible~~
16 ~~under section 5702(a)(3) (relating to maximum single life~~
17 ~~annuity). The member shall be entitled to the election of a~~
18 ~~joint and survivor annuity on that portion of the disability~~
19 ~~annuity to which he is entitled under section 5702.~~

20 ~~***~~

21 ~~(c) Reduction on account of earned income. Subsequent to~~
22 ~~January 1, 1972, payments on account of disability shall be~~
23 ~~reduced by that amount by which the earned income of the~~
24 ~~annuitant, as reported in accordance with section 5908(b)~~
25 ~~(relating to rights and duties of annuitants), for the preceding~~
26 ~~calendar year together with the disability annuity payments~~
27 ~~provided in this section other than subsection (b), for the~~
28 ~~year, exceeds the product of:~~

29 ~~[(i)] (1) the last year's salary of the annuitant as a~~
30 ~~[State employee] member of the system; and~~

1 ~~[(ii)] (2) the ratio of the current monthly payment to~~
2 ~~the monthly payment at the effective date of disability;~~
3 ~~Provided, That the annuitant shall not receive less than his~~
4 ~~member's annuity or the amount to which he may be entitled under~~
5 ~~section 5702 whichever is greater.~~

6 ~~* * *~~

7 ~~(e) Termination of State service. Upon termination of~~
8 ~~disability annuity payments in excess of an annuity calculated~~
9 ~~in accordance with section 5702, a disability annuitant who[:~~

10 ~~(1) does not have Class A 3 or Class A 4 service credit;~~

11 ~~or~~

12 ~~(2) has Class A 3 or Class A 4 service credit and fewer~~
13 ~~than ten eligibility points;~~

14 ~~and who] does not return to State service may file an~~
15 ~~application with the board for an amount equal to the excess, if~~
16 ~~any, of the sum of the shared risk accumulated deductions plus~~
17 ~~the regular and additional accumulated deductions standing to~~
18 ~~his credit at the effective date of disability over one third of~~
19 ~~the total disability annuity payments received. If the annuitant~~
20 ~~on the date of termination of service was eligible for an~~
21 ~~annuity as provided in section 5308(a) or (b) (relating to~~
22 ~~eligibility for annuities), he may file an application with the~~
23 ~~board for an election of an optional modification of his~~
24 ~~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 or Class A~~
21 ~~6 service, the amount to be used to determine eligibility for~~
22 ~~the supplement under paragraph (1) shall be 70% of the~~
23 ~~member's final average salary. For a member who has Class A 5~~
24 ~~or Class A 6 service, the amount to be used to determine~~
25 ~~eligibility for the supplement under paragraph (1) shall be~~
26 ~~calculated according to the following formula:~~

$$27 \quad A = \frac{.7[(Y^w - \text{MULTIPLIED BY FAS}^w) + (Y^p - \text{MULTIPLIED BY FAS}^p)]}{Y^p}$$

28
29 ~~(3) The following apply to the formula in paragraph (2):~~

30 ~~(i) A equals the amount used to determine the~~

1 ~~supplement;~~

2 ~~(ii) Y^T equals total years of credited service;~~

3 ~~(iii) Y^W equals years of credited service that are~~
4 ~~not Class A 5 or Class A 6 service;~~

5 ~~(iv) FAS^W equals final average salary calculated for~~
6 ~~credited service other than Class A 5 or Class A 6~~
7 ~~service;~~

8 ~~(v) Y^P equals years of service credited as Class A 5~~
9 ~~or Class A 6 service; and~~

10 ~~(vi) FAS^P equals final average salary calculated for~~
11 ~~service credited as Class A 5 or Class A 6 service.~~

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 ~~§ 5705. Member's options.~~

18 ~~(a) General rule. Any special vestee [who has attained~~
19 ~~superannuation age, any vestee who does not have Class A 3 or~~
20 ~~Class A 4 service credit having five or more eligibility points~~
21 ~~for service other than Class T E or Class T F service in the~~
22 ~~Public School Employees' Retirement System, or vestee who has~~
23 ~~Class A 3 or Class A 4 service credit having ten or more~~
24 ~~eligibility points, any member with Class G, Class H, Class I,~~
25 ~~Class J, Class K, Class L, Class M or Class N service having~~
26 ~~five or more eligibility points or any other eligible member~~
27 ~~upon termination of State service who has not withdrawn his~~
28 ~~total accumulated deductions as provided in section 5701~~
29 ~~(relating to return of total accumulated deductions)], vestee or~~
30 ~~any other member upon termination of State service who is~~

1 ~~eligible to receive an annuity as provided in section 5308(a) or~~
2 ~~(b) (relating to eligibility for annuities) may apply for and~~
3 ~~elect to receive either a maximum single life annuity, as~~
4 ~~calculated in accordance with the provisions of section 5702~~
5 ~~(relating to maximum single life annuity), or a reduced annuity~~
6 ~~certified by the actuary to be actuarially equivalent to the~~
7 ~~maximum single life annuity payable after reduction under~~
8 ~~subsection (a.1) and in accordance with one of the following~~
9 ~~options; except that no member shall elect an annuity payable to~~
10 ~~one or more survivor annuitants other than his spouse or~~
11 ~~alternate payee of such a magnitude that the present value of~~
12 ~~the annuity payable to him for life plus any lump sum payment~~
13 ~~under this subsection and subsection (a.1) he may have elected~~
14 ~~to receive is less than 50% of the present value of his maximum~~
15 ~~single life annuity and no member may elect a payment option~~
16 ~~that would provide benefits that do not satisfy the minimum~~
17 ~~distribution requirements or would violate the incidental death~~
18 ~~benefit rules of IRC § 401(a) (9):~~

19 ~~(1) Option 1. A life annuity to the member with a~~
20 ~~guaranteed total payment equal to the present value of the~~
21 ~~maximum single life annuity on the effective date of~~
22 ~~retirement with the provision that, if, at his death, he has~~
23 ~~received less than such present value, the unpaid balance~~
24 ~~shall be payable to his beneficiary.~~

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

29 ~~(3) Option 3. A joint and fifty percent (50%) survivor~~
30 ~~annuity payable during the lifetime of the member with one~~

1 ~~half of such annuity payable thereafter to his survivor~~
2 ~~annuitant, if living at his death.~~

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

7 ~~(i) any annuity shall be payable without reduction~~
8 ~~during the lifetime of the member;~~

9 ~~(ii) the sum of all annuities payable to the~~
10 ~~designated survivor annuitants shall not be greater than~~
11 ~~one and one half times the annuity payable to the member;~~
12 ~~and~~

13 ~~(iii) a portion of the benefit may be payable as a~~
14 ~~lump sum, except that such lump sum payment shall not~~
15 ~~exceed an amount equal to the total accumulated~~
16 ~~deductions standing to the credit of the member that are~~
17 ~~not the result of contributions and statutory interest~~
18 ~~made or credited as a result of Class A 3 [or], Class A~~
19 ~~4, Class A 5 or Class A 6 service. The balance of the~~
20 ~~present value of the maximum single life annuity adjusted~~
21 ~~in accordance with section 5702(b) shall be paid in the~~
22 ~~form of an annuity with a guaranteed total payment, a~~
23 ~~single life annuity, or a joint and survivor annuity or~~
24 ~~any combination thereof but subject to the restrictions~~
25 ~~of subparagraphs (i) and (ii) under this option.~~

26 ~~(a.1) Additional lump sum withdrawal. The following shall~~
27 ~~apply:~~

28 ~~(1) If a member has an effective date of retirement~~
29 ~~after December 31, 2017, and has elected to have the full~~
30 ~~amount allowed under subsection (a) (4) (iii) paid in lump sum,~~

~~or is not eligible to have any money paid under subsection (a) (4) (iii), then the member may elect to receive an additional amount payable in a lump sum at the same time as the payment elected under subsection (a) (4) (iii), if any.~~

~~(2) The additional amount payable in a lump sum may not exceed an amount equal to total accumulated deductions standing to the credit of the member on the effective date of retirement related to service credited as Class A 3, Class A 4, Class A 5 or Class A 6.~~

~~(3) If a member elects to be paid an additional lump sum amount under this subsection, then the maximum single life annuity calculated under section 5702 and payable under subsection (a) shall be reduced by the additional amount withdrawn divided by the cost of a dollar annuity on the effective date of retirement computed on the basis of the annual interest rate adopted for that fiscal year by the board for the calculation of the employer normal contribution rate under section 5508 (b) (relating to actuarial cost method) and the mortality tables adopted by the board for the determination of actuarially equivalent benefits under this part. The reduction in the maximum single life annuity under this paragraph shall apply before the election and calculation of any reduced annuities payable under subsection (a).~~

~~* * *~~

~~Section 319. Sections 5705.1 and 5706 (a), (a.2), (a.5), (b) and (c.1) of Title 71 are amended to read:~~

~~§ 5705.1. Payment of accumulated deductions resulting from [Class A 3 and Class A 4] more than one class of service.~~

1 ~~Any superannuation or withdrawal annuitant who:~~

2 ~~(1) has Class A 3 [or], Class A 4, Class A 5 or Class A~~
3 ~~6 service credit;~~

4 ~~(2) has service credited in one or more classes of~~
5 ~~service; and~~

6 ~~(3) because he has five or more, but fewer than ten,~~
7 ~~eligibility points is not eligible to receive an annuity on~~
8 ~~his Class A 3 [or], Class A 4, Class A 5 or Class A 6 service~~
9 ~~shall receive in a lump sum at the time of his retirement, in~~
10 ~~addition to any other annuity or lump sum payment which he may~~
11 ~~elect, his accumulated deductions resulting from his Class A 3-~~
12 ~~[or], Class A 4, Class A 5 or Class A 6 service credit. Payment~~
13 ~~of these accumulated deductions resulting from Class A 3 [or],~~
14 ~~Class A 4, Class A 5 or Class A 6 service credit shall not be~~
15 ~~eligible for installment payments pursuant to section 5905.1~~
16 ~~(relating to installment payments of accumulated deductions) but~~
17 ~~shall be considered a lump sum payment for purposes of section~~
18 ~~5905.1(d).~~

19 ~~§ 5706. Termination of annuities.~~

20 ~~(a) General rule.—~~

21 ~~(1) If the annuitant returns to State service or enters~~
22 ~~or has entered school service and elects multiple service~~
23 ~~membership, any annuity payable to him under this part shall~~
24 ~~cease effective upon the date of his return to State service~~
25 ~~or entering school service without regard to whether he is a~~
26 ~~mandatory, optional or prohibited member of the system or~~
27 ~~participant in the plan or, if a multiple service member,~~
28 ~~whether he is a mandatory, optional or prohibited member or~~
29 ~~participant of the Public School Employees' Retirement System~~
30 ~~or School Employees' Defined Contribution Plan; and, in the~~

~~1 ease of an annuity other than a disability annuity the
2 present value of such annuity, adjusted for full coverage in
3 the case of a joint coverage member who makes the appropriate
4 back contributions for full coverage, shall be frozen as of
5 the date such annuity ceases. An annuitant who is credited
6 with an additional 10% of Class A and Class C service as
7 provided in section 5302(c) (relating to credited State
8 service) and who returns to State service shall forfeit such
9 credited service and shall have his frozen present value
10 adjusted as if his 10% retirement incentive had not been
11 applied to his account. In the event that the cost of living
12 increase enacted December 18, 1979 occurred during the period
13 of such State or school employment, the frozen present value
14 shall be increased, on or after the member attains
15 superannuation age, by the percent applicable had he not
16 returned to service.~~

~~17 (2) This subsection shall not apply in the case of any
18 annuitant who:~~

~~19 (i) may render services to the Commonwealth in the
20 capacity of an independent contractor; or~~

~~21 (ii) is over normal retirement age or who has been
22 an annuitant for more than one year and who may render
23 service to the Commonwealth:~~

~~24 (A) as a member of an independent board or
25 commission or as a member of a departmental
26 administrative or advisory board or commission when
27 such members of independent or departmental boards or
28 commissions are compensated on a per diem basis for
29 not more than 150 days per calendar year; or~~

~~30 (B) as a member of an independent board or~~

1 ~~commission requiring appointment by the Governor,~~
2 ~~with advice and consent of the Senate, where the~~
3 ~~annual salary payable to the member does not exceed~~
4 ~~\$35,000 and where the member has been an annuitant~~
5 ~~for at least six months immediately preceding the~~
6 ~~appointment.~~

7 ~~* * *~~

8 ~~(a.2) Return of benefits. In the event an annuitant whose~~
9 ~~annuity from the system ceases pursuant to this section receives~~
10 ~~any annuity payment, including a lump sum payment pursuant to~~
11 ~~section 5705 (relating to member's options) on or after the date~~
12 ~~of his return to State service or entering school service, the~~
13 ~~annuitant shall return to the board the amount so received from~~
14 ~~the system plus statutory interest. The amount payable shall be~~
15 ~~certified in each case by the board in accordance with methods~~
16 ~~approved by the actuary and shall be paid in a lump sum within~~
17 ~~30 days or in the case of an active member or school employee~~
18 ~~who is an active member of the Public School Employees'~~
19 ~~Retirement System may be amortized with statutory interest~~
20 ~~through salary deductions to the system in amounts agreed upon~~
21 ~~by the member and the board. The salary deduction amortization~~
22 ~~plans agreed to by the member and the board may include a~~
23 ~~deferral of payment amounts and statutory interest until the~~
24 ~~termination of school service or State service as the board in~~
25 ~~its sole discretion decides to allow. The board may limit salary~~
26 ~~deduction amortization plans to such terms as the board in its~~
27 ~~sole discretion determines. In the case of a school employee who~~
28 ~~is an active member of the Public School Employees' Retirement~~
29 ~~System, the agreed upon salary deductions shall be remitted to~~
30 ~~the Public School Employees' Retirement Board, which shall~~

1 ~~certify and transfer to the board the amounts paid.~~

2 ~~* * *~~

3 ~~(a.5) No contributions or credited service. The service of~~
4 ~~an annuitant whose annuity does not cease upon his return to~~
5 ~~State or school service shall not be subject to member~~
6 ~~contributions or eligible for qualification as creditable State~~
7 ~~service[.] and shall not be eligible for participation in the~~
8 ~~plan, mandatory pickup participant contributions, voluntary~~
9 ~~contributions or employer defined contributions.~~

10 ~~(b) Subsequent discontinuance of service. Upon subsequent~~
11 ~~discontinuance of service, such [member] terminating State~~
12 ~~employee other than a former annuitant who had the effect of his~~
13 ~~frozen present value eliminated in accordance with subsection~~
14 ~~(c) or a former disability annuitant shall be entitled to an~~
15 ~~annuity which is actuarially equivalent to [the sum of] the~~
16 ~~present value as determined under subsection (a) [and] to which~~
17 ~~shall be added, if the service after reemployment was as a~~
18 ~~member of the system, the present value of a maximum single life~~
19 ~~annuity based on years of service credited subsequent to reentry~~
20 ~~in the system and his final average salary computed by reference~~
21 ~~to his compensation as a member of the system or as a member of~~
22 ~~the Public School Employees' Retirement System during his entire~~
23 ~~period of State and school service.~~

24 ~~(c) Elimination of the effect of frozen present value.~~

25 ~~(1) An annuitant who returns to State service as an~~
26 ~~active member of the system and earns three eligibility~~
27 ~~points as a member of the system by performing credited State~~
28 ~~service following the most recent period of receipt of an~~
29 ~~annuity under this part, or an annuitant who enters school~~
30 ~~service other than as a Class DC participant 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 as a member of the system or credited school service~~
5 ~~following the most recent period of receipt of an annuity~~
6 ~~under this part, and who had the present value of his annuity~~
7 ~~frozen in accordance with subsection (a), shall qualify to~~
8 ~~have the effect of the frozen present value resulting from~~
9 ~~all previous periods of retirement eliminated, provided that~~
10 ~~all lump sum payments under Option 4 or under section~~
11 ~~5705(a.1) and annuity payments payable during previous~~
12 ~~periods of retirement plus interest as set forth in paragraph~~
13 ~~(3) shall be returned to the fund in the form of an actuarial~~
14 ~~adjustment to his subsequent benefits or in such form as the~~
15 ~~board may otherwise direct.~~

16 ~~* * *~~

17 ~~Section 320. Sections 5707(a), (b) and (f) and 5709 heading,~~
18 ~~(a) and (b) of Title 71 are amended and the sections are amended~~
19 ~~by adding subsections to read:~~

20 ~~§ 5707. Death benefits.~~

21 ~~(a) Members eligible for annuities. Any active member,~~
22 ~~inactive member [on leave without pay], vestee or current or~~
23 ~~former State employee performing USERRA leave who dies and was~~
24 ~~eligible for an annuity in accordance with section 5308(a) or~~
25 ~~(b) (relating to eligibility for annuities) or special vestee~~
26 ~~who has attained superannuation age and dies before applying for~~
27 ~~a superannuation annuity shall be considered as having applied~~
28 ~~for an annuity to become effective the day before his death and~~
29 ~~in the event he has not elected an option or such election has~~
30 ~~not been approved prior to his death, it shall be assumed that~~

1 ~~he elected Option 1. For purposes of this subsection, a member~~
2 ~~with Class A 5 service or Class A 6 service who has ten or more~~
3 ~~eligibility points shall be considered eligible for an annuity~~
4 ~~based on Class A 5 or Class A 6 service even if the member had~~
5 ~~not attained age 62.~~

6 ~~(b) Members ineligible for annuities. In the event of the~~
7 ~~death of a special vestee, an active member, an inactive member~~
8 ~~{on leave without pay} or a current or former State employee~~
9 ~~performing USERRA leave who is not entitled to a death benefit~~
10 ~~as provided in subsection (a), his designated beneficiary shall~~
11 ~~be paid the full amount of his total accumulated deductions.~~

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

22 * * *

23 ~~(f) Members subject to limitations under section 5702(c).~~
24 ~~Subject to the limitations contained in section 401(a)(9) of the~~
25 ~~Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §~~
26 ~~401(a)(9)), the present value of any annuity in excess of that~~
27 ~~payable under section 5702 (relating to maximum single life~~
28 ~~annuity) that is not subject to the limitations under section~~
29 ~~415(b) of the Internal Revenue Code of 1986 shall be paid in a~~
30 ~~lump sum to the beneficiary designated by the member after the~~

1 ~~death of the member. A beneficiary receiving a benefit under~~
2 ~~this subsection shall not be able to elect a payment method~~
3 ~~otherwise allowed under section 5709(b) (2) and (3) (relating to~~
4 ~~payment of benefits from the system).~~

5 * * *

6 ~~§ 5709. Payment of benefits from the system.~~

7 ~~(a) Annuities. Any annuity granted under the provisions of~~
8 ~~this part and paid from the fund shall be paid in equal monthly~~
9 ~~installments.~~

10 ~~(b) Death benefits. If the amount of a death benefit~~
11 ~~payable from the fund to a beneficiary of a member under section~~
12 ~~5707 (relating to death benefits) or under the provisions of~~
13 ~~Option 1 of section 5705(a) (1) (relating to member's options) is~~
14 ~~\$10,000 or more, such beneficiary may elect to receive payment~~
15 ~~according to one of the following options:~~

16 ~~(1) a lump sum payment;~~

17 ~~(2) an annuity actuarially equivalent to the amount~~
18 ~~payable; or~~

19 ~~(3) a lump sum payment and an annuity such that the~~
20 ~~annuity is actuarially equivalent to the amount payable less~~
21 ~~the lump sum payment specified by the beneficiary.~~

22 * * *

23 ~~(c) Members with Class A 5 or Class A 6 service and service~~
24 ~~in one or more other classes of service. An annuitant whose~~
25 ~~receipt of the portion of his annuity attributable to Class A 5~~
26 ~~service or Class A 6 service has been delayed to the attainment~~
27 ~~of age 62 shall have his annuity increased upon attainment of~~
28 ~~the applicable superannuation age under the terms and conditions~~
29 ~~of the annuity payment option selected at the time of retirement~~
30 ~~or if applicable under section 5907(j) (relating to rights and~~

1 ~~duties of State employees, members and participants). In the~~
2 ~~event such a member selected a joint and survivor annuity and~~
3 ~~died prior to attaining age 62, the annuity of his survivor~~
4 ~~annuitant, if surviving, will be increased at the time the~~
5 ~~member would have attained age 62.~~

6 Section 321. Title 71 is amended by adding a chapter to
7 read:

8 CHAPTER 58

9 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN

10 Sec.

11 5801. Establishment.

12 5802. Plan document.

13 5803. Individual investment accounts.

14 5804. Participant contributions.

15 5805. Mandatory pickup participant contributions.

16 5806. Employer defined contributions.

17 5807. Eligibility for benefits.

18 5808. Death benefits.

19 5809. Vesting.

20 5810. Termination of distributions.

21 5811. (Reserved).

22 5812. Powers and duties of board.

23 5813. Responsibility for investment loss.

24 5814. Investments based on participant's investment allocation
25 choices.

26 5815. Expenses.

27 5816. Tax qualification.

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, the 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 money in those accounts,~~
12 ~~and any assets and money held by the board as part of the plan~~
13 ~~that are not allocated to individual investment accounts. The~~
14 ~~members of the board shall be the trustees of the trust, which~~
15 ~~shall be administered exclusively for the benefit of those State~~
16 ~~employees who participate in the plan and their beneficiaries~~
17 ~~within the meaning of and in conformity with IRC § 401(a). The~~
18 ~~board shall determine the terms and provisions of the trust not~~
19 ~~inconsistent with this part, the IRC or other applicable law and~~
20 ~~shall provide for the investment and administration of the~~
21 ~~trust.~~

22 ~~(c) Assets held in trust. All assets and income in the plan~~
23 ~~that have been or shall be withheld or contributed by the~~
24 ~~participants, the Commonwealth and other employers in accordance~~
25 ~~with this part shall be held in trust in any funding vehicle~~
26 ~~permitted by the applicable provisions of the IRC for the~~
27 ~~exclusive benefit of the participants and their beneficiaries~~
28 ~~until such time as the funds are distributed to the participants~~
29 ~~or their beneficiaries in accordance with the terms of the plan~~
30 ~~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. All of the business of
5 the plan shall be transacted, the trust invested, all
6 requisitions for money drawn and payments made and all of its
7 cash and securities and other property shall be held by the name
8 of the "State Employees' Defined Contribution Plan."~~

~~9 Notwithstanding any other law to the contrary, the board may
10 establish a nominee registration procedure for the purpose of
11 registering securities to facilitate the purchase, sale or other
12 disposition of securities under the provisions of this part.~~

~~13 § 5802. Plan document.~~

~~14 The board shall set forth the terms and provisions of the
15 plan and trust in a document containing the terms and conditions
16 of the plan and in a trust declaration that shall be published
17 in the Pennsylvania Bulletin. Any amendments to the plan and
18 trust declaration also shall be published. The creation of the
19 document containing the terms and conditions of the plan and the
20 trust declaration and the establishment of the terms and
21 provisions of the plan and the trust need not be promulgated by
22 regulation or formal rulemaking and shall not be subject to the
23 act of July 31, 1968 (P.L.769, No.240), referred to as the
24 Commonwealth Documents Law. A reference in this part or other
25 law to the plan shall include the plan document unless the
26 context clearly indicates otherwise.~~

~~27 § 5803. Individual investment accounts.~~

~~28 The board shall establish in the trust an individual
29 investment account for each participant in the plan. All
30 contributions by a participant or an employer for or on behalf~~

~~1 of a participant shall be credited to the participant's
2 individual investment account, together with all interest and
3 investment earnings and losses. Investment and administrative
4 fees, costs and expenses shall be charged to the participants'
5 individual investment accounts except as otherwise provided
6 under this part or as the General Assembly otherwise provides by
7 appropriations from the General Fund. Employer defined
8 contributions shall be recorded and accounted for separately
9 from participant contributions, but all interest, investment
10 earnings and losses, and investment and administrative fees,
11 costs and expenses shall be allocated proportionately.~~

~~12 § 5804. Participant contributions.~~

~~13 (a) Mandatory contributions. A participant shall make
14 mandatory pickup participant contributions through payroll
15 deductions to the participant's individual investment account
16 equal to 3.5% of compensation for current State service credited
17 as a Class A 5 member or as a Class A 6 member and 7.5% of
18 compensation for current service performed solely as a
19 participant. The employer shall cause those contributions for
20 current service to be made and deducted from each payroll or on
21 such schedule as established by the board.~~

~~22 (b) Voluntary contributions. A participant may make
23 voluntary contributions through payroll deductions, through
24 direct trustee to trustee transfers, or through transfers of
25 money received in an eligible rollover into the trust to the
26 extent allowed by IRC § 402. The rollovers shall be made in a
27 form and manner as determined by the board, shall be credited to
28 the participant's individual investment account and shall be
29 separately accounted for by the board.~~

~~30 (c) Prohibited contributions. No contributions may be~~

~~1 allowed that would cause a violation of the limitations related
2 to contributions applicable to governmental plans contained in
3 IRC § 415 or in other provisions of law. In the event that any
4 disallowed contributions are made, any participant contributions
5 in excess of the limitations and investment earnings on those
6 contributions, but minus investment fees and administrative
7 charges, 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 other purposes
20 under this part and otherwise, mandatory pickup participant
21 contributions shall be treated as contributions made by a
22 participant in the same manner and to the same extent as if the
23 contributions were made directly by the participant and not
24 picked up.~~

~~25 § 5806. Employer defined contributions.~~

~~26 (a) Contributions for service. The Commonwealth or other
27 employer of an active participant shall make employer defined
28 contributions for service of an active participant that shall be
29 credited to the active participant's individual investment
30 account. Employer defined contributions shall be recorded and~~

1 ~~accounted for separately from participant contributions.~~

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

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

24 ~~§ 5807. Eligibility for benefits.~~

25 ~~(a) Termination of service. A participant who terminates~~
26 ~~State service shall be eligible to withdraw the vested~~
27 ~~accumulated total defined contributions standing to the~~
28 ~~participant's credit in the participant's individual investment~~
29 ~~account or a lesser amount as the participant may request.~~
30 ~~Payment shall be made in a lump sum unless the board has~~

~~1 established other forms of distribution in the plan document. A
2 participant who withdraws his vested accumulated total defined
3 contributions shall no longer be a participant in the plan,
4 notwithstanding that the former State employee may continue to
5 be a member of the system or may have contracted to receive an
6 annuity or other form of payment from a provider retained by the
7 board for such purposes.~~

~~8 (b) Required distributions. All payments under this section
9 shall start and be made in compliance with the minimum
10 distribution requirements and incidental death benefit rules of
11 IRC § 401(a)(9). The board shall take any action and make any
12 distributions it may determine are necessary to comply with
13 those requirements.~~

~~14 (c) (Reserved).~~

~~15 (d) Prohibited distributions. A State employee must be
16 terminated from all positions that result in either membership
17 in the system or participation in the plan to be eligible to
18 receive a distribution. No distribution shall be allowed that
19 would be an in-service distribution prohibited by the IRC.~~

~~20 (e) Loans. Loans or other distributions, including hardship
21 or unforeseeable emergency distributions, from the plan to State
22 employees who have not terminated State service are not
23 permitted, except as required by law.~~

~~24 (f) Small individual investment accounts. A participant who
25 terminates State service and whose vested accumulated total
26 defined contributions are below the threshold established by law
27 as of the date of termination of service may be paid the vested
28 accumulated total defined contributions in a lump sum as
29 provided in IRC § 401(a)(31).~~

~~30 § 5808. Death benefits.~~

1 ~~(a) General rule. In the event of the death of an active~~
2 ~~participant or inactive participant, the board shall pay to the~~
3 ~~participant's beneficiary the vested balance in the~~
4 ~~participant's individual investment account in a lump sum or in~~
5 ~~such other manner as the board may establish in the plan~~
6 ~~document.~~

7 ~~(b) Death of participant receiving distributions. In the~~
8 ~~event of the death of a participant receiving distributions, the~~
9 ~~board shall pay to the participant's beneficiary the vested~~
10 ~~balance in the participant's individual investment account in a~~
11 ~~lump sum or in such other manner as the board may establish in~~
12 ~~the plan document or, if the board has established alternative~~
13 ~~methods of distribution in the plan document under which the~~
14 ~~participant was receiving distributions, to the participant's~~
15 ~~beneficiary or successor payee, as the case may be, as provided~~
16 ~~in the plan document.~~

17 ~~(c) Contracts. The board may contract with financial~~
18 ~~institutions, insurance companies or other types of third party~~
19 ~~providers to allow a participant, beneficiary or successor payee~~
20 ~~who receives a lump sum distribution to receive payments and~~
21 ~~death benefits in a form and manner as provided by the contract.~~
22 ~~§ 5809. Vesting.~~

23 ~~(a) Participant and voluntary contributions. Subject to the~~
24 ~~forfeiture and attachment provisions of section 5953 (relating~~
25 ~~to taxation, attachment and assignment of funds) or otherwise as~~
26 ~~provided by law, a participant shall be vested immediately with~~
27 ~~respect to all mandatory pickup participant contributions and~~
28 ~~voluntary contributions paid by or on behalf of the participant~~
29 ~~to the trust in addition to interest and investment gains or~~
30 ~~losses on the participant contributions but minus investment~~

1 ~~fees and administrative charges.~~

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

3 ~~(1) Subject to the forfeiture and attachment provisions~~
4 ~~of section 5953 or otherwise as provided by law, a~~
5 ~~participant shall be vested with respect to all employer~~
6 ~~defined contributions paid to the participant's individual~~
7 ~~investment account in the trust in addition to interest and~~
8 ~~investment gains and losses on the employer defined~~
9 ~~contributions but minus investment fees and administrative~~
10 ~~charges according to the following schedule:~~

11 ~~(i) Until such time as a participant has earned~~
12 ~~three eligibility points as a member of the system or~~
13 ~~participant in the plan, 0%;~~

14 ~~(ii) At and after the attainment of three~~
15 ~~eligibility points as a member of the system or~~
16 ~~participant in the plan, 100%.~~

17 ~~(2) For purposes of this subsection, all eligibility~~
18 ~~points credited to a member of the system in any class of~~
19 ~~service shall be used for determining vested status in the~~
20 ~~plan even if the employee was not a participant in the plan~~
21 ~~at the time the eligibility points were earned.~~

22 ~~(3) Nonvested employer defined contributions and the~~
23 ~~interest and investment gains and losses on the nonvested~~
24 ~~employer defined contributions that are forfeited when a~~
25 ~~participant terminates State service before accruing three~~
26 ~~eligibility points as provided under section 5307(c)(3)~~
27 ~~(relating to eligibility points) are credited to the~~
28 ~~participant's most recent employer's future obligation~~
29 ~~assessed under section 5509 (relating to appropriations and~~
30 ~~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.~~

~~§ 5810. Termination of distributions.~~

~~(a) Return to State service.~~

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

~~(2) This subsection shall not apply to distributions that the participant has received or used to purchase an annuity from a provider contracted by the board.~~

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

~~(1) If a former State employee is reemployed from USERRA leave and received any distributions from the plan during the USERRA leave, the employee shall return to the board the amount so received plus interest as provided in the plan document.~~

~~(2) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active participant may be amortized with interest as provided in the plan document through salary deductions to the trust in amounts agreed upon by the active participant and the board, but for not longer than a period~~

~~that starts with the date of reemployment and continues for up to three times the length of the active participant's immediate past period of USERRA leave. The repayment period shall not exceed five years.~~

~~§ 5811. (Reserved).~~

~~§ 5812. Powers and duties of board.~~

~~The board, in addition to its powers and duties set forth in Chapter 59 (relating to administration, funds, accounts, general provisions), shall have the following powers and duties to establish the plan and trust and administer the provisions of this chapter and part:~~

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

~~(2) The board shall pay all administrative fees, costs and expenses of managing, investing and administering the plan, the trust and the individual investment accounts from the balance of such individual investment accounts except as otherwise provided under this part or as the General Assembly otherwise provides by appropriations from the General Fund.~~

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

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

~~(5) The board may establish a process for election to participate in the plan by those State employees eligible to do so for whom participation is not mandatory.~~

~~(6) The board may perform an annual or more frequent review of any qualified fund manager for the purpose of~~

1 ~~assuring that the fund manager continues to meet all~~
2 ~~standards and criteria established.~~

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

7 ~~(8) The board may allow an inactive participant to~~
8 ~~maintain the participant's individual investment account~~
9 ~~within the plan.~~

10 ~~(9) The board shall administer or ensure the~~
11 ~~administration of the plan in compliance with the~~
12 ~~qualifications and other rules of the IRC.~~

13 ~~(10) The board may establish procedures to provide for~~
14 ~~the lawful payment of benefits, including, but not limited~~
15 ~~to, alternate payees as set forth in sections 5953 (relating~~
16 ~~to taxation, attachment and assignment of funds) through~~
17 ~~5953.6 (relating to irrevocable successor payee).~~

18 ~~(11) The board shall determine, after reviewing~~
19 ~~applicable law, what constitutes a termination of State~~
20 ~~service.~~

21 ~~(12) The board may establish procedures for~~
22 ~~distributions of small accounts as required or permitted by~~
23 ~~the IRC.~~

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

28 ~~(i) Procedures for eligible participants to change~~
29 ~~voluntary contribution amounts or their investment~~
30 ~~choices on a periodic basis or make other elections~~

1 ~~regarding their participation in the plan.~~

2 ~~(ii) Procedures for deducting mandatory pickup~~
3 ~~participant contributions and voluntary contributions~~
4 ~~from a participant's compensation.~~

5 ~~(iii) Procedures for rollovers and trustee to~~
6 ~~trustee transfers allowed under the IRC and permitted as~~
7 ~~part of the plan.~~

8 ~~(iv) Standards and criteria for providing not less~~
9 ~~than ten options which are offered by three or more~~
10 ~~providers of investment options to eligible individuals~~
11 ~~regarding investments of amounts deferred under the plan.~~
12 ~~The standards and criteria must provide for a variety of~~
13 ~~investment options and shall be reviewed in accordance~~
14 ~~with criteria established by the board.~~

15 ~~(v) Standards and criteria for disclosing to the~~
16 ~~participants the anticipated and actual income~~
17 ~~attributable to amounts invested, property rights and all~~
18 ~~fees, costs and expenses to be made against amounts~~
19 ~~deferred to cover the fees, costs and expenses of~~
20 ~~administering and managing the plan or trust.~~

21 ~~(vi) Procedures, standards and criteria for the~~
22 ~~making of distributions from the plan upon termination~~
23 ~~from employment or death or in other circumstances~~
24 ~~consistent with the purpose of the plan.~~

25 ~~(14) The board may waive any reporting or information~~
26 ~~requirement contained in this part if the board determines~~
27 ~~that the information is not needed for the administration of~~
28 ~~the plan.~~

29 ~~(15) The board may contract any services and duties in~~
30 ~~lieu of staff, except final adjudications and as prohibited~~

1 ~~by law. Any duties or responsibilities of the board not~~
2 ~~required by law to be performed by the board can be delegated~~
3 ~~to a third party provider subject to appeal to the board.~~

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

7 ~~(17) The board shall ensure that participants are~~
8 ~~provided with educational materials about investment options~~
9 ~~and choices.~~

10 ~~(18) The board may establish procedures in the plan~~
11 ~~document for automatic increases in a participant's voluntary~~
12 ~~contributions, whether or not the participant is then making~~
13 ~~voluntary contributions, and procedures for a participant to~~
14 ~~elect not to have increased voluntary contributions.~~

15 ~~(19) The provisions and restrictions of the act of July~~
16 ~~2, 2010 (P.L.266, No.44), known as the Protecting~~
17 ~~Pennsylvania's Investments Act, shall not apply to the~~
18 ~~participants' individual investment accounts or the moneys~~
19 ~~and investments therein, but the board is authorized to offer~~
20 ~~to the plan participants investment vehicles that would be~~
21 ~~permitted under the Protecting Pennsylvania's Investments~~
22 ~~Act.~~

23 ~~§ 5813. Responsibility for investment loss.~~

24 ~~The board, the Commonwealth, an employer or other political~~
25 ~~subdivision shall not be responsible for any investment or other~~
26 ~~loss incurred under the plan or for the failure of any~~
27 ~~investment to earn any specific or expected return or to earn as~~
28 ~~much as any other investment opportunity or to cost less than~~
29 ~~any other investment opportunity, whether or not the other~~
30 ~~opportunity was offered to participants in the plan.~~

1 ~~§ 5814. Investments based on participant's investment~~
2 ~~allocation choices.~~

3 ~~(a) Investment by participant. All contributions, interest~~
4 ~~and investment earnings shall be invested based on a~~
5 ~~participant's investment allocation choices, provided that the~~
6 ~~board may provide for a default investment option. All~~
7 ~~investment allocation choices shall be credited proportionally~~
8 ~~between participant contributions and employer defined~~
9 ~~contributions. Each participant shall be credited individually~~
10 ~~with the amount of contributions, interest and investment~~
11 ~~earnings.~~

12 ~~(b) Investment of contributions made by entities other than~~
13 ~~the Commonwealth. Investment of contributions by any~~
14 ~~corporation, institution, insurance company, custodial bank or~~
15 ~~other entity that the board has approved shall not be~~
16 ~~unreasonably delayed, and in no case may the investment of~~
17 ~~contributions be delayed more than 30 days from the date of~~
18 ~~payroll deduction or the date voluntary contributions are made~~
19 ~~to the date that funds are invested. Any interest earned on the~~
20 ~~funds pending investment shall be used to pay administrative~~
21 ~~costs and fees that would otherwise be required to be borne by~~
22 ~~participants who are then participating in the plan or paid by~~
23 ~~appropriations from the General Fund.~~

24 ~~§ 5815. Expenses.~~

25 ~~All fees, costs and expenses of establishing and~~
26 ~~administering the plan and the trust and investing the assets of~~
27 ~~the trust shall be borne by the participants and paid from~~
28 ~~assessments against the balances of the individual investment~~
29 ~~accounts as established by the board, except that for fiscal~~
30 ~~years 2016-2017, 2017-2018 and 2018-2019 and for any additional~~

~~1 fiscal years as the General Assembly may provide, the fees,
2 costs and expenses of establishing and administering the plan
3 and the trust shall be paid by the Commonwealth through annual
4 appropriations, made on the basis of estimates from the board.~~

~~5 § 5816. Tax qualification.~~

~~6 (a) Required distributions. All payments under this chapter
7 shall start and be made in compliance with the required
8 beginning date, minimum distribution requirements and incidental
9 death benefit rules of IRC § 401(a).~~

~~10 (b) Limitations. The following shall apply:~~

~~11 (1) (i) Except as provided under subparagraph (ii) and
12 notwithstanding a provision of this part, a contribution
13 or benefit related to the plan may not exceed any
14 limitation under IRC § 415 with respect to a governmental
15 plan which is in effect on the date the contribution or
16 benefit payment takes effect.~~

~~17 (ii) An increase in a limitation under IRC § 415
18 shall apply to all participants on and after the
19 effective date of this section.~~

~~20 (iii) For the purposes of this paragraph, the term
21 "governmental plan" shall have the same meaning as the
22 term has in IRC § 414(d).~~

~~23 (2) (i) Except as provided under subparagraph (ii), an
24 amendment of this part on or after the effective date of
25 this section that increases contributions or benefits for
26 active participants, inactive participants or
27 participants receiving distributions shall not be deemed
28 to provide for a contribution or benefit in excess of any
29 limitation, adjusted on or after the effective date of
30 this section, under IRC § 415 unless specifically~~

1 ~~provided by legislation.~~

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

6 Section 322. Sections 5901(a), (c), (d) and (e), 5902(a)(2),
7 (a.1), (b), (c), (e), (h), (i), (j), (k), (l), (m) and (n) and
8 5903 heading of Title 71 are amended and the sections are
9 amended by adding subsections to read:

10 § 5901. The State Employees' Retirement Board.

11 (a) Status and membership. The board shall be an
12 independent administrative board and consist of 11 members: the
13 State Treasurer, ex officio, the Secretary of Banking and
14 Securities, ex officio, two Senators, two members of the House
15 of Representatives and [six] five members appointed by the
16 Governor, one of whom shall be an annuitant of the system or a
17 participant in the plan who has terminated State service and is
18 receiving or is eligible to receive distributions, for terms of
19 four years, subject to confirmation by the Senate. At least five
20 board members shall be active members of the system or active
21 participants in the plan, and at least two shall have ten or
22 more years of credited State service[.] or shall have been
23 active participants in the plan for ten calendar years or have a
24 combination of years of credited State service in the system and
25 calendar years as active participants in the plan equal to ten
26 or more years. The chairman of the board shall be designated by
27 the Governor from among the members of the board. Each member of
28 the board who is a member of the General Assembly may appoint a
29 duly authorized designee to act in his stead. In the event that
30 a board member, who is designated as an active participant or as

1 ~~a participant in the plan who is receiving or is eligible to~~
2 ~~receive distributions, receives a total distribution of his~~
3 ~~interest in the plan, that board member may continue to serve on~~
4 ~~the board for the remainder of his term.~~

5 * * *

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

15 ~~(d) Compensation and expenses. The members of the board who~~
16 ~~are members of the system or participants in the plan shall~~
17 ~~serve without compensation but shall not suffer loss of salary~~
18 ~~or wages through serving on the board. The members of the board~~
19 ~~who are not members of the system or participants in the plan~~
20 ~~shall receive \$100 per day when attending meetings and all board~~
21 ~~members shall be reimbursed for any necessary expenses. However,~~
22 ~~when the duties of the board as mandated are not executed, no~~
23 ~~compensation or reimbursement for expenses of board members~~
24 ~~shall be paid or payable during the period in which such duties~~
25 ~~are not executed.~~

26 ~~(e) Corporate power and legal advisor. For the purposes of~~
27 ~~this part, the board shall possess the power and privileges of a~~
28 ~~corporation. [The Attorney General of the Commonwealth shall be~~
29 ~~the legal advisor of the board.] The board shall be an~~
30 ~~independent agency under the act of October 15, 1980 (P.L.950,~~

1 ~~No.164), known as the Commonwealth Attorneys Act. Legal counsel~~
2 ~~to the board shall serve independently from the Governor's~~
3 ~~Office of General Counsel, the General Assembly and the Attorney~~
4 ~~General.~~

5 ~~(f) Board training. Each member of the board will be~~
6 ~~required to obtain eight hours of mandatory training in~~
7 ~~investment strategies, actuarial cost analysis and retirement~~
8 ~~portfolio management on an annual basis.~~

9 ~~§ 5902. Administrative duties of the board.~~

10 ~~(a) Employees.~~

11 ~~* * *~~

12 ~~(2) Notwithstanding any other provisions of law, the~~
13 ~~compensation of investment professionals and legal counsel~~
14 ~~shall be established by the board. The compensation of all~~
15 ~~other officers and employees of the board who are not covered~~
16 ~~by a collective bargaining agreement shall be established by~~
17 ~~the board consistent with the standards of compensation~~
18 ~~established by the Executive Board of the Commonwealth.~~

19 ~~(a.1) Secretary. The secretary shall act as chief~~
20 ~~administrative officer for the board with respect to both the~~
21 ~~system and the plan. In addition to other powers and duties~~
22 ~~conferred upon and delegated to the secretary by the board, the~~
23 ~~secretary shall:~~

24 ~~(1) Serve as the administrative agent of the board.~~

25 ~~(2) Serve as liaison between the board and applicable~~
26 ~~legislative committees, the Treasury Department, the~~
27 ~~Department of the Auditor General, and between the board and~~
28 ~~the investment counsel and the mortgage supervisor in~~
29 ~~arranging for investments to secure maximum returns to the~~
30 ~~fund.~~

1 ~~(3) Review and analyze proposed legislation and~~
2 ~~legislative developments affecting the system or the plan and~~
3 ~~present findings to the board, legislative committees, and~~
4 ~~other interested groups or individuals.~~

5 ~~(4) Direct the maintenance of files and records and~~
6 ~~preparation of periodic reports required for actuarial~~
7 ~~evaluation studies.~~

8 ~~(5) Receive inquiries and requests for information~~
9 ~~concerning the system or the plan from the press,~~
10 ~~Commonwealth officials, State employees, the general public,~~
11 ~~research organizations, and officials and organizations from~~
12 ~~other states, and provide information as authorized by the~~
13 ~~board.~~

14 ~~(6) (i) Supervise a staff of administrative, technical,~~
15 ~~and clerical employees engaged in record keeping and~~
16 ~~clerical processing activities for both the system and~~
17 ~~the plan in maintaining files of members and~~
18 ~~participants, accounting for contributions, processing~~
19 ~~payments to annuitants and terminated participants,~~
20 ~~preparing required reports, and retirement counseling.~~

21 ~~(ii) The board may utilize the staff of employees~~
22 ~~provided for under this paragraph for both the system and~~
23 ~~the plan but shall allocate the fees, costs and expenses~~
24 ~~incurred under this paragraph between the system and the~~
25 ~~plan as appropriate.~~

26 ~~(b) Professional personnel.~~

27 ~~(1) The board shall contract for the services of a chief~~
28 ~~medical examiner, an actuary, investment advisors and~~
29 ~~counselors, and such other professional personnel as it deems~~
30 ~~advisable. The board may[, with the approval of the Attorney~~

1 ~~General,] contract for legal services.~~

2 ~~(2) The board may utilize the same individuals and firms~~
3 ~~contracted under this subsection for both the system and the~~
4 ~~plan but shall allocate the fees, costs and expenses incurred~~
5 ~~under this subsection between the system and the plan as~~
6 ~~appropriate.~~

7 ~~(c) Expenses.—~~

8 ~~(1) The board shall, through the Governor, submit to the~~
9 ~~General Assembly annually a budget covering the~~
10 ~~administrative expenses of [this part.] the system and a~~
11 ~~separate budget covering the administrative expenses of the~~
12 ~~plan. Budgets under this paragraph shall include those~~
13 ~~expenses necessary to establish the plan and trust.~~

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

17 ~~(3) For fiscal years ending on or before June 30, 2019,~~
18 ~~and for any additional fiscal years as the General Assembly~~
19 ~~may provide, such expenses of the plan as approved by the~~
20 ~~General Assembly in an appropriation bill shall be paid from~~
21 ~~the General Fund. For fiscal years beginning on or after July~~
22 ~~1, 2019, such expenses of the plan as approved by the General~~
23 ~~Assembly shall be paid from interest under section 5814(b)~~
24 ~~(relating to investments based on participants' investment~~
25 ~~allocation choices) or assessments on the balances of the~~
26 ~~participants' individual investment accounts or as otherwise~~
27 ~~provided in this part except as the General Assembly~~
28 ~~otherwise provides by appropriations from the General Fund.~~

29 ~~(4) Concurrently with its administrative budget, the~~
30 ~~board shall also submit to the General Assembly annually a~~

1 ~~list of proposed expenditures which the board intends to pay~~
2 ~~through the use of directed commissions, together with a list~~
3 ~~of the actual expenditures from the past year actually paid~~
4 ~~by the board through the use of directed commissions. All~~
5 ~~such directed commission expenditures shall be made by the~~
6 ~~board for the exclusive benefit of the system and its~~
7 ~~members.~~

8 * * *

9 ~~(e) Records.—~~

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

13 ~~(2) Any record, material or data received, prepared,~~
14 ~~used or retained by the board or its employees, investment~~
15 ~~professionals or agents relating to an investment shall not~~
16 ~~constitute a public record subject to public [inspection]~~
17 ~~access under the act of [June 21, 1957 (P.L.390, No.212),~~
18 ~~referred to as the Right to Know Law] February 14, 2008~~
19 ~~(P.L.6, No.3), known as the Right to Know Law, if, in the~~
20 ~~reasonable judgment of the board, the [inspection] access~~
21 ~~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) The following apply:~~

7 ~~(i) The sensitive investment or financial~~
8 ~~information excluded from [inspection] access under~~
9 ~~paragraph (2) (i), to the extent not otherwise excluded~~
10 ~~from [inspection] access, shall constitute a public~~
11 ~~record subject to public [inspection] access under the~~
12 ~~Right to Know Law once the board is no longer required by~~
13 ~~its agreement to maintain confidentiality.~~

14 ~~(ii) The sensitive investment or financial~~
15 ~~information excluded from [inspection] access under~~
16 ~~paragraph (2) (ii), to the extent not otherwise excluded~~
17 ~~from [inspection] access, shall constitute a public~~
18 ~~record subject to public [inspection] access under the~~
19 ~~Right to Know Law once:~~

20 ~~(A) the [inspection] access no longer causes~~
21 ~~substantial competitive harm to the person from whom~~
22 ~~the information was received; or~~

23 ~~(B) the entity in which the investment was made~~
24 ~~is liquidated;~~
25 ~~whichever is later.~~

26 ~~(iii) The sensitive investment or financial~~
27 ~~information excluded from [inspection] access under~~
28 ~~paragraph (2) (iii), to the extent not otherwise excluded~~
29 ~~from [inspection] access, shall constitute a public~~
30 ~~record subject to public [inspection] access under the~~

1 ~~Right to Know Law once:~~

2 ~~(A) the [inspection] access no longer has a~~
3 ~~substantial detrimental impact on the value of an~~
4 ~~investment of the fund or trust and would not cause a~~
5 ~~breach of the standard of care or fiduciary duty set~~
6 ~~forth in this part; or~~

7 ~~(B) the entity in which the investment was made~~
8 ~~is liquidated;~~

9 ~~whichever is later.~~

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

16 ~~(5) Any record, material or data received, prepared,~~
17 ~~used or retained by the board or its employees, or agents~~
18 ~~relating to the contributions, account value or benefits~~
19 ~~payable to or on account of a participant shall not~~
20 ~~constitute a public record subject to public access under the~~
21 ~~Right to Know Law if, in the reasonable judgment of the~~
22 ~~board, the access would disclose any of the following:~~

23 ~~(i) The existence, date, amount and any other~~
24 ~~information pertaining to the voluntary contributions,~~
25 ~~including rollover contributions or trustee to trustee~~
26 ~~transfers, of any participant.~~

27 ~~(ii) The investment option selections of any~~
28 ~~participant.~~

29 ~~(iii) The balance of a participant's individual~~
30 ~~investment account, including the amount distributed to~~

1 ~~the participant, investment gains or losses or rates of~~
2 ~~return.~~

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

5 ~~(v) The form of distribution of a participant's~~
6 ~~account.~~

7 ~~(6) Nothing in this subsection shall be construed to~~
8 ~~designate any record, material or data received, prepared,~~
9 ~~used or retained by the board or its employees, or agents~~
10 ~~relating to the contributions, account value or benefits~~
11 ~~payable to or on account of a participant as a public record~~
12 ~~subject to public access under the Right to Know Law.~~

13 ~~(7) The following apply:~~

14 ~~(i) Nothing in this part shall be construed to mean~~
15 ~~that the release or publicizing of a record, material or~~
16 ~~data which would not constitute a public record under~~
17 ~~this subsection shall be a violation of the board's~~
18 ~~fiduciary duties.~~

19 ~~(ii) This subsection shall apply to a record,~~
20 ~~material or data under this subsection, notwithstanding~~
21 ~~any of the following:~~

22 ~~(A) Whether the record, material or data was~~
23 ~~created, generated or stored before the effective~~
24 ~~date of this paragraph.~~

25 ~~(B) Whether the record, material or data was~~
26 ~~previously released or made public.~~

27 ~~(C) Whether a request for the record, material~~
28 ~~or data was made or is pending final response under~~
29 ~~the Right to Know Law.~~

30 * * *

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

17 ~~(i) Data. The board shall keep in convenient form such data~~
18 ~~as are stipulated by the actuary in order that an annual~~
19 ~~actuarial valuation of the various accounts of the fund can be~~
20 ~~completed within six months of the close of each calendar year.~~

21 ~~(j) Actuarial investigation and valuation. The board shall~~
22 ~~have the actuary make an annual valuation of the various~~
23 ~~accounts of the fund within six months of the close of each~~
24 ~~calendar year. In the year 1975 and in every fifth year~~
25 ~~thereafter the board shall have the actuary conduct an actuarial~~
26 ~~investigation and evaluation of the system based on data~~
27 ~~including the mortality, service, and compensation experience~~
28 ~~provided by the board annually during the preceding five years~~
29 ~~concerning the members and beneficiaries of the system. The~~
30 ~~board shall by resolution adopt such tables as are necessary for~~

1 ~~the actuarial valuation of the fund and calculation of~~
2 ~~contributions, annuities and other benefits based on the reports~~
3 ~~and recommendations of the actuary. Within 30 days of their~~
4 ~~adoption, the secretary of the board shall cause those tables~~
5 ~~which relate to the calculation of annuities and other benefits~~
6 ~~to be published in the Pennsylvania Bulletin in accordance with~~
7 ~~the provisions of 45 Pa.C.S. § 725(a) (relating to additional~~
8 ~~contents of Pennsylvania Bulletin) and, unless the board~~
9 ~~specifies therein a later effective date, such tables shall~~
10 ~~become effective on such publication. The board shall include a~~
11 ~~report on the significant facts, recommendations and data~~
12 ~~developed in each five year actuarial investigation and~~
13 ~~evaluation of the system in the annual financial statement~~
14 ~~published pursuant to the requirements of subsection (m) for the~~
15 ~~fiscal year in which such investigation and evaluation were~~
16 ~~concluded.~~

17 ~~(k) Certification of employer contributions to fund. The~~
18 ~~board shall, each year in addition to the itemized budget~~
19 ~~required under section 5509 (relating to appropriations and~~
20 ~~assessments by the Commonwealth), certify, as a percentage of~~
21 ~~the members' payroll, the shared risk contribution rate, the~~
22 ~~shared gain adjustment to the regular member contribution rate,~~
23 ~~the employers' contributions as determined pursuant to section~~
24 ~~5508 (relating to actuarial cost method) necessary for the~~
25 ~~funding of prospective annuities for active members and the~~
26 ~~annuities of annuitants and certify the rates and amounts of the~~
27 ~~employers' normal contributions as determined pursuant to~~
28 ~~section 5508(b), accrued liability contributions as determined~~
29 ~~pursuant to section 5508(c), supplemental annuities contribution~~
30 ~~rate as determined pursuant to section 5508(e), the experience~~

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

21 ~~(1) Member contributions. The board shall cause all pickup~~
22 ~~contributions made on behalf of a member to be credited to the~~
23 ~~account of the member and credit to his account any other~~
24 ~~payment made by such member, including, but not limited to,~~
25 ~~amounts collected by the Public School Employees' Retirement~~
26 ~~System for the reinstatement of previous State service or~~
27 ~~creditable nonstate service and amounts paid to return benefits~~
28 ~~paid after the date of return to State service or entering~~
29 ~~school service representing lump sum payments made pursuant to~~
30 ~~section 5705(a)(4)(iii) or (a.1) (relating to member's options)~~

1 ~~and member's annuity payments, but not including other benefits~~
2 ~~returned pursuant to section 5706(a.2) or (a.3) (relating to~~
3 ~~termination of annuities), and shall pay all such amounts into~~
4 ~~the fund.~~

5 ~~(m) Annual financial statement. The board shall prepare and~~
6 ~~have published, on or before July 1 of each year, [a financial~~
7 ~~statement] financial statements as of the calendar year ending~~
8 ~~December 31 of the previous year showing the condition of the~~
9 ~~fund, the trust and the various accounts, including, but not~~
10 ~~limited to, the board's accrual and expenditure of directed~~
11 ~~commissions, and setting forth such other facts,~~
12 ~~recommendations, and data as may be of use in the advancement of~~
13 ~~knowledge concerning annuities and other benefits provided by~~
14 ~~this part. The board shall submit said financial [statement]~~
15 ~~statements to the Governor and shall file copies with the head~~
16 ~~of each department for the use of the State employees and the~~
17 ~~public.~~

18 ~~(n) Independent [audit] audits. The board shall provide for~~
19 ~~[an annual audit] annual audits of the system and the plan by~~
20 ~~[an] independent certified public [accountant, which audit]~~
21 ~~accountants. The audits shall include the board's accrual and~~
22 ~~expenditure of directed commissions. The board may use the same~~
23 ~~independent certified public accountant for the audits of both~~
24 ~~the system and the plan.~~

25 * * *

26 ~~(p) Participant and employer contributions to trust. The~~
27 ~~board shall, each year in addition to any fees and itemized~~
28 ~~budget required under section 5509, certify, as a percentage of~~
29 ~~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. Certifications~~
2 ~~under this subsection shall be regarded as final and not subject~~
3 ~~to 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.1) Participant status statements. The board shall~~
12 ~~furnish annually to each participant, on or before April 1 and~~
13 ~~more frequently as the board may agree or as required by law, a~~
14 ~~statement showing the accumulated total defined contributions~~
15 ~~credited to the participant's individual investment account, the~~
16 ~~nature and type of investments and the investment allocation of~~
17 ~~future contributions as of December 31 of the previous year, and~~
18 ~~shall request the participant to make any necessary correction~~
19 ~~or revision regarding the designated beneficiary.~~

20 * * *

21 ~~Section 323. Section 5904(c) of Title 71 is amended to read:~~

22 ~~§ 5904. Duties of the board to report to the Public School~~
23 ~~Employees' Retirement Board.~~

24 * * *

25 ~~(c) Applications for benefits for school employees. Upon~~
26 ~~receipt of notification and the required data from the Public~~
27 ~~School Employees' Retirement Board that a former State employee~~
28 ~~who elected multiple service has applied for a public school~~
29 ~~employees' retirement benefit or, in the event of his death, his~~
30 ~~legally constituted representative has applied for such benefit,~~

1 ~~the board shall:~~

2 ~~(1) certify to the Public School Employees' Retirement~~
3 ~~Board;~~

4 ~~(i) the salary history as a member of the State~~
5 ~~Employees' Retirement System and the final average salary~~
6 ~~as calculated on the basis of the compensation received~~
7 ~~as a [State and school employee] member of the system and~~
8 ~~as a member of the Public School Employees' Retirement~~
9 ~~System; and~~

10 ~~(ii) the annuity or benefit to which the member or~~
11 ~~his beneficiary is entitled as modified according to the~~
12 ~~option selected; and~~

13 ~~(2) transfer to the Public School Employees' Retirement~~
14 ~~Fund the total accumulated deductions standing to such~~
15 ~~member's credit and the actuarial reserve required on account~~
16 ~~of years of credited service in the State system, final~~
17 ~~average salary determined on the basis of his compensation as~~
18 ~~a member in both systems and the average noncovered salary to~~
19 ~~be charged to the State accumulation account, the State~~
20 ~~Police benefit account or the enforcement officers' benefit~~
21 ~~account, as each case may require.~~

22 ~~* * *~~

23 ~~Section 324. Section 5905 heading, (c.1) and (g) of Title 71~~
24 ~~are amended and the section is amended by adding subsections to~~
25 ~~read:~~

26 ~~§ 5905. Duties of the board regarding applications and~~
27 ~~elections of members and participants.~~

28 ~~* * *~~

29 ~~(c.1) Termination of service by a member. In the case of~~
30 ~~any member terminating State service who is entitled to an~~

1 annuity and who is not then a disability annuitant, the board
2 shall advise such member in writing of any benefits from the
3 system to which he may be entitled under the provisions of this
4 part and shall have the member prepare, on or before the date of
5 termination of State service, one of the following three forms,
6 a copy of which shall be given to the member and the original of
7 which shall be filed with the board:

8 (1) ~~an application for the return of total accumulated~~
9 ~~deductions;~~

10 (2) ~~if eligible, an election to vest his retirement~~
11 ~~rights and, if he is a joint coverage member and so desires,~~
12 ~~elect to become a full coverage member and agree to pay~~
13 ~~within 30 days of the date of termination of service the lump~~
14 ~~sum required; or~~

15 (3) ~~if eligible, an application for an immediate annuity~~
16 ~~and, if he desires:~~

17 (i) ~~an election to convert his medical, major~~
18 ~~medical and hospitalization insurance coverage to the~~
19 ~~plan for State annuitants; and~~

20 (ii) ~~if he is a joint coverage member, an election~~
21 ~~to become a full coverage member and an agreement to pay~~
22 ~~within 30 days of date of termination of service the lump~~
23 ~~sum required.~~

24 ~~(c.2) Termination of service by participant. In the case of~~
25 ~~a participant terminating State service, the board shall advise~~
26 ~~the participant in writing of the vested accumulated total~~
27 ~~defined contributions credited to the participant's individual~~
28 ~~investment account as of the date stated in the writing, any~~
29 ~~notices regarding rollover or other matters required by IRC or~~
30 ~~other law, the obligation of the participant to commence~~

~~1 distributions from the plan by the participant's required
2 beginning date and the ability to receive all or part of the
3 vested balance in the participant's individual investment
4 account in a lump sum or in such other form as the board may
5 authorize or as required by law.~~

~~6 * * *~~

~~7 (e.2) Notification to inactive participants approaching
8 required beginning date. The board shall notify in writing each
9 inactive participant who has terminated State service and has
10 not commenced distribution by 90 days before the participant's
11 required beginning date that the inactive participant has an
12 obligation to commence distributions by the required beginning
13 date in a form and manner required by IRC § 401(a)(9) and other
14 applicable provisions of the IRC.~~

~~15 * * *~~

~~16 (f.1) Initial payment to participants. The board shall make
17 the initial payment to a participant who has applied for a
18 distribution within 60 days of the receipt of all information
19 necessary to process the application for a distribution.~~

~~20 (g) Death benefits. Upon receipt of notification from the
21 head of a department of the death of an active member, a member
22 performing USERRA leave [or], a member on leave without pay, an
23 active participant, an inactive participant on leave without pay
24 or a former participant performing USERRA leave, the board shall
25 advise the designated beneficiary of the benefits to which he is
26 entitled, and shall make the first payment to the beneficiary
27 within 60 days of receipt of certification of death and other
28 necessary data. If no beneficiary designation is in effect at
29 the date of the member's death or no notice has been filed with
30 the board to pay the amount of the benefits to the member's~~

1 ~~estate, the board is authorized to pay the benefits to the~~
2 ~~executor, administrator, surviving spouse or next of kin of the~~
3 ~~deceased member, and payment pursuant [hereto] to this~~
4 ~~subsection shall fully discharge the fund from any further~~
5 ~~liability to make payment of such benefits to any other person.~~
6 ~~If no beneficiary designation is in effect at the date of a~~
7 ~~participant's death or no notice has been filed with the board~~
8 ~~to pay the amount of the benefits to the participant's estate,~~
9 ~~the board may pay the benefits as established in the plan~~
10 ~~document, and payment pursuant to this subsection shall fully~~
11 ~~discharge the trust from any further liability to make payment~~
12 ~~of such benefits to any other person.~~

13 * * *

14 Section 325. Section 5905.1(a), (b) and (d) of Title 71 are
15 amended to read:

16 § 5905.1. Installment payments of accumulated deductions.

17 (a) General rule. Notwithstanding any other provision of
18 this part, whenever a member elects to withdraw his total
19 accumulated deductions pursuant to section 5311(a) (relating to
20 eligibility for refunds) or 5701 (relating to return of total
21 accumulated deductions) or elects to receive a portion of his
22 benefit payable as a lump sum pursuant to section 5705(a)(4)
23 (iii) or (a.1) (relating to member's options), the member may
24 elect to receive the amount in not more than four installments.

25 (b) Payment of first installment. The payment of the first
26 installment shall be made in the amount and within seven days of
27 the date specified by the member, except as follows:

28 (1) Upon receipt of a member's application to withdraw
29 his total accumulated deductions as provided in section
30 5311(a) or 5701 and upon receipt of all required data from

1 ~~the head of the department and, if the member has Class G,~~
2 ~~Class H, Class I, Class J, Class K, Class L, Class M or Class~~
3 ~~N service, any data required from the county retirement~~
4 ~~system or pension plan to which the member was a contributor~~
5 ~~before being transferred to State employment, the board shall~~
6 ~~not be required to pay the first installment prior to 45 days~~
7 ~~after the filing of the application and the receipt of the~~
8 ~~data or the date of termination of service, whichever is~~
9 ~~later.~~

10 ~~(2) In the case of an election as provided in section~~
11 ~~5705(a)(4)(iii) or (a.1) by a member terminating service~~
12 ~~within 60 days prior to the end of a calendar year and upon~~
13 ~~receipt of all required data from the head of the department~~
14 ~~and, if the member has Class G, Class H, Class I, Class J,~~
15 ~~Class K, Class L, Class M or Class N service, any data~~
16 ~~required from the county retirement system or pension plan to~~
17 ~~which the member was a contributor before being transferred~~
18 ~~to State employment, the board shall not be required to pay~~
19 ~~the first installment prior to 21 days after the later of the~~
20 ~~filing of the application and the receipt of the data or the~~
21 ~~date of termination of service, but, unless otherwise~~
22 ~~directed by the member, the payment shall be made no later~~
23 ~~than 45 days after the filing of the application and the~~
24 ~~receipt of the data or the date of termination of service,~~
25 ~~whichever is later.~~

26 ~~(3) In the case of an election as provided in section~~
27 ~~5705(a)(4)(iii) or (a.1) by a member who is not terminating~~
28 ~~service within 60 days prior to the end of a calendar year~~
29 ~~and upon receipt of all required data from the head of the~~
30 ~~department and, if the member has Class G, Class H, Class I,~~

1 ~~Class J, Class K, Class L, Class M or Class N service, any~~
2 ~~data required from the county retirement system or pension~~
3 ~~plan to which the member was a contributor before being~~
4 ~~transferred to State employment, the board shall not be~~
5 ~~required to pay the first installment prior to 45 days after~~
6 ~~the filing of the application and the receipt of the data or~~
7 ~~the date of termination of service, whichever is later.~~

8 * * *

9 ~~(d) Statutory interest. Any lump sum, including a lump sum~~
10 ~~payable pursuant to section 5705.1 (relating to payment of~~
11 ~~accumulated deductions resulting from [Class A 3 and Class A 4]~~
12 ~~more than one class of service), or installment payable shall~~
13 ~~include statutory interest credited to the date of payment,~~
14 ~~except in the case of a member, other than a vestee or special~~
15 ~~vestee, who has not filed his application prior to 90 days~~
16 ~~following his termination of service.~~

17 ~~Section 326. Section 5906(a), (b), (d), (e), (g), (h) (i)~~
18 ~~and (l) of Title 71 are amended and the section is amended by~~
19 ~~adding subsections to read:~~

20 ~~§ 5906. Duties of heads of departments.~~

21 ~~(a) Status of members and participants. The head of~~
22 ~~department shall, at the end of each pay period, notify the~~
23 ~~board in a manner prescribed by the board of salary changes~~
24 ~~effective during that period for any members and participants of~~
25 ~~the department, the date of all removals from the payroll, and~~
26 ~~the type of leave of any members and participants of the~~
27 ~~department who have been removed from the payroll for any time~~
28 ~~during that period, and:~~

29 ~~(1) if the removal is due to leave without pay, he shall~~
30 ~~furnish the board with the date of beginning leave and the~~

1 ~~date of return to service, and the reason for leave; or~~

2 ~~(2) if the removal is due to a transfer to another~~
3 ~~department, he shall furnish such department and the board~~
4 ~~with a complete State service record, including past State~~
5 ~~service in other departments or agencies, or creditable~~
6 ~~nonstate service; or~~

7 ~~(3) if the removal is due to termination of State~~
8 ~~service, he shall furnish the board with a complete State~~
9 ~~service record, including service in other departments or~~
10 ~~agencies, or creditable nonstate service and;~~

11 ~~(i) in the case of death of the member or~~
12 ~~participant, the head of the department shall so notify~~
13 ~~the board;~~

14 ~~(ii) in the case of a service connected disability~~
15 ~~of a member, the head of department shall, to the best of~~
16 ~~his ability, investigate the circumstances surrounding~~
17 ~~the disablement of the member and submit in writing to~~
18 ~~the board information which shall include but not~~
19 ~~necessarily be limited to the following: date, place and~~
20 ~~time of disablement to the extent ascertainable; nature~~
21 ~~of duties being performed at such time; and whether or~~
22 ~~not the duties being performed were authorized and~~
23 ~~included among the member's regular duties. In addition,~~
24 ~~the head of department shall furnish in writing to the~~
25 ~~board all such other information as may be related to the~~
26 ~~member's disablement;~~

27 ~~(iii) in the case of a member terminating from The~~
28 ~~Pennsylvania State University who is a member of the~~
29 ~~system with five or more but less than ten eligibility~~
30 ~~points and who has terminated State service on June 30,~~

1 ~~1997, because of the transfer of his job position or~~
2 ~~duties to a controlled organization of the Penn State~~
3 ~~Geisinger Health System or because of the elimination of~~
4 ~~his job position or duties due to the transfer of other~~
5 ~~job positions or duties to a controlled organization of~~
6 ~~the Penn State Geisinger Health System, the head of the~~
7 ~~department shall so certify to the board.~~

8 ~~(b) Records and information regarding members and~~
9 ~~participants. At any time at the request of the board and at~~
10 ~~termination of service of a member or participant, the head of~~
11 ~~department shall furnish service and compensation records and~~
12 ~~such other information as the board may require and shall~~
13 ~~maintain and preserve such records as the board may direct for~~
14 ~~the expeditious discharge of its duties.~~

15 * * *

16 ~~(c.1) Participant and employer defined contributions. The~~
17 ~~head of department shall:~~

18 ~~(1) Cause to be made:~~

19 ~~(i) the mandatory pickup participant contributions~~
20 ~~on behalf of a participant;~~

21 ~~(ii) the deduction of any voluntary contributions~~
22 ~~authorized by a participant; and~~

23 ~~(iii) the employer defined contributions on behalf~~
24 ~~of a participant.~~

25 ~~(2) Notify the board at times and in a manner prescribed~~
26 ~~by the board of the compensation of any participant to whom~~
27 ~~the limitation under IRC § 401(a)(17) either applies or is~~
28 ~~expected to apply and cause the participant's contributions~~
29 ~~to be deducted from payroll to cease at the limitation under~~
30 ~~IRC § 401(a)(17) on the payroll date if and when such limit~~

1 ~~shall be reached.~~

2 ~~(3) Certify to the State Treasurer the amounts picked up~~
3 ~~and deducted and the employer defined contributions being~~
4 ~~made and send the total amount picked up, deducted and~~
5 ~~contributed together with a duplicate of the voucher to the~~
6 ~~secretary of the board every pay period or on such schedule~~
7 ~~as established by the board.~~

8 ~~(d) New employees subject to mandatory membership or~~
9 ~~participation. Upon the assumption of duties of each new State~~
10 ~~employee whose membership in the system or plan is mandatory,~~
11 ~~the head of department shall cause an application for membership~~
12 ~~or participation and a nomination of beneficiary to be made by~~
13 ~~such employee and filed with the board and shall make pickup~~
14 ~~contributions or mandatory pickup participant contributions from~~
15 ~~the effective date of State employment.~~

16 ~~(e) New employees subject to optional membership or~~
17 ~~participation. The head of department shall, upon the~~
18 ~~employment or entering into office of any State employee whose~~
19 ~~membership in the system or participation in the plan is not~~
20 ~~mandatory, inform such employee of his opportunity to become a~~
21 ~~member of the system or a participant in the plan. If such~~
22 ~~employee so elects, the head of department shall cause an~~
23 ~~application for membership or participation and a nomination of~~
24 ~~beneficiary to be made by him and filed with the board and shall~~
25 ~~cause proper contributions to be made from the effective date of~~
26 ~~membership or participation.~~

27 * * *

28 ~~(g) Former school employee contributors. The head of~~
29 ~~department shall, upon the employment of a former contributor to~~
30 ~~the Public School Employees' Retirement System who is not an~~

1 annuitant of the Public School Employees' Retirement System,
2 advise such employee [of his] if he has a right to elect within
3 365 days of entry into the system to become a multiple service
4 member, and in the case of any such employee who so elects and
5 has withdrawn his accumulated deductions, require him to
6 reinstate his credit in the Public School Employees' Retirement
7 System. The head of the department shall advise the board of
8 such election.

9 ~~(h) Former school employee annuitants. The head of~~
10 ~~department shall, upon the employment of an annuitant of the~~
11 ~~Public School Employees' Retirement System who applies for~~
12 ~~membership in the system, advise such employee [that] if he may~~
13 ~~elect multiple service membership within 365 days of entry into~~
14 ~~the system and if he so elects his public school employee's~~
15 ~~annuity will be discontinued effective upon the date of his~~
16 ~~return to State service and, upon termination of State service~~
17 ~~and application for an annuity, the annuity will be adjusted in~~
18 ~~accordance with section 5706 (relating to termination of~~
19 ~~annuities). The head of department shall advise the board of~~
20 ~~such election.~~

21 ~~(i) Annual statement to members. Annually, upon receipt~~
22 ~~from the board, the head of department shall furnish to each~~
23 ~~member the statement specified in section 5903(b) (relating to~~
24 ~~duties of the board to advise and report to heads of departments~~
25 ~~[and], members and participants).~~

26 * * *

27 ~~(l) State employees performing USERRA or military related~~
28 ~~leave of absence. The head of department shall report to the~~
29 ~~board any State employee who ceases to be an active member or~~
30 ~~active participant to perform USERRA service, or who is granted~~

1 ~~a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves~~
2 ~~of absence for certain government employees) or a military leave~~
3 ~~of absence under 51 Pa.C.S. § 7302 (relating to granting~~
4 ~~military leaves of absence), the date on which the USERRA~~
5 ~~service, leave of absence or military leave of absence began,~~
6 ~~the date on which the State employee is reemployed from USERRA~~
7 ~~leave or returns after the leave of absence or military leave of~~
8 ~~absence, if the event occurs, and any other information the~~
9 ~~board may require or direct.~~

10 * * *

11 ~~(n) Employees receiving payments for overtime service or~~
12 ~~duties. The head of the department shall report to the board in~~
13 ~~a form and manner established by the board any payments made to,~~
14 ~~and hours worked by, a Class A 5 exempt employee for overtime~~
15 ~~service or duties and identify which of those payments and hours~~
16 ~~were for voluntary overtime.~~

17 Section 327. Section 5907 heading, (a), (b) (1), (d), (e),
18 (f), (g) and (h) of Title 71 are amended and the section is
19 amended by adding subsections to read:

20 § 5907. Rights and duties of State employees [and] members and
21 participants.

22 (a) Information on new employees. Upon his assumption of
23 duties each new State employee shall furnish the head of
24 department with a complete record of his previous State service,
25 his school service or creditable nonstate service, and proof of
26 his date of birth and current status in the system and the plan
27 and in the Public School Employees' Retirement System and the
28 School Employees' Defined Contribution Plan. Willful failure to
29 provide the information required by this subsection to the
30 extent available upon entrance into the system shall result in

1 ~~the forfeiture of the right of the member to subsequently assert~~
2 ~~any right to benefits based on any of the required information~~
3 ~~which he failed to provide. In any case in which the board finds~~
4 ~~that a member is receiving an annuity based on false~~
5 ~~information, the total amount received predicated on such false~~
6 ~~information together with statutory interest doubled and~~
7 ~~compounded shall be deducted from the present value of any~~
8 ~~remaining benefits to which the member is legally entitled.~~

9 ~~(b) Application for membership.~~

10 ~~(1) In the case of a new employee who is not currently a~~
11 ~~member of the system, and whose membership is mandatory or in~~
12 ~~the case of a new employee whose membership in the system is~~
13 ~~not mandatory but is permitted and who desires to become a~~
14 ~~member of the system, the new employee shall execute an~~
15 ~~application for membership and a nomination of beneficiary.~~

16 * * *

17 ~~(b.1) Application for participation. On or after January 1,~~
18 ~~2018, the following types of employees shall execute an~~
19 ~~application for participation and a nomination of a beneficiary:~~

20 ~~(1) An employee who is not currently a participant in~~
21 ~~the plan and whose participation is mandatory.~~

22 ~~(2) An employee whose participation is not mandatory but~~
23 ~~is permitted and who desires to become a participant in the~~
24 ~~plan.~~

25 * * *

26 ~~(d) Credit for previous service or change in membership~~
27 ~~status. Any active member or eligible school employee who~~
28 ~~desires to receive credit for the portion of his total previous~~
29 ~~State service or creditable nonstate service to which he is~~
30 ~~entitled, or a joint coverage member who desires to become a~~

1 ~~full coverage member, shall so notify the board and upon written~~
2 ~~agreement by the member and the board as to the manner of~~
3 ~~payment of the amount due, the member shall receive credit for~~
4 ~~such service as of the date of such agreement subject to the~~
5 ~~provisions in this part relating to the limitations under IRC §~~
6 ~~415.~~

7 * * *

8 ~~(d.2) Contributions for USERRA leave. Any active~~
9 ~~participant or inactive participant on leave without pay or~~
10 ~~former participant who was reemployed from USERRA leave who~~
11 ~~desires to make mandatory pickup participant contributions and~~
12 ~~voluntary contributions for his USERRA leave shall notify the~~
13 ~~board within the time period required under 38 U.S.C. Ch. 43~~
14 ~~(relating to employment and reemployment rights of members of~~
15 ~~the uniformed services) and IRC § 414(u) of his desire to make~~
16 ~~such contributions. Upon the participant making the permitted~~
17 ~~mandatory pickup participant contributions within the allowed~~
18 ~~time period, the head of department shall make the corresponding~~
19 ~~employer defined contributions at the same time.~~

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

27 ~~(e) Beneficiary for death benefits from system. Every~~
28 ~~member shall nominate a beneficiary by written designation filed~~
29 ~~with the board as provided in section 5906(d) or (e) (relating~~
30 ~~to duties of heads of departments) to receive the death benefit~~

1 ~~payable under section 5707 (relating to death benefits) or the~~
2 ~~benefit payable under the provisions of Option 1 of section~~
3 ~~5705(a) (1) (relating to member's options). Such nomination may~~
4 ~~be changed at any time by the member by written designation~~
5 ~~filed with the board. A member may also nominate a contingent~~
6 ~~beneficiary or beneficiaries to receive the death benefit~~
7 ~~provided under section 5707 or the benefit payable under the~~
8 ~~provisions of Option 1 of section 5705(a) (1).~~

9 ~~(e.1) Beneficiary for death benefits from the plan. Every~~
10 ~~participant shall nominate a beneficiary by written designation~~
11 ~~filed with the board as provided in section 5906(d) or (e) to~~
12 ~~receive the death benefit payable under section 5808 (relating~~
13 ~~to death benefits). A participant may also nominate a contingent~~
14 ~~beneficiary or beneficiaries to receive the death benefit~~
15 ~~provided under section 5808. Such nominations may be changed at~~
16 ~~any time by the participant by written designation filed with~~
17 ~~the board.~~

18 ~~(e.2) Beneficiaries for employees who are members and~~
19 ~~participants. A State employee who is both a member of the~~
20 ~~system and a participant in the plan may designate or nominate~~
21 ~~different persons to be beneficiaries, survivor annuitants and~~
22 ~~successor payees for his benefits from the system and the plan.~~

23 ~~(f) Termination of service by members. Each member who~~
24 ~~terminates State service and who is not then a disability~~
25 ~~annuitant shall execute on or before the date of termination of~~
26 ~~service the appropriate application, duly attested by the member~~
27 ~~or his legally constituted representative, electing to:~~

- 28 ~~(1) withdraw his total accumulated deductions; or~~
29 ~~(2) if eligible, vest his retirement rights; 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; or~~

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

4 ~~(i) if eligible, elect to convert his medical, major~~
5 ~~medical, and hospitalization coverage to the plan for~~
6 ~~State annuitants; and~~

7 ~~(ii) if he is a joint coverage member, elect to~~
8 ~~become a full coverage member and agree to pay within 30~~
9 ~~days of date of termination of service the lump sum~~
10 ~~required.~~

11 ~~(g) Vesting of retirement rights. If a member elects to~~
12 ~~vest his retirement rights he shall nominate a beneficiary by~~
13 ~~written designation filed with the board and he may anytime~~
14 ~~thereafter, but no later than his required beginning date,~~
15 ~~withdraw the total accumulated deductions standing to his credit~~
16 ~~or apply for an annuity[.], provided, however, that no annuity~~
17 ~~resulting from Class A 5 service or Class A 6 service shall be~~
18 ~~paid before the member attains age 62.~~

19 ~~(g.1) Deferral of retirement rights. If a participant~~
20 ~~terminates State service and does not commence receiving a~~
21 ~~distribution, he shall nominate a beneficiary, and he may~~
22 ~~anytime thereafter, but no later than his required beginning~~
23 ~~date, withdraw the vested accumulated total defined~~
24 ~~contributions standing to his credit or apply for another form~~
25 ~~of distribution required by law or authorized by the board.~~

26 ~~(h) Vestees and special vestees attaining superannuation~~
27 ~~age. Upon attainment of superannuation age a vestee or special~~
28 ~~vestee shall execute and file an application for an annuity. Any~~
29 ~~such application filed within 90 days after attaining~~
30 ~~superannuation age shall be effective as of the date of~~

1 ~~attainment of superannuation age. Any application filed after~~
2 ~~such period shall be filed by the member's required beginning~~
3 ~~date and shall be effective as of the date it is filed with the~~
4 ~~board, subject to the provisions of section 5905(f) (relating to~~
5 ~~duties of the board regarding applications and elections of~~
6 ~~members and participants).~~

7 * * *

8 ~~Section 328. Sections 5931(b), 5932, 5933(a), 5934, 5935,~~
9 ~~5936, 5937, 5938, 5939, 5951, 5953, 5953.1, 5953.2, 5953.3 and~~
10 ~~5953.4(a) of Title 71 are amended to read:~~

11 ~~§ 5931. Management of fund and accounts.~~

12 * * *

13 ~~(b) Crediting of interest. The board, annually, shall allow~~
14 ~~the required interest on the mean amount for the preceding year~~
15 ~~to the credit of each of the accounts other than the individual~~
16 ~~investment accounts. The amount so allowed shall be credited~~
17 ~~thereto by the board and transferred from the interest reserve~~
18 ~~account.~~

19 * * *

20 ~~§ 5932. State Employees' Retirement Fund.~~

21 ~~(a) General rule. The fund shall consist of all balances in~~
22 ~~the several separate accounts set apart to be used under the~~
23 ~~direction of the board for the benefit of members of the system;~~
24 ~~and the Treasury Department shall credit to the fund all moneys~~
25 ~~received from the Department of Revenue arising from the~~
26 ~~contributions relating to or on behalf of members of the system~~
27 ~~required under the provisions of Chapter 55 (relating to~~
28 ~~contributions), and any income earned by the investments or~~
29 ~~moneys of said fund. There shall be established and maintained~~
30 ~~by the board the several ledger accounts specified in sections~~

1 ~~5933 (relating to members' savings account), 5934 (relating to~~
2 ~~State accumulation account), 5935 (relating to annuity reserve~~
3 ~~account), 5936 (relating to State Police benefit account), 5937~~
4 ~~(relating to enforcement officers' benefit account), 5938~~
5 ~~(relating to supplemental annuity account) and 5939 (relating to~~
6 ~~interest reserve account).~~

7 ~~(b) Individual investment accounts and trust. The~~
8 ~~individual investment accounts that are part of the trust shall~~
9 ~~not be part of the fund. Mandatory pickup participant~~
10 ~~contributions, voluntary contributions and employer defined~~
11 ~~contributions made under this part and any income earned by the~~
12 ~~investment of such contributions shall not be paid or credited~~
13 ~~to the fund but shall be paid to the trust and credited to the~~
14 ~~individual investment accounts.~~

15 ~~§ 5933. Members' savings account.~~

16 ~~(a) Credits to account. The members' savings account shall~~
17 ~~be the ledger account to which shall be credited the amounts of~~
18 ~~the pickup contributions made by the Commonwealth or other~~
19 ~~employer and contributions or lump sum payments made by active~~
20 ~~members in accordance with the provisions of sections 5501~~
21 ~~(relating to regular member contributions for current service),~~
22 ~~5501.1 (relating to shared risk member contributions [for Class~~
23 ~~A 3 and Class A 4 service] and shared gain adjustments to~~
24 ~~regular member contributions), 5502 (relating to social security~~
25 ~~integration member contributions), 5503 (relating to joint~~
26 ~~coverage member contributions), 5504 (relating to member~~
27 ~~contributions for the purchase of credit for previous State~~
28 ~~service or to become a full coverage member), 5505.1 (relating~~
29 ~~to additional member contributions) and 5505 (relating to~~
30 ~~contributions for the purchase of credit for creditable nonstate~~

1 ~~service) and transferred from the members' savings account of~~
2 ~~the Public School Employees' Retirement System in accordance~~
3 ~~with the provisions of section 5303.2 (relating to election to~~
4 ~~convert school service to State service).~~

5 ~~***~~

6 ~~§ 5934. State accumulation account.~~

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

1 ~~shall be transferred from the State accumulation account to the~~
2 ~~annuity reserve account provided for in section 5935 (relating~~
3 ~~to annuity reserve account), except that the reserves necessary~~
4 ~~on account of a member who is an officer of the Pennsylvania~~
5 ~~State Police or an enforcement officer shall be transferred from~~
6 ~~the State accumulation account to the State Police benefit~~
7 ~~account provided for in section 5936 (relating to State Police~~
8 ~~benefit account) or to the enforcement officers' benefit account~~
9 ~~as provided for in section 5937 (relating to enforcement~~
10 ~~officers' benefit account) as the case may be. The reserves~~
11 ~~necessary for the payment of supplemental annuities in excess of~~
12 ~~those reserves credited to the supplemental annuity account on~~
13 ~~June 30, 2010, shall be transferred from the State accumulation~~
14 ~~account to the supplemental annuity account. In the event that~~
15 ~~supplemental annuities are increased by legislation enacted~~
16 ~~after December 31, 2009, the necessary reserves shall be~~
17 ~~transferred from the State accumulation account to the~~
18 ~~supplemental annuity account.~~

19 ~~§ 5935. Annuity reserve account.~~

20 ~~(a) Credits and charges to account. The annuity reserve~~
21 ~~account shall be the ledger account to which shall be credited~~
22 ~~the reserves held for payment of annuities and death benefits on~~
23 ~~account of all annuitants except in the case of members who are~~
24 ~~officers of the Pennsylvania State Police or enforcement~~
25 ~~officers. The annuity reserve account shall be credited with~~
26 ~~valuation interest. After the transfers provided in sections~~
27 ~~5933 (relating to members' savings account), 5934 (relating to~~
28 ~~State accumulation account) and 5938 (relating to supplemental~~
29 ~~annuity account), all annuity and death benefit payments~~
30 ~~resulting from membership in the system except those payable to~~

~~1 any member who retires as an officer of the Pennsylvania State
2 Police or an enforcement officer shall be charged to the annuity
3 reserve account and paid from the fund.~~

~~4 (b) Transfers from account. Should an annuitant other than
5 a member who was retired as an officer of the Pennsylvania State
6 Police or an enforcement officer be subsequently restored to
7 active service as a member of the system or as a participant in
8 the plan, the present value of his member's annuity at the time
9 of reentry into State service shall be transferred from the
10 annuity reserve account and placed to his individual credit in
11 the members' savings account. In addition, the actuarial reserve
12 for his annuity less the amount transferred to the members'
13 savings account shall be transferred from the annuity reserve
14 account to the State accumulation account.~~

~~15 § 5936. State Police benefit account.~~

~~16 (a) Credits and charges to account. The State Police
17 benefit account shall be the ledger account to which shall be
18 credited all contributions received under the provisions of the
19 act of May 12, 1943 (P.L.259, No.120), referred to as the
20 Foreign Casualty Insurance Premium Tax Allocation Law, and any
21 additional Commonwealth or other employer contributions provided
22 for in section 5507 (relating to contributions to the system by
23 the Commonwealth and other employers) which are creditable to
24 the State Police benefit account. The State Police benefit
25 account shall be credited with the required interest. In
26 addition, upon the filing of an application for an annuity by a
27 member who is an officer of the Pennsylvania State Police, the
28 total accumulated deductions standing to the credit of the
29 member in the members' savings account and the necessary
30 reserves from the State accumulation account shall be~~

1 transferred to the State Police benefit account. Thereafter, the
2 total annuity of such annuitant shall be charged to the State
3 Police benefit account and paid from the fund.

4 (b) ~~Transfers from account. Should the said annuitant be~~
5 ~~subsequently restored to active service as a member of the~~
6 ~~system or as a participant in the plan, the present value of the~~
7 ~~member's annuity at the time of reentry into State service shall~~
8 ~~be transferred from the State Police benefit account and placed~~
9 ~~to his individual credit in the members' savings account. In~~
10 ~~addition, the actuarial reserve for his annuity calculated as if~~
11 ~~he had been a member of Class A if he has Class A or Class C~~
12 ~~service credited; as if he had been a member of Class A 3 if the~~
13 ~~annuitant has Class A 3 State service credited; [or] as if he~~
14 ~~had been a member of Class A 4 if the annuitant has Class A 4~~
15 ~~service credited; as if he had been a member of Class A 5 if the~~
16 ~~annuitant has Class A 5 service credited; or as if he had been a~~
17 ~~member of Class A 6 if the annuitant has Class A 6 service~~
18 ~~credited, less the amount transferred to the members' savings~~
19 ~~account shall be transferred from the State Police benefit~~
20 ~~account to the State accumulation account. Upon subsequent~~
21 ~~retirement other than as an officer of the Pennsylvania State~~
22 ~~Police the actuarial reserve remaining in the State Police~~
23 ~~benefit account shall be transferred to the appropriate reserve~~
24 ~~account.~~

25 § 5937. ~~Enforcement officers' benefit account.~~

26 (a) ~~Credits and charges to account. The enforcement~~
27 ~~officers' benefit account shall be the ledger account to which~~
28 ~~shall be credited moneys transferred from the enforcement~~
29 ~~officers' retirement account in the State Stores Fund according~~
30 ~~to the provisions of the act of April 12, 1951 (P.L.90, No.21),~~

1 ~~known as the Liquor Code, and any additional Commonwealth or~~
2 ~~other employer contributions provided for in section 5507-~~
3 ~~(relating to contributions to the system by the Commonwealth and~~
4 ~~other employers) which are creditable to the enforcement-~~
5 ~~officers' benefit account. The enforcement officers' benefit-~~
6 ~~account shall be credited with the required interest. In-~~
7 ~~addition, upon the filing of an application for an annuity by a~~
8 ~~member who is an enforcement officer of the Pennsylvania Liquor-~~
9 ~~Control Board, the total accumulated deductions standing to the-~~
10 ~~credit of the member in the members' savings account and the-~~
11 ~~necessary reserves from the State accumulation account shall be-~~
12 ~~transferred to the enforcement officers' benefit account.-~~
13 ~~Thereafter, the total annuity of such annuitant shall be charged-~~
14 ~~to the enforcement officers' benefit account and paid from the-~~
15 ~~fund.~~

16 ~~(b) Transfers from account. Should the said annuitant be-~~
17 ~~subsequently restored to active service as a member of the~~
18 ~~system or as a participant in the plan, the present value of the-~~
19 ~~member's annuity at the time of reentry into State service shall-~~
20 ~~be transferred from the enforcement officers' benefit account-~~
21 ~~and placed to his individual credit in the members' savings-~~
22 ~~account. In addition, the actuarial reserve for his annuity-~~
23 ~~calculated as if he had been a member of Class A if the-~~
24 ~~annuitant does not have any Class AA, Class A 3 [or], Class A 4,~~
25 ~~Class A 5 or Class A 6 service credited; as if he had been a-~~
26 ~~member of Class AA if the annuitant does have Class AA service-~~
27 ~~credited; as if he had been a member of Class A 3 if the-~~
28 ~~annuitant has Class A 3 State service credited; [or] as if he-~~
29 ~~had been a member of Class A 4 if the annuitant has Class A 4-~~
30 ~~service credited; as if he had been a member of Class A 5 if the~~

~~1 annuitant has Class A 5 service credited; or as if he had been a
2 member of Class A 6 if the annuitant has Class A 6 service
3 credited, less the amount transferred to the members' savings
4 account shall be transferred from the enforcement officers'
5 benefit account to the State accumulation account. Upon
6 subsequent retirement other than as an enforcement officer the
7 actuarial reserve remaining in the enforcement officers' benefit
8 account shall be transferred to the appropriate reserve account.
9 § 5938. Supplemental annuity account.~~

~~10 The supplemental annuity account shall be the ledger account
11 to which shall be credited all contributions from the
12 Commonwealth and other employers in accordance with section
13 5507(b) (relating to contributions to the system by the
14 Commonwealth and other employers) for the payment of the
15 supplemental annuities provided in sections 5708 (relating to
16 supplemental annuities), 5708.1 (relating to additional
17 supplemental annuities), 5708.2 (relating to further additional
18 supplemental annuities), 5708.3 (relating to supplemental
19 annuities commencing 1994), 5708.4 (relating to special
20 supplemental postretirement adjustment), 5708.5 (relating to
21 supplemental annuities commencing 1998), 5708.6 (relating to
22 supplemental annuities commencing 2002), 5708.7 (relating to
23 supplemental annuities commencing 2003) and 5708.8 (relating to
24 special supplemental postretirement adjustment of 2002) made
25 before July 1, 2010, the amount transferred from the State
26 accumulation account to provide all additional reserves
27 necessary as of June 30, 2010, to pay such supplemental
28 annuities and adjustments, and the amounts transferred from the
29 State accumulation account to provide all additional reserves
30 necessary as a result of supplemental annuities enacted after~~

1 ~~December 31, 2009. The supplemental annuity account shall be~~
2 ~~credited with valuation interest. The reserves necessary for the~~
3 ~~payment of such supplemental annuities shall be transferred from~~
4 ~~the supplemental annuity account to the annuity reserve account~~
5 ~~as provided in section 5935 (relating to annuity reserve~~
6 ~~account).~~

7 ~~§ 5939. Interest reserve account.~~

8 ~~The interest reserve account shall be the ledger account to~~
9 ~~which shall be credited all income earned by the fund and to~~
10 ~~which shall be charged all administrative and investment~~
11 ~~expenses incurred by the fund. At the end of each year the~~
12 ~~required interest shall be transferred from the interest reserve~~
13 ~~account to the credit of each of the accounts of the fund in~~
14 ~~accordance with the provisions of this subchapter. In addition,~~
15 ~~at the end of each accounting period, the interest reserve~~
16 ~~account shall be credited or charged with all recognized changes~~
17 ~~in the market valuation of the investments of the fund. The~~
18 ~~administrative and investment expenses of the board relating to~~
19 ~~the administration of the system and investments of the fund~~
20 ~~shall be paid from the fund out of earnings. Any surplus or~~
21 ~~deficit in the interest reserve account at the end of each year~~
22 ~~shall be transferred to the State accumulation account.~~

23 ~~§ 5951. State guarantee regarding the system.~~

24 ~~The required 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 obligation of the~~
3 ~~plan or trust.~~

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

5 ~~(a) General rule.—~~

6 ~~(1) Except as provided in paragraphs (2), (3) and (4),~~
7 ~~the right of a person to any benefit or right accrued or~~
8 ~~accruing under the provisions of this part and the moneys in~~
9 ~~the fund and the trust are hereby exempt from any State or~~
10 ~~municipal tax, levy and sale, garnishment, attachment,~~
11 ~~spouse's election, the provisions of Article XIII.1 of the~~
12 ~~act of April 9, 1929 (P.L.343, No.176), known as The Fiscal~~
13 ~~Code, or any other process whatsoever, and no participant or~~
14 ~~beneficiary, successor payee or alternate payee of a~~
15 ~~participant shall have the ability to commute, sell, assign,~~
16 ~~alienate, anticipate, mortgage, pledge, hypothecate,~~
17 ~~commutate or otherwise transfer or convey any benefit or~~
18 ~~interest in an individual investment account or rights to~~
19 ~~receive or direct distributions under this part or under~~
20 ~~agreements entered into under this part except as provided in~~
21 ~~this part, and in the case of either a member or a~~
22 ~~participant except for a set off by the Commonwealth in the~~
23 ~~case provided in this paragraph, and shall be unassignable~~
24 ~~except to the Commonwealth in the case of a member or~~
25 ~~participant who is terminating State service and has been~~
26 ~~determined to be obligated to the Commonwealth for the~~
27 ~~repayment of money owed on account of his employment.~~

28 ~~(2) (i) Rights under this part shall be subject to~~
29 ~~forfeiture as provided by the act of July 8, 1978—~~

30 ~~(P.L.752, No.140), known as the Public Employee Pension—~~

1 ~~Forfeiture Act, and by or pursuant to section 16(b) of~~
2 ~~Article V of the Constitution of Pennsylvania.~~
3 ~~Forfeitures under this subsection or under any other~~
4 ~~provision of law may not be applied to increase the~~
5 ~~benefits that any member would otherwise receive under~~
6 ~~this part.~~

7 ~~(ii) In accordance with section 16(b) of Article V~~
8 ~~of the Constitution of Pennsylvania and notwithstanding~~
9 ~~this paragraph, the act of July 8, 1978 (P.L.752,~~
10 ~~No.140), known as the Public Employee Pension Forfeiture~~
11 ~~Act, or 42 Pa.C.S. § 3352 (relating to pension rights),~~
12 ~~the accumulated mandatory participant contributions and~~
13 ~~accumulated voluntary contributions standing to the~~
14 ~~credit of a participant shall not be forfeited but shall~~
15 ~~be available for payment of fines and restitution as~~
16 ~~provided by law. In accordance with section 16(b) of~~
17 ~~Article V of the Constitution of Pennsylvania, amounts in~~
18 ~~the trust that have been ordered to be distributed to an~~
19 ~~alternate payee as the result of an equitable~~
20 ~~distribution of marital property as part of an approved~~
21 ~~domestic relations order entered before the date of the~~
22 ~~order or action in a court or other tribunal resulting in~~
23 ~~a forfeiture of a participant's interest in the trust~~
24 ~~shall not be subject to the provisions of the Public~~
25 ~~Employee Pension Forfeiture Act or 42 Pa.C.S. § 3352. Any~~
26 ~~accumulated employer defined contributions forfeited as a~~
27 ~~result of this paragraph or other law shall be retained~~
28 ~~by the board and notwithstanding sections 5812(2)~~
29 ~~(relating to powers and duties of board), 5815 (relating~~
30 ~~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 §~~

1 ~~408(a) and (b).~~

2 ~~(b) Authorized payments from fund and trust.~~

3 ~~(1) The board shall be authorized to pay from the fund~~
4 ~~and the trust in the case of a member or participant who is~~
5 ~~terminating service, the amount determined after~~
6 ~~certification by the head of the department that the member~~
7 ~~or participant is so obligated, and after review and approval~~
8 ~~by the department or agency's legal representative or upon~~
9 ~~receipt of an assignment from the member or participant in~~
10 ~~the amount so certified[.], except that no payment shall be~~
11 ~~made from the individual investment account of a participant~~
12 ~~until the participant otherwise applies for and receives a~~
13 ~~distribution and shall not exceed the amount of the~~
14 ~~distribution.~~

15 ~~(2) In the case of a participant whose former spouse is~~
16 ~~an alternate payee of an equitable distribution of marital~~
17 ~~assets under an approved domestic relations order, a lump sum~~
18 ~~of the alternate payee's interest in the participant's vested~~
19 ~~accumulated total defined contributions. This paragraph shall~~
20 ~~apply without regard to whether the participant has not~~
21 ~~terminated, is terminating or has terminated State service.~~

22 ~~§ 5953.1. Approval of domestic relations orders.~~

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

28 ~~(1) Requires the system to provide any type or form of~~
29 ~~benefit or any option applicable to members already provided~~
30 ~~under this part.~~

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

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

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

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

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

22 ~~(7) Requires the member to execute an authorization~~
23 ~~allowing each alternate payee to monitor the member's~~
24 ~~compliance with the terms of the domestic relations order~~
25 ~~through access to information concerning the member~~
26 ~~maintained by the system. An authorization granted under this~~
27 ~~section shall be construed as an authorization for the~~
28 ~~alternate payee to receive information concerning the~~
29 ~~administration, calculation and payment of the alternate~~
30 ~~payee's share of the benefits payable under this part and not~~

1 ~~as an authorization to exercise the rights afforded to~~
2 ~~members or obtain information which is not related to the~~
3 ~~administration, calculation and payment of alternate payee's~~
4 ~~share of the benefits payable under this part.~~

5 ~~(a.1) Certification regarding participants. A domestic~~
6 ~~relations order pertaining to a participant shall be certified~~
7 ~~as an approved domestic relations order by the secretary of the~~
8 ~~board, or his designated representative, only if the order meets~~
9 ~~all of the following:~~

10 ~~(1) Does not require the plan to provide a type or form~~
11 ~~of benefit or an option applicable to members of the system~~
12 ~~or participants in the plan.~~

13 ~~(2) Does not require the segregation of the alternate~~
14 ~~payee's share of the participant's individual investment~~
15 ~~account into a subaccount or newly established individual~~
16 ~~account titled in the name of the alternate payee.~~

17 ~~(3) Does not require the plan to recover or distribute~~
18 ~~any funds that were distributed to the participant or at the~~
19 ~~participant's direction prior to the approval of the domestic~~
20 ~~relations order by the secretary of the board or his~~
21 ~~designated representative.~~

22 ~~(4) Requires the plan to pay to the alternate payee no~~
23 ~~more than the lesser of the vested amount of the~~
24 ~~participant's individual investment account specified by the~~
25 ~~domestic relations order or the vested amount of the~~
26 ~~participant's individual investment account as of the date of~~
27 ~~the transfer of the alternate payee's share to the alternate~~
28 ~~payee.~~

29 ~~(5) States that the plan shall not be required to recoup~~
30 ~~or make good for losses in value to the participant's~~

~~individual investment account incurred between the date of the valuation of the account used for equitable distribution purposes and the date of distribution to the alternate payee.~~

~~(6) Specifies the amount or percentage of the participant's individual investment account to be paid to the alternate payee and the date upon which the valuation is based.~~

~~(7) Specifies the name and last known mailing address, if any, of the participant and the name and last known mailing address of each alternate payee covered by the order and states that it is the responsibility of each alternate payee to keep a current mailing address on file with the plan.~~

~~(8) Does not grant an alternate payee the rights, privileges or options available to a participant.~~

~~(9) Requires the participant to execute an authorization allowing each alternate payee to monitor the participant's compliance with the terms of the domestic relations order through access to information concerning the participant maintained by the plan. An authorization granted under this section shall be construed as an authorization for the alternate payee to receive information concerning the participant that relates to the administration, calculation and payment of the alternate payee's share of the participant's account and not as an authorization to exercise the rights afforded to participants or obtain information that is not related to the administration, calculation and payment of alternate payee's share of the participant's individual investment account.~~

~~(10) Requires the immediate distribution of the~~

~~1 alternate payee's share of the participant's individual
2 investment account, which may be made by direct payment,
3 eligible rollover or trustee to trustee transfer to another
4 eligible plan or qualified account owned by the alternate
5 payee.~~

~~6 (11) In the case of a participant who is currently
7 receiving distributions from the plan as of the date the
8 domestic relations order is approved by the secretary of the
9 board or his designated representative, may not order the
10 board to pay the alternate payee more than the vested balance
11 available in the participant's individual investment account
12 as of the date the order is approved or require that
13 distributions continue to the alternate payee after the death
14 of the participant and final settlement of the participant's
15 individual investment account.~~

~~16 (b) Determination by secretary. Within a reasonable period
17 after receipt of a domestic relations order, the secretary of
18 the board, or his designated representative, shall determine
19 whether this order is an approved domestic relations order and
20 notify the member or participant and each alternate payee of
21 this determination. Notwithstanding any other provision of law,
22 the exclusive remedy of any member, participant or alternate
23 payee aggrieved by a decision of the secretary of the board, or
24 his designated representative, shall be the right to an
25 adjudication by the board under 2 Pa.C.S. Ch. 5 Subch. A
26 (relating to practice and procedure) with appeal therefrom to
27 the Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to
28 judicial review) and 42 Pa.C.S. § 763(a)(1) (relating to direct
29 appeals from government agencies).~~

~~30 (c) Other orders. The requirements for approval identified~~

1 in [subsection (a)] ~~subsections (a) and (a.1)~~ shall not apply to
2 any domestic relations order which is an order for support as
3 the term is defined at 23 Pa.C.S. § 4302 (relating to
4 definitions) or an order for the enforcement of arrearages as
5 provided in 23 Pa.C.S. § 3703 (relating to enforcement of
6 arrearages). These orders shall be approved to the extent that
7 they do not attach moneys in excess of the limits on attachments
8 as established by the laws of the United States and this
9 Commonwealth[.], ~~require distributions of benefits in a manner~~
10 ~~that would violate the laws of the United States, any other~~
11 ~~state or this Commonwealth or require the distribution of funds~~
12 ~~for support or enforcement of arrearages against a participant~~
13 ~~who is not receiving distributions from the plan at the time the~~
14 ~~order is entered. These orders may be approved notwithstanding~~
15 ~~any other provision of this part or the plan that would require~~
16 ~~a distribution of accumulated employer defined contributions in~~
17 ~~the form of an annuity or to require the purchase of an annuity.~~

18 ~~(d) Obligation discharged. Only the requirements of this~~
19 ~~part and any regulations promulgated hereunder shall be used to~~
20 ~~govern the approval or disapproval of a domestic relations~~
21 ~~order. Therefore, if the secretary of the board, or his~~
22 ~~designated representative, acts in accordance with the~~
23 ~~provisions of this part and any promulgated regulations in~~
24 ~~approving or disapproving a domestic relations order, then the~~
25 ~~obligations of the system or the plan with respect to such~~
26 ~~approval or disapproval shall be discharged.~~

27 ~~§ 5953.2. Irrevocable beneficiary.~~

28 ~~Notwithstanding any other provision of this part, a domestic~~
29 ~~relations order may provide for an irrevocable beneficiary. A~~
30 ~~domestic relations order requiring the nomination of an~~

1 ~~irrevocable beneficiary shall be deemed to be one that requires~~
2 ~~a member or participant to nominate an alternate payee as a~~
3 ~~beneficiary and that prohibits the removal or change of that~~
4 ~~beneficiary without approval of a court of competent~~
5 ~~jurisdiction, except by operation of law. Such a domestic~~
6 ~~relations order may be certified as an approved domestic~~
7 ~~relations order by the secretary of the board, or his designated~~
8 ~~representative, after the member or participant makes such~~
9 ~~nomination, in which case the irrevocable beneficiary so ordered~~
10 ~~by the court cannot be changed by the member or participant~~
11 ~~without approval by the court.~~

12 ~~§ 5953.3. Irrevocable survivor annuitant.~~

13 ~~Notwithstanding any other provisions of this part, a domestic~~
14 ~~relations order pertaining to a member may provide for an~~
15 ~~irrevocable survivor annuitant. A domestic relations order~~
16 ~~requiring the designation of an irrevocable survivor annuitant~~
17 ~~shall be deemed to be one that requires a member to designate an~~
18 ~~alternate payee as a survivor annuitant and that prohibits the~~
19 ~~removal or change of that survivor annuitant without approval of~~
20 ~~a court of competent jurisdiction, except by operation of law.~~
21 ~~Such a domestic relations order may be certified as an approved~~
22 ~~domestic relations order by the secretary of the board, or his~~
23 ~~designated representative, in which case the irrevocable~~
24 ~~survivor annuitant so ordered by the court cannot be changed by~~
25 ~~the member without approval by the court. A person ineligible to~~
26 ~~be designated as a survivor annuitant may not be designated as~~
27 ~~an irrevocable survivor annuitant.~~

28 ~~§ 5953.4. Amendment of approved domestic relations orders.~~

29 ~~(a) Deceased alternate payee. In the event that the~~
30 ~~alternate payee predeceases the member or the participant and~~

1 ~~there are benefits payable to the alternate payee, the divorce~~
2 ~~court may amend the approved domestic relations order to~~
3 ~~substitute a person for the deceased alternate payee to receive~~
4 ~~any benefits payable to the deceased alternate payee.~~

5 * * *

6 Section 329. Title 71 is amended by adding a section to
7 read:

8 ~~§ 5953.6. Irrevocable successor payee.~~

9 ~~(a) Condition. Notwithstanding any other provision of this~~
10 ~~part, a domestic relations order pertaining to a participant may~~
11 ~~provide for an irrevocable successor payee if the participant is~~
12 ~~receiving a payment under a payment option provided by the board~~
13 ~~that allows for a successor payee.~~

14 ~~(b) Determination. A domestic relations order requiring the~~
15 ~~designation of an irrevocable successor payee is an order which:~~

16 ~~(1) requires a participant who is receiving payments~~
17 ~~from an annuity or other distribution option to designate an~~
18 ~~alternate payee as a successor payee; and~~

19 ~~(2) except by operation of law, prohibits the removal or~~
20 ~~change of the successor payee without approval of a court of~~
21 ~~competent jurisdiction.~~

22 ~~(c) Certification. A domestic relations order under~~
23 ~~subsection (b) may be certified as an approved domestic~~
24 ~~relations order by the secretary of the board or his designated~~
25 ~~representative. If a domestic relations order is certified under~~
26 ~~this subsection, the irrevocable successor payee ordered by the~~
27 ~~court shall not be changed by the participant without approval~~
28 ~~by the court.~~

29 ~~(d) Ineligibility. A person ineligible to be designated as~~
30 ~~a successor payee shall not be designated as an irrevocable~~

1 ~~successor payee. A court shall not name an irrevocable successor~~
2 ~~payee if the alternate payee is eligible to receive a lump sum~~
3 ~~distribution of the alternate payee's portion of the marital~~
4 ~~portion of the pension benefit.~~

5 Section 330. Sections 5954, 5955, 5955.2(d) and 5957 of
6 Title 71 are amended to read:

7 ~~§ 5954. Fraud and adjustment of errors.~~

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

13 ~~(b) Adjustment of errors. Should any change or mistake in~~
14 ~~records result in any member, participant, beneficiary [or],~~
15 ~~survivor annuitant or successor payee receiving from the system~~
16 ~~or plan more or less than he would have been entitled to receive~~
17 ~~had the records been correct, then regardless of the intentional~~
18 ~~or unintentional nature of the error and upon the discovery of~~
19 ~~such error, the board shall correct the error and if the error~~
20 ~~affected contributions to or payments from the system, then so~~
21 ~~far as practicable shall adjust the payments which may be made~~
22 ~~for and to such person in such a manner that the actuarial~~
23 ~~equivalent of the benefit to which he was correctly entitled~~
24 ~~shall be paid. If the error affected contributions to or~~
25 ~~payments from the plan, the board shall take action as provided~~
26 ~~for in the plan document.~~

27 ~~§ 5955. Construction of part.~~

28 ~~(a) Exclusive source of rights and benefits. Regardless of~~
29 ~~any other provision of law, pension and benefit rights of State~~
30 ~~employees shall be determined solely by this part or any~~

1 ~~amendment thereto[,]~~ ~~or the plan document established by the~~
2 ~~board;~~ and no collective bargaining agreement nor any
3 arbitration award between the Commonwealth and [its] ~~other~~
4 ~~employers and the Commonwealth's and other employer's employees~~
5 ~~or their collective bargaining representatives shall be~~
6 ~~construed to change any of the provisions herein, to require the~~
7 ~~board to administer pension or retirement benefits not set forth~~
8 ~~in this part or not established by the board in the plan~~
9 ~~document, to require the board to modify, amend or change any of~~
10 ~~the terms and provisions of the plan document, or to otherwise~~
11 ~~require action by any other government body pertaining to~~
12 ~~pension or retirement benefits or rights of State employees.~~
13 Notwithstanding the foregoing, any pension or retirement
14 benefits or rights previously so established by or as a result
15 of an arbitration award shall remain in effect after the
16 expiration of the current collective bargaining agreement
17 between the State employees so affected and the Commonwealth
18 until the expiration of each of the collective bargaining
19 agreements in effect on January 1, 2011, at which time the
20 classes of membership and resulting member contribution rates
21 and contributions for creditable nonstate service, eligibility
22 for vesting, withdrawal and superannuation annuities, optional
23 modification of annuities and other terms and conditions related
24 to class of membership shall be as determined by this part for
25 employees covered by those and successor collective bargaining
26 agreements. For purposes of administering this part, for those
27 State employees who are members of each such collective
28 bargaining unit, the date January 1, 2011, contained in this
29 part, except in this section, shall be replaced with the date of
30 the day immediately following the expiration of each such

1 ~~collective bargaining agreement. The provisions of this part~~
2 ~~insofar as they are the same as those of existing law are~~
3 ~~intended as a continuation of such laws and not as new~~
4 ~~enactments. The provisions of this part shall not affect any act~~
5 ~~done, liability incurred, right accrued or vested, or any suit~~
6 ~~or prosecution pending or to be instituted to enforce any right~~
7 ~~or penalty or to punish any offense under the authority of any~~
8 ~~repealed laws.~~

9 ~~(b) (Reserved).~~

10 ~~(c) Officer or member of the Pennsylvania State Police.~~

11 ~~(1) Notwithstanding a provision of subsection (a) or~~
12 ~~section 12.1 of the act of November 23, 2010 (P.L.1269,~~
13 ~~No.120), regarding the continued effectiveness of pension or~~
14 ~~retirement benefits or rights previously established by or as~~
15 ~~a result of a binding arbitration award issued before July 1,~~
16 ~~1989, under the act of June 24, 1968 (P.L.237, No.111),~~
17 ~~referred to as the Policemen and Firemen Collective~~
18 ~~Bargaining Act, and implemented by the board, the pension or~~
19 ~~retirement benefits or rights of a State employee who is a~~
20 ~~current or former State police officer or who becomes a State~~
21 ~~police officer after the effective date of this subsection~~
22 ~~shall be as provided in this part as if the binding~~
23 ~~arbitration award was not issued, except as provided under~~
24 ~~this subsection.~~

25 ~~(2) A State employee who is a current or former State~~
26 ~~police officer or who becomes a State police officer after~~
27 ~~the effective date of this subsection who:~~

28 ~~(i) terminates State service before January 1, 2018;~~

29 ~~or~~

30 ~~(ii) terminates State service on or after January 1,~~

1 ~~2018, and does not have service credited in Class A 5 or~~
2 ~~Class A 6 shall be eligible to receive the maximum single~~
3 ~~life annuity, before optional modification under section~~
4 ~~5705 (relating to member's options), that the State~~
5 ~~employee would have been eligible to receive if paragraph~~
6 ~~(1) had not been enacted.~~

7 ~~(3) A State employee who is a current or former State~~
8 ~~police officer or who becomes a State police officer after~~
9 ~~the effective date of this subsection who has service~~
10 ~~credited in Class A 5 or Class A 6, has 20 or more qualifying~~
11 ~~eligibility points and who terminates State service on or~~
12 ~~after January 1, 2018, shall be eligible to receive a maximum~~
13 ~~single life annuity before optional modification under~~
14 ~~section 5705 equal to the sum of:~~

15 ~~(i) the maximum single life annuity that the State~~
16 ~~employee would have been eligible to receive without~~
17 ~~regard to any eligibility points, service credit,~~
18 ~~compensation or contributions attributable to Class A 5~~
19 ~~or Class A 6 service if paragraph (1) had not been~~
20 ~~enacted except that service credit and eligibility points~~
21 ~~for service other than as a member of Class A 5 or Class~~
22 ~~A 6 shall be adjusted for any concurrent service as a~~
23 ~~member of Class A 5 or Class A 6; and~~

24 ~~(ii) if eligible, the maximum single life annuity~~
25 ~~that the State employee is eligible to receive under this~~
26 ~~part attributable to Class A 5 or Class A 6 service and,~~
27 ~~if a multiple service member, service credited in the~~
28 ~~Public School Employees' Retirement System.~~

29 ~~(4) A State employee who is a current or former State~~
30 ~~police officer or who becomes a State police officer after~~

~~the effective date of this subsection who has service credited in Class A 5 or Class A 6, does not have 20 or more qualifying eligibility points and who terminates State service on or after January 1, 2018, shall be eligible to receive a maximum single life annuity before optional modification under section 5705 equal to the maximum single life annuity that the State employee is eligible to receive under this part attributable to all credited service, compensation and eligibility points.~~

~~(5) Except as otherwise provided in this part, service as a State police officer credited in the system shall not operate to prevent any State employee from being a participant in the plan for any State service that is not service as a Class A 5 exempt employee that would otherwise result in participation in the plan. Any benefit resulting from participation in the plan shall be in addition to any benefit a State police officer may be eligible to receive as a member of the system.~~

~~(6) As used in this subsection, the following words and phrases shall have the meanings given to them in this paragraph unless the context clearly indicates otherwise:~~

~~"Binding arbitration award." A binding arbitration award issued before July 1, 1989, under 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.~~

~~"Qualifying eligibility points." Eligibility points as a result of State service, nonstate service or being reemployed from USERRA leave credited in classes of service other than Class A 5.~~

~~(7) For the determination of the entire annuity under~~

~~this subsection, any salary or compensation for service as a Class A 5 exempt employee by a State employee who first became a member of the system on or after January 1, 2018, shall not include remuneration received in any pay period for voluntary overtime service or duty that exceeds 10% of the State employee's base salary or wages in that pay period.~~

~~(d) 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 not apply to the participants or to members of the system and the benefits payable under this part.~~

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

~~* * *~~

~~(d) References to Internal Revenue Code of 1986 or the Uniformed Services Employment and Reemployment Rights Act. References in this part to provisions of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) or the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), including for this purpose administrative regulations promulgated under [that act] the acts, are intended to include such laws and regulations as are in effect on the effective date of this section and as they may be amended or supplemented or supplanted by successor provisions after the effective date of this section.~~

~~* * *~~

~~§ 5957. Independent Fiscal Office study.~~

~~The Independent Fiscal Office shall study and analyze the implementation of shared risk contributions under section 5501.1~~

1 ~~(relating to shared risk member contributions [for Class A 3 and~~
2 ~~Class A 4 service] and shared gain adjustments to regular member~~
3 ~~contributions) and its impact on the system. The study shall be~~
4 ~~completed by December 31, 2015, and shall be transmitted to the~~
5 ~~Appropriations Committee and the Finance Committee of the~~
6 ~~Senate, the Appropriations Committee and the Finance Committee~~
7 ~~of the House of Representatives and to the Governor.~~

8 Section 331. Title 71 is amended by adding a section to
9 read:

10 ~~§ 5958. Public Pension Management and Asset Investment Review~~
11 ~~Commission.~~

12 ~~(a) Establishment. A Public Pension Management and Asset~~
13 ~~Investment Review Commission shall be established, which shall~~
14 ~~be composed of five appointees, one appointed by each of the~~
15 ~~following:~~

16 ~~(1) The Governor.~~

17 ~~(2) The President pro tempore of the Senate.~~

18 ~~(3) The Minority Leader of the Senate.~~

19 ~~(4) The Speaker of the House of Representatives.~~

20 ~~(5) The Minority Leader of the House of Representatives.~~

21 ~~The appointees shall be investment professionals and retirement~~
22 ~~advisors and shall be appointed within 90 days of the effective~~
23 ~~date of this section.~~

24 ~~(b) Duties. The duties of the Public Pension Management and~~
25 ~~Asset Investment Review Commission are as follows:~~

26 ~~(1) Study the performance of current investment~~
27 ~~strategies and procedures of the system, comparing realized~~
28 ~~rates of return to established benchmarks and considering~~
29 ~~associated fees paid for active and passive management.~~

30 ~~(2) Study the costs and benefits of both active and~~

~~passive investment strategies in relation to future investment activities of the State Employees' Retirement System.~~

~~(3) Study alternative future investment strategies with available assets of the State Employees' Retirement System that will maximize future rates of return net of fees.~~

~~(3.1) The commission shall evaluate and make recommendations on:~~

~~(i) Improving investment fee transparency on alternative investments as specified in the Standardized Reporting Guidelines of the Institutional Limited Partners Association.~~

~~(ii) Implementing the recommendations of the Society of Actuaries Blue Ribbon Panel on stress testing, to test the ability of the plan to withstand a period of investment returns above or below the level of assumed return.~~

~~(4) Publish extensive and detailed findings online, including findings about:~~

~~(i) assets;~~

~~(ii) returns;~~

~~(iii) financial managers;~~

~~(iv) consultants;~~

~~(v) requests for proposals; and~~

~~(vi) investment performance measured against benchmarks.~~

~~(5) Report its findings and recommendations to the Governor and the General Assembly within six months of its first organizational meeting.~~

~~(c) Quorum. A majority of appointed members shall~~

1 ~~constitute a quorum for the purpose of conducting business. The~~
2 ~~members shall select one of their number to be chairperson and~~
3 ~~another to be the vice chairperson.~~

4 ~~(d) Transparency and ethics. The Public Pension Management~~
5 ~~and Asset Investment Review Commission shall be subject to the~~
6 ~~following laws:~~

7 ~~(1) The act of July 19, 1957 (P.L.1017, No.451), known~~
8 ~~as the State Adverse Interest Act.~~

9 ~~(2) The act of February 14, 2008 (P.L.6, No.3), known as~~
10 ~~the Right to Know Law.~~

11 ~~(3) 65 Pa.C.S. Ch. 7 (relating to open meetings).~~

12 ~~(4) 65 Pa.C.S. Ch. 11 (relating to ethics standards and~~
13 ~~financial disclosure).~~

14 ~~(e) Information gathering. The Public Pension Management~~
15 ~~and Asset Investment Review Commission may conduct hearings and~~
16 ~~otherwise gather pertinent information and analysis that it~~
17 ~~considers appropriate and necessary to fulfill its duties.~~

18 ~~(f) Logistical and other support. The Public Pension~~
19 ~~Management and Asset Investment Review Commission shall receive~~
20 ~~logistical and other support from the Joint State Government~~
21 ~~Commission and may employ additional temporary staff as needed.~~

22 ~~(g) Reimbursement. The members of the Public Pension~~
23 ~~Management and Asset Investment Review Commission shall be~~
24 ~~reimbursed for reasonable expenses.~~

25 ~~(h) Expiration. The Public Pension Management and Asset~~
26 ~~Investment Review Commission shall expire 60 days after delivery~~
27 ~~of its report in accordance with subsection (b) (5). Any unspent~~
28 ~~appropriation shall lapse back to the General Fund.~~

29 ~~(i) Administrative costs and payment. None of the~~
30 ~~administrative costs and expenses of the Public Pension~~

~~1 Management and Asset Investment Review Commission, including,
2 but not limited to, member and employee salary, wages, benefits
3 and other forms of compensation or remuneration, shall be paid
4 or appropriated from the fund or the trust.~~

5 ARTICLE IV

6 Section 401. The following shall apply:

7 ~~(1) The following provisions shall not create in a
8 member of the Public School Employees' Retirement System, a
9 participant in the School Employees' Defined Contribution
10 Plan or another person claiming an interest in the account of
11 a member or participant an express or implied contractual
12 right in the provisions nor in a construction of 24 Pa.C.S.
13 Pt. IV, 51 Pa.C.S. or rules or regulations adopted under 24
14 Pa.C.S. Pt. IV or 51 Pa.C.S.:~~

15 ~~(i) A provision of this act which amends 51 Pa.C.S.
16 or 24 Pa.C.S. Pt. IV in relation to requirements for any
17 of the following:~~

18 ~~(A) (Reserved).~~

19 ~~(B) Qualification of the School Employees'
20 Defined Contribution Plan as a qualified pension plan
21 under the Internal Revenue Code of 1986 (Public Law
22 99 514, 26 U.S.C. §§ 401(a) and 415(b)), or
23 compliance with the Uniformed Services Employment and
24 Reemployment Rights Act of 1994 (Public Law 103 353,
25 108 Stat. 3149).~~

26 ~~(C) Contributions to, participation in or
27 benefits from the School Employees' Defined
28 Contribution Plan or School Employees' Defined
29 Contribution Trust.~~

30 ~~(D) Domestic relations orders regarding~~

1 ~~alternate payees of participants in the School~~
2 ~~Employees' Defined Contribution Plan.~~

3 ~~(ii) A construction of 24 Pa.C.S. Pt. IV or 51~~
4 ~~Pa.C.S. or rules or regulations adopted under 24 Pa.C.S.~~
5 ~~Pt. IV or 51 Pa.C.S. or a term or provision of the School~~
6 ~~Employees' Defined Contribution Plan or School Employees'~~
7 ~~Defined Contribution Trust, established by statute or in~~
8 ~~the plan document or trust declaration.~~

9 ~~(2) The provisions of 24 Pa.C.S. Pt. IV shall remain~~
10 ~~subject to the Internal Revenue Code of 1986 and the~~
11 ~~Uniformed Services Employment and Reemployment Rights Act of~~
12 ~~1994 (Public Law 103 353, 108 Stat. 3149), and regulations~~
13 ~~under those statutes, and the General Assembly reserves to~~
14 ~~itself the further exercise of its legislative power to amend~~
15 ~~or supplement the provisions as may be required in order to~~
16 ~~maintain the qualification of the system as a qualified~~
17 ~~pension plan under section 401(a) and other applicable~~
18 ~~provisions of the Internal Revenue Code of 1986 and the~~
19 ~~Uniformed Services Employment and Reemployment Rights Act of~~
20 ~~1994 (Public Law 103 353, 108 Stat. 3149).~~

21 ~~(3) The following provisions shall not create in a~~
22 ~~member of the State Employees' Retirement System, a~~
23 ~~participant in the State Employees' Defined Contribution Plan~~
24 ~~or another person claiming an interest in the account of a~~
25 ~~member or participant an expressed or implied contractual~~
26 ~~right in the provisions nor in a construction of 51 Pa.C.S. §~~
27 ~~7306, 71 Pa.C.S. Pt. XXV, or rules or regulations adopted~~
28 ~~under 51 Pa.C.S. § 7306 or 71 Pa.C.S. Pt. XXV:~~

29 ~~(i) A provision of this act which amends 51 Pa.C.S.~~
30 ~~§ 7306 or 71 Pa.C.S. Pt. XXV, in relation to requirements~~

1 ~~for any of the following:~~

2 ~~(A) Qualification of the State Employees'~~
3 ~~Defined Contribution Plan as a qualified pension plan~~
4 ~~under the Internal Revenue Code of 1986 (Public Law~~
5 ~~99-514, 26 U.S.C. § 401(a)).~~

6 ~~(B) Compliance with the Uniformed Services~~
7 ~~Employment and Reemployment Rights Act of 1994~~
8 ~~(Public Law 103-353).~~

9 ~~(C) Domestic relations orders regarding~~
10 ~~alternate payees of participants in the State~~
11 ~~Employees' Defined Contribution Plan.~~

12 ~~(ii) A construction of 51 Pa.C.S. or 71 Pa.C.S. Pt.~~
13 ~~XXV, or rules or regulation promulgated under 51 Pa.C.S.~~
14 ~~or 71 Pa.C.S. Pt. XXV, or a term or provision of the~~
15 ~~State Employees' Defined Contribution Plan or State~~
16 ~~Employees' Defined Contribution Trust established by~~
17 ~~statute or in the plan document or trust declaration or~~
18 ~~by contract with providers of investment and~~
19 ~~administrative services to the State Employees' Defined~~
20 ~~Contribution Plan or State Employees' Defined~~
21 ~~Contribution Trust.~~

22 ~~(4) The provisions of 71 Pa.C.S. Pt. XXV shall remain~~
23 ~~subject to the Internal Revenue Code of 1986 and the~~
24 ~~Uniformed Services Employment and Reemployment Rights Act of~~
25 ~~1994 (Public Law 103-353, 108 Stat. 3149), and regulations~~
26 ~~promulgated under those statutes.~~

27 ~~(5) The General Assembly reserves to itself the further~~
28 ~~exercise of its legislative power to amend or supplement the~~
29 ~~provisions of 71 Pa.C.S. Pt. XXV in order to maintain the~~
30 ~~qualification of the State Employees' Retirement System and~~

1 ~~the State Employees' Defined Contribution Plan as qualified~~
2 ~~pension plans under section 401(a) and other applicable~~
3 ~~provisions of the Internal Revenue Code of 1986 and the~~
4 ~~Uniformed Services Employment and Reemployment Rights Act of~~
5 ~~1994 (Public Law 103-353, 108 Stat. 3149).~~

6 ~~Section 402. The following shall apply:~~

7 ~~(1) Nothing in this act shall be construed to mean that~~
8 ~~a calculation or actuarial method used by the Public School~~
9 ~~Employees' Retirement Board, its actuaries or the Public~~
10 ~~School Employees' Retirement System was not in accordance~~
11 ~~with the provisions of 24 Pa.C.S. Pt. IV or other applicable~~
12 ~~law prior to the effective date of this paragraph.~~

13 ~~(2) Nothing in this act shall be construed to mean that~~
14 ~~a calculation or actuarial method used by the State~~
15 ~~Employees' Retirement Board, its actuaries or the State~~
16 ~~Employees' Retirement System was not in accordance with the~~
17 ~~provisions of 71 Pa.C.S. Pt. XXV or other applicable law~~
18 ~~prior to the effective date of this section.~~

19 ~~Section 403. The following shall apply:~~

20 ~~(1) Payments required to fund a change in accrued~~
21 ~~liability resulting from this act shall be subject to limits~~
22 ~~imposed under 24 Pa.C.S. § 8328(g) on employer contributions~~
23 ~~to the Public School Employees' Retirement System.~~

24 ~~(2) For purposes of 24 Pa.C.S. §§ 8326, 8327, and 8328,~~
25 ~~changes under this section shall not be considered to be~~
26 ~~costs added by legislation.~~

27 ~~Section 404. The following shall apply:~~

28 ~~(1) Notwithstanding any other provision of law:~~

29 ~~(i) A change in accrued liability of the State~~

30 ~~Employees' Retirement System created under this act shall~~

1 ~~be funded in equal dollar installments over a period of~~
2 ~~30 years beginning July 1, 2018.~~

3 ~~(ii) A change in accrued liability of the State~~
4 ~~Employees' Retirement System created under this act by~~
5 ~~the amendment of 71 Pa.C.S. § 5508(b) shall be funded in~~
6 ~~equal dollar installments over a period of 30 years~~
7 ~~beginning July 1, 2022.~~

8 ~~(2) Payments required to fund a change in accrued~~
9 ~~liability resulting from this act shall be subject to limits~~
10 ~~imposed under 71 Pa.C.S. § 5508(h) on employer contributions~~
11 ~~to the State Employees' Retirement System.~~

12 ~~(3) For purposes of 71 Pa.C.S. §§ 5501.2, 5507 and 5508,~~
13 ~~changes under this act shall not be considered to be costs~~
14 ~~added by legislation.~~

15 ~~Section 405. The following shall apply:~~

16 ~~(1) This act shall be construed and administered in such~~
17 ~~a manner that the Public School Employees' Retirement System~~
18 ~~and the School Employees' Defined Contribution Plan shall~~
19 ~~satisfy the requirements necessary to qualify as a qualified~~
20 ~~pension plan under section 401(a) of the Internal Revenue~~
21 ~~Code of 1986 (Public Law 99 514, 26 U.S.C. § 401(a)), other~~
22 ~~applicable provisions of the Internal Revenue Code of 1986~~
23 ~~and the Uniformed Services Employment and Reemployment Rights~~
24 ~~Act of 1994 (Public Law 103 353, 108 Stat. 3149). The rules,~~
25 ~~regulations and procedures adopted and promulgated by the~~
26 ~~Public School Employees' Retirement Board and the terms and~~
27 ~~conditions of the plan document and trust declaration adopted~~
28 ~~by the Public School Employees' Retirement Board may include~~
29 ~~provisions necessary to accomplish the purpose of this~~
30 ~~section.~~

1 ~~(2) Nothing in this act shall be construed or deemed to~~
2 ~~imply that any member shall be required to make contributions~~
3 ~~to the Public School Employees' Retirement System in excess~~
4 ~~of the limits established by section 415(n)(3)(A)(iii) of the~~
5 ~~Internal Revenue Code of 1986 (26 U.S.C. § 415(n)(3)(A)~~
6 ~~(iii)). A contribution made by a member that is determined to~~
7 ~~be in excess of the limits shall be refunded to the member in~~
8 ~~a lump sum subject to withholding for all applicable taxes~~
9 ~~and penalties as soon as administratively possible after the~~
10 ~~determination is made. A refund under this subparagraph shall~~
11 ~~not affect the benefit payable to the member and shall not be~~
12 ~~treated as or deemed to be a withdrawal of the member's~~
13 ~~accumulated deductions.~~

14 ~~(3) Nothing in this act shall be construed to mean that~~
15 ~~an interpretation or application of 24 Pa.C.S. Pt. IV or~~
16 ~~benefits available to members of the Public School Employees'~~
17 ~~Retirement System was not in accordance with 24 Pa.C.S. Pt.~~
18 ~~IV or other applicable law, including the Internal Revenue~~
19 ~~Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) and~~
20 ~~the Uniformed Services Employment and Reemployment Rights Act~~
21 ~~of 1994 (Public Law 103-353, 108 Stat. 3149) before the~~
22 ~~effective date of this section.~~

23 ~~Section 406. The following shall apply to construction~~
24 ~~related to Federal law as to the State Employees' Retirement~~
25 ~~System:~~

26 ~~(1) This act shall be construed and administered in a~~
27 ~~manner that the State Employees' Retirement System and the~~
28 ~~State Employees' Defined Contribution Plan shall satisfy the~~
29 ~~requirements necessary to qualify as a qualified pension plan~~
30 ~~under section 401(a) of the Internal Revenue Code of 1986~~

1 ~~(Public Law 99 514, 26 U.S.C. § 401(a)), other applicable~~
2 ~~provisions of the Internal Revenue Code of 1986 and the~~
3 ~~Uniformed Services Employment and Reemployment Rights Act of~~
4 ~~1994 (Public Law 103 353, 108 Stat. 3149). The rules,~~
5 ~~regulations and procedures promulgated by the State~~
6 ~~Employees' Retirement Board and the terms and conditions of~~
7 ~~the plan document and trust declaration adopted by the State~~
8 ~~Employees' Retirement Board may include provisions necessary~~
9 ~~to accomplish the purpose of this section.~~

10 ~~(2) Nothing in this act shall be construed or deemed to~~
11 ~~imply that any member of Class A 5 or Class A 6 shall be~~
12 ~~required to make contributions to the State Employees'~~
13 ~~Retirement System in excess of the limits established by~~
14 ~~section 415(n)(3)(A)(iii) of the Internal Revenue Code of~~
15 ~~1986 (26 U.S.C. § 415(n)(3)(A)(iii)). A contribution made by~~
16 ~~a member of Class A 5 or Class A 6 that is determined to be~~
17 ~~in excess of the limits shall be refunded to the member in a~~
18 ~~lump sum subject to withholding for all applicable taxes and~~
19 ~~penalties as soon as administratively possible after the~~
20 ~~determination is made. A refund under this subparagraph shall~~
21 ~~not affect the benefit payable to the member and shall not be~~
22 ~~treated as or deemed to be a withdrawal of the member's~~
23 ~~accumulated deductions.~~

24 ~~(3) Nothing in this act shall be construed to mean that~~
25 ~~an interpretation or application of 71 Pa.C.S. Pt. XXV or~~
26 ~~benefits available to members of the State Employees'~~
27 ~~Retirement System was not in accordance with 71 Pa.C.S. Pt.~~
28 ~~XXV or other applicable law, including the Internal Revenue~~
29 ~~Code of 1986 (Public Law 99 514, 26 U.S.C. § 1 et seq.) and~~
30 ~~the Uniformed Services Employment and Reemployment Rights Act~~

1 ~~of 1994 (Public Law 103-353, 108 Stat. 3149) before the~~
2 ~~effective date of this section.~~

3 ~~Section 407. The following shall apply:~~

4 ~~(1) Notwithstanding any other provision of law,~~
5 ~~fiduciary requirement, actuarial standard of practice or~~
6 ~~other requirement, the members of the Public School~~
7 ~~Employees' Retirement Board, the actuary and employees and~~
8 ~~officials of the Public School Employees' Retirement System~~
9 ~~may not be held liable or in breach or violation of a law or~~
10 ~~standard as individuals, in their official capacity or as a~~
11 ~~governmental or corporate entity, for an action or~~
12 ~~calculation related to calculating and certifying a final~~
13 ~~contribution rate as provided under this act that is~~
14 ~~different from the actuarially required contribution rate as~~
15 ~~appropriately calculated under 24 Pa.C.S. Pt. IV.~~

16 ~~(2) Notwithstanding any other provision of law,~~
17 ~~fiduciary requirement, actuarial standard of practice or~~
18 ~~other requirement, the members of the State Employees'~~
19 ~~Retirement Board, the actuary and other employees and~~
20 ~~officials of the State Employees' Retirement System may not~~
21 ~~be held liable or in breach or violation of a law or standard~~
22 ~~as individuals, in an official capacity or as a governmental~~
23 ~~or corporate entity, for an action or calculation related to~~
24 ~~calculating and certifying a final contribution rate as~~
25 ~~provided under this act that is different from the~~
26 ~~actuarially required contribution rate as appropriately~~
27 ~~calculated under 71 Pa.C.S. Pt. XXV.~~

28 ~~Section 408. Nothing in this act shall be deemed to permit~~
29 ~~the restoration of service credit or retirement benefits that:~~

30 ~~(1) were or are subject to section 16 of Article V of~~

1 ~~the Constitution of Pennsylvania or 42 Pa.C.S. § 3352; or~~
2 ~~(2) were or are the subject of an order of forfeiture~~
3 ~~under the act of July 8, 1978 (P.L.752, No.140), known as the~~
4 ~~Public Employee Pension Forfeiture Act.~~

5 ~~Section 409. Notwithstanding the amendment of 24 Pa.C.S. §~~
6 ~~8501(e) and 71 Pa.C.S. § 5901(e), the Governor's Office of~~
7 ~~General Counsel shall continue to provide legal counsel and~~
8 ~~legal services to the board until such time as the board~~
9 ~~appoints a chief counsel and such other counsel as it deems~~
10 ~~necessary to provide it with legal services.~~

11 ~~Section 410. No school employee otherwise a member of,~~
12 ~~eligible to be a member of, or having school or nonschool~~
13 ~~service credited in a class of service other than Class T G may~~
14 ~~cancel, decline or waive membership in such other class of~~
15 ~~service in order to obtain Class T G service credit, become a~~
16 ~~member of Class T G or elect Class T G membership.~~

17 ~~Section 411. No State employee otherwise a member of,~~
18 ~~eligible to be a member of or having State or nonstate service~~
19 ~~credited in a class of service other than Class A 5 or Class A 6~~
20 ~~may cancel, decline or waive membership in such other class of~~
21 ~~service in order to obtain Class A 5 or Class A 6 service~~
22 ~~credit, become a member of Class A 5 or Class A 6 or elect Class~~
23 ~~A 5 or Class A 6 membership.~~

24 ~~Section 412. Notwithstanding any regulation promulgated by~~
25 ~~the Public School Employees' Retirement Board, application or~~
26 ~~interpretation of 24 Pa.C.S. Pt. IV, or administrative practice~~
27 ~~to the contrary, a member's eligibility deriving from Class T G~~
28 ~~service credit for a superannuation annuity or other rights and~~
29 ~~benefits based upon attaining superannuation age shall be~~
30 ~~determined by including only those eligibility points actually~~

1 accrued.

2 ~~Section 413. The following shall apply:~~

3 ~~(1) Except as provided under paragraph (2), if a~~
4 ~~provision of this act or its application to any person or~~
5 ~~circumstance is held invalid, the invalidity shall not affect~~
6 ~~other provisions or applications of this act that can be~~
7 ~~given effect without the invalid provision or application.~~

8 ~~(2) The following shall apply:~~

9 ~~(i) If the application of the shared risk provisions~~
10 ~~of 71 Pa.C.S. Pt. XXV is declared inapplicable to any~~
11 ~~person by a court or administrative tribunal of competent~~
12 ~~jurisdiction, the provisions of Pt. XXV relating to~~
13 ~~shared gain adjustments to regular member contributions~~
14 ~~shall be inapplicable to that person.~~

15 ~~(ii) The following shall apply:~~

16 ~~(A) If the application of any provision of this~~
17 ~~act relating to membership in Class A 5 or Class A 6~~
18 ~~or participation in the State Employees' Defined~~
19 ~~Contribution Plan is declared invalid to any person~~
20 ~~for any period of State service, the invalidity shall~~
21 ~~not affect the application of this act to any other~~
22 ~~person. The provisions of this act relating to both~~
23 ~~membership in Class A 5 and participation in the~~
24 ~~State Employees' Defined Contribution Plan shall be~~
25 ~~invalid as to the person for the period of State~~
26 ~~service for which part of the State service was~~
27 ~~invalid and that person shall be considered a Class~~
28 ~~A 5 exempt employee for the service at issue. If a~~
29 ~~State employee's participation in the State~~
30 ~~Employees' Defined Contribution Plan is declared~~

1 ~~invalid for any period of State service, the affected~~
2 ~~State employee shall return to the State Employees'~~
3 ~~Defined Contribution Trust any distributions related~~
4 ~~to the period of State service at issue, shall be~~
5 ~~granted the status and service credit in the State~~
6 ~~Employees' Retirement System as if he was a Class A 5~~
7 ~~exempt employee and shall be required to make all~~
8 ~~contributions to the State Employees' Retirement Fund~~
9 ~~as if he was a Class A 5 exempt employee for the~~
10 ~~period of State service at issue.~~

11 ~~(B) The affected State employee's accumulated~~
12 ~~mandatory participant contributions and accumulated~~
13 ~~voluntary contributions shall be transferred to the~~
14 ~~affected employee's member savings account to the~~
15 ~~extent necessary to fund that account with the member~~
16 ~~contributions and interest that would have been~~
17 ~~standing to the member's account had the State~~
18 ~~employee been a Class A 5 exempt employee for the~~
19 ~~period of service at issue. Any remaining balance~~
20 ~~shall be refunded to the State employee, who also~~
21 ~~shall be responsible for paying to the fund in a~~
22 ~~manner and time determined by the State Employees'~~
23 ~~Retirement Board any additional funds required if the~~
24 ~~accumulated mandatory participant contributions and~~
25 ~~accumulated voluntary contributions were not~~
26 ~~sufficient.~~

27 ~~(C) The accumulated employer defined~~
28 ~~contributions shall be transferred to the State~~
29 ~~Accumulation Account and no further amount shall be~~
30 ~~due from the employer or refund paid.~~

1 ~~Section 414. Notwithstanding the provisions of 71 Pa.C.S. §~~
2 ~~5903(b), the statement for each member prepared by the State~~
3 ~~Employees' Retirement Board for the periods ending December 31,~~
4 ~~2018, and any other statements or estimates of benefits prepared~~
5 ~~by the board pursuant to the State Employees' Retirement Code~~
6 ~~from the effective date of this section to December 31, 2018,~~
7 ~~need not reflect the provisions of this act and in the case of~~
8 ~~the statements for each member for the periods ending on or~~
9 ~~before December 31, 2018, need not include a projection of the~~
10 ~~benefit to which the member is entitled upon attainment of~~
11 ~~superannuation age.~~

12 ~~Section 415. Notwithstanding the provisions of 71 Pa.C.S.~~
13 ~~Pt. XXV, the obligation of the State Employees' Retirement Board~~
14 ~~to make payments within specified time periods of the receipt of~~
15 ~~applications for benefits or other information shall not apply~~
16 ~~from the effective date of this section to December 31, 2018.~~

17 ~~Section 416. This act shall take effect as follows:~~

18 ~~(1) The appointment of the Secretary of Banking and~~
19 ~~Securities to the membership of the Public School Employees'~~
20 ~~Retirement Board in the amendment of 24 Pa.C.S. § 8501(a)~~
21 ~~shall take effect when the first of the two positions~~
22 ~~currently appointed by the Governor becomes vacant or an~~
23 ~~incumbent member's term expires. Notification of the~~
24 ~~expiration or vacancy shall be submitted by the Public School~~
25 ~~Employees' Retirement Board to the Legislative Reference~~
26 ~~Bureau for publication in the Pennsylvania Bulletin.~~

27 ~~(2) The appointment of the Secretary of Banking and~~
28 ~~Securities to the membership of the State Employees'~~
29 ~~Retirement Board and reduction of the number of members~~
30 ~~appointed by the Governor from six to five in 71 Pa.C.S. §~~

1 ~~5901(a) shall take effect when the first of the six positions~~
2 ~~currently appointed by the Governor that is not held by an~~
3 ~~annuitant becomes vacant or an incumbent member's term~~
4 ~~expires. Notification of the expiration or vacancy shall be~~
5 ~~submitted by the State Employees' Retirement System to the~~
6 ~~Legislative Reference Bureau for publication in the~~
7 ~~Pennsylvania Bulletin.~~

8 ~~(3) The following provisions shall take effect~~
9 ~~immediately:~~

10 ~~(i) This section.~~

11 ~~(ii) The remainder of this act.~~

12 ARTICLE I

<--

13 SECTION 101. THE DEFINITIONS OF "ALTERNATE PAYEE," "BASIC
14 CONTRIBUTION RATE," "BENEFICIARY," "CLASS OF SERVICE
15 MULTIPLIER," "COMPENSATION," "CREDITABLE NONSCHOOL SERVICE,"
16 "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"
17 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE
18 SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE,"
19 "IRREVOCABLE BENEFICIARY," "LEAVE FOR SERVICE WITH A COLLECTIVE
20 BARGAINING ORGANIZATION," "REEMPLOYED FROM USERRA LEAVE,"
21 "REQUIRED BEGINNING DATE," "SALARY DEDUCTIONS," "SHARED-RISK
22 CONTRIBUTION RATE," "STANDARD SINGLE LIFE ANNUITY,"
23 "SUPERANNUATION OR NORMAL RETIREMENT AGE," "VALUATION INTEREST"
24 AND "VESTEE" IN SECTION 8102 OF TITLE 24 OF THE PENNSYLVANIA
25 CONSOLIDATED STATUTES ARE AMENDED AND THE SECTION IS AMENDED BY
26 ADDING DEFINITIONS TO READ:

27 § 8102. DEFINITIONS.

28 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS PART SHALL
29 HAVE, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, THE
30 MEANINGS GIVEN TO THEM IN THIS SECTION:

1 * * *

2 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF
3 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON
4 ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY
5 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS
6 AND EXPENSES CREDITED OR CHARGED THEREON AND REDUCED BY ANY
7 DISTRIBUTIONS.

8 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL
9 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE
10 TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER
11 WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR
12 FEES, COSTS AND EXPENSES CREDITED OR CHARGED THEREON AND REDUCED
13 BY ANY DISTRIBUTIONS.

14 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE
15 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED
16 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
17 CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT IN AN
18 INDIVIDUAL INVESTMENT ACCOUNT IN THE TRUST.

19 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF
20 VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND
21 ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A
22 DIRECT TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH
23 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,
24 COSTS AND EXPENSES CREDITED OR CHARGED THEREON AND REDUCED BY
25 ANY DISTRIBUTIONS.

26 * * *

27 "ACTIVE PARTICIPANT." A SCHOOL EMPLOYEE FOR WHOM MANDATORY
28 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR
29 FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED ARE NOT BEING MADE
30 SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE

1 LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL
2 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)
3 OR 415).

4 * * *

5 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
6 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A
7 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A
8 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT
9 UNDER THIS PART.

10 * * *

11 "BASIC CONTRIBUTION RATE." FOR CLASS T-A, T-B AND T-C
12 SERVICE, THE RATE OF 6 1/4%. FOR CLASS T-D SERVICE, THE RATE OF
13 7 1/2%. FOR ALL ACTIVE MEMBERS ON THE EFFECTIVE DATE OF THIS
14 PROVISION WHO ARE CURRENTLY PAYING 5 1/4% AND ELECT CLASS T-D
15 SERVICE, THE RATE OF 6 1/2%. FOR CLASS T-E SERVICE, THE RATE OF
16 7 1/2%. FOR CLASS T-F SERVICE, THE RATE OF 10.30%. FOR CLASS T-G
17 SERVICE, THE RATE OF 5.5%. FOR CLASS T-H SERVICE, THE RATE OF
18 4.5%.

19 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON
20 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER
21 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON
22 THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR
23 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A PARTICIPANT
24 TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED TOTAL DEFINED
25 CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH OF THE
26 PARTICIPANT.

27 * * *

28 "CLASS OF SERVICE MULTIPLIER."

29	CLASS OF SERVICE	MULTIPLIER
30	T-A	.714

1	T-B	.625
2	T-C	1.000
3	T-D	1.000
4	T-E	1.000
5	T-F	1.000
6	<u>T-G</u>	<u>1.000</u>
7	<u>T-H</u>	<u>1.000</u>

8 * * *

9 "COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP
10 PARTICIPANT CONTRIBUTIONS PLUS ANY REMUNERATION RECEIVED AS A
11 SCHOOL EMPLOYEE EXCLUDING REIMBURSEMENTS FOR EXPENSES INCIDENTAL
12 TO EMPLOYMENT AND EXCLUDING ANY BONUS, SEVERANCE PAYMENTS, ANY
13 OTHER REMUNERATION OR OTHER EMOLUMENT RECEIVED BY A SCHOOL
14 EMPLOYEE DURING HIS SCHOOL SERVICE WHICH IS NOT BASED ON THE
15 STANDARD SALARY SCHEDULE UNDER WHICH HE IS RENDERING SERVICE,
16 PAYMENTS FOR UNUSED SICK LEAVE OR VACATION LEAVE, BONUSES OR
17 OTHER COMPENSATION FOR ATTENDING SCHOOL SEMINARS AND
18 CONVENTIONS, PAYMENTS UNDER HEALTH AND WELFARE PLANS BASED ON
19 HOURS OF EMPLOYMENT OR ANY OTHER PAYMENT OR EMOLUMENT WHICH MAY
20 BE PROVIDED FOR IN A COLLECTIVE BARGAINING AGREEMENT WHICH MAY
21 BE DETERMINED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
22 TO BE FOR THE PURPOSE OF ENHANCING COMPENSATION AS A FACTOR IN
23 THE DETERMINATION OF FINAL AVERAGE SALARY, AND EXCLUDING
24 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN
25 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER
26 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
27 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER
28 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF
29 ABSENCE), LEAVE GRANTED UNDER SECTION 1178 OF THE ACT OF MARCH
30 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF

1 1949, OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES OF
2 LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS DEFINED
3 IN IRC § 414(U) (12) AND ANY OTHER PAYMENTS, PROVIDED, HOWEVER,
4 THAT THE LIMITATION UNDER SECTION 401(A) (17) OF THE INTERNAL
5 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17))
6 TAKEN INTO ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS,
7 INCLUDING REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS,
8 REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO EACH MEMBER WHO
9 FIRST BECAME A MEMBER OF THE PUBLIC SCHOOL EMPLOYES' RETIREMENT
10 SYSTEM ON OR AFTER JULY 1, 1996, AND WHO BY REASON OF SUCH FACT
11 IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE
12 PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION
13 LIMIT UNDER IRC § 401(A) (17)), AND SHALL APPLY TO EACH
14 PARTICIPANT PERTAINING TO THE PARTICIPANT'S PARTICIPATION IN THE
15 PLAN.

16 * * *

17 "CREDITABLE NONSCHOOL SERVICE." SERVICE OTHER THAN SERVICE
18 AS A SCHOOL EMPLOYEE FOR WHICH AN ACTIVE MEMBER MAY OBTAIN
19 CREDIT IN THE SYSTEM.

20 "CREDITED SERVICE." SCHOOL OR CREDITABLE NONSCHOOL SERVICE
21 FOR WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND,
22 OR FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH
23 SERVICE WERE NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS
24 PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415
25 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26
26 U.S.C. § 401(A) (17) OR 415), OR FOR WHICH SALARY DEDUCTIONS TO
27 THE SYSTEM OR LUMP SUM PAYMENTS HAVE BEEN AGREED UPON IN
28 WRITING.

29 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE
30 FOLLOWING DATES:

1 (1) THE LAST [DATE] DAY OF SERVICE FOR WHICH PICKUP
2 CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR[,] FOR WHICH
3 THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SERVICE WERE NOT
4 MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING
5 TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE
6 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
7 401(A) (17) OR 415);

8 (2) IN THE CASE OF AN INACTIVE MEMBER OR AN INACTIVE
9 PARTICIPANT, THE EFFECTIVE DATE OF HIS RESIGNATION OR THE
10 DATE HIS EMPLOYMENT IS FORMALLY DISCONTINUED BY HIS EMPLOYER
11 OR TWO YEARS FOLLOWING THE LAST DAY OF SERVICE FOR WHICH
12 CONTRIBUTIONS WERE MADE, WHICHEVER IS EARLIEST[.]; OR

13 (3) THE LAST DAY OF SERVICE FOR WHICH MANDATORY PICKUP
14 PARTICIPANT CONTRIBUTIONS ARE MADE FOR AN ACTIVE PARTICIPANT.

15 * * *

16 "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S
17 INTEREST IN EITHER THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND
18 OR THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH,
19 WHICH IS PAYABLE UNDER THIS PART.

20 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,
21 INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED
22 ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF
23 COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW
24 WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR
25 FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO
26 RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR
27 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE
28 DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF
29 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING
30 TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS

1 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
2 ARREARAGES).

3 * * *

4 "EMPLOYER DEFINED CONTRIBUTIONS." FOR CLASS T-G SERVICE,
5 CONTRIBUTIONS EQUAL TO 2.25% OF AN ACTIVE PARTICIPANT'S
6 COMPENSATION THAT ARE MADE BY AN EMPLOYER TO THE TRUST, TO BE
7 CREDITED IN THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT
8 ACCOUNT. FOR CLASS T-H SERVICE AND CLASS DC PARTICIPANTS,
9 CONTRIBUTIONS EQUAL TO 2.0% OF AN ACTIVE PARTICIPANT'S
10 COMPENSATION THAT ARE MADE BY AN EMPLOYER TO THE TRUST, TO BE
11 CREDITED IN THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT
12 ACCOUNT.

13 "FINAL AVERAGE SALARY." [THE] AS FOLLOWS:

14 (1) FOR PURPOSES OF CALCULATING ANNUITIES AND BENEFITS
15 FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE OTHER THAN
16 CLASS T-G AND CLASS T-H, THE HIGHEST AVERAGE COMPENSATION
17 RECEIVED AS AN ACTIVE MEMBER DURING ANY THREE NONOVERLAPPING
18 PERIODS OF 12 CONSECUTIVE MONTHS WITH THE COMPENSATION FOR
19 PART-TIME SERVICE BEING ANNUALIZED ON THE BASIS OF THE
20 FRACTIONAL PORTION OF THE SCHOOL YEAR FOR WHICH CREDIT IS
21 RECEIVED; EXCEPT, IF THE EMPLOYEE WAS NOT A MEMBER FOR THREE
22 SUCH PERIODS, THE TOTAL COMPENSATION RECEIVED AS AN ACTIVE
23 MEMBER ANNUALIZED IN THE CASE OF PART-TIME SERVICE DIVIDED BY
24 THE NUMBER OF SUCH PERIODS OF MEMBERSHIP; IN THE CASE OF A
25 MEMBER WITH MULTIPLE SERVICE CREDIT, THE FINAL AVERAGE SALARY
26 SHALL BE DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY
27 HIM AS A SCHOOL EMPLOYEE OR A STATE EMPLOYEE OR BOTH; AND, IN
28 THE CASE OF A NONELIGIBLE MEMBER, SUBJECT TO THE APPLICATION
29 OF THE PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL
30 COMPENSATION LIMIT UNDER IRC § 401(A)(17)). FINAL AVERAGE

1 SALARY SHALL BE DETERMINED BY INCLUDING IN COMPENSATION,
2 PAYMENTS DEEMED TO HAVE BEEN MADE TO A MEMBER REEMPLOYED FROM
3 USERRA LEAVE TO THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN
4 MADE AS PROVIDED IN SECTION 8302(D) (2) (RELATING TO CREDITED
5 SCHOOL SERVICE) AND PAYMENTS MADE TO A MEMBER ON LEAVE OF
6 ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES OF
7 ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) AS PROVIDED IN
8 SECTION 8302(D) (6) .

9 (2) FOR PURPOSES OF CALCULATING ANNUITIES AND BENEFITS
10 FROM THE SYSTEM ATTRIBUTABLE TO CLASS T-G AND CLASS T-H
11 SERVICE, THE FOLLOWING SHALL APPLY:

12 (I) THE HIGHEST AVERAGE COMPENSATION RECEIVED AS AN
13 ACTIVE MEMBER DURING ANY FIVE NONOVERLAPPING PERIODS OF
14 12 CONSECUTIVE MONTHS, WITH THE COMPENSATION FOR PART-
15 TIME SERVICE BEING ANNUALIZED ON THE BASIS OF THE
16 FRACTIONAL PORTION OF THE SCHOOL YEAR FOR WHICH CREDIT IS
17 RECEIVED SHALL BE USED OR THE CALCULATION SHALL BE MADE
18 IN ACCORDANCE WITH THE FOLLOWING:

19 (A) IF THE EMPLOYEE WAS NOT A MEMBER FOR FIVE
20 PERIODS, THE TOTAL COMPENSATION RECEIVED AS AN ACTIVE
21 MEMBER ANNUALIZED IN THE CASE OF PART-TIME SERVICE
22 DIVIDED BY THE NUMBER OF PERIODS OF MEMBERSHIP.

23 (B) IN THE CASE OF A MEMBER WITH MULTIPLE
24 SERVICE CREDIT, THE FINAL AVERAGE SALARY SHALL BE
25 DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY
26 THE MEMBER AS A SCHOOL EMPLOYEE OR A STATE EMPLOYEE
27 OR BOTH.

28 (C) IN THE CASE OF A NONELIGIBLE MEMBER, SUBJECT
29 TO THE APPLICATION OF THE PROVISIONS OF SECTION
30 8325.1.

1 (II) FINAL AVERAGE SALARY SHALL BE DETERMINED BY
2 INCLUDING IN COMPENSATION, PAYMENTS DEEMED TO HAVE BEEN
3 MADE TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE
4 EXTENT MEMBER CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN
5 SECTION 8302(D) (2) AND PAYMENTS MADE TO A MEMBER ON LEAVE
6 OF ABSENCE UNDER 51 PA.C.S. § 4102 AS PROVIDED IN SECTION
7 8302(D) (6).

8 * * *

9 "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS
10 ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE
11 MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR
12 CURRENT SCHOOL SERVICE ARE NOT BEING MADE SOLELY BY REASON OF
13 ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER
14 SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF 1986
15 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415) OR BECAUSE
16 THE MEMBER IS ON USERRA LEAVE, WHO HAS ACCUMULATED DEDUCTIONS
17 STANDING TO HIS CREDIT IN THE FUND AND FOR WHOM CONTRIBUTIONS
18 HAVE BEEN MADE WITHIN THE LAST TWO SCHOOL YEARS OR A MULTIPLE
19 SERVICE MEMBER WHO IS ACTIVE IN THE STATE EMPLOYEES' RETIREMENT
20 SYSTEM.

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 THE
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 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 THE PARTICIPANT'S CREDIT IN THE TRUST
30 AND WHO HAS NOT FILED AN APPLICATION FOR A DISTRIBUTION.

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 INVESTMENT
5 EARNINGS AFTER DEDUCTION FOR FEES, COSTS AND EXPENSES,
6 INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

7 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A
8 MEMBER WHO WAS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
9 SYSTEM IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED
10 SERVICES OR FORCES OF THE UNITED STATES IN ORDER TO MEET A DRAFT
11 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH
12 OBLIGATIONAL SERVICE AND WHO BECOMES A SCHOOL EMPLOYEE AND AN
13 ACTIVE MEMBER OF THE SYSTEM WITHIN 90 DAYS OF THE EXPIRATION OF
14 SUCH SERVICE.

15 * * *

16 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
17 DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE BOARD
18 PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO RECEIVE ALL
19 OR A PORTION OF THE ACCUMULATED DEDUCTIONS, VESTED ACCUMULATED
20 TOTAL DEFINED CONTRIBUTIONS OR LUMP SUM BENEFIT PAYABLE UPON THE
21 DEATH OF SUCH MEMBER OR PARTICIPANT.

22 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY
23 DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING
24 TO THE BOARD UNDER AN APPROVED DOMESTIC RELATIONS ORDER TO
25 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
26 OF SUCH PARTICIPANT.

27 * * *

28 "LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING
29 ORGANIZATION." PAID LEAVE GRANTED TO AN ACTIVE MEMBER OR ACTIVE
30 PARTICIPANT BY AN EMPLOYER FOR PURPOSES OF WORKING FULL TIME FOR

1 OR SERVING FULL TIME AS AN OFFICER OF A STATEWIDE EMPLOYEE
2 ORGANIZATION OR A LOCAL COLLECTIVE BARGAINING REPRESENTATIVE
3 UNDER THE ACT OF JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE
4 PUBLIC EMPLOYE RELATIONS ACT: PROVIDED, THAT GREATER THAN ONE-
5 HALF OF THE MEMBERS OF THE EMPLOYEE ORGANIZATION ARE ACTIVE
6 MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE PLAN; THAT
7 THE EMPLOYER SHALL FULLY COMPENSATE THE MEMBER OR PARTICIPANT,
8 INCLUDING, BUT NOT LIMITED TO, SALARY, WAGES, PENSION AND
9 RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER DEFINED
10 CONTRIBUTIONS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN
11 FULL-TIME ACTIVE SERVICE; AND THAT THE EMPLOYEE ORGANIZATION
12 SHALL FULLY REIMBURSE THE EMPLOYER FOR SUCH SALARY, WAGES,
13 PENSION AND RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER
14 DEFINED CONTRIBUTIONS AND OTHER BENEFITS AND SENIORITY.

15 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." CONTRIBUTIONS
16 EQUAL TO A PERCENTAGE OF COMPENSATION THAT ARE MADE BY THE
17 EMPLOYER FOR ACTIVE PARTICIPANTS FOR CURRENT SCHOOL SERVICE THAT
18 ARE PICKED UP BY THE EMPLOYER AND CREDITED IN THE PLAN AS
19 FOLLOWS:

20 (1) FOR CLASS T-G MEMBERS, 2.75%, AND CLASS T-H MEMBERS,
21 3.0%.

22 (2) FOR CLASS DC PARTICIPANTS, 7.5%.

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 THE
28 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, BUT WHO HAS NOT
29 RECEIVED A TOTAL DISTRIBUTION OF THE VESTED INTEREST IN THE
30 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 [BEGINNING] LATEST DATE BY
20 WHICH DISTRIBUTIONS OF A MEMBER'S INTEREST OR A PARTICIPANT'S
21 INTEREST IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT MUST
22 COMMENCE UNDER SECTION 401(A) (9) OF THE INTERNAL REVENUE CODE OF
23 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (9)).

24 * * *

25 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,
26 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE
27 PARTICIPANT OR THE STATE SERVICE COMPENSATION OF A MULTIPLE
28 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
29 RETIREMENT SYSTEM AND PAID INTO THE FUND OR TRUST.

30 * * *

1 "SHARED-RISK CONTRIBUTION RATE." THE ADDITIONAL CONTRIBUTION
2 RATE THAT IS ADDED TO THE BASIC CONTRIBUTION RATE FOR CLASS T-E
3 [AND T-F], CLASS T-F, CLASS T-G AND CLASS T-H MEMBERS, AS
4 PROVIDED FOR IN SECTION 8321(B) (RELATING TO REGULAR MEMBER
5 CONTRIBUTIONS FOR CURRENT SERVICE).

6 "STANDARD SINGLE LIFE ANNUITY." FOR CLASS T-A, T-B AND T-C
7 CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% OF THE
8 FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS
9 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A MEMBER.
10 FOR CLASS T-D CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO
11 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER
12 OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE. FOR
13 CLASS T-E CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2%
14 OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF
15 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A
16 MEMBER. FOR CLASS T-F CREDITED SERVICE OF A MEMBER, AN ANNUITY
17 EQUAL TO 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE
18 TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED
19 SERVICE OF A MEMBER. FOR CLASS T-G CREDITED SERVICE OF A MEMBER,
20 AN ANNUITY EQUAL TO 1.25% OF THE FINAL AVERAGE SALARY,
21 MULTIPLIED BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A
22 YEAR OF CREDITED SERVICE OF A MEMBER. FOR CLASS T-H CREDITED
23 SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 1.0% OF THE FINAL
24 AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS AND
25 FRACTIONAL PARTS OF A YEAR OF CREDITED SERVICE OF A MEMBER.

26 "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED
27 CONTRIBUTION PLAN FOR STATE EMPLOYEES ESTABLISHED BY 71 PA.C.S.
28 PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND
29 OFFICERS).

30 * * *

1 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED BY
2 A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING TO THE BOARD TO
3 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE
4 PARTICIPANT.

5 * * *

6 "SUPERANNUATION OR NORMAL RETIREMENT AGE."

7 CLASS OF SERVICE

AGE

8 T-A

62 OR ANY AGE UPON ACCRUAL OF
35 ELIGIBILITY POINTS

11 T-B

62

12 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

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

25 T-G

67 WITH ACCRUAL OF AT LEAST 3
ELIGIBILITY POINTS, OR A
COMBINATION OF AGE AND
ELIGIBILITY POINTS
TOTALING 97, PROVIDED THE
MEMBER HAS ACCRUED AT

1 LEAST 35 ELIGIBILITY

2 POINTS

3 T-H

3 67 WITH ACCRUAL OF AT LEAST 3

4 ELIGIBILITY POINTS

5 * * *

6 "TRUST." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST
7 ESTABLISHED UNDER CHAPTER 84 (RELATING TO SCHOOL 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." A MEMBER WITH FIVE OR MORE ELIGIBILITY POINTS IN A
14 CLASS OF SERVICE OTHER THAN CLASS T-E, CLASS T-F, CLASS T-G OR
15 CLASS T-H WHO HAS TERMINATED SCHOOL SERVICE, HAS LEFT HIS
16 ACCUMULATED DEDUCTIONS IN THE FUND AND IS DEFERRING FILING OF AN
17 APPLICATION FOR RECEIPT OF AN ANNUITY. FOR CLASS T-E [AND],
18 CLASS T-F, CLASS T-G AND CLASS T-H MEMBERS, A MEMBER WITH TEN OR
19 MORE ELIGIBILITY POINTS WHO HAS TERMINATED SCHOOL SERVICE, HAS
20 LEFT HIS ACCUMULATED DEDUCTIONS IN THE FUND AND IS DEFERRING
21 FILING OF AN APPLICATION FOR RECEIPT OF AN ANNUITY.

22 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A
23 PARTICIPANT TO THE TRUST AND CREDITED TO THE PARTICIPANT'S
24 INDIVIDUAL INVESTMENT ACCOUNT IN EXCESS OF THE MANDATORY PICKUP
25 PARTICIPANT CONTRIBUTIONS, EITHER BY AFTER-TAX SALARY DEDUCTIONS
26 PAID THROUGH THE EMPLOYER OR BY AN ELIGIBLE ROLLOVER OR DIRECT
27 TRUSTEE-TO-TRUSTEE TRANSFERS.

28 SECTION 102. SECTION 8103 OF TITLE 24 IS AMENDED BY ADDING
29 SUBSECTIONS TO READ:

30 § 8103. CONSTRUCTION OF PART.

1 * * *

2 (F) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF
3 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF SCHOOL
4 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY
5 AMENDMENT THERETO, OR THE PLAN DOCUMENT ESTABLISHED BY THE
6 BOARD, AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY
7 ARBITRATION AWARD BETWEEN THE EMPLOYER AND THE EMPLOYER'S
8 EMPLOYEES OR THE EMPLOYEE'S COLLECTIVE BARGAINING
9 REPRESENTATIVES SHALL BE CONSTRUED TO DO ANY OF THE FOLLOWING:

10 (1) CHANGE ANY OF THE PROVISIONS OF THIS PART.

11 (2) REQUIRE THE BOARD TO ADMINISTER PENSION OR
12 RETIREMENT BENEFITS NOT SET FORTH IN THIS PART OR NOT
13 ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT.

14 (3) REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF
15 THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT.

16 (4) OTHERWISE REQUIRE ACTION BY ANY OTHER GOVERNMENT
17 BODY PERTAINING TO PENSION OR RETIREMENT BENEFITS OR RIGHTS
18 OF SCHOOL EMPLOYEES.

19 (G) REFERENCES TO CERTAIN FEDERAL STATUTES.--REFERENCES IN
20 THIS PART TO THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND
21 REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT.
22 3149), INCLUDING ADMINISTRATIVE REGULATIONS PROMULGATED UNDER
23 THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT
24 RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS AND REGULATIONS
25 IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND AMENDED,
26 SUPPLEMENTED OR SUPPLANTED ON AND AFTER THE EFFECTIVE DATE OF
27 THIS SECTION.

28 (H) CONSTRUCTION.--THIS PART MAY NOT BE CONSTRUED TO MEAN
29 ANY OF THE FOLLOWING:

30 (1) THAT THE LIMITATIONS ON BENEFITS OR OTHER

1 REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE
2 PROVISIONS OF THE IRC THAT ARE APPLICABLE TO PARTICIPANTS IN
3 THE PLAN DO NOT APPLY TO THE PARTICIPANTS OR TO THE MEMBERS
4 OF THE SYSTEM AND THE BENEFITS PAYABLE UNDER THIS PART.

5 (2) THAT AN INTERPRETATION OR APPLICATION OF A PROVISION
6 OF THIS PART OR BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC
7 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE
8 WITH THE PROVISIONS OF THIS PART OR OTHER APPLICABLE LAW,
9 INCLUDING THE IRC AND THE UNIFORMED SERVICES EMPLOYMENT AND
10 REEMPLOYMENT RIGHTS ACT OF 1994 BEFORE THE EFFECTIVE DATE OF
11 THIS SECTION.

12 (3) THAT THE RELEASE OR PUBLICIZING OF A RECORD,
13 MATERIAL OR DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD
14 UNDER SECTION 8502(E) (2) (RELATING TO ADMINISTRATIVE DUTIES
15 OF BOARD) IS A VIOLATION OF THE FIDUCIARY DUTIES OF THE
16 BOARD.

17 SECTION 103. TITLE 24 IS AMENDED BY ADDING A SECTION TO
18 READ:

19 § 8103.2. REFERENCE TO PUBLIC SCHOOL EMPLOYEES' RETIREMENT
20 SYSTEM.

21 (A) GENERAL RULE.--AS OF THE EFFECTIVE DATE OF THIS SECTION,
22 UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, A REFERENCE TO
23 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY
24 PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING
25 TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A
26 REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL
27 EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE
28 TRUST.

29 (B) CERTAIN AGREEMENTS.--THE AGREEMENT OF AN EMPLOYER TO
30 MAKE CONTRIBUTIONS TO THE FUND OR TO ENROLL EMPLOYEES AS MEMBERS

1 IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE
2 CONTRIBUTIONS TO THE TRUST OR TO ENROLL EMPLOYEES IN THE PLAN.

3 SECTION 104. SECTION 8301 OF TITLE 24 IS AMENDED TO READ:
4 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
5 PARTICIPATION IN THE PLAN.

6 (A) MANDATORY MEMBERSHIP.--MEMBERSHIP IN THE SYSTEM SHALL BE
7 MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL SCHOOL
8 EMPLOYEES EXCEPT THE FOLLOWING:

9 (1) ANY OFFICER OR EMPLOYEE OF THE DEPARTMENT OF
10 EDUCATION, STATE-OWNED EDUCATIONAL INSTITUTIONS, COMMUNITY
11 COLLEGES, AREA VOCATIONAL-TECHNICAL SCHOOLS, TECHNICAL
12 INSTITUTES, OR [THE] THE PENNSYLVANIA STATE UNIVERSITY AND
13 WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR
14 A MEMBER OF ANOTHER RETIREMENT PROGRAM APPROVED BY THE
15 EMPLOYER.

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

22 (3) ANY OFFICER OR EMPLOYEE OF A GOVERNMENTAL ENTITY WHO
23 SUBSEQUENT TO DECEMBER 22, 1965 AND PRIOR TO JULY 1, 1975
24 ADMINISTERS, SUPERVISES, OR TEACHES CLASSES FINANCED WHOLLY
25 OR IN PART BY THE FEDERAL GOVERNMENT SO LONG AS HE CONTINUES
26 IN SUCH SERVICE.

27 (4) ANY PART-TIME SCHOOL EMPLOYEE WHO HAS AN INDIVIDUAL
28 RETIREMENT ACCOUNT PURSUANT TO THE FEDERAL ACT OF SEPTEMBER
29 2, 1974 (PUBLIC LAW 93-406, 88 STAT. 829), KNOWN AS THE
30 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

1 (B) PROHIBITED MEMBERSHIP.--THE SCHOOL EMPLOYEES CATEGORIZED
2 IN SUBSECTION (A) (1) AND (2) SHALL NOT HAVE THE RIGHT TO ELECT
3 MEMBERSHIP IN THE SYSTEM AND SHALL NOT BE ELIGIBLE TO
4 PARTICIPATE IN THE PLAN.

5 (C) OPTIONAL MEMBERSHIP.--THE SCHOOL EMPLOYEES CATEGORIZED
6 IN SUBSECTION (A) (3) AND, IF OTHERWISE ELIGIBLE, SUBSECTION (A)
7 (4) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM. ONCE
8 SUCH ELECTION IS EXERCISED, MEMBERSHIP SHALL COMMENCE FROM THE
9 ORIGINAL DATE OF ELIGIBILITY AND SHALL CONTINUE UNTIL THE
10 TERMINATION OF SUCH SERVICE.

11 (D) MANDATORY PARTICIPATION IN THE PLAN.--A SCHOOL EMPLOYEE
12 WHO IS A MANDATORY MEMBER OF EITHER CLASS T-G OR CLASS T-H SHALL
13 ALSO BE A MANDATORY PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE
14 DATE OF MEMBERSHIP IN THE SYSTEM.

15 SECTION 105. SECTION 8302(A), (C) AND (D) OF TITLE 24 ARE
16 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
17 READ:

18 § 8302. CREDITED SCHOOL SERVICE.

19 (A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED
20 SCHOOL SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A
21 FULL-TIME SALARIED SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF
22 CREDIT FOR EACH SCHOOL YEAR OR THE CORRESPONDING FRACTION
23 THEREOF, IN ACCORDANCE WITH THE PROPORTION OF THE FULL SCHOOL
24 YEAR FOR WHICH THE REQUIRED REGULAR MEMBER CONTRIBUTIONS HAVE
25 BEEN MADE TO THE FUND, OR FOR WHICH SUCH CONTRIBUTIONS OTHERWISE
26 REQUIRED FOR SUCH SERVICE WERE NOT MADE TO THE FUND SOLELY BY
27 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS
28 UNDER IRC § 401(A) (17) OR 415. A PER DIEM OR HOURLY SCHOOL
29 EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED SERVICE FOR EACH
30 NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS IN WHICH HE IS

1 EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND, OR
2 WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH LIMITATIONS UNDER
3 THE IRC, FOR AT LEAST 180 FULL-DAY SESSIONS OR 1,100 HOURS OF
4 EMPLOYMENT. IF SUCH MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE
5 MADE TO THE FUND FOR LESS THAN 180 FULL-DAY SESSIONS OR 1,100
6 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A YEAR
7 DETERMINED BY THE RATIO OF THE NUMBER OF FULL-DAY SESSIONS OR
8 HOURS OF SERVICE ACTUALLY RENDERED TO 180 FULL-DAY SESSIONS OR
9 1,100 HOURS, AS THE CASE MAY BE. A PART-TIME SALARIED EMPLOYEE
10 SHALL BE CREDITED WITH THE FRACTIONAL PORTION OF THE YEAR WHICH
11 CORRESPONDS TO THE SERVICE ACTUALLY RENDERED AND FOR WHICH
12 CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND EXCEPT FOR
13 THE LIMITATIONS UNDER THE IRC IN RELATION TO THE SERVICE
14 REQUIRED AS A COMPARABLE FULL-TIME SALARIED EMPLOYEE. IN NO CASE
15 SHALL A MEMBER RECEIVE MORE THAN ONE YEAR OF CREDITED SERVICE
16 FOR ANY 12 CONSECUTIVE MONTHS OR A MEMBER WHO HAS ELECTED
17 MULTIPLE SERVICE RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE
18 THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS.

19 * * *

20 (C) CANCELLATION OF CREDITED SERVICE.--ALL CREDITED SERVICE
21 IN THE SYSTEM SHALL BE CANCELLED IF A MEMBER WITHDRAWS HIS
22 ACCUMULATED DEDUCTIONS[.], EXCEPT THAT A PARTIAL OR TOTAL
23 DISTRIBUTION OF ACCUMULATED TOTAL DEFINED CONTRIBUTIONS TO A
24 PARTICIPANT WHO IS ALSO A MEMBER MAY NOT CANCEL SERVICE CREDITED
25 IN THE SYSTEM.

26 (D) CREDIT FOR MILITARY SERVICE.--A SCHOOL EMPLOYEE WHO HAS
27 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM AS
28 FOLLOWS:

29 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS
30 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A

1 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY
2 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED
3 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE
4 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73
5 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL
6 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE
7 PERIOD OF MILITARY SERVICE BEGAN, NOTWITHSTANDING IF THE
8 MEMBER IS NOT DEFINED AS AN EMPLOYEE UNDER 51 PA.C.S. § 7301
9 (RELATING TO DEFINITIONS). SCHOOL EMPLOYEES MAY NOT RECEIVE
10 SERVICE CREDIT OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. §
11 7306(A), (B) AND (C) (RELATING TO RETIREMENT RIGHTS) FOR
12 MILITARY LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF
13 THIS SUBSECTION, EXCEPT OTHERWISE PROVIDED UNDER THIS
14 SUBSECTION.

15 (2) A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY
16 RECEIVE CREDIT AS PROVIDED BY THIS PARAGRAPH.

17 (I) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM USERRA
18 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED
19 AS NOT HAVING INCURRED A BREAK IN SCHOOL SERVICE BY
20 REASON OF THE USERRA LEAVE AND SHALL BE GRANTED
21 ELIGIBILITY POINTS AS IF THE SCHOOL EMPLOYEE HAD NOT BEEN
22 ON THE USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS
23 REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE
24 SYSTEM SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,
25 SHARED-RISK MEMBER CONTRIBUTIONS AND ANY OTHER MEMBER
26 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS
27 REQUIRED BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND
28 REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES)
29 AND IRC § 414(U) AS IF THE SCHOOL EMPLOYEE HAD CONTINUED
30 IN HIS SCHOOL OFFICE OR EMPLOYMENT AND PERFORMED SCHOOL

1 SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA
2 LEAVE, THEN THE SCHOOL EMPLOYEE SHALL BE GRANTED SCHOOL
3 SERVICE CREDIT FOR THE PERIOD OF USERRA LEAVE. THE
4 EMPLOYEE SHALL HAVE HIS BENEFITS, RIGHTS AND OBLIGATIONS
5 DETERMINED UNDER THIS PART AS IF HE WAS AN ACTIVE MEMBER
6 WHO PERFORMED CREDITABLE SCHOOL SERVICE DURING THE USERRA
7 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE
8 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON
9 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE SCHOOL SERVICE
10 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

11 (II) FOR PURPOSES OF DETERMINING WHETHER A SCHOOL
12 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR
13 SCHOOL SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE
14 WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER
15 OF THE SYSTEM TERMINATES SCHOOL SERVICE OR DIES IN SCHOOL
16 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT
17 PERIOD, SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE SHALL
18 BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS WERE
19 PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT OF
20 THE REQUIRED MEMBER CONTRIBUTIONS SHALL BE TREATED AS AN
21 INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF SECTION
22 8325 (RELATING TO INCOMPLETE PAYMENTS). UPON A SUBSEQUENT
23 RETURN TO SCHOOL SERVICE OR TO STATE SERVICE AS A
24 MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER
25 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE
26 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER
27 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP
28 SUM UNDER SECTION 8345(A)(4) (RELATING TO MEMBER'S
29 OPTIONS). FOR THIS PURPOSE, THE EXCLUSION OF CLASS T-E
30 AND CLASS T-F MEMBERS FROM ELECTING A FORM OF PAYMENT

1 UNDER SECTION 8345 (A) (4) (III) SHALL BE IGNORED.

2 (III) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM
3 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM AND WHO
4 DOES NOT MAKE THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES
5 ONLY PART OF THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE
6 ALLOWED PAYMENT PERIOD SHALL NOT BE:

7 (A) GRANTED CREDITED SERVICE FOR THE PERIOD OF
8 USERRA LEAVE FOR WHICH THE REQUIRED MEMBER
9 CONTRIBUTIONS WERE NOT TIMELY MADE.

10 (B) ELIGIBLE TO SUBSEQUENTLY MAKE CONTRIBUTIONS.

11 (C) GRANTED EITHER SCHOOL SERVICE CREDIT OR
12 NONSCHOOL SERVICE CREDIT FOR THE PERIOD OF USERRA
13 LEAVE FOR WHICH THE REQUIRED MEMBER CONTRIBUTIONS
14 WERE NOT TIMELY MADE.

15 (3) A SCHOOL EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND
16 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN
17 REEMPLOYED FROM USERRA LEAVE HAD THE SCHOOL EMPLOYEE RETURNED
18 TO SCHOOL SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C.
19 CH. 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE
20 ABLE TO RECEIVE CREDITABLE NONSCHOOL SERVICE AS
21 NONINTERVENING MILITARY SERVICE FOR THE PERIOD OF USERRA
22 LEAVE IF THE EMPLOYEE LATER RETURNS TO SCHOOL SERVICE AND IS
23 OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE AS NONINTERVENING
24 MILITARY SERVICE.

25 (4) [A SCHOOL EMPLOYEE] AN ACTIVE OR INACTIVE MEMBER
26 WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS
27 GRANTED A LEAVE OF ABSENCE UNDER SECTION 1178 OF THE PUBLIC
28 SCHOOL CODE, A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102
29 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT
30 EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73, THAT

1 IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE CREDITABLE
2 NONSCHOOL SERVICE AS NONINTERVENING MILITARY SERVICE SHOULD
3 THE EMPLOYEE RETURN TO SCHOOL SERVICE AS AN ACTIVE MEMBER OF
4 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE
5 AS NONINTERVENING MILITARY SERVICE.

6 (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THE
7 BENEFICIARIES OR SURVIVOR ANNUITANTS OF THE DECEASED MEMBER
8 SHALL BE ENTITLED TO ANY ADDITIONAL BENEFITS, INCLUDING
9 ELIGIBILITY POINTS, OTHER THAN BENEFIT ACCRUALS RELATING TO
10 THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS
11 PART AS IF THE MEMBER RESUMED AND THEN TERMINATED EMPLOYMENT
12 ON ACCOUNT OF DEATH.

13 (6) A SCHOOL EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM
14 HIS DUTIES AS A SCHOOL EMPLOYEE AND FOR WHICH 51 PA.C.S. §
15 4102 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR
16 EFFICIENCY SHALL NOT BE AN ACTIVE MEMBER, RECEIVE SERVICE
17 CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF ABSENCE
18 EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING THIS
19 PARAGRAPH, ANY PAY THE MEMBER RECEIVES UNDER SECTION 1178 OF
20 THE PUBLIC SCHOOL CODE OR 51 PA.C.S. § 4102 SHALL BE INCLUDED
21 IN THE DETERMINATION OF FINAL AVERAGE SALARY AND OTHER
22 CALCULATIONS IN THE SYSTEM UTILIZING COMPENSATION AS IF THE
23 PAYMENTS WERE COMPENSATION UNDER THIS PART.

24 (E) MILITARY SERVICE BY A PARTICIPANT.--A PARTICIPANT WHO
25 HAS PERFORMED USERRA LEAVE SHALL BE TREATED AND MAY MAKE
26 CONTRIBUTIONS AS FOLLOWS:

27 (1) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE
28 MAY NOT BE TREATED AS HAVING INCURRED A BREAK IN SCHOOL
29 SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE GRANTED
30 ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT BEEN ON

1 USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
2 LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP PARTICIPANT
3 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS REQUIRED
4 BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS IF THE PARTICIPANT
5 HAD CONTINUED IN THE PARTICIPANT'S SCHOOL EMPLOYMENT AND
6 PERFORMED SCHOOL SERVICE AND BEEN COMPENSATED DURING THE
7 PERIOD OF USERRA LEAVE, THEN THE PARTICIPANT'S EMPLOYER SHALL
8 MAKE THE CORRESPONDING EMPLOYER DEFINED CONTRIBUTIONS. THE
9 EMPLOYEE SHALL HAVE CONTRIBUTIONS, BENEFITS, RIGHTS AND
10 OBLIGATIONS DETERMINED UNDER THIS PART AS IF THE EMPLOYEE WAS
11 AN ACTIVE PARTICIPANT WHO PERFORMED SCHOOL SERVICE DURING THE
12 USERRA LEAVE IN THE JOB POSITION THAT THE EMPLOYEE WOULD HAVE
13 HELD HAD THE EMPLOYEE NOT BEEN ON USERRA LEAVE AND RECEIVED
14 THE COMPENSATION ON WHICH THE MANDATORY PICKUP PARTICIPANT
15 CONTRIBUTIONS TO RECEIVE SCHOOL SERVICE CREDIT FOR THE USERRA
16 LEAVE WERE DETERMINED, INCLUDING THE RIGHT TO MAKE VOLUNTARY
17 CONTRIBUTIONS ON SUCH COMPENSATION AS PERMITTED BY LAW.

18 (2) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE
19 AND DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT
20 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP
21 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT PERIOD
22 MAY NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT
23 CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS AT A LATER DATE FOR
24 THE PERIOD OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP
25 PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

26 (3) A PARTICIPANT WHO PERFORMS USERRA LEAVE FROM WHICH
27 THE EMPLOYEE COULD HAVE BEEN REEMPLOYED FROM USERRA LEAVE HAD
28 THE SCHOOL EMPLOYEE RETURNED TO SCHOOL SERVICE IN THE TIME
29 FRAMES REQUIRED BY 38 U.S.C. CH. 43 FOR REEMPLOYMENT RIGHTS,
30 BUT DID NOT DO SO, MAY NOT BE ELIGIBLE TO MAKE MANDATORY

1 PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS
2 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER
3 RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN.

4 (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO,
5 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
6 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 OR A MILITARY
7 LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT USERRA LEAVE MAY
8 NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT
9 CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS DURING OR FOR THE
10 LEAVE OF ABSENCE OR MILITARY LEAVE, AND MAY NOT HAVE EMPLOYER
11 DEFINED CONTRIBUTIONS MADE DURING SUCH LEAVE, WITHOUT REGARD
12 TO WHETHER OR NOT THE PARTICIPANT RECEIVED SALARY, WAGES,
13 STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER PAYMENTS FROM
14 THE PARTICIPANT'S EMPLOYER DURING THE LEAVE, NOTWITHSTANDING
15 ANY PROVISION TO THE CONTRARY IN 51 PA.C.S. § 4102 OR 51
16 PA.C.S. CH. 73.

17 (5) IF A PARTICIPANT DIES WHILE PERFORMING USERRA LEAVE,
18 THEN THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED
19 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER
20 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED
21 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE
22 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT
23 OF DEATH.

24 SECTION 106. SECTIONS 8303(C) AND (D) AND 8304(A) OF TITLE
25 24 ARE AMENDED TO READ:

26 § 8303. ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF
27 SERVICE CREDITS.

28 * * *

29 (C) PURCHASE OF PREVIOUS CREDITABLE SERVICE.--EVERY ACTIVE
30 MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN

1 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR
2 AFTER THE EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND
3 RECEIVE ELIGIBILITY POINTS:

4 (1) AS A MEMBER OF CLASS T-C, CLASS T-E [OR], CLASS T-F,
5 CLASS T-G OR CLASS T-H FOR PREVIOUS CREDITABLE SCHOOL SERVICE
6 OR CREDITABLE NONSCHOOL SERVICE; OR

7 (2) AS A MEMBER OF CLASS T-D FOR PREVIOUS CREDITABLE
8 SCHOOL SERVICE, PROVIDED THE MEMBER ELECTS TO BECOME A CLASS
9 T-D MEMBER PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION
10 TO BECOME A CLASS T-D MEMBER);

11 UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE
12 MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE;
13 EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT
14 SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.

15 (D) PURCHASE OF PREVIOUS NONCREDITABLE SERVICE.--CLASS T-C
16 AND CLASS T-D MEMBERS WHO ARE ACTIVE MEMBERS ON THE EFFECTIVE
17 DATE OF THIS SUBSECTION SHALL HAVE THREE YEARS FROM THE
18 EFFECTIVE DATE OF THIS SUBSECTION TO FILE A WRITTEN APPLICATION
19 WITH THE BOARD TO PURCHASE ANY PREVIOUS NONCREDITABLE SCHOOL
20 SERVICE. CLASS T-C AND CLASS T-D MEMBERS WHO ARE NOT ACTIVE
21 MEMBERS ON THE EFFECTIVE DATE OF THIS SUBSECTION BUT WHO BECOME
22 ACTIVE MEMBERS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION AND
23 CLASS T-E [AND], CLASS T-F, CLASS T-G AND CLASS T-H MEMBERS
24 SHALL HAVE 365 DAYS FROM ENTRY INTO THE SYSTEM TO FILE A WRITTEN
25 APPLICATION WITH THE BOARD TO PURCHASE ANY PREVIOUS
26 NONCREDITABLE SCHOOL SERVICE.

27 § 8304. CREDITABLE NONSCHOOL SERVICE.

28 (A) ELIGIBILITY.--AN ACTIVE MEMBER OR A MULTIPLE SERVICE
29 MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
30 RETIREMENT SYSTEM SHALL BE ELIGIBLE TO RECEIVE CLASS T-C, CLASS

1 T-E [OR], CLASS T-F, CLASS T-G OR CLASS T-H SERVICE CREDIT FOR
2 CREDITABLE NONSCHOOL SERVICE AND CLASS T-D, CLASS T-E [OR],
3 CLASS T-F, CLASS T-G OR CLASS T-H SERVICE FOR INTERVENING
4 MILITARY SERVICE, PROVIDED THE MEMBER BECOMES A CLASS T-D MEMBER
5 PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION TO BECOME A
6 CLASS T-D MEMBER) OR CLASS T-F MEMBER PURSUANT TO SECTION 8305.2
7 (RELATING TO ELECTION TO BECOME A CLASS T-F MEMBER) OR 8305
8 (RELATING TO CLASSES OF SERVICE) OR CLASS T-H SERVICE PURSUANT
9 TO SECTION 8305.3 (RELATING TO ELECTION TO BECOME A CLASS T-H
10 MEMBER), AS SET FORTH IN SUBSECTION (B) PROVIDED THAT HE IS NOT
11 ENTITLED TO RECEIVE, ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE,
12 OR IS RECEIVING RETIREMENT BENEFITS FOR SUCH SERVICE UNDER A
13 RETIREMENT SYSTEM ADMINISTERED AND WHOLLY OR PARTIALLY PAID FOR
14 BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY PRIVATE EMPLOYER, OR
15 A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER IN ACCORDANCE WITH
16 SECTION 8301(A) (1) (RELATING TO MANDATORY AND OPTIONAL
17 MEMBERSHIP), AND FURTHER PROVIDED THAT SUCH SERVICE IS CERTIFIED
18 BY THE PREVIOUS EMPLOYER AND THE MANNER OF PAYMENT OF THE AMOUNT
19 DUE IS AGREED UPON BY THE MEMBER, THE EMPLOYER, AND THE BOARD.

20 * * *

21 SECTION 107. SECTION 8305(C) (1) AND (D) OF TITLE 24 ARE
22 AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO
23 READ:

24 § 8305. CLASSES OF SERVICE.

25 * * *

26 (C) CLASS T-D MEMBERSHIP.--

27 (1) A PERSON WHO BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE
28 MEMBER, OR A PERSON WHO BECOMES A MULTIPLE SERVICE MEMBER WHO
29 IS A STATE EMPLOYEE AND A MEMBER OF THE STATE EMPLOYEES'
30 RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF THIS

1 SUBSECTION AND BEFORE JULY 1, 2011, SHALL BE CLASSIFIED AS A
2 CLASS T-D MEMBER UPON PAYMENT OF REGULAR MEMBER
3 CONTRIBUTIONS. ANY PRIOR SCHOOL SERVICE CREDITED AS CLASS T-C
4 SERVICE SHALL BE CREDITED AS CLASS T-D SERVICE, SUBJECT TO
5 THE LIMITATIONS CONTAINED IN PARAGRAPH (4).

6 * * *

7 (D) CLASS T-E MEMBERSHIP.--NOTWITHSTANDING ANY OTHER
8 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN
9 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE
10 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE
11 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF
12 THIS SUBSECTION AND BEFORE JULY 1, 2019, SHALL BE CLASSIFIED AS
13 A CLASS T-E MEMBER UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS
14 AND THE SHARED-RISK CONTRIBUTIONS.

15 * * *

16 (F) CLASS T-G MEMBERSHIP.--A PERSON WHO FIRST BECOMES A
17 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER ON OR AFTER JULY 1, 2019,
18 SHALL BE CLASSIFIED AS A CLASS T-G MEMBER UPON PAYMENT OF
19 REGULAR MEMBER CONTRIBUTIONS AND THE SHARED-RISK CONTRIBUTIONS.

20 (G) CLASS T-H MEMBERSHIP OR CLASS DC PARTICIPANT.--A PERSON
21 WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER ON OR
22 AFTER JULY 1, 2019, AND WHO IS ELIGIBLE TO BECOME A CLASS T-G
23 MEMBER SHALL HAVE THE RIGHT TO ELECT TO BECOME ONE OF THE
24 FOLLOWING:

25 (1) A CLASS T-H MEMBER, PROVIDED THE PERSON ELECTS TO
26 BECOME A CLASS T-H MEMBER PURSUANT TO SECTION 8305.3
27 (RELATING TO ELECTION TO BECOME A CLASS T-H MEMBER), UPON
28 WRITTEN ELECTION FILED WITH THE BOARD AND PAYMENT OF REGULAR
29 MEMBER CONTRIBUTIONS AND THE SHARED-RISK CONTRIBUTIONS; OR

30 (2) A CLASS DC PARTICIPANT, PROVIDED THE PERSON ELECTS

1 TO BECOME A CLASS DC PARTICIPANT PURSUANT TO SECTION 8305.4
2 (RELATING TO ELECTION TO BECOME A CLASS DC PARTICIPANT), UPON
3 WRITTEN ELECTION FILED WITH THE BOARD AND PAYMENT OF
4 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

5 SECTION 107.1. TITLE 24 IS AMENDED BY ADDING SECTIONS TO
6 READ:

7 § 8305.3. ELECTION TO BECOME A CLASS T-H MEMBER.

8 (A) GENERAL RULE.--A PERSON WHO FIRST BECOMES A SCHOOL
9 EMPLOYEE AND AN ACTIVE MEMBER ON OR AFTER JULY 1, 2019, AND WHO
10 IS ELIGIBLE TO BECOME A CLASS T-G MEMBER MAY ELECT TO BECOME A
11 MEMBER OF CLASS T-H.

12 (B) TIME FOR MAKING ELECTION.--A MEMBER MUST ELECT TO BECOME
13 A CLASS T-H MEMBER BY FILING A WRITTEN ELECTION WITH THE BOARD
14 WITHIN 90 DAYS OF NOTIFICATION BY THE BOARD THAT THE MEMBER IS
15 ELIGIBLE FOR THE ELECTION. A SCHOOL EMPLOYEE WHO IS ELIGIBLE TO
16 ELECT TO BECOME A CLASS T-H MEMBER WHO BEGINS USERRA LEAVE
17 DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED CLASS T-H
18 MEMBERSHIP MAY MAKE THE ELECTION WITHIN 90 DAYS AFTER BEING
19 REEMPLOYED FROM USERRA LEAVE.

20 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS T-H
21 MEMBER SHALL BE IRREVOCABLE AND SHALL COMMENCE FROM THE ORIGINAL
22 DATE OF ELIGIBILITY. A MEMBER WHO ELECTS CLASS T-H MEMBERSHIP
23 SHALL RECEIVE CLASS T-H SERVICE CREDIT ON ANY AND ALL FUTURE
24 SERVICE, REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR
25 HAS A BREAK IN SERVICE.

26 (D) EFFECT OF FAILURE TO MAKE ELECTION.--IF A MEMBER FAILS
27 TO TIMELY FILE AN ELECTION TO BECOME A CLASS T-H MEMBER, AND
28 DOES NOT ELECT TO BECOME A CLASS DC PARTICIPANT UNDER SECTION
29 8305.4 (RELATING TO ELECTION TO BECOME A CLASS DC PARTICIPANT),
30 THEN THE MEMBER SHALL BE ENROLLED AS A MEMBER OF CLASS T-G, AND

1 THE MEMBER SHALL NEVER BE ABLE TO ELECT CLASS T-H SERVICE,
2 REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR HAS A
3 BREAK IN SERVICE.

4 § 8305.4. ELECTION TO BECOME A CLASS DC PARTICIPANT.

5 (A) GENERAL RULE.--A PERSON WHO FIRST BECOMES A SCHOOL
6 EMPLOYEE AND AN ACTIVE MEMBER ON OR AFTER JULY 1, 2019, AND WHO
7 IS ELIGIBLE TO BECOME A CLASS T-G MEMBER MAY ELECT TO BECOME A
8 PARTICIPANT OF CLASS DC.

9 (B) TIME FOR MAKING ELECTION.--A MEMBER MUST ELECT TO BECOME
10 A CLASS DC PARTICIPANT BY FILING A WRITTEN ELECTION WITH THE
11 BOARD WITHIN 90 DAYS OF NOTIFICATION BY THE BOARD THAT THE
12 MEMBER IS ELIGIBLE FOR THE ELECTION. A SCHOOL EMPLOYEE WHO IS
13 ELIGIBLE TO ELECT TO BECOME A CLASS DC PARTICIPANT WHO BEGINS
14 USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED
15 TO BECOME A CLASS DC PARTICIPANT MAY MAKE THE ELECTION WITHIN 90
16 DAYS AFTER BEING REEMPLOYED FROM USERRA LEAVE.

17 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS DC
18 PARTICIPANT SHALL BE IRREVOCABLE AND SHALL COMMENCE FROM THE
19 ORIGINAL DATE OF ELIGIBILITY. A MEMBER WHO ELECTS TO BECOME A
20 CLASS DC PARTICIPANT SHALL REMAIN A CLASS DC PARTICIPANT ON ANY
21 AND ALL FUTURE SERVICE, REGARDLESS OF WHETHER THE PARTICIPANT
22 TERMINATES SERVICE OR HAS A BREAK IN SERVICE.

23 (D) EFFECT OF FAILURE TO MAKE ELECTION.--IF A MEMBER FAILS
24 TO TIMELY FILE AN ELECTION TO BECOME A CLASS DC PARTICIPANT, AND
25 DOES NOT ELECT TO BECOME A MEMBER OF CLASS T-H UNDER SECTION
26 8305.3 (RELATING TO ELECTION TO BECOME A CLASS T-H MEMBER), THEN
27 THE MEMBER SHALL BE ENROLLED AS A MEMBER OF CLASS T-G, AND THE
28 MEMBER SHALL NEVER BE ABLE TO ELECT TO BECOME A CLASS DC
29 PARTICIPANT, REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE
30 OR HAS A BREAK IN SERVICE.

1 § 8305.5. ELECTION TO BECOME CLASS T-G, CLASS T-H OR CLASS DC.

2 (A) GENERAL RULE.--A PERSON WHO:

3 (1) IS A CLASS T-C, CLASS T-D, CLASS T-E OR CLASS T-F
4 MEMBER OF THE SYSTEM OR A CLASS T-C, CLASS T-D, CLASS T-E OR
5 CLASS T-F MULTIPLE SERVICE MEMBER WHO IS A STATE EMPLOYEE AND
6 A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM; AND

7 (2) ON JULY 1, 2019, IS AN ACTIVE MEMBER OF THE SYSTEM
8 OR AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM
9 IF A MULTIPLE SERVICE MEMBER,

10 MAY ELECT TO BECOME A MEMBER OF CLASS T-G, CLASS T-H OR A
11 PARTICIPANT OF CLASS DC.

12 (B) TIME FOR MAKING ELECTION.--THE MEMBER MUST ELECT TO
13 BECOME A MEMBER OF CLASS T-G OR CLASS T-H OR A PARTICIPANT OF
14 CLASS DC BY FILING A WRITTEN NOTICE WITH THE BOARD WITHIN 90
15 DAYS OF NOTIFICATION BY THE BOARD THAT THE MEMBER IS ELIGIBLE TO
16 MAKE THE ELECTION OR BEFORE THE TERMINATION OF SCHOOL SERVICE OR
17 STATE SERVICE, AS APPLICABLE, WHICHEVER OCCURS FIRST. A SCHOOL
18 EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A MEMBER OF CLASS T-
19 G OR CLASS T-H OR A PARTICIPANT OF CLASS DC WHO BEGINS USERRA
20 LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED THE
21 MEMBERSHIP MAY MAKE THE ELECTION WITHIN 90 DAYS AFTER BEING
22 REEMPLOYED FROM USERRA LEAVE.

23 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A MEMBER OF
24 CLASS T-G OR CLASS T-H OR A PARTICIPANT IN CLASS DC SHALL BE
25 IRREVOCABLE. THE ELECTION SHALL APPLY TO ALL SERVICE PERFORMED
26 ON OR AFTER JANUARY 1, 2020.

27 (1) TOTAL CONTRIBUTION RATE. A MEMBER ELECTING
28 MEMBERSHIP IN CLASS T-G OR CLASS T-H SHALL BE DEEMED TO HAVE
29 ACCEPTED THE BASIC CONTRIBUTION RATE FOR THE CLASS OF
30 MEMBERSHIP AS DEFINED IN SECTION 8102 (RELATING TO

1 DEFINITIONS) IN EFFECT AT THE TIME OF THE ELECTION, PROVIDED
2 THAT THE SUM OF THE TOTAL CONTRIBUTION RATE PLUS THE
3 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OF A MEMBER WHO
4 ELECTS MEMBERSHIP IN CLASS T-G OR CLASS T-H SHALL NOT BE MORE
5 OR LESS THAN THE TOTAL CONTRIBUTION RATE THE MEMBER WOULD
6 HAVE CONTRIBUTED HAD THE MEMBER NOT ELECTED SUCH MEMBERSHIP.
7 CLASS T-C AND CLASS T-D MEMBERS ELECTING MEMBERSHIP IN CLASS
8 T-G OR CLASS T-H SHALL NOT BE SUBJECT TO THE SHARED-RISK
9 CONTRIBUTION RATE AS DETERMINED BY SECTION 8321 (RELATING TO
10 REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE).

11 (2) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS. THE
12 MANDATORY PICKUP PARTICIPANT CONTRIBUTION OF A MEMBER
13 ELECTING CLASS T-G OR CLASS T-H SHALL BE THE DIFFERENCE
14 BETWEEN THE TOTAL CONTRIBUTION RATE OF THE MEMBER'S PRIOR
15 CLASS OF SERVICE AND THE TOTAL CONTRIBUTION RATE OF THE
16 ELECTED CLASS OF SERVICE. A MEMBER ELECTING PARTICIPATION IN
17 CLASS DC SHALL BE DEEMED TO HAVE ACCEPTED THE MANDATORY
18 PICKUP PARTICIPANT CONTRIBUTION RATE FOR CLASS DC EQUAL TO
19 THE TOTAL CONTRIBUTION RATE THE MEMBER WOULD HAVE CONTRIBUTED
20 HAD THE MEMBER NOT ELECTED PARTICIPATION.

21 (D) EFFECT OF FAILURE TO MAKE ELECTION.--IF THE MEMBER FAILS
22 TO TIMELY FILE AN ELECTION TO BECOME A MEMBER OF CLASS T-G OR
23 CLASS T-H OR A PARTICIPANT OF CLASS DC, THE MEMBER SHALL
24 CONTINUE TO BE ENROLLED AS A MEMBER OF CLASS T-C, CLASS T-D,
25 CLASS T-E OR CLASS T-F AS APPLICABLE AND THE MEMBER SHALL NEVER
26 BE ABLE TO ELECT MEMBERSHIP IN CLASS T-G OR CLASS T-H OR
27 PARTICIPATION IN CLASS DC, REGARDLESS OF WHETHER THE MEMBER
28 TERMINATES SERVICE, HAS A BREAK IN SERVICE OR REFUNDS AND
29 RETURNS TO SERVICE.

30 (E) FORMER MEMBERS.--CLASS T-C, CLASS T-D, CLASS T-E AND

1 CLASS T-F MEMBERS, OR FORMER CLASS T-C, CLASS T-D, CLASS T-E AND
2 CLASS T-F MEMBERS WHO, ON JULY 1, 2019, ARE NOT ELIGIBLE TO MAKE
3 AN ELECTION, OR WHO RETURN TO SERVICE ON OR AFTER JULY 1, 2019,
4 SHALL NOT BE ELIGIBLE TO ELECT MEMBERSHIP IN CLASS T-G OR CLASS
5 T-H OR PARTICIPATION IN CLASS DC.

6 (F) MULTIPLE CLASSES OF SERVICE.--A MEMBER WITH MORE THAN
7 ONE CLASS OF SERVICE WHO VESTS THE MEMBER'S RETIREMENT BENEFITS
8 IN ANY CLASS OF SERVICE MAY NOT RECEIVE DISTRIBUTIONS FROM OTHER
9 CLASSES OF SERVICE UNTIL THE MEMBER'S EFFECTIVE DATE OF
10 RETIREMENT, REGARDLESS OF WHETHER THE MEMBER'S BENEFITS
11 RESULTING FROM SUCH OTHER CLASSES OF SERVICE ARE VESTED OR THE
12 MEMBER IS ELIGIBLE TO RECEIVE AN ANNUITY. A MEMBER WITH SERVICE
13 CREDITED IN MORE THAN ONE CLASS OF SERVICE MAY NOT SEPARATELY
14 VEST THE BENEFITS AND RECEIVE ANNUITIES FROM DIFFERENT CLASSES
15 OF SERVICE WITH DIFFERENT EFFECTIVE DATES.

16 (G) ELIGIBILITY POINTS.--IN DETERMINING WHETHER A MEMBER,
17 WHO ELECTS MEMBERSHIP IN CLASS T-G OR CLASS T-H OR PARTICIPATION
18 IN CLASS DC, ACCRUES THE ELIGIBILITY POINTS REQUIRED IN SECTIONS
19 8102 (RELATING TO DEFINITIONS), 8305 (RELATING TO CLASSES OF
20 SERVICE), 8307 (RELATING TO ELIGIBILITY FOR ANNUITIES), 8308
21 (RELATING TO ELIGIBILITY FOR VESTING), 8345 (RELATING TO
22 MEMBER'S OPTIONS) AND 8346 (RELATING TO TERMINATION OF
23 ANNUITIES), ELIGIBILITY POINTS EARNED BY PERFORMING CREDITED
24 SCHOOL SERVICE AS A MEMBER OF CLASS T-C, CLASS T-D, CLASS T-E,
25 CLASS T-F, CLASS T-G AND CLASS T-H SHALL BE COUNTED IN THE
26 AGGREGATE FOR ELIGIBILITY PURPOSES ONLY. A MEMBER WHO ELECTS
27 PARTICIPATION IN CLASS DC SHALL EARN ONE ELIGIBILITY POINT FOR
28 EACH FISCAL YEAR IN WHICH THE CLASS DC PARTICIPANT CONTRIBUTES
29 TO THE TRUST.

30 SECTION 108. SECTIONS 8306, 8307, 8308, 8310, 8321,

1 8322.1(A), 8323(A), (C) AND (D)(1), 8324, 8325.1(A), 8326(A) AND
2 (C) AND 8327 OF TITLE 24 ARE AMENDED TO READ:

3 § 8306. ELIGIBILITY POINTS.

4 (A) GENERAL RULE.--AN ACTIVE MEMBER OF THE SYSTEM SHALL
5 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE
6 AS A MEMBER OF THE [SCHOOL OR STATE RETIREMENT SYSTEM] SYSTEM OR
7 IF A MULTIPLE SERVICE MEMBER, AS A MEMBER OF THE STATE
8 EMPLOYEES' RETIREMENT SYSTEM. A MEMBER SHALL ACCRUE AN
9 ADDITIONAL TWO-THIRDS OF AN ELIGIBILITY POINT FOR EACH YEAR OF
10 CLASS D-3 CREDITED SERVICE UNDER THE STATE EMPLOYEES' RETIREMENT
11 SYSTEM. IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED
12 SERVICE, A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL
13 PORTION OF AN ELIGIBILITY POINT.

14 (A.1) USERRA LEAVE.--A MEMBER OR PARTICIPANT WHO IS
15 REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA
16 LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE
17 ACCRUED HAD HE CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT
18 INSTEAD OF PERFORMING USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS
19 REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER OR MANDATORY
20 PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED SCHOOL SERVICE
21 CREDIT FOR THE USERRA LEAVE, NO ADDITIONAL ELIGIBILITY POINTS
22 MAY BE GRANTED.

23 (B) TRANSITIONAL RULE.--FOR THE PURPOSES OF THE TRANSITION:

24 (1) IN DETERMINING WHETHER A MEMBER, OTHER THAN A
25 DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE
26 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY, WHO IS
27 NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001,
28 AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE, HAS
29 THE FIVE ELIGIBILITY POINTS REQUIRED BY THE DEFINITION OF
30 "VESTEE" IN SECTIONS 8102 (RELATING TO DEFINITIONS), 8307

1 (RELATING TO ELIGIBILITY FOR ANNUITIES), 8308 (RELATING TO
2 ELIGIBILITY FOR VESTING) AND 8345 (RELATING TO MEMBER'S
3 OPTIONS), ONLY ELIGIBILITY POINTS EARNED BY PERFORMING
4 CREDITED SCHOOL SERVICE, USERRA LEAVE OR CREDITED STATE
5 SERVICE AS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
6 RETIREMENT SYSTEM AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL
7 SUCH MEMBER EARNS ONE ELIGIBILITY POINT BY PERFORMING
8 CREDITED SCHOOL SERVICE OR, IF A MULTIPLE SERVICE MEMBER,
9 CREDITED STATE SERVICE AFTER JUNE 30, 2001, AT WHICH TIME ALL
10 ELIGIBILITY POINTS AS DETERMINED UNDER SUBSECTION (A) SHALL
11 BE 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 § 8307. ELIGIBILITY FOR ANNUITIES.

18 (A) SUPERANNUATION ANNUITY.--AN ACTIVE OR AN INACTIVE MEMBER
19 WHO ATTAINS SUPERANNUATION AGE SHALL BE ENTITLED TO RECEIVE A
20 SUPERANNUATION ANNUITY UPON TERMINATION OF SERVICE AND FILING OF
21 A PROPER APPLICATION. ALL MEMBERS MUST BEGIN RECEIVING A
22 SUPERANNUATION ANNUITY BY THE MEMBER'S REQUIRED BEGINNING DATE.

23 (B) WITHDRAWAL ANNUITY.--

24 (1) A VESTEE IN CLASS T-C OR CLASS T-D WITH FIVE OR MORE
25 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-C OR
26 CLASS T-D MEMBER WHO TERMINATES SCHOOL SERVICE HAVING FIVE OR
27 MORE ELIGIBILITY POINTS SHALL, UPON FILING A PROPER
28 APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY.

29 (2) A VESTEE IN CLASS T-E OR CLASS T-F WITH TEN OR MORE
30 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-E OR

1 CLASS T-F MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR
2 MORE ELIGIBILITY POINTS SHALL, UPON FILING A PROPER
3 APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY.

4 (3) A VESTEE IN CLASS T-G OR CLASS T-H WITH TEN OR MORE
5 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-G OR
6 CLASS T-H MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR
7 MORE ELIGIBILITY POINTS SHALL, UPON FILING A PROPER
8 APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY.

9 (C) DISABILITY ANNUITY.--AN ACTIVE OR INACTIVE MEMBER WHO
10 HAS CREDIT FOR AT LEAST FIVE YEARS OF SERVICE SHALL, UPON FILING
11 OF A PROPER APPLICATION, BE ENTITLED TO A DISABILITY ANNUITY IF
12 HE BECOMES MENTALLY OR PHYSICALLY INCAPABLE OF CONTINUING TO
13 PERFORM THE DUTIES FOR WHICH HE IS EMPLOYED AND QUALIFIES FOR AN
14 ANNUITY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8505(C) (1)
15 (RELATING TO DUTIES OF BOARD REGARDING APPLICATIONS AND
16 ELECTIONS OF MEMBERS AND PARTICIPANTS).

17 § 8308. ELIGIBILITY FOR VESTING.

18 ANY CLASS T-C OR CLASS T-D MEMBER WHO TERMINATES SCHOOL
19 SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF
20 THE STATE EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES STATE
21 SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS SHALL BE ENTITLED
22 TO VEST HIS RETIREMENT BENEFITS UNTIL THE MEMBER'S REQUIRED
23 BEGINNING DATE. ANY CLASS T-E [OR], CLASS T-F, CLASS T-G OR
24 CLASS T-H MEMBER WHO TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE
25 SERVICE MEMBER AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
26 RETIREMENT SYSTEM WHO TERMINATES STATE SERVICE, WITH TEN OR MORE
27 ELIGIBILITY POINTS SHALL BE ENTITLED TO VEST HIS RETIREMENT
28 BENEFITS UNTIL HIS REQUIRED BEGINNING DATE.

29 § 8310. ELIGIBILITY FOR REFUNDS.

30 UPON TERMINATION OF SERVICE ANY ACTIVE MEMBER, REGARDLESS OF

1 ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS ACCUMULATED
2 DEDUCTIONS BY HIS REQUIRED BEGINNING DATE IN LIEU OF ANY BENEFIT
3 FROM THE SYSTEM TO WHICH HE IS ENTITLED.

4 § 8321. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

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

11 (B) CLASS T-E [AND], CLASS T-F, CLASS T-G AND CLASS T-H
12 SHARED-RISK CONTRIBUTIONS.--

13 (1) COMMENCING WITH THE ANNUAL ACTUARIAL VALUATION
14 PERFORMED UNDER SECTION 8502(J) (RELATING TO ADMINISTRATIVE
15 DUTIES OF BOARD), FOR THE PERIOD ENDING JUNE 30, 2014, AND
16 EVERY THREE YEARS THEREAFTER, THE BOARD SHALL COMPARE THE
17 ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, TO THE ANNUAL
18 INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF THE
19 NORMAL CONTRIBUTION RATE, BASED ON THE MARKET VALUE OF
20 ASSETS, FOR THE PRIOR TEN-YEAR PERIOD. IF THE ACTUAL
21 INVESTMENT RATE OF RETURN, NET OF FEES, IS LESS THAN THE
22 ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY AN AMOUNT OF 1%
23 OR MORE, THEN THE SHARED-RISK CONTRIBUTION RATE OF CLASS T-E
24 AND T-F MEMBERS WILL INCREASE BY .5% AND THE SHARED-RISK
25 CONTRIBUTION RATE OF CLASS T-G AND CLASS T-H MEMBERS WILL
26 INCREASE BY .75%. IF THE ACTUAL INVESTMENT RATE OF RETURN,
27 NET OF FEES, IS EQUAL TO OR EXCEEDS THE ANNUAL INTEREST RATE
28 ADOPTED BY THE BOARD[,] BY LESS THAN 1%, THEN THE SHARED-RISK
29 CONTRIBUTIONS RATE OF CLASS T-E AND T-F MEMBERS WILL DECREASE
30 BY .5% [. CLASS T-E AND T-F MEMBERS WILL CONTRIBUTE AT THE

1 TOTAL MEMBER CONTRIBUTION RATE IN EFFECT WHEN THEY ARE HIRED.
2 THE] AND THE SHARED-RISK CONTRIBUTION RATE OF CLASS T-G AND
3 CLASS T-H MEMBERS WILL DECREASE BY .75%, PROVIDED THE TOTAL
4 MEMBER CONTRIBUTION RATE ON THE DATE OF THE ACTUARIAL
5 VALUATION IS ABOVE THE MEMBER'S BASIC CONTRIBUTION RATE. IF
6 THE ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, IS MORE
7 THAN THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY AN
8 AMOUNT OF 1% OR MORE, THEN THE SHARED-RISK CONTRIBUTION RATE
9 OF CLASS T-E AND CLASS T-F MEMBERS WILL DECREASE BY .5% AND
10 THE SHARED-RISK CONTRIBUTION RATE OF CLASS T-G AND CLASS T-H
11 MEMBERS WILL DECREASE BY .75%. IF THE ACTUAL INVESTMENT RATE
12 OF RETURN, NET OF FEES, IS EQUAL TO OR BELOW THE ANNUAL
13 INTEREST RATE ADOPTED BY THE BOARD BY LESS THAN 1%, THEN:

14 (I) THE SHARED-RISK CONTRIBUTION RATE OF CLASS T-E AND
15 CLASS T-F MEMBERS WILL INCREASE BY .5%; AND

16 (II) THE SHARED-RISK CONTRIBUTION RATE OF CLASS T-G AND
17 CLASS T-H MEMBERS WILL INCREASE BY .75%, PROVIDED THE TOTAL
18 MEMBER CONTRIBUTION RATE ON THE DATE OF THE ACTUARIAL
19 VALUATION IS BELOW THE MEMBER'S BASIC CONTRIBUTION RATE.

20 (2) NOTWITHSTANDING PARAGRAPH (1), THE TOTAL MEMBER
21 CONTRIBUTION RATE FOR CLASS T-E MEMBERS SHALL NOT BE LESS
22 THAN [7.5%] 5.5%, NOR MORE THAN 9.5%. THE TOTAL MEMBER
23 CONTRIBUTION RATE FOR CLASS T-F MEMBERS SHALL NOT BE LESS
24 THAN [10.3%] 8.3%, NOR MORE THAN 12.3%. THE TOTAL MEMBER
25 CONTRIBUTION RATE FOR CLASS T-G MEMBERS SHALL NOT BE LESS
26 THAN 2.5% NOR MORE THAN 8.5%. THE TOTAL MEMBER CONTRIBUTION
27 RATE FOR CLASS T-H MEMBERS SHALL NOT BE LESS THAN 1.5% NOR
28 MORE THAN 7.5%. NOTWITHSTANDING THIS SUBSECTION, IF THE
29 SYSTEM'S ACTUARIAL FUNDED STATUS IS 100% OR MORE AS OF THE
30 DATE USED FOR THE COMPARISON REQUIRED UNDER THIS SUBSECTION,

1 AS DETERMINED IN THE CURRENT ANNUAL ACTUARIAL VALUATION, THE
2 SHARED-RISK CONTRIBUTION RATE SHALL [BE] NOT BE GREATER THAN
3 ZERO. IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED BY
4 THE BOARD FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE
5 IS CHANGED DURING THE PERIOD USED TO DETERMINE THE SHARED-
6 RISK CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE
7 ACTUARY, SHALL DETERMINE THE APPLICABLE RATE DURING THE
8 ENTIRE PERIOD, EXPRESSED AS AN ANNUAL RATE. THE FOLLOWING
9 PROVISIONS APPLY:

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

15 [(2)] (II) FOR ANY FISCAL YEAR IN WHICH THE EMPLOYER
16 CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION
17 RATE UNDER SECTION 8328 (H) (RELATING TO ACTUARIAL COST
18 METHOD), THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-E
19 [AND T-F], CLASS T-F, CLASS T-G AND CLASS T-H MEMBERS
20 SHALL BE PROSPECTIVELY RESET TO THE BASIC CONTRIBUTION
21 RATE, PROVIDED THE TOTAL MEMBER CONTRIBUTION RATE IS AT
22 OR ABOVE THE BASIC CONTRIBUTION RATE.

23 [(3)] (III) THERE SHALL BE NO INCREASE IN THE MEMBER
24 CONTRIBUTION RATE IF THERE HAS NOT BEEN AN EQUIVALENT
25 INCREASE TO THE EMPLOYER CONTRIBUTION RATE OVER THE
26 PREVIOUS THREE-YEAR PERIOD.

27 (3) NOTWITHSTANDING PARAGRAPH (1), SHARED-RISK MEMBER
28 CONTRIBUTIONS FOR CLASS T-E, CLASS T-F, CLASS T-G AND CLASS
29 T-H SERVICE SHALL NOT BE MADE IN ANY FISCAL YEAR IN WHICH THE
30 COMMONWEALTH FAILS TO MAKE THE ANNUALLY REQUIRED CONTRIBUTION

1 TO THE FUND AS PROVIDED UNDER SECTION 8328.

2 § 8322.1. PICKUP CONTRIBUTIONS.

3 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL
4 CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS
5 8321 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
6 SERVICE), 8322 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS)
7 AND 8305 (RELATING TO CLASSES OF SERVICE), WITH RESPECT TO
8 CURRENT SCHOOL SERVICE RENDERED BY AN ACTIVE MEMBER ON OR AFTER
9 JANUARY 1, 1983, SHALL BE PICKED UP BY THE EMPLOYER AND SHALL BE
10 TREATED AS THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC §
11 414(H).

12 * * *

13 § 8323. MEMBER CONTRIBUTIONS FOR CREDITABLE SCHOOL SERVICE.

14 (A) PREVIOUS SCHOOL SERVICE, SABBATICAL LEAVE AND FULL
15 COVERAGE.--THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR
16 AN ELIGIBLE STATE EMPLOYEE FOR CREDIT IN THE SYSTEM FOR
17 REINSTATEMENT OF ALL PREVIOUSLY CREDITED SCHOOL SERVICE, SCHOOL
18 SERVICE NOT PREVIOUSLY CREDITED, SABBATICAL LEAVE AS IF HE HAD
19 BEEN IN FULL-TIME DAILY ATTENDANCE, OR FULL-COVERAGE MEMBERSHIP
20 SHALL BE SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE
21 ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE
22 CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR MEMBER
23 CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE AT THE RATE OF
24 CONTRIBUTION NECESSARY TO BE CREDITED AS CLASS T-C SERVICE,
25 CLASS T-D SERVICE IF THE MEMBER IS A CLASS T-D MEMBER, CLASS T-E
26 SERVICE IF THE MEMBER IS A CLASS T-E MEMBER [OR], CLASS T-F
27 SERVICE IF THE MEMBER IS A CLASS T-F MEMBER, CLASS T-G SERVICE
28 IF THE MEMBER IS A CLASS T-G MEMBER OR CLASS T-H SERVICE IF THE
29 MEMBER IS A CLASS T-H MEMBER AND HAD SUCH CONTRIBUTIONS BEEN
30 CREDITED WITH STATUTORY INTEREST DURING THE PERIOD THE

1 CONTRIBUTIONS WOULD HAVE BEEN MADE AND DURING ALL PERIODS OF
2 SUBSEQUENT SCHOOL AND STATE SERVICE UP TO THE DATE OF PURCHASE.

3 * * *

4 (C) APPROVED LEAVE OF ABSENCE OTHER THAN SABBATICAL LEAVE
5 AND ACTIVATED MILITARY SERVICE LEAVE.--THE CONTRIBUTIONS TO BE
6 PAID BY AN ACTIVE MEMBER FOR CREDIT FOR AN APPROVED LEAVE OF
7 ABSENCE, OTHER THAN SABBATICAL LEAVE AND ACTIVATED MILITARY
8 SERVICE LEAVE, SHALL BE SUFFICIENT TO TRANSFER HIS MEMBERSHIP TO
9 CLASS T-C OR TO CLASS T-D IF THE MEMBER IS A CLASS T-D MEMBER,
10 TO CLASS T-E IF THE MEMBER IS A CLASS T-E MEMBER [OR], TO CLASS
11 T-F IF THE MEMBER IS A CLASS T-F MEMBER, TO CLASS T-G SERVICE IF
12 THE MEMBER IS A CLASS T-G MEMBER OR TO CLASS T-H SERVICE IF THE
13 MEMBER IS A CLASS T-H MEMBER AND FURTHER TO PROVIDE AN ANNUITY
14 AS A CLASS T-C MEMBER OR CLASS T-D MEMBER IF THE MEMBER IS A
15 CLASS T-D MEMBER, TO CLASS T-E IF THE MEMBER IS A CLASS T-E
16 MEMBER [OR], TO CLASS T-F IF THE MEMBER IS A CLASS T-F MEMBER,
17 TO CLASS T-G SERVICE IF THE MEMBER IS A CLASS T-G MEMBER OR TO
18 CLASS T-H SERVICE IF THE MEMBER IS A CLASS T-H MEMBER FOR SUCH
19 ADDITIONAL CREDITED SERVICE. SUCH AMOUNT SHALL BE THE SUM OF THE
20 AMOUNT REQUIRED IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION
21 (B) AND AN AMOUNT DETERMINED AS THE SUM OF THE MEMBER'S BASIC
22 CONTRIBUTION RATE AND THE NORMAL CONTRIBUTION RATE AS PROVIDED
23 IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) DURING SUCH
24 PERIOD MULTIPLIED BY THE COMPENSATION WHICH WAS RECEIVED OR
25 WHICH WOULD HAVE BEEN RECEIVED DURING SUCH PERIOD AND WITH
26 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND
27 STATE SERVICE UP TO THE DATE OF PURCHASE.

28 * * *

29 (D) CERTIFICATION AND PAYMENT OF CONTRIBUTIONS.--

30 (1) IN ALL CASES OTHER THAN FOR THE PURCHASE OF CREDIT

1 FOR SABBATICAL LEAVE AND ACTIVATED MILITARY SERVICE LEAVE
2 BEGINNING BEFORE THE EFFECTIVE DATE OF PARAGRAPH (2), THE
3 AMOUNT PAYABLE SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE
4 WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID 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 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 * * *

22 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE
23 NONSCHOOL SERVICE AND NONCREDITABLE SCHOOL SERVICE.

24 (A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO
25 PURCHASE CREDIT AS A MEMBER OF CLASS T-C, CLASS T-E [OR], CLASS
26 T-F, CLASS T-G OR CLASS T-H FOR CREDITABLE NONSCHOOL SERVICE OF
27 AN ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE SHALL BE PAID
28 EITHER BY THE MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, THE
29 COMMONWEALTH, OR A COMBINATION THEREOF, AS PROVIDED BY LAW.

30 (B) NONINTERVENING MILITARY SERVICE.--THE AMOUNT DUE FOR THE

1 PURCHASE OF CREDIT FOR MILITARY SERVICE OTHER THAN INTERVENING
2 MILITARY SERVICE SHALL BE DETERMINED BY APPLYING THE MEMBER'S
3 BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS
4 PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) AT
5 THE TIME OF ENTRY OF THE MEMBER INTO SCHOOL SERVICE SUBSEQUENT
6 TO SUCH MILITARY SERVICE TO ONE-THIRD OF HIS TOTAL COMPENSATION
7 RECEIVED DURING THE FIRST THREE YEARS OF SUCH SUBSEQUENT
8 CREDITED SCHOOL SERVICE AND MULTIPLYING THE PRODUCT BY THE
9 NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE
10 NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH
11 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND
12 STATE SERVICE TO DATE OF PURCHASE. UPON CERTIFICATION OF THE
13 AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 DAYS OR
14 IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE
15 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT
16 SYSTEM IT MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH
17 SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE
18 MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS
19 AGREED TO BY MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF
20 PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF
21 SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE
22 DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY
23 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS
24 SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE
25 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
26 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE
27 REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL
28 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION
29 MAY BE FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON
30 COMPLETION OF THREE YEARS OF SUBSEQUENT CREDITED SCHOOL SERVICE

1 AND SHALL BE CREDITED AS CLASS T-C SERVICE. IN THE EVENT THAT A
2 CLASS T-E MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY
3 SERVICE, THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-E
4 SERVICE. IN THE EVENT THAT A CLASS T-F MEMBER MAKES A PURCHASE
5 OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH SERVICE SHALL BE
6 CREDITED AS CLASS T-F SERVICE. IN THE EVENT THAT A CLASS T-G
7 MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE,
8 THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-G SERVICE. IN THE
9 EVENT THAT A CLASS T-H MEMBER MAKES A PURCHASE OF CREDIT FOR
10 SUCH MILITARY SERVICE, THEN SUCH SERVICE SHALL BE CREDITED AS
11 CLASS T-H SERVICE.

12 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT
13 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED
14 BY THE MEMBER'S BASIC CONTRIBUTION RATE AND COMPENSATION AT THE
15 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,
16 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
17 SUBSEQUENT SCHOOL AND STATE SERVICE TO DATE OF PURCHASE. UPON
18 APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN
19 THE CASE OF EACH MEMBER BY THE BOARD, IN ACCORDANCE WITH METHODS
20 APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY ONE OF
21 THE FOLLOWING METHODS:

22 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY
23 SERVICE.

24 (2) A LUMP SUM PAYMENT WITHIN 90 DAYS OF CERTIFICATION
25 OF THE AMOUNT DUE.

26 (3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED
27 UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION
28 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY
29 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST
30 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS

1 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD
2 MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS
3 AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE
4 OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
5 STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
6 DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES'
7 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
8 BOARD THE AMOUNTS PAID.

9 (D) OTHER CREDITABLE NONSCHOOL SERVICE AND NONCREDITABLE
10 SCHOOL SERVICE.--

11 (1) CONTRIBUTIONS ON ACCOUNT OF CLASS T-C CREDIT FOR
12 CREDITABLE NONSCHOOL SERVICE OTHER THAN MILITARY SERVICE
13 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC
14 CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS
15 PROVIDED IN SECTION 8328 AT THE TIME OF THE MEMBER'S ENTRY
16 INTO SCHOOL SERVICE SUBSEQUENT TO SUCH CREDITABLE NONSCHOOL
17 SERVICE TO HIS TOTAL COMPENSATION RECEIVED DURING THE FIRST
18 YEAR OF SUBSEQUENT CREDITED SCHOOL SERVICE AND MULTIPLYING
19 THE PRODUCT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A
20 YEAR OF CREDITABLE NONSCHOOL SERVICE BEING PURCHASED TOGETHER
21 WITH STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT
22 SCHOOL OR STATE SERVICE TO THE DATE OF PURCHASE, EXCEPT THAT
23 IN THE CASE OF PURCHASE OF CREDIT FOR CREDITABLE NONSCHOOL
24 SERVICE AS SET FORTH IN SECTION 8304(B)(5) (RELATING TO
25 CREDITABLE NONSCHOOL SERVICE) THE MEMBER SHALL PAY ONLY THE
26 EMPLOYEE'S SHARE UNLESS OTHERWISE PROVIDED BY LAW. UPON
27 CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE MADE IN A
28 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR
29 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
30 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH

1 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN
2 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY
3 DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE
4 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY
5 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE
6 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.
7 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO
8 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
9 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE
10 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
11 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
12 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
13 TO THE BOARD THE AMOUNTS PAID.

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

1 THE TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
2 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE
3 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
4 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
5 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
6 TO THE BOARD THE AMOUNTS PAID.

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

30 (E) CREDITABLE WORK EXPERIENCE.--CONTRIBUTIONS ON ACCOUNT OF

1 CLASS T-C, CLASS T-E [OR], CLASS T-F, CLASS T-G OR CLASS T-H
2 CREDIT FOR CREDITABLE WORK EXPERIENCE PURSUANT TO SECTION
3 8304(B) (6) SHALL BE THE PRESENT VALUE OF THE FULL ACTUARIAL COST
4 OF THE INCREASE IN THE PROJECTED SUPERANNUATION ANNUITY CAUSED
5 BY THE ADDITIONAL SERVICE CREDITED ON ACCOUNT OF THE PURCHASE OF
6 CREDITABLE WORK EXPERIENCE. THE AMOUNT PAID FOR THE PURCHASE OF
7 CREDIT FOR CREDITABLE WORK EXPERIENCE SHALL NOT BE PAYABLE AS A
8 LUMP SUM UNDER SECTION 8345(A) (4) (III) (RELATING TO MEMBER'S
9 OPTIONS). ANY INDIVIDUAL ELIGIBLE TO RECEIVE AN ANNUITY,
10 EXCLUDING AN ANNUITY RECEIVED UNDER THE FEDERAL SOCIAL SECURITY
11 ACT (42 U.S.C. § 301 ET SEQ.), IN ANOTHER PENSION SYSTEM, OTHER
12 THAN A MILITARY PENSION SYSTEM, SHALL NOT BE ELIGIBLE TO
13 PURCHASE THIS SERVICE.

14 (F) CREDITABLE MATERNITY LEAVE.--CONTRIBUTIONS ON ACCOUNT OF
15 CLASS T-C, CLASS T-E OR CLASS T-F CREDIT FOR CREDITABLE
16 MATERNITY LEAVE PURSUANT TO SECTION 8304(B) (7) SHALL BE
17 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE PLUS
18 THE NORMAL CONTRIBUTION RATE AS PROVIDED IN SECTION 8328 AT THE
19 TIME OF THE MEMBER'S RETURN TO SCHOOL SERVICE TO THE TOTAL
20 COMPENSATION RECEIVED DURING THE FIRST YEAR OF SUBSEQUENT SCHOOL
21 SERVICE AND MULTIPLYING THE PRODUCT BY THE NUMBER OF YEARS AND
22 FRACTIONAL PART OF A YEAR OF CREDITABLE SERVICE BEING PURCHASED,
23 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
24 SUBSEQUENT SCHOOL OR STATE SERVICE TO THE DATE OF PURCHASE. THE
25 AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR CREDITABLE MATERNITY
26 LEAVE SHALL NOT BE ELIGIBLE FOR WITHDRAWAL AS A LUMP SUM UNDER
27 SECTION 8345(A) (4) (III).

28 § 8325.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A) (17).

29 (A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE
30 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY

1 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION
2 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO
3 ACCOUNT FOR BENEFIT PURPOSES UNDER THIS SUBCHAPTER SHALL NOT
4 EXCEED THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JULY
5 1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC
6 § 401(A)(17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF
7 1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL
8 COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93
9 ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE
10 COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE
11 WITH IRC § 401(A)(17)(B). THE COST-OF-LIVING ADJUSTMENT IN
12 EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD
13 WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH
14 COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF
15 A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE
16 OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION,
17 THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE
18 DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.

19 * * *

20 § 8326. CONTRIBUTIONS BY THE COMMONWEALTH.

21 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE
22 COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE FUND ON BEHALF OF
23 ALL ACTIVE MEMBERS AND PARTICIPANTS, INCLUDING MEMBERS AND
24 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE, IN AN AMOUNT
25 EQUAL TO ONE-HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY
26 TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY
27 RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS
28 PART IN ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST
29 METHOD). IN CASE A SCHOOL EMPLOYEE HAS ELECTED MEMBERSHIP IN A
30 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER, THE COMMONWEALTH

1 SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS MEMBERSHIP AN
2 AMOUNT NO GREATER THAN THE AMOUNT IT WOULD HAVE CONTRIBUTED HAD
3 THE EMPLOYEE BEEN A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
4 RETIREMENT SYSTEM.

5 * * *

6 (C) CONTRIBUTIONS AFTER JUNE 30, 1995.--

7 (1) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE
8 FUND ON BEHALF OF ALL ACTIVE MEMBERS AND PARTICIPANTS,
9 INCLUDING MEMBERS AND PARTICIPANTS ON ACTIVATED MILITARY
10 SERVICE LEAVE, FOR SERVICE PERFORMED AFTER JUNE 30, 1995, IN
11 THE FOLLOWING MANNER:

12 (I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
13 OF EMPLOYERS THAT ARE SCHOOL ENTITIES, NO COMMONWEALTH
14 CONTRIBUTIONS SHALL BE MADE.

15 (II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
16 OF EMPLOYERS THAT ARE NOT SCHOOL ENTITIES, THE AMOUNT
17 COMPUTED UNDER SUBSECTION (A).

18 (2) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE
19 FUND ON BEHALF OF ANNUITANTS FOR ALL AMOUNTS DUE TO THE FUND
20 AFTER JUNE 30, 1995, INCLUDING, BUT NOT LIMITED TO, AMOUNTS
21 DUE PURSUANT TO SECTION 8328(D) AND (F), IN THE FOLLOWING
22 MANNER:

23 (I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
24 OF EMPLOYERS WHO ARE SCHOOL ENTITIES, NO COMMONWEALTH
25 CONTRIBUTIONS SHALL BE MADE.

26 (II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
27 OF EMPLOYERS WHO ARE NOT SCHOOL ENTITIES, THE AMOUNT
28 COMPUTED UNDER SUBSECTION (B).

29 * * *

30 § 8327. PAYMENTS BY EMPLOYERS.

1 (A) GENERAL RULE.--EACH EMPLOYER, INCLUDING THE COMMONWEALTH
2 AS EMPLOYER OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-
3 OWNED COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF
4 TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND
5 SCHOOL FOR VETERANS' CHILDREN[,] AND [THE] THE PENNSYLVANIA
6 STATE UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND EACH QUARTER
7 IN AN AMOUNT EQUAL TO ONE-HALF THE SUM OF THE PERCENTAGES, AS
8 DETERMINED UNDER SECTION 8328 (RELATING TO ACTUARIAL COST
9 METHOD), APPLIED TO THE TOTAL COMPENSATION DURING THE PAY
10 PERIODS IN THE PRECEDING QUARTER OF ALL ITS EMPLOYEES WHO WERE
11 MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING MEMBERS ON
12 ACTIVATED MILITARY SERVICE LEAVE. IN THE EVENT A MEMBER ON
13 ACTIVATED MILITARY SERVICE LEAVE DOES NOT RETURN TO SERVICE FOR
14 THE NECESSARY TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR
15 DISHONORABLE DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR
16 ACTIVATED MILITARY SERVICE UNDER SECTION 8302 (B.1) (3) (RELATING
17 TO CREDITED SCHOOL SERVICE), THE CONTRIBUTIONS MADE BY THE
18 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH
19 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

20 (B) DEDUCTION FROM APPROPRIATIONS.--

21 (1) TO FACILITATE THE PAYMENT OF AMOUNTS DUE FROM ANY
22 EMPLOYER TO THE FUND AND THE TRUST THROUGH THE STATE
23 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE
24 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION
25 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID
26 INTO THE FUND AND THE TRUST FROM THE AMOUNT OF ANY MONEYS DUE
27 TO ANY EMPLOYER ON ACCOUNT OF ANY APPROPRIATION FOR SCHOOLS
28 OR OTHER PURPOSES AMOUNTS EQUAL TO THE EMPLOYER
29 CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS AND PICKUP
30 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 FOR BASIC EDUCATION OF THE
14 CHARTERING SCHOOL DISTRICT OF A CHARTER SCHOOL AND PUBLIC
15 SCHOOL EMPLOYEES' RETIREMENT CONTRIBUTIONS AMOUNTS EQUAL TO
16 THE EMPLOYER CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS
17 AND PICKUP CONTRIBUTIONS WHICH A CHARTER SCHOOL IS REQUIRED
18 TO PAY TO THE FUND AND THE TRUST, AS CERTIFIED BY THE BOARD,
19 AND AS REMAINS UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD
20 OTHERWISE BE PAID TO THE CHARTERING SCHOOL DISTRICT OR
21 CHARTER SCHOOL. SUCH AMOUNTS SHALL BE CREDITED TO THE
22 APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST. ANY REDUCTION
23 IN PAYMENTS TO A CHARTERING SCHOOL DISTRICT MADE PURSUANT TO
24 THIS SECTION SHALL BE DEDUCTED FROM THE AMOUNT DUE TO THE
25 CHARTER SCHOOL DISTRICT PURSUANT TO THE PUBLIC SCHOOL CODE OF
26 1949.

27 (C) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 1995, AND BEFORE
28 JUNE 30, 2019.--AFTER JUNE 30, 1995, AND BEFORE JUNE 30, 2019,
29 EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER OF
30 EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-OWNED COLLEGES

1 AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY,
2 WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND SCHOOL FOR
3 VETERANS' CHILDREN AND THE PENNSYLVANIA STATE UNIVERSITY, SHALL
4 MAKE PAYMENTS TO THE FUND AND THE TRUST EACH QUARTER IN AN
5 AMOUNT COMPUTED IN THE FOLLOWING MANNER:

6 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT
7 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER
8 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY
9 PERIODS IN THE PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE
10 ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE
11 PLAN DURING SUCH PERIOD, INCLUDING MEMBERS OR ACTIVE
12 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE. IN THE
13 EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE DOES NOT
14 RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES AN
15 UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES
16 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE
17 UNDER SECTION 8302 (B.1) (3), THE CONTRIBUTION MADE BY THE
18 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH
19 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

20 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE
21 AMOUNT COMPUTED UNDER SUBSECTION (A).

22 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN
23 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL
24 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS
25 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A
26 NONELIGIBLE MEMBER ON THE BASIS OF WHICH MEMBER OR
27 PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY REASON OF THE
28 LIMITATION UNDER IRC § 401 (A) (17), EXCEPT AS OTHERWISE
29 PROVIDED IN THIS PART. ANY AMOUNT OF CONTRIBUTION TO THE FUND
30 PAID BY THE EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE

1 BASIS OF COMPENSATION WHICH WAS SUBJECT TO EXCLUSION FROM
2 TOTAL COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
3 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
4 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH
5 VALUATION INTEREST. ANY AMOUNT OF CONTRIBUTION TO THE TRUST
6 PAID BY THE EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE
7 BASIS OF COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM
8 TOTAL COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
9 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
10 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER PLUS
11 INTEREST AND INVESTMENT GAINS OR LOSSES ON SUCH AMOUNT BUT
12 MINUS INVESTMENT FEES AND ADMINISTRATIVE CHARGES.

13 (D) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 2019.--AFTER JUNE
14 30, 2019, EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER
15 OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-OWNED
16 COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF
17 TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND
18 SCHOOL FOR VETERANS' CHILDREN AND THE PENNSYLVANIA STATE
19 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND AND THE TRUST EACH
20 QUARTER IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER:

21 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT
22 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER
23 SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) APPLIED TO
24 THE TOTAL COMPENSATION DURING THE PAY PERIODS IN THE
25 PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE ACTIVE MEMBERS OF
26 THE SYSTEM DURING SUCH PERIOD, INCLUDING MEMBERS ON ACTIVATED
27 MILITARY SERVICE LEAVE AND USERRA LEAVE. IN THE EVENT A
28 MEMBER ON ACTIVATED MILITARY SERVICE LEAVE OR USERRA LEAVE
29 DOES NOT RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES
30 AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES

1 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE
2 UNDER SECTION 8302(B.1) (3), THE CONTRIBUTION MADE BY THE
3 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH
4 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

5 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE
6 AMOUNT COMPUTED UNDER SUBSECTION (A).

7 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN
8 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL
9 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS
10 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A
11 NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF WHICH
12 MEMBER OR PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY
13 REASON OF THE LIMITATION UNDER IRC § 401(A) (17). ANY AMOUNT
14 OF CONTRIBUTION TO THE FUND PAID BY THE EMPLOYER ON BEHALF OF
15 A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF
16 COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM TOTAL
17 COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
18 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
19 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH
20 VALUATION INTEREST.

21 (E) AGREEMENT.--THE AGREEMENT OF AN EMPLOYER LISTED IN THE
22 DEFINITION OF SCHOOL EMPLOYEE UNDER SECTION 8102 (RELATING TO
23 DEFINITIONS) OR ANY OTHER LAW TO MAKE CONTRIBUTIONS TO THE FUND
24 OR TO ENROLL ITS EMPLOYEES AS MEMBERS IN THE SYSTEM SHALL BE
25 DEEMED TO BE AN AGREEMENT TO MAKE CONTRIBUTIONS TO THE TRUST OR
26 ENROLL ITS EMPLOYEES IN THE PLAN.

27 (F) CONTRIBUTIONS.--THE EMPLOYER EMPLOYING A PARTICIPANT
28 SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT CONTRIBUTIONS
29 BY A REDUCTION IN THE COMPENSATION OF THE PARTICIPANT.

30 (G) REEMPLOYED FROM USERRA LEAVE.--WHEN A SCHOOL EMPLOYEE

1 REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER CONTRIBUTIONS
2 REQUIRED TO BE GRANTED SCHOOL SERVICE CREDIT FOR THE USERRA
3 LEAVE AFTER JUNE 30, 2019, EITHER BY ACTUAL PAYMENT OR BY
4 ACTUARIAL DEBT UNDER SECTION 8325 (RELATING TO INCOMPLETE
5 PAYMENTS), THE EMPLOYER THAT EMPLOYED THE SCHOOL EMPLOYEE WHEN
6 THE MEMBER CONTRIBUTIONS ARE MADE, OR THE LAST EMPLOYER BEFORE
7 TERMINATION IN THE CASE OF PAYMENT UNDER SECTION 8325, SHALL
8 MAKE THE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN MADE UNDER
9 THIS SECTION IF THE EMPLOYEE MAKING THE MEMBER CONTRIBUTIONS
10 AFTER HE IS REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE
11 EMPLOYED IN HIS SCHOOL OFFICE OR POSITION INSTEAD OF PERFORMING
12 USERRA LEAVE.

13 SECTION 108.1. SECTIONS 8328(A), (B), (C), (E)(1) AND (G)
14 AND 8330 OF TITLE 24 ARE AMENDED TO READ:

15 § 8328. ACTUARIAL COST METHOD.

16 (A) EMPLOYER CONTRIBUTION RATE.--THE AMOUNT OF THE TOTAL
17 EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A
18 PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND
19 ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH
20 THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD.
21 THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE
22 FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (H) PLUS THE
23 PREMIUM ASSISTANCE CONTRIBUTION RATE AS COMPUTED IN SUBSECTION
24 (F). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL CONSIST OF
25 THE NORMAL CONTRIBUTION RATE AS DEFINED IN SUBSECTION (B), THE
26 ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C)
27 AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE AS DEFINED IN
28 SUBSECTION (D). BEGINNING JULY 1, 2004, THE ACTUARIALLY REQUIRED
29 CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT
30 FACTORS AS CALCULATED IN SUBSECTION (E). THE ACTUARIALLY

1 REQUIRED CONTRIBUTION SHALL BE NO LESS THAN THE NORMAL COST PLUS
2 THE COST TO FULLY AMORTIZE THE UNFUNDED ACTUARIAL ACCRUED
3 LIABILITY CALCULATED USING ACTUARIAL METHODS AND ASSUMPTIONS
4 THAT ARE CONSISTENT WITH GENERALLY ACCEPTED ACTUARIAL STANDARDS
5 AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, INCLUDING
6 PROFESSIONAL ACTUARIAL STANDARDS OF PRACTICE.

7 (B) NORMAL CONTRIBUTION RATE.--THE NORMAL CONTRIBUTION RATE
8 SHALL BE DETERMINED AFTER EACH ACTUARIAL VALUATION. UNTIL ALL
9 ACCRUED LIABILITY CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL
10 CONTRIBUTION RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL
11 INTEREST RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE
12 ADOPTED BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED
13 ACTUARIAL PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION
14 OF [THE AVERAGE NEW ACTIVE MEMBER] ALL ACTIVE MEMBERS, WHICH
15 PERCENTAGE, IF CONTRIBUTED FROM THE START OF THEIR EMPLOYMENT ON
16 THE BASIS OF [HIS] THEIR PROSPECTIVE COMPENSATION THROUGH [THE]
17 THEIR ENTIRE PERIOD OF ACTIVE SCHOOL SERVICE, WOULD BE
18 SUFFICIENT TO FUND THE LIABILITY FOR ANY PROSPECTIVE BENEFIT
19 PAYABLE TO [HIM] THEM, IN EXCESS OF THAT PORTION FUNDED BY [HIS]
20 THEIR PROSPECTIVE MEMBER CONTRIBUTIONS, EXCLUDING THE SHARED-
21 RISK CONTRIBUTIONS. IN NO CASE SHALL THE EMPLOYER'S NORMAL COST
22 BE LESS THAN ZERO.

23 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

24 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND
25 ENDING JUNE 30, 2011, THE ACCRUED LIABILITY CONTRIBUTION RATE
26 SHALL BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL
27 ACTIVE MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS
28 SUFFICIENT TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1,
29 2002, THE PRESENT VALUE OF THE LIABILITIES FOR ALL
30 PROSPECTIVE BENEFITS OF ACTIVE MEMBERS, EXCEPT FOR THE

1 SUPPLEMENTAL BENEFITS PROVIDED IN SECTIONS 8348 (RELATING TO
2 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL
3 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER
4 ADDITIONAL SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO
5 SUPPLEMENTAL ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO
6 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5
7 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6
8 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND
9 8348.7 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2003),
10 IN EXCESS OF THE TOTAL ASSETS IN THE FUND (CALCULATED BY
11 RECOGNIZING THE ACTUARIALLY EXPECTED INVESTMENT RETURN
12 IMMEDIATELY AND RECOGNIZING THE DIFFERENCE BETWEEN THE ACTUAL
13 INVESTMENT RETURN AND THE ACTUARIALLY EXPECTED INVESTMENT
14 RETURN OVER A FIVE-YEAR PERIOD), EXCLUDING THE BALANCE IN THE
15 ANNUITY RESERVE ACCOUNT, AND OF THE PRESENT VALUE OF NORMAL
16 CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS PAYABLE WITH
17 RESPECT TO ALL ACTIVE MEMBERS ON JULY 1, 2002, DURING THE
18 REMAINDER OF THEIR ACTIVE SERVICE.

19 (2) FOR THE FISCAL YEARS BEGINNING JULY 1, 2003, AND
20 ENDING JUNE 30, 2011, THE AMOUNT OF EACH ANNUAL ACCRUED
21 LIABILITY CONTRIBUTION SHALL BE EQUAL TO THE AMOUNT OF SUCH
22 CONTRIBUTION FOR THE FISCAL YEAR, BEGINNING JULY 1, 2002,
23 EXCEPT THAT, IF THE ACCRUED LIABILITY IS INCREASED BY
24 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2002, BUT BEFORE
25 JULY 1, 2003, SUCH ADDITIONAL LIABILITY SHALL BE FUNDED OVER
26 A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY, COINCIDENT
27 WITH OR NEXT FOLLOWING THE EFFECTIVE DATE OF THE INCREASE.
28 THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION FOR
29 SUCH ADDITIONAL LEGISLATIVE LIABILITIES SHALL BE EQUAL TO THE
30 AMOUNT OF SUCH CONTRIBUTION FOR THE FIRST ANNUAL PAYMENT.

1 (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
2 BEGINNING JULY 1, 2004, AND ENDING JUNE 30, 2011, THE
3 OUTSTANDING BALANCE OF THE INCREASE IN ACCRUED LIABILITY DUE
4 TO THE CHANGE IN BENEFITS ENACTED IN 2001 AND THE OUTSTANDING
5 BALANCE OF THE NET ACTUARIAL LOSS INCURRED IN FISCAL YEAR
6 2000-2001 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL
7 CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS AFTER JULY 1,
8 2002, AND THE OUTSTANDING BALANCE OF THE NET ACTUARIAL LOSS
9 INCURRED IN FISCAL YEAR 2001-2002 SHALL BE AMORTIZED IN EQUAL
10 DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS
11 AFTER JULY 1, 2003. FOR FISCAL YEARS BEGINNING ON OR AFTER
12 JULY 1, 2004, IF THE ACCRUED LIABILITY IS INCREASED BY
13 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2003, SUCH
14 ADDITIONAL LIABILITY SHALL BE FUNDED IN EQUAL DOLLAR ANNUAL
15 CONTRIBUTIONS OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY
16 OF JULY COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE
17 OF THE INCREASE.

18 (4) FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, THE
19 ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE
20 RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL
21 BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND AS A LEVEL
22 PERCENTAGE OF COMPENSATION OVER A PERIOD OF 24 YEARS FROM
23 JULY 1, 2011, THE PRESENT VALUE OF THE LIABILITIES FOR ALL
24 PROSPECTIVE BENEFITS CALCULATED AS OF JUNE 30, 2010,
25 INCLUDING THE SUPPLEMENTAL BENEFITS AS PROVIDED IN SECTIONS
26 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND
27 8348.7, IN EXCESS OF THE ACTUARIALLY CALCULATED ASSETS IN THE
28 FUND (CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED
29 INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL
30 INSTALLMENTS OVER A TEN-YEAR PERIOD). IN THE EVENT THAT THE

1 ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED
2 SUBSEQUENT TO JUNE 30, 2010, AS A RESULT OF AN INCREASE IN
3 BENEFITS DETERMINED ON A TOTAL PLAN BASIS, SUCH ADDITIONAL
4 LIABILITY SHALL BE FUNDED AS A LEVEL PERCENTAGE OF
5 COMPENSATION OVER A PERIOD OF TEN YEARS FROM THE JULY 1
6 SECOND SUCCEEDING THE DATE SUCH LEGISLATION IS ENACTED.

7 (5) FOR THE FISCAL YEAR BEGINNING ON OR AFTER JULY 1,
8 2017, THE ACTUARIALLY CALCULATED ASSETS IN THE FUND
9 DETERMINED IN ACCORDANCE WITH PARAGRAPH (4) SHALL BE NO LESS
10 THAN 70% AND NO MORE THAN 130% OF MARKET VALUE.

11 * * *

12 (E) EXPERIENCE ADJUSTMENT FACTOR.--

13 (1) FOR EACH FISCAL YEAR AFTER THE ESTABLISHMENT OF THE
14 ACCRUED LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR
15 BEGINNING JULY 1, 2011, ANY INCREASE OR DECREASE IN THE
16 UNFUNDED ACCRUED LIABILITY, EXCLUDING THE GAINS OR LOSSES ON
17 THE ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL
18 EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE, CHANGES IN
19 ACTUARIAL ASSUMPTIONS, CHANGES IN CONTRIBUTIONS CAUSED BY THE
20 FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY
21 REQUIRED CONTRIBUTION RATE, ACTIVE MEMBERS MAKING SHARED-RISK
22 CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE
23 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE
24 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT
25 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART,
26 SHALL BE AMORTIZED AS A LEVEL PERCENTAGE OF COMPENSATION OVER
27 A PERIOD OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND
28 SUCCEEDING THE ACTUARIAL VALUATION DETERMINING SAID INCREASES
29 OR DECREASES.

30 * * *

1 (G) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--

2 (1) THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR
3 SHALL BE DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED
4 CONTRIBUTION RATE, CALCULATED WITHOUT REGARD FOR THE COSTS
5 ADDED BY LEGISLATION, TO THE PRIOR YEAR'S FINAL CONTRIBUTION
6 RATE.

7 (2) IF, FOR ANY OF THE FISCAL YEARS BEGINNING JULY 1,
8 2011, JULY 1, 2012, AND ON OR AFTER JULY 1, 2013, THE
9 ACTUARIALLY REQUIRED CONTRIBUTION RATE, CALCULATED WITHOUT
10 REGARD FOR THE COSTS ADDED BY LEGISLATION, IS MORE THAN 3%,
11 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL COMPENSATION OF ALL
12 ACTIVE MEMBERS GREATER THAN THE PRIOR YEAR'S FINAL
13 CONTRIBUTION RATE, THEN THE COLLARED CONTRIBUTION RATE SHALL
14 BE APPLIED AND BE EQUAL TO THE PRIOR YEAR'S FINAL
15 CONTRIBUTION RATE INCREASED BY 3%, 3.5% AND 4.5%,
16 RESPECTIVELY, OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS.
17 OTHERWISE, AND FOR ALL OTHER FISCAL YEARS, THE COLLARED
18 CONTRIBUTION RATE SHALL NOT BE APPLICABLE. IN NO CASE SHALL
19 THE COLLARED CONTRIBUTION RATE BE LESS THAN 4% OF THE TOTAL
20 COMPENSATION OF ALL ACTIVE MEMBERS.

21 * * *

22 § 8330. APPROPRIATIONS BY THE COMMONWEALTH.

23 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE
24 AND THROUGH THE GOVERNOR SUBMIT ANNUALLY TO THE GENERAL ASSEMBLY
25 AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS NECESSARY TO BE
26 APPROPRIATED BY THE COMMONWEALTH OUT OF THE GENERAL FUND
27 REQUIRED TO MEET THE SEPARATE OBLIGATIONS TO THE FUND AND THE
28 TRUST ACCRUING DURING THE FISCAL PERIOD BEGINNING JULY 1 OF THE
29 FOLLOWING YEAR.

30 (B) APPROPRIATION AND PAYMENT.--THE GENERAL ASSEMBLY SHALL

1 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE
2 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST AS
3 CERTIFIED BY THE BOARD. SUCH AMOUNT SHALL BE PAID BY THE STATE
4 TREASURER THROUGH THE DEPARTMENT OF REVENUE INTO THE FUND OR THE
5 TRUST WITHIN 30 DAYS OF RECEIPT OF THE REQUISITION PRESENTED
6 EACH QUARTER BY THE BOARD.

7 SECTION 109. (RESERVED).

8 SECTION 110. SECTION 8341 OF TITLE 24 IS AMENDED TO READ:

9 § 8341. RETURN OF ACCUMULATED DEDUCTIONS.

10 ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL
11 BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE
12 MAY BE ENTITLED, ELECT TO RECEIVE HIS ACCUMULATED DEDUCTIONS BY
13 HIS REQUIRED BEGINNING DATE.

14 SECTION 111. SECTIONS 8342(A) AND 8344(A), (B) AND (D) OF
15 TITLE 24 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING
16 SUBSECTIONS TO READ:

17 § 8342. MAXIMUM SINGLE LIFE ANNUITY.

18 (A) GENERAL RULE.--UPON TERMINATION OF SERVICE, ANY FULL
19 COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT
20 TO THE PROVISIONS OF SECTION 8307(A) OR (B) (RELATING TO
21 ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN
22 ACCORDANCE WITH THE PROVISIONS OF SECTION 8507(F) (RELATING TO
23 RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS], MEMBERS AND
24 PARTICIPANTS) SHALL BE ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE
25 ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND EQUAL TO THE
26 SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES BEGINNING AT THE
27 EFFECTIVE DATE OF RETIREMENT AND, IN CASE THE MEMBER ON THE
28 EFFECTIVE DATE OF RETIREMENT IS UNDER SUPERANNUATION AGE,
29 MULTIPLIED BY A REDUCTION FACTOR CALCULATED TO PROVIDE BENEFITS
30 ACTUARIALLY EQUIVALENT TO AN ANNUITY STARTING AT SUPERANNUATION

1 AGE: PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE
2 CASE OF ANY MEMBER OTHER THAN A CLASS T-G OR CLASS T-H MEMBER
3 WHO HAS ATTAINED AGE 55 AND HAS 25 OR MORE ELIGIBILITY POINTS
4 SUCH SUM OF SINGLE LIFE ANNUITIES SHALL BE REDUCED BY A
5 PERCENTAGE DETERMINED BY MULTIPLYING THE NUMBER OF MONTHS,
6 INCLUDING A FRACTION OF A MONTH AS A FULL MONTH, BY WHICH THE
7 EFFECTIVE DATE OF RETIREMENT PRECEDES SUPERANNUATION AGE BY
8 $1/4\%$: FURTHER PROVIDED, THAT ON OR AFTER JULY 1, 2019, IN THE
9 CASE OF ANY CLASS T-G MEMBER WHO TERMINATES SERVICE ON OR AFTER
10 ATTAINING AGE 57 AND HAS 25 OR MORE ELIGIBILITY POINTS, SUCH SUM
11 OF SINGLE LIFE ANNUITIES SHALL BE REDUCED BY A PERCENTAGE
12 DETERMINED BY MULTIPLYING THE NUMBER OF MONTHS, INCLUDING A
13 FRACTION OF A MONTH AS A FULL MONTH, BY WHICH THE EFFECTIVE DATE
14 OF RETIREMENT PRECEDES SUPERANNUATION AGE BY $1/4\%$: FURTHER
15 PROVIDED, THAT ON OR AFTER JULY 1, 2019, IN THE CASE OF ANY
16 CLASS T-H MEMBER WHO HAS 25 OR MORE ELIGIBILITY POINTS AND WHO
17 TERMINATES SERVICE ON OR AFTER ATTAINING AGE 55, SUCH SUM OF
18 SINGLE LIFE ANNUITIES SHALL BE REDUCED BY A PERCENTAGE
19 DETERMINED BY MULTIPLYING THE NUMBER OF MONTHS, INCLUDING A
20 FRACTION OF A MONTH AS A FULL MONTH, BY WHICH THE EFFECTIVE DATE
21 OF RETIREMENT PRECEDES SUPERANNUATION AGE BY $1/4\%$: FURTHER
22 PROVIDED, IN NO EVENT SHALL A CLASS T-E [OR], CLASS T-F, CLASS
23 T-G OR CLASS T-H MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS
24 OF THE EFFECTIVE DATE OF RETIREMENT, GREATER THAN THE MEMBER'S
25 FINAL AVERAGE SALARY:

26 (1) A [STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE]
27 SINGLE LIFE ANNUITY THAT IS THE SUM OF ANNUITIES DETERMINED
28 SEPARATELY FOR EACH CLASS OF SERVICE [MULTIPLIER] AND
29 CALCULATED ON THE BASIS OF THE NUMBER OF YEARS OF CREDITED
30 SCHOOL SERVICE OTHER THAN CONCURRENT SERVICE.

1 (2) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE
2 CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF
3 THE NUMBER OF YEARS OF CONCURRENT SERVICE AND MULTIPLIED BY
4 THE RATIO OF TOTAL COMPENSATION RECEIVED IN THE SCHOOL SYSTEM
5 DURING THE PERIOD OF CONCURRENT SERVICE TO THE TOTAL
6 COMPENSATION RECEIVED DURING SUCH PERIOD.

7 (3) A SUPPLEMENTAL ANNUITY SUCH THAT THE TOTAL ANNUITY
8 PRIOR TO ANY OPTIONAL MODIFICATION OR ANY REDUCTION DUE TO
9 RETIREMENT PRIOR TO SUPERANNUATION AGE SHALL BE AT LEAST \$100
10 FOR EACH FULL YEAR OF CREDITED SERVICE.

11 * * *

12 (D) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
13 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE
14 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,
15 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
16 IN THE PLAN.

17 (E) SPECIAL CALCULATION FOR CLASS T-G AND CLASS T-H.--FOR
18 THE CALCULATION UNDER SUBSECTION (A) FOR ALL CLASS T-G AND CLASS
19 T-H MEMBERS WHO ARE UNDER AGE 62 AND HAVE LESS THAN 25 YEARS OF
20 CREDITED SERVICE, THE REDUCTION FACTOR USED IN THE CALCULATION
21 FOR AN ANNUITY SHALL BE DETERMINED SO THAT A MAXIMUM SINGLE LIFE
22 ANNUITY WITH AN EFFECTIVE DATE OF RETIREMENT BEFORE THE MEMBER
23 ATTAINS AGE 62 SHALL BE ACTUARIALLY EQUIVALENT TO THE MAXIMUM
24 SINGLE LIFE ANNUITY THE MEMBER WOULD RECEIVE IF THE MEMBER HAD
25 BECOME A VESTEE AND APPLIED FOR AN ANNUITY WITH AN EFFECTIVE
26 DATE OF RETIREMENT ON THE DATE THE MEMBER ATTAINED AGE 62. FOR
27 PURPOSES OF THIS SUBSECTION, THE MAXIMUM SINGLE LIFE ANNUITY
28 ACTUALLY BEING RECEIVED SHALL BE ACTUARIALLY EQUIVALENT TO THE
29 MAXIMUM SINGLE LIFE ANNUITY WITH AN EFFECTIVE DATE OF ATTAINING
30 AGE 62 IF THE ACTUAL MAXIMUM SINGLE LIFE ANNUITY HAS THE SAME

1 PRESENT VALUE AS THE MAXIMUM SINGLE LIFE ANNUITY AT AGE 62,
2 COMPUTED ON THE BASIS OF INTEREST AT THE RATE AS CALCULATED BY
3 THE BOARD'S ACTUARY AND THE MORTALITY TABLES ADOPTED BY THE
4 BOARD.

5 § 8344. DISABILITY ANNUITIES.

6 (A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION
7 FOR A DISABILITY ANNUITY AS PROVIDED IN SECTION 8507(K)
8 (RELATING TO RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND],
9 MEMBERS AND PARTICIPANTS) AND HAS BEEN FOUND TO BE ELIGIBLE IN
10 ACCORDANCE WITH THE PROVISIONS OF SECTIONS 8307(C) (RELATING TO
11 ELIGIBILITY FOR ANNUITIES) AND 8505(C) (1) (RELATING TO DUTIES OF
12 BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS AND
13 PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM
14 THE EFFECTIVE DATE OF DISABILITY AND CONTINUED UNTIL A
15 SUBSEQUENT DETERMINATION BY THE BOARD THAT THE ANNUITANT IS NO
16 LONGER ENTITLED TO A DISABILITY ANNUITY. THE DISABILITY ANNUITY
17 SHALL BE A SINGLE LIFE ANNUITY THAT IS EQUAL TO A SUM OF THE
18 STANDARD SINGLE LIFE [ANNUITY] ANNUITIES DETERMINED SEPARATELY
19 FOR EACH CLASS OF SERVICE IF THE TOTAL NUMBER OF YEARS OF
20 CREDITED SERVICE IS GREATER THAN 16.667, OTHERWISE [THE] EACH
21 STANDARD SINGLE LIFE ANNUITY SHALL BE MULTIPLIED BY THE LESSER
22 OF THE FOLLOWING RATIOS:

23
$$Y^*/Y \text{ OR } 16.667/Y$$

24 WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE AND Y* =
25 TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE
26 AS A SCHOOL EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE, OR IF
27 THE MEMBER HAS ATTAINED SUPERANNUATION AGE THEN THE NUMBER OF
28 YEARS OF CREDITED SERVICE. FOR PURPOSES OF CALCULATING A
29 DISABILITY ANNUITY FOR A MEMBER OF CLASS T-G OR CLASS T-H, THE
30 STANDARD SINGLE LIFE ANNUITY SHALL EQUAL 2% OF THE FINAL AVERAGE

1 SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL
2 PART OF A YEAR OF SERVICE CREDITED FOR SUCH CLASS OF SERVICE. IN
3 NO EVENT SHALL THE DISABILITY ANNUITY PLUS ANY COST-OF-LIVING
4 INCREASES BE LESS THAN \$100 FOR EACH FULL YEAR OF CREDITED
5 SERVICE. THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A JOINT
6 AND SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY ANNUITY
7 TO WHICH HE IS ENTITLED UNDER SECTION 8342 (RELATING TO MAXIMUM
8 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 MEMBER WITH LESS THAN
26 TEN ELIGIBILITY POINTS

27 AND WHO] DOES NOT RETURN TO SCHOOL SERVICE MAY FILE AN
28 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE
29 ACCUMULATED DEDUCTIONS, SHARED-RISK MEMBER CONTRIBUTIONS AND
30 STATUTORY INTEREST STANDING TO HIS CREDIT AT THE EFFECTIVE DATE

1 OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED ON ACCOUNT OF HIS
2 MEMBER'S ANNUITY.

3 * * *

4 (F) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
5 OF A DISABILITY ANNUITY UNDER THIS SECTION SHALL BE IN ADDITION
6 TO ANY PAYMENTS A SCHOOL EMPLOYEE MAY BE ENTITLED TO RECEIVE,
7 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
8 IN THE PLAN.

9 SECTION 112. SECTIONS 8345(A), 8346(A), (A.1), (B), (B.1) (1)
10 AND (D) (1) AND (2), 8347(A) AND (B) AND 8349 HEADING, (A) AND
11 (B) OF TITLE 24 ARE AMENDED TO READ:

12 § 8345. MEMBER'S OPTIONS.

13 (A) GENERAL RULE.--ANY CLASS T-C OR CLASS T-D MEMBER WHO IS
14 A VESTEE WITH FIVE OR MORE ELIGIBILITY POINTS, ANY CLASS T-E
15 [OR], CLASS T-F, CLASS T-G OR CLASS T-H MEMBER WHO IS A VESTEE
16 WITH TEN OR MORE ELIGIBILITY POINTS, OR ANY [OTHER] ELIGIBLE
17 MEMBER UPON TERMINATION OF SCHOOL SERVICE [WHO HAS NOT WITHDRAWN
18 HIS ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 8341 (RELATING
19 TO RETURN OF ACCUMULATED DEDUCTIONS)] WHO IS ELIGIBLE TO RECEIVE
20 AN ANNUITY, MAY APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM
21 SINGLE LIFE ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE
22 PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE
23 ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE
24 ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN
25 ACCORDANCE WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO
26 MEMBER SHALL ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR
27 ANNUITANTS OTHER THAN HIS SPOUSE OR ALTERNATE PAYEE OF SUCH A
28 MAGNITUDE THAT THE PRESENT VALUE OF THE ANNUITY PAYABLE TO HIM
29 FOR LIFE PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO
30 RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM

1 SINGLE LIFE ANNUITY AND NO MEMBER MAY ELECT A PAYMENT OPTION
2 THAT WOULD PROVIDE BENEFITS THAT DO NOT SATISFY THE MINIMUM
3 DISTRIBUTION REQUIREMENTS OR WOULD VIOLATE THE INCIDENTAL DEATH
4 BENEFIT RULES OF IRC § 401(A)(9). IN NO EVENT SHALL A CLASS T-E
5 OR CLASS T-F MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF
6 THE EFFECTIVE DATE OF RETIREMENT, GREATER THAN THE MEMBER'S
7 FINAL AVERAGE SALARY.

8 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH A
9 GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE
10 MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF
11 RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS
12 RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE
13 SHALL BE PAYABLE TO HIS BENEFICIARY.

14 (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE
15 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
16 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
17 LIVING AT HIS DEATH.

18 (3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR
19 ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE-
20 HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR
21 ANNUITANT, IF LIVING AT HIS DEATH.

22 (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE
23 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
24 MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
25 RESTRICTIONS:

26 (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
27 DURING THE LIFETIME OF THE MEMBER.

28 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
29 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
30 THE ANNUITY PAYABLE TO THE MEMBER.

1 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
2 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
3 EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS
4 STANDING TO THE CREDIT OF THE MEMBER. THE BALANCE OF THE
5 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED
6 IN ACCORDANCE WITH SECTION 8342(B) SHALL BE PAID IN THE
7 FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A
8 SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR
9 ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS
10 OF SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH. [THIS
11 SUBPARAGRAPH SHALL NOT APPLY TO A CLASS T-E OR CLASS T-F
12 MEMBER.] FOR PURPOSES OF THIS SUBPARAGRAPH:

13 (A) THE TERM "ACTUARIALY EQUIVALENT," AS
14 APPLIED TO ANY LUMP SUM WITHDRAWAL ATTRIBUTABLE TO
15 CONTRIBUTIONS CREDITED TO THE MEMBER'S SAVINGS
16 ACCOUNT OF CLASS T-C AND CLASS T-D MEMBERS WHO
17 ELECTED MEMBERSHIP IN CLASS T-G OR CLASS T-H PURSUANT
18 TO SECTION 8305.5 (RELATING TO OPTIONAL MEMBERSHIP IN
19 CLASS T-G OR CLASS T-H, OR OPTIONAL PARTICIPATION IN
20 CLASS DC), ON OR AFTER JULY 1, 2019, TOGETHER WITH
21 STATUTORY INTEREST THEREON, SHALL MEAN EQUAL PRESENT
22 VALUES, COMPUTED ON THE BASIS OF THE INTEREST RATE
23 AND SUCH MORTALITY AND OTHER TABLES AS ADOPTED BY THE
24 BOARD UNDER SECTION 8328(B) (RELATING TO ACTUARIAL
25 COST METHOD) IN EFFECT ON THE EFFECTIVE DATE OF
26 RETIREMENT OF THE MEMBER.

27 (B) THE TERM "ACTUARIALY EQUIVALENT," AS
28 APPLIED TO ANY LUMP SUM WITHDRAWAL ATTRIBUTABLE TO
29 CONTRIBUTIONS CREDITED TO THE MEMBER'S SAVINGS
30 ACCOUNT OF CLASS T-E, CLASS T-F, CLASS T-G OR CLASS

1 T-H MEMBERS, TOGETHER WITH STATUTORY INTEREST
2 THEREON, SHALL MEAN EQUAL PRESENT VALUES, COMPUTED ON
3 THE BASIS OF THE INTEREST RATE AND SUCH MORTALITY AND
4 OTHER TABLES AS ADOPTED BY THE BOARD UNDER SECTION
5 8328(B) IN EFFECT ON THE EFFECTIVE DATE OF RETIREMENT
6 OF THE MEMBER.

7 * * *

8 § 8346. TERMINATION OF ANNUITIES.

9 (A) GENERAL RULE.--IF AN ANNUITANT RETURNS TO SCHOOL SERVICE
10 OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE
11 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART
12 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL
13 SERVICE OR ENTERING STATE SERVICE WITHOUT REGARD TO WHETHER HE
14 IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
15 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,
16 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR
17 PARTICIPANT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR STATE
18 EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF AN
19 ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF
20 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT
21 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR
22 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY
23 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF
24 MEMBERSHIP SERVICE AS PROVIDED IN SECTION 8302(B.2) (RELATING TO
25 CREDITED SCHOOL SERVICE) AND WHO RETURNS TO SCHOOL SERVICE,
26 EXCEPT AS PROVIDED IN SUBSECTION (B), SHALL FORFEIT SUCH
27 CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE
28 ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN APPLIED
29 TO HIS ACCOUNT. IN THE EVENT THAT THE COST-OF-LIVING INCREASE
30 ENACTED DECEMBER 18, 1979, OCCURRED DURING THE PERIOD OF SUCH

1 STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE SHALL BE
2 INCREASED, ON OR AFTER THE MEMBER ATTAINS SUPERANNUATION AGE, BY
3 THE PERCENT APPLICABLE HAD HE NOT RETURNED TO SERVICE.

4 (A.1) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE
5 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES
6 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO
7 SECTION 8345 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE
8 OF HIS RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE, THE
9 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM
10 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE
11 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS
12 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN
13 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR A STATE EMPLOYEE
14 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT
15 SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY
16 DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER
17 AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO
18 BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT
19 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL
20 SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION
21 DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION
22 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE
23 DISCRETION DETERMINES. IN THE CASE OF A STATE EMPLOYEE WHO IS AN
24 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE
25 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
26 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO
27 THE BOARD THE AMOUNTS PAID.

28 * * *

29 (B) RETURN TO SCHOOL SERVICE DURING EMERGENCY.--WHEN, IN THE
30 JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE IN

1 THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF SERVICE
2 TO THE PUBLIC OR IN THE EVENT OF A SHORTAGE OF APPROPRIATE
3 SUBJECT CERTIFIED TEACHERS OR OTHER PERSONNEL, AN ANNUITANT OR
4 PARTICIPANT RECEIVING DISTRIBUTIONS MAY BE RETURNED TO SCHOOL
5 SERVICE FOR A PERIOD NOT TO EXTEND BEYOND THE SCHOOL YEAR DURING
6 WHICH THE EMERGENCY OR SHORTAGE OCCURS, WITHOUT LOSS OF HIS
7 ANNUITY OR DISTRIBUTIONS, PROVIDED THAT THE ANNUITANT MEETS THE
8 CONDITIONS SET FORTH IN SUBSECTION (B.2). THE ANNUITANT OR
9 PARTICIPANT RECEIVING DISTRIBUTIONS SHALL NOT BE ENTITLED TO
10 EARN ANY CREDITED SERVICE, AND NO CONTRIBUTIONS MAY BE MADE TO
11 THE FUND OR THE TRUST BY THE ANNUITANT OR PARTICIPANT RECEIVING
12 DISTRIBUTIONS, THE EMPLOYER OR THE COMMONWEALTH ON ACCOUNT OF
13 SUCH EMPLOYMENT. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR
14 PARTICIPANT CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS
15 CREDITABLE SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN,
16 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY
17 CONTRIBUTIONS OR EMPLOYER DEFINED CONTRIBUTIONS.

18 (B.1) RETURN TO SCHOOL SERVICE IN AN EXTRACURRICULAR
19 POSITION.--

20 (1) AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS
21 MAY BE EMPLOYED UNDER SEPARATE CONTRACT BY A PUBLIC SCHOOL OR
22 CHARTER SCHOOL IN AN EXTRACURRICULAR POSITION PERFORMED
23 PRIMARILY OUTSIDE REGULAR INSTRUCTIONAL HOURS AND NOT PART OF
24 MANDATED CURRICULUM WITHOUT LOSS OF ANNUITY, PROVIDED THAT
25 THE ANNUITANT MEETS THE CONDITIONS SET FORTH IN SUBSECTION
26 (B.2). [NEITHER THE ANNUITANT NOR] THE ANNUITANT, THE
27 PARTICIPANT RECEIVING DISTRIBUTIONS AND THE EMPLOYER SHALL
28 NOT MAKE CONTRIBUTIONS TO THE MEMBER'S SAVINGS ACCOUNT, THE
29 INDIVIDUAL INVESTMENT ACCOUNT OR STATE ACCUMULATION ACCOUNT
30 RESPECTIVELY FOR SUCH SERVICE. FURTHER, SUCH CONTRACT SHALL

1 CONTAIN A WAIVER WHEREBY THE ANNUITANT WAIVES ANY POTENTIAL
2 RETIREMENT BENEFITS THAT COULD ARISE FROM THE CONTRACT AND
3 RELEASES THE EMPLOYER AND THE BOARD FROM ANY LIABILITY FOR
4 SUCH BENEFITS. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR
5 PARTICIPANT CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS
6 CREDITABLE SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN,
7 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER
8 DEFINED CONTRIBUTIONS.

9 * * *

10 (D) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

11 (1) AN ANNUITANT WHO RETURNS TO SCHOOL SERVICE AS AN
12 ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY
13 POINTS BY PERFORMING CREDITED SCHOOL SERVICE OR REEMPLOYMENT
14 FROM USERRA LEAVE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT
15 OF AN ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO ENTERS
16 STATE SERVICE AND:

17 (I) IS A MULTIPLE SERVICE MEMBER; OR

18 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND
19 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE
20 SERVICE, REEMPLOYMENT FROM USERRA LEAVE OR CREDITED SCHOOL
21 SERVICE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN
22 ANNUITY UNDER THIS PART, AND WHO HAD THE PRESENT VALUE OF HIS
23 ANNUITY FROZEN IN ACCORDANCE WITH SUBSECTION (A), SHALL
24 QUALIFY TO HAVE THE EFFECT OF THE FROZEN PRESENT VALUE
25 RESULTING FROM ALL PREVIOUS PERIODS OF RETIREMENT ELIMINATED,
26 PROVIDED THAT ALL PAYMENTS UNDER OPTION 4 AND ANNUITY
27 PAYMENTS PAYABLE DURING PREVIOUS PERIODS OF RETIREMENT PLUS
28 INTEREST AS SET FORTH IN PARAGRAPH (3) SHALL BE RETURNED TO
29 THE FUND IN THE FORM OF AN ACTUARIAL ADJUSTMENT TO HIS
30 SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE BOARD MAY

1 OTHERWISE DIRECT.

2 (2) UPON SUBSEQUENT DISCONTINUANCE OF SERVICE AND THE
3 FILING OF AN APPLICATION FOR AN ANNUITY FROM THE SYSTEM, A
4 FORMER ANNUITANT WHO QUALIFIES TO HAVE THE EFFECT OF A FROZEN
5 PRESENT VALUE ELIMINATED UNDER THIS SUBSECTION SHALL BE
6 ENTITLED TO RECEIVE THE HIGHER OF EITHER:

7 (I) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)
8 CALCULATED AS IF THE FREEZING OF THE FORMER ANNUITANT'S
9 ACCOUNT PURSUANT TO SUBSECTION (A) HAD NOT OCCURRED,
10 ADJUSTED BY CREDITING CLASS T-C SCHOOL SERVICE AS CLASS
11 T-D SERVICE AS PROVIDED FOR IN SECTION 8305(C) (RELATING
12 TO CLASSES OF SERVICE) AND FURTHER ADJUSTED ACCORDING TO
13 PARAGRAPH (3), PROVIDED THAT A FORMER ANNUITANT OF THE
14 SYSTEM OR A FORMER ANNUITANT OF THE STATE EMPLOYEES'
15 RETIREMENT SYSTEM WHO RETIRED UNDER A PROVISION OF LAW
16 GRANTING ADDITIONAL SERVICE CREDIT IF TERMINATION OF
17 SCHOOL OR STATE SERVICE OR RETIREMENT OCCURRED DURING A
18 SPECIFIC PERIOD OF TIME SHALL NOT BE PERMITTED TO RETAIN
19 THE ADDITIONAL SERVICE CREDIT UNDER THE PRIOR LAW WHEN
20 THE ANNUITY IS COMPUTED FOR HIS MOST RECENT RETIREMENT;
21 OR

22 (II) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)
23 CALCULATED AS IF THE FORMER ANNUITANT DID NOT QUALIFY TO
24 HAVE THE EFFECT ON THE FROZEN PRESENT VALUE ELIMINATED,
25 UNLESS THE FORMER ANNUITANT NOTIFIES THE BOARD IN WRITING BY
26 THE LATER OF THE DATE THE APPLICATION FOR ANNUITY IS FILED OR
27 THE EFFECTIVE DATE OF RETIREMENT THAT THE FORMER ANNUITANT
28 WISHES TO RECEIVE THE LOWER ANNUITY.

29 * * *

30 § 8347. DEATH BENEFITS.

1 (A) MEMBERS ELIGIBLE FOR ANNUITIES.--ANY MEMBER OR FORMER
2 MEMBER ON USERRA LEAVE, OTHER THAN AN ANNUITANT, WHO DIES AND
3 WAS ELIGIBLE FOR AN ANNUITY IN ACCORDANCE WITH SECTION 8307(A)
4 OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) SHALL BE
5 CONSIDERED AS HAVING APPLIED FOR AN ANNUITY FROM THE FUND TO
6 BECOME EFFECTIVE THE DAY BEFORE HIS DEATH; AND, IN THE EVENT HE
7 HAS NOT ELECTED AN OPTION, IT SHALL BE ASSUMED THAT HE ELECTED
8 OPTION 1 AND ASSIGNED AS BENEFICIARY THAT PERSON LAST DESIGNATED
9 IN WRITING TO THE BOARD.

10 (B) MEMBERS INELIGIBLE FOR ANNUITIES.--IN THE EVENT OF THE
11 DEATH OF ANY MEMBER OR FORMER MEMBER ON USERRA LEAVE, OTHER THAN
12 AN ANNUITANT, WHO IS NOT ENTITLED TO A DEATH BENEFIT AS PROVIDED
13 IN SUBSECTION (A), HIS DESIGNATED BENEFICIARY SHALL BE PAID THE
14 FULL AMOUNT OF HIS ACCUMULATED DEDUCTIONS PAYABLE FROM THE FUND.

15 * * *

16 § 8349. PAYMENT OF BENEFITS FROM THE SYSTEM.

17 (A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF
18 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY
19 INSTALLMENTS COMMENCING BY THE REQUIRED BEGINNING DATE.

20 (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT
21 PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION
22 8347 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF
23 OPTION 1 OF SECTION 8345(A)(1) (RELATING TO MEMBER'S OPTIONS) IS
24 \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT
25 ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

26 (1) A LUMP SUM PAYMENT.

27 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT
28 PAYABLE.

29 (3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE
30 ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS

1 THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

2 * * *

3 SECTION 113. TITLE 24 IS AMENDED BY ADDING A CHAPTER TO

4 READ:

5 CHAPTER 84

6 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN

7 SEC.

8 8401. ESTABLISHMENT.

9 8402. PLAN DOCUMENT.

10 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

11 8404. PARTICIPANT CONTRIBUTIONS.

12 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

13 8406. EMPLOYER DEFINED CONTRIBUTIONS.

14 8407. ELIGIBILITY FOR BENEFITS.

15 8408. DEATH BENEFITS.

16 8409. VESTING.

17 8410. TERMINATION OF DISTRIBUTIONS.

18 8411. POWERS AND DUTIES OF BOARD.

19 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES' DEFINED

20 CONTRIBUTION PLAN TO PROVIDERS OF 403(B) PLANS.

21 8412. RESPONSIBILITY FOR INVESTMENT LOSS.

22 8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION

23 CHOICES.

24 8414. EXPENSES.

25 8415. TAX QUALIFICATION.

26 § 8401. ESTABLISHMENT.

27 (A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE SCHOOL

28 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD

29 SHALL ADMINISTER AND MANAGE THE PLAN, WHICH SHALL BE A DEFINED

30 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL

1 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
2 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
3 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT
4 INCONSISTENT WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW
5 AND SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.

6 (B) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE
7 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS
8 PART OF THE PLAN IN ACCORDANCE WITH THIS PART. THE TRUST SHALL
9 BE COMPRISED OF THE INDIVIDUAL INVESTMENT ACCOUNTS, ALL ASSETS
10 AND MONEYS IN THOSE ACCOUNTS AND ANY ASSETS AND MONIES HELD BY
11 THE BOARD AS PART OF THE PLAN THAT ARE NOT ALLOCATED TO THE
12 INDIVIDUAL INVESTMENT ACCOUNTS. THE MEMBERS OF THE BOARD SHALL
13 BE THE TRUSTEES OF THE TRUST, WHICH SHALL BE ADMINISTERED
14 EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL EMPLOYEES WHO
15 PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES WITHIN THE
16 MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE BOARD SHALL
17 DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT INCONSISTENT
18 WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW AND SHALL
19 PROVIDE FOR THE INVESTMENT AND 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 EMPLOYERS IN ACCORDANCE WITH
23 THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
24 PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE
25 EXCLUSIVE BENEFIT OF THE PLAN'S PARTICIPANTS AND THEIR
26 BENEFICIARIES UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO
27 THE PARTICIPANTS OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE
28 TERMS OF THE PLAN DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST
29 FOR THE EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR
30 BENEFICIARIES MAY BE USED FOR THE PAYMENT OF THE FEES, COSTS AND

1 EXPENSES RELATED TO THE ADMINISTRATION AND INVESTMENT OF THE
2 PLAN AND THE TRUST.

3 (D) NAME FOR TRANSACTING BUSINESS.--BY THE NAME OF "THE
4 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN," ALL OF THE
5 BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED,
6 ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF
7 ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD, EXCEPT
8 THAT, ANY OTHER LAW TO THE CONTRARY NOTWITHSTANDING, THE BOARD
9 MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE
10 OF REGISTERING SECURITIES TO FACILITATE THE PURCHASE, SALE OR
11 OTHER DISPOSITION OF SECURITIES UNDER THE PROVISIONS OF THIS
12 PART.

13 § 8402. PLAN DOCUMENT.

14 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE
15 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS
16 OF THE PLAN AND IN A TRUST DECLARATION. THE CREATION OF THE
17 DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE
18 TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND
19 PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY
20 REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE
21 ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE
22 COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER
23 LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE
24 CONTEXT CLEARLY INDICATES OTHERWISE.

25 § 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

26 THE BOARD:

27 (1) SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
28 INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
29 CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON
30 BEHALF OF A PARTICIPANT SHALL BE CREDITED TO THE

1 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH
2 ALL INTEREST AND INVESTMENT EARNINGS AND LOSSES. INVESTMENT
3 AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL BE CHARGED
4 TO THE PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.

5 (2) SHALL SEPARATELY TRACK PARTICIPANT CONTRIBUTIONS,
6 INCLUDING INVESTMENT GAINS AND LOSSES, AND EMPLOYER
7 CONTRIBUTIONS, INCLUDING INVESTMENT GAINS AND LOSSES, BUT ALL
8 INTEREST, INVESTMENT GAINS AND LOSSES AND ADMINISTRATIVE
9 FEES, COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.

10 (3) MAY CONTRACT WITH FINANCIAL INSTITUTIONS, INSURANCE
11 COMPANIES OR OTHER TYPES OF THIRD-PARTY PROVIDERS AND OTHER
12 VENDORS TO ALLOW PARTICIPANTS TO DEPOSIT PARTICIPANT
13 CONTRIBUTIONS INTO THE INDIVIDUAL INVESTMENT ACCOUNTS IN A
14 FORM AND MANNER AS PROVIDED BY THE CONTRACT.

15 § 8404. 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 SCHOOL 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 PAYROLL DEDUCTIONS, THROUGH
25 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS OR THROUGH TRANSFERS OF
26 MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE
27 EXTENT ALLOWED BY IRC § 402. ROLLOVERS SHALL BE MADE IN A FORM
28 AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO THE
29 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE
30 SEPARATELY ACCOUNTED FOR BY THE BOARD.

1 (C) PROHIBITION ON CONTRIBUTIONS.--NO CONTRIBUTIONS SHALL 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, MINUS INVESTMENT FEES AND CHARGES, SHALL BE
8 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 SCHOOL SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED
14 UP BY THE EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
15 CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE EFFECTIVE
16 DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A PARTICIPANT IN THE
17 PLAN SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT
18 CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF THE
19 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 § 8407. ELIGIBILITY FOR BENEFITS.

24 (A) TERMINATION OF SERVICE.--A PARTICIPANT WHO TERMINATES
25 SCHOOL SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED
26 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE
27 PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
28 ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
29 PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
30 ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A

1 PARTICIPANT WHO WITHDRAWS THE VESTED ACCUMULATED TOTAL DEFINED
2 CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
3 NOTWITHSTANDING THAT THE FORMER SCHOOL EMPLOYEE MAY CONTINUE TO
4 BE A MEMBER OF THE SYSTEM WITH CLASS T-G OR CLASS T-H SERVICE
5 CREDIT, OR MAY CONTRACT TO RECEIVE AN ANNUITY OR OTHER FORM OF
6 PAYMENT FROM A PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.

7 (B) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS SECTION
8 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
9 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
10 IRC § 401(A) (9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY
11 DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
12 THOSE REQUIREMENTS.

13 (C) PROHIBITED DISTRIBUTIONS.--A SCHOOL EMPLOYEE MUST BE
14 TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP
15 IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO
16 RECEIVE A DISTRIBUTION.

17 (D) LOANS.--LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
18 OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO
19 SCHOOL EMPLOYEES WHO HAVE NOT TERMINATED SCHOOL SERVICE ARE NOT
20 PERMITTED, EXCEPT AS REQUIRED BY LAW.

21 (E) SMALL INDIVIDUAL INVESTMENT ACCOUNTS.--A PARTICIPANT WHO
22 TERMINATES SCHOOL SERVICE AND WHOSE VESTED ACCUMULATED TOTAL
23 DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW
24 AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED
25 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS
26 PROVIDED IN IRC § 401(A) (31).

27 § 8408. DEATH BENEFITS.

28 (A) GENERAL RULE.--IN THE EVENT OF THE DEATH OF AN ACTIVE
29 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
30 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE

1 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
2 SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN
3 DOCUMENT.

4 (B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS.--IN THE
5 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE
6 BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
7 BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
8 LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
9 THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE
10 METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE
11 PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S
12 BENEFICIARY OR SUCCESSOR PAYEE AS PROVIDED IN THE PLAN DOCUMENT.

13 (C) CONTRACTS.--THE BOARD MAY CONTRACT WITH FINANCIAL
14 INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY
15 PROVIDERS TO ALLOW PARTICIPANTS AND THEIR BENEFICIARIES WHO
16 RECEIVE A LUMP SUM DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH
17 BENEFITS IN A FORM AND MANNER AS PROVIDED BY THE CONTRACT.
18 § 8409. VESTING.

19 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT TO THE
20 FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 8533 (RELATING
21 TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS
22 PROVIDED BY LAW, A PARTICIPANT SHALL BE IMMEDIATELY VESTED WITH
23 RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
24 VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT
25 TO THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR LOSSES ON THE
26 PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND
27 ADMINISTRATIVE CHARGES.

28 (B) EMPLOYER DEFINED CONTRIBUTIONS.--

29 (1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS
30 OF SECTION 8533 OR OTHERWISE AS PROVIDED BY LAW, A

1 PARTICIPANT SHALL BE VESTED WITH RESPECT TO EMPLOYER DEFINED
2 CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT
3 ACCOUNT IN THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR
4 LOSSES ON THE EMPLOYER DEFINED CONTRIBUTIONS BUT MINUS
5 INVESTMENT FEES AND ADMINISTRATIVE CHARGES ACCORDING TO THE
6 FOLLOWING SCHEDULE:

7 (I) UNTIL SUCH TIME AS THE PARTICIPANT HAS EARNED
8 THREE ELIGIBILITY POINTS AS A PARTICIPANT IN THE PLAN,
9 0%; OR

10 (II) AT AND AFTER THE ATTAINMENT OF THREE
11 ELIGIBILITY POINTS AS A PARTICIPANT IN THE PLAN, 100%.

12 (2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY
13 POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF
14 SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE
15 PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN
16 AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.

17 (3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS, INCLUDING
18 INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED
19 BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST
20 RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS.

21 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN
22 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
23 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER
24 THIS SECTION FOR THE SCHOOL SERVICE THAT WOULD HAVE BEEN
25 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

26 § 8410. TERMINATION OF DISTRIBUTIONS.

27 (A) RETURN TO SCHOOL SERVICE.--

28 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
29 PARTICIPANT WHO RETURNS TO SCHOOL SERVICE SHALL CEASE
30 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE

1 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
2 SCHOOL SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS
3 A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
4 PARTICIPANT IN THE PLAN.

5 (2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION
6 THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN
7 ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.

8 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

9 (1) IF A FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM
10 USERRA LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE
11 PLAN DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO
12 THE BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN
13 THE PLAN DOCUMENT.

14 (2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
15 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
16 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR, IN
17 THE CASE OF AN ACTIVE PARTICIPANT, MAY BE AMORTIZED WITH
18 INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY
19 DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE
20 PARTICIPANT AND THE BOARD, BUT NOT LONGER THAN A PERIOD THAT
21 STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUING FOR UP TO
22 THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S IMMEDIATE
23 PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD SHALL NOT
24 EXCEED FIVE YEARS.

25 § 8411. POWERS AND DUTIES OF BOARD.

26 THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN
27 CHAPTER 85 (RELATING TO ADMINISTRATION AND MISCELLANEOUS
28 PROVISIONS), SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
29 ESTABLISH THE PLAN AND TRUST AND TO ADMINISTER THE PROVISIONS OF
30 THIS PART:

1 (1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
2 ASSETS OF OTHER PERSONS OR ENTITIES.

3 (2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
4 AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE
5 PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM
6 THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS, EXCEPT AS
7 OTHERWISE PROVIDED IN THIS PART OR AS THE GENERAL ASSEMBLY
8 OTHERWISE PROVIDES THROUGH APPROPRIATIONS FROM THE GENERAL
9 FUND.

10 (3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND
11 LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY
12 MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.

13 (4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS
14 OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED
15 STATUS OF THE PLAN.

16 (5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO
17 PARTICIPATE IN THE PLAN BY THOSE SCHOOL EMPLOYEES FOR WHOM
18 PARTICIPATION IS NOT MANDATORY.

19 (6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT
20 REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF
21 ASSURING IT CONTINUES TO MEET ALL STANDARDS AND CRITERIA
22 ESTABLISHED.

23 (7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND
24 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM
25 QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE
26 EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.

27 (8) THE BOARD MAY ALLOW AN INACTIVE PARTICIPANT TO
28 MAINTAIN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
29 WITHIN THE PLAN.

30 (9) THE BOARD SHALL ADMINISTER OR ENSURE THE

1 ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE
2 QUALIFICATION AND OTHER RULES OF IRC.

3 (10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR
4 THE LAWFUL PAYMENT OF BENEFITS.

5 (11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A
6 TERMINATION OF SCHOOL SERVICE.

7 (12) THE BOARD MAY ESTABLISH PROCEDURES FOR
8 DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
9 IRC.

10 (13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
11 DOCUMENT OR TO PROMULGATE RULES AND REGULATIONS AS IT DEEMS
12 NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
13 INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:

14 (I) PROCEDURES BY WHICH ELIGIBLE PARTICIPANTS MAY
15 CHANGE VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT
16 CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS
17 REGARDING THEIR PARTICIPATION IN THE PLAN.

18 (II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
19 PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS
20 FROM A PARTICIPANT'S COMPENSATION.

21 (III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-
22 TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED BY
23 THE BOARD AS PART OF THE PLAN.

24 (IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS
25 THAN TEN OPTIONS WHICH ARE OFFERED BY THREE OR MORE
26 PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS
27 REGARDING INVESTMENTS OF AMOUNTS DEFERRED UNDER THE PLAN.
28 THE STANDARDS AND CRITERIA MUST PROVIDE FOR A VARIETY OF
29 INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE
30 WITH CRITERIA ESTABLISHED BY THE BOARD.

1 (V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE
2 PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME
3 ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL
4 FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS
5 DEFERRED TO COVER THE COSTS AND EXPENSES OF ADMINISTERING
6 AND MANAGING THE PLAN OR TRUST.

7 (VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE
8 MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION
9 FROM EMPLOYMENT, ONE OF WHICH SHALL INCLUDE AN OPTION FOR
10 AN ANNUITY WITH A MINIMUM INTEREST RATE OF 2.5% TO THE
11 EXTENT COMMERCIALY AVAILABLE, OR DEATH OR IN OTHER
12 CIRCUMSTANCES 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 BY
19 LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT REQUIRED
20 BY LAW TO BE PERFORMED BY THE BOARD MAY BE DELEGATED TO A
21 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 (18) THE PROVISIONS AND RESTRICTIONS OF THE ACT OF JULY
29 2, 2010 (P.L.266, NO.44), KNOWN AS THE PROTECTING
30 PENNSYLVANIA'S INVESTMENTS ACT, SHALL NOT APPLY TO THE

1 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR THE MONEYS
2 AND INVESTMENTS THEREIN, BUT THE BOARD IS AUTHORIZED TO OFFER
3 TO THE PLAN PARTICIPANTS INVESTMENT VEHICLES THAT WOULD BE
4 PERMITTED UNDER THE PROTECTING PENNSYLVANIA'S INVESTMENTS
5 ACT.

6 § 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES'
7 DEFINED CONTRIBUTION PLAN TO PROVIDERS OF 403(B)
8 PLANS.

9 (A) GENERAL RULE.--A FINANCIAL INSTITUTION OR PENSION
10 MANAGEMENT ORGANIZATION ENTERING INTO A WRITTEN AGREEMENT UNDER
11 SECTION 8411 (RELATING TO POWERS AND DUTIES OF BOARD) MAY OFFER
12 OR PROVIDE SERVICES TO ANY PLAN ESTABLISHED OR MAINTAINED BY A
13 SCHOOL DISTRICT UNDER IRC § 403(B) OR 457 IF THE WRITTEN
14 AGREEMENT FOR THE ADMINISTRATION OF THE SCHOOL EMPLOYEES'
15 DEFINED CONTRIBUTION PLAN IS NOT COMBINED WITH ANY OTHER WRITTEN
16 AGREEMENT FOR THE ADMINISTRATION OF A SCHOOL DISTRICT'S 403(B)
17 PLAN OR 457 PLAN. EACH SCHOOL DISTRICT THAT PROVIDES A 403(B)
18 PLAN SHALL MAKE AVAILABLE, IN THE MANNER PROVIDED BY SUBSECTION
19 (C), TO PARTICIPANTS, MULTIPLE FINANCIAL INSTITUTIONS OR PENSION
20 MANAGEMENT ORGANIZATIONS THAT HAVE NOT ENTERED INTO A WRITTEN
21 AGREEMENT TO SECTION 8411 AND WHICH PROVIDE SERVICES TO THE
22 SCHOOL DISTRICT'S 403(B) PLAN OR 457 PLAN.

23 (B) PLAN TRANSPARENCY AND ADMINISTRATION.--A FINANCIAL
24 INSTITUTION OR PENSION MANAGEMENT ORGANIZATION PROVIDING
25 SERVICES FOR ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL
26 DISTRICT UNDER IRC § 403(B) OR 457 SHALL:

27 (1) ENTER INTO AN AGREEMENT WITH THE SCHOOL DISTRICT OR
28 THE SCHOOL DISTRICT'S INDEPENDENT COMPLIANCE ADMINISTRATOR
29 THAT SHALL REQUIRE THE FINANCIAL INSTITUTION OR PENSION
30 MANAGEMENT ORGANIZATION TO PROVIDE IN AN ELECTRONIC FORMAT

1 ALL DATA NECESSARY FOR THE ADMINISTRATION OF THE 403(B) PLAN
2 OR 457 PLAN AS DETERMINED BY THE SCHOOL DISTRICT OR THE
3 SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR; AND

4 (2) PROVIDE ALL DATA REQUIRED BY THE SCHOOL DISTRICT OR
5 A SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR TO FACILITATE
6 DISCLOSURE OF ALL FEES, CHARGES, EXPENSES, COMMISSIONS,
7 COMPENSATION AND PAYMENTS TO THIRD PARTIES RELATED TO
8 INVESTMENTS OFFERED UNDER THE 403(B) PLAN OR 457 PLAN.

9 (C) PROVIDER SELECTION.--A SCHOOL DISTRICT THAT ESTABLISHES
10 OR MAINTAINS A PLAN UNDER IRC § 403(B) OR 457 SHALL SELECT A
11 MINIMUM OF FOUR FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT
12 ORGANIZATIONS, IN ADDITION TO THE FINANCIAL INSTITUTION OR
13 PENSION MANAGEMENT ORGANIZATION THAT ENTERED INTO AN AGREEMENT
14 UNDER SECTION 8411, TO PROVIDE SERVICES TO THE 403(B) PLAN OR
15 457 PLAN. IF FEWER THAN FOUR SUCH ADDITIONAL FINANCIAL
16 INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS ARE DETERMINED
17 TO BE AVAILABLE OR ABLE TO MEET THE REQUIREMENTS ESTABLISHED IN
18 THIS SECTION, THEN THE SCHOOL DISTRICT SHALL SELECT THE NUMBER
19 OF AVAILABLE PROVIDERS ABLE TO MEET THE SCHOOL DISTRICT'S
20 REQUIREMENTS. A FINANCIAL INSTITUTION OR PENSION MANAGEMENT
21 ORGANIZATION SHALL BE DESIGNATED A 403(B) PLAN OR 457 PLAN
22 PROVIDER IF THE FINANCIAL INSTITUTION OR PENSION MANAGEMENT
23 ORGANIZATION ENTERS INTO AN AGREEMENT IN ACCORDANCE WITH
24 SUBSECTION (B).

25 § 8412. RESPONSIBILITY FOR INVESTMENT LOSS.

26 THE COMMONWEALTH, THE BOARD, AN EMPLOYER OR A SCHOOL ENTITY
27 OR OTHER POLITICAL SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY
28 INVESTMENT LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF
29 ANY INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO
30 EARN AS MUCH AS ANY OTHER INVESTMENT OPPORTUNITY OR TO COST LESS

1 THAN ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT SUCH OTHER
2 OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.

3 § 8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT
4 ALLOCATION CHOICES.

5 (A) INVESTMENT BY PARTICIPANT.--ALL CONTRIBUTIONS, INTEREST
6 AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A
7 PARTICIPANT'S INVESTMENT ALLOCATION CHOICES, PROVIDED THAT THE
8 BOARD MAY PROVIDE FOR A DEFAULT INVESTMENT OPTION. ALL
9 INVESTMENT ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY
10 BETWEEN 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 COMMONWEALTH.--INVESTMENT OF CONTRIBUTIONS BY ANY CORPORATION,
16 INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK OR OTHER ENTITY
17 THAT THE BOARD HAS APPROVED SHALL NOT BE UNREASONABLY DELAYED,
18 AND IN NO CASE SHALL THE INVESTMENT OF CONTRIBUTIONS BE DELAYED
19 MORE THAN 30 DAYS FROM THE DATE OF PAYROLL DEDUCTION OR
20 VOLUNTARY CONTRIBUTIONS ARE MADE TO THE DATE THAT FUNDS ARE
21 INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT
22 SHALL BE USED TO PAY ADMINISTRATIVE COSTS AND FEES THAT WOULD
23 OTHERWISE BE REQUIRED TO BE BORNE BY PARTICIPANTS WHO ARE THEN
24 PARTICIPATING IN THE PLAN OR THAT ARE FUNDED BY CONTRIBUTIONS
25 FROM THE EMPLOYERS.

26 § 8414. EXPENSES.

27 ALL EXPENSES, FEES AND COSTS OF ADMINISTERING THE PLAN AND
28 THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE
29 BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE
30 BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY

1 THE BOARD, EXCEPT THAT THE EXPENSES, FEES AND COSTS OF
2 ESTABLISHING AND ADMINISTERING THE PLAN AND TRUST SHALL BE PAID
3 BY THE COMMONWEALTH THROUGH ANNUAL APPROPRIATIONS.

4 § 8415. TAX QUALIFICATION.

5 (A) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS CHAPTER
6 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
7 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
8 IRC § 401(A).

9 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

10 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND
11 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION
12 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A
13 LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL
14 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION OR
15 BENEFIT PAYMENT TAKES EFFECT.

16 (II) AN INCREASE IN A LIMITATION UNDER IRC § 415
17 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFFECTIVE
18 DATE OF THIS SECTION.

19 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM
20 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS IN IRC §
21 414(D).

22 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN
23 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF
24 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR
25 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR
26 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DEEMED TO
27 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF A
28 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF
29 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY
30 PROVIDED BY LEGISLATION.

1 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE
2 IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS
3 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED
4 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

5 SECTION 114. SECTIONS 8501(A), (C), (D) AND (E) AND 8502(A),
6 (B), (C), (E), (H), (I), (J), (K), (M), (N) AND (O) OF TITLE 24
7 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS
8 TO READ:

9 § 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD.

10 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN
11 INDEPENDENT ADMINISTRATIVE BOARD AND SHALL CONSIST OF 15
12 MEMBERS: THE SECRETARY OF EDUCATION, EX OFFICIO; THE STATE
13 TREASURER, EX OFFICIO; THE SECRETARY OF BANKING AND SECURITIES,
14 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] ONE TO BE APPOINTED
17 BY 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 IN THE PLAN FROM AMONG THEIR
21 NUMBER; ONE TO BE ELECTED BY ANNUITANTS OR PARTICIPANTS IN THE
22 PLAN WHO HAVE TERMINATED SCHOOL SERVICE AND ARE RECEIVING OR ARE
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 IN 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 HIS 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 EMPLOYER OF ANY SUCH MEMBER SHALL PROVIDE LEAVE TO
16 ALLOW SUCH MEMBER TO EXECUTE THE DUTIES OF THE BOARD, INCLUDING
17 BUT NOT LIMITED TO, ATTENDANCE AT THE LOCATION OF ALL REGULAR
18 AND SPECIAL BOARD AND COMMITTEE MEETINGS. THE MEMBERS OF THE
19 BOARD WHO ARE NOT MEMBERS OF EITHER THE SCHOOL SYSTEM OR THE
20 STATE EMPLOYEES' RETIREMENT SYSTEM MAY BE PAID \$100 PER DAY WHEN
21 ATTENDING MEETINGS AND ALL BOARD MEMBERS SHALL BE REIMBURSED FOR
22 ANY NECESSARY EXPENSES. HOWEVER, WHEN THE DUTIES OF THE BOARD AS
23 MANDATED ARE NOT EXECUTED, NO COMPENSATION OR REIMBURSEMENT FOR
24 EXPENSES OF BOARD MEMBERS SHALL BE PAID OR PAYABLE DURING THE
25 PERIOD IN WHICH SUCH DUTIES ARE NOT EXECUTED.

26 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF
27 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A
28 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE
29 THE LEGAL ADVISOR OF THE BOARD.] THE BOARD SHALL BE AN
30 INDEPENDENT AGENCY UNDER THE ACT OF OCTOBER 15, 1980 (P.L.950,

1 NO.164), KNOWN AS THE COMMONWEALTH ATTORNEYS ACT.

2 (F) BOARD TRAINING.--EACH MEMBER OF THE BOARD WILL BE
3 REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN
4 INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT
5 PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS.

6 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

7 (A) EMPLOYEES.--

8 (1) EFFECTIVE 30 DAYS AFTER THE EFFECTIVE DATE OF THIS
9 PARAGRAPH, THE POSITIONS OF SECRETARY, ASSISTANT SECRETARY
10 AND INVESTMENT PROFESSIONAL SHALL BE PLACED UNDER THE
11 UNCLASSIFIED SERVICE PROVISIONS OF THE ACT OF AUGUST 5, 1941
12 (P.L.752, NO.286), KNOWN AS THE CIVIL SERVICE ACT, AS THOSE
13 POSITIONS ARE VACATED. ALL OTHER POSITIONS OF THE BOARD SHALL
14 BE PLACED IN EITHER THE CLASSIFIED OR UNCLASSIFIED SERVICE
15 ACCORDING TO THE DEFINITION OF THE TERMS UNDER THE CIVIL
16 SERVICE ACT.

17 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
18 COMPENSATION OF INVESTMENT PROFESSIONALS AND LEGAL COUNSEL
19 SHALL BE ESTABLISHED BY THE BOARD. THE COMPENSATION OF ALL
20 OTHER OFFICERS AND EMPLOYEES OF THE BOARD WHO ARE NOT COVERED
21 BY A COLLECTIVE BARGAINING AGREEMENT SHALL BE ESTABLISHED BY
22 THE BOARD CONSISTENT WITH THE STANDARDS OF COMPENSATION
23 ESTABLISHED BY THE EXECUTIVE BOARD OF THE COMMONWEALTH.

24 (3) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES
25 PROVIDED FOR UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND
26 THE PLAN, BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES
27 INCURRED UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE
28 PLAN AS APPROPRIATE.

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 BUDGETS 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 BEGINNING ON OR AFTER JULY 1, 2019,
20 THE EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY
21 SHALL BE PAID FROM INTEREST, UNDER SECTION 8413(B) (RELATING
22 TO INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION
23 CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE PARTICIPANTS'
24 INDIVIDUAL INVESTMENT ACCOUNTS OR AS OTHERWISE PROVIDED IN
25 THIS PART.

26 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE
27 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A
28 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY
29 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST
30 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID

1 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL
2 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE
3 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS MEMBERS
4 AND FOR THE EXCLUSIVE BENEFIT OF THE PLAN AND ITS
5 PARTICIPANTS, RESPECTIVELY.

6 * * *

7 (E) RECORDS.--

8 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
9 WHICH SHALL BE [OPEN TO INSPECTION BY] ACCESSIBLE TO THE
10 PUBLIC, EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER
11 LAW.

12 (2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
13 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT
14 PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT
15 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]
16 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),
17 REFERRED TO] FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE
18 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE
19 BOARD, THE [INSPECTION] ACCESS WOULD:

20 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR
21 ALTERNATIVE INVESTMENT VEHICLE INVOLVE THE RELEASE OF
22 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO
23 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT
24 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY
25 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

26 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE
27 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL
28 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

29 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE
30 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED

1 OF BY THE FUND OR TRUST, OR WOULD CAUSE A BREACH OF THE
2 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS
3 PART.

4 (3) THE FOLLOWING APPLY:

5 (I) THE SENSITIVE INVESTMENT OR FINANCIAL
6 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
7 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED
8 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
9 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
10 RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY
11 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

12 (II) THE SENSITIVE INVESTMENT OR FINANCIAL
13 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
14 PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED
15 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
16 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
17 RIGHT-TO-KNOW LAW ONCE:

18 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES
19 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM
20 THE INFORMATION WAS RECEIVED; OR

21 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
22 IS LIQUIDATED;

23 WHICHEVER IS LATER.

24 (III) THE SENSITIVE INVESTMENT OR FINANCIAL
25 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
26 PARAGRAPH (2) (III), 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 HAS A

1 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN
2 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A
3 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET
4 FORTH IN THIS PART; OR

5 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
6 IS LIQUIDATED;

7 WHICHEVER IS LATER.

8 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
9 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
10 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
11 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
12 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
13 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

14 (5) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,
15 THE FOLLOWING INFORMATION REGARDING AN ALTERNATIVE INVESTMENT
16 VEHICLE SHALL BE SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER
17 THE RIGHT-TO-KNOW LAW:

18 (I) THE NAME, ADDRESS AND VINTAGE YEAR OF THE
19 ALTERNATIVE INVESTMENT VEHICLE.

20 (II) THE IDENTITY OF THE MANAGER OF THE ALTERNATIVE
21 INVESTMENT VEHICLE.

22 (III) THE DOLLAR AMOUNT OF THE COMMITMENT MADE BY
23 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE.

24 (IV) THE DOLLAR AMOUNT OF CASH CONTRIBUTIONS MADE BY
25 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE
26 SINCE INCEPTION.

27 (V) THE DOLLAR AMOUNT OF CASH DISTRIBUTIONS RECEIVED
28 BY THE SYSTEM OR PLAN FROM THE ALTERNATIVE INVESTMENT
29 VEHICLE SINCE INCEPTION.

30 (VI) THE NET INTERNAL RATE OF RETURN OF THE

1 ALTERNATIVE INVESTMENT VEHICLE SINCE INCEPTION, PROVIDED
2 THAT THE SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE
3 THE NET INTERNAL RATE OF RETURN UNDER CIRCUMSTANCES IN
4 WHICH, BECAUSE OF THE LIMITED NUMBER OF PORTFOLIO ASSETS
5 REMAINING IN THE ALTERNATIVE INVESTMENT VEHICLE, THE
6 DISCLOSURE COULD REVEAL THE VALUES OF SPECIFICALLY
7 IDENTIFIABLE REMAINING PORTFOLIO ASSETS TO THE DETRIMENT
8 OF THE ALTERNATIVE INVESTMENT.

9 (VII) THE AGGREGATE VALUE OF THE REMAINING PORTFOLIO
10 ASSETS ATTRIBUTABLE TO THE SYSTEM'S OR PLAN'S INVESTMENT
11 IN THE ALTERNATIVE INVESTMENT VEHICLE, PROVIDED THAT THE
12 SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE THE
13 VALUE UNDER CIRCUMSTANCES IN WHICH, BECAUSE OF THE
14 LIMITED NUMBER OF PORTFOLIO ASSETS REMAINING IN THE
15 ALTERNATIVE INVESTMENT VEHICLE, THE DISCLOSURE COULD
16 REVEAL THE VALUES OF SPECIFICALLY IDENTIFIABLE REMAINING
17 PORTFOLIO ASSETS TO THE DETRIMENT OF THE ALTERNATIVE
18 INVESTMENT.

19 (VIII) THE DOLLAR AMOUNT OF TOTAL MANAGEMENT FEES
20 AND COSTS PAID TO THE ALTERNATIVE INVESTMENT VEHICLE BY
21 THE SYSTEM OR PLAN ON AN ANNUAL FISCAL YEAR-END BASIS.

22 (6) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
23 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES OR AGENTS
24 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
25 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT
26 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE
27 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE
28 BOARD, THE ACCESS WOULD 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) THE FOLLOWING SHALL APPLY:

13 (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
14 THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
15 DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER THIS
16 SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S FIDUCIARY
17 DUTIES.

18 (II) THIS SUBSECTION SHALL APPLY TO A RECORD,
19 MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
20 WHETHER:

21 (A) THE RECORD, MATERIAL OR DATA WAS CREATED,
22 GENERATED OR STORED BEFORE THE EFFECTIVE DATE OF THIS
23 SECTION;

24 (B) THE RECORD, MATERIAL OR DATA WAS PREVIOUSLY
25 RELEASED OR MADE PUBLIC; OR

26 (C) A REQUEST FOR THE RECORD, MATERIAL OR DATA
27 WAS MADE OR IS PENDING FINAL RESPONSE UNDER THE
28 FORMER ACT OF JUNE 21, 1957 (P.L.390, NO.212),
29 REFERRED TO AS THE RIGHT-TO-KNOW LAW, OR THE RIGHT-
30 TO-KNOW LAW.

1 * * *

2 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
3 ADVICE OF THE ATTORNEY GENERAL, LEGAL COUNSEL AND THE ACTUARY,
4 ADOPT AND PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM
5 ADMINISTRATION OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN
6 WRITING ALL COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF
7 CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE
8 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,
9 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS
10 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND
11 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS
12 ARE ADOPTED AND PUBLISHED PURSUANT TO SUBSECTION (J) AS
13 NECESSARY FOR THE CALCULATION OF ANNUITIES AND OTHER BENEFITS,
14 SHALL BE AS EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY
15 ACTUARIAL ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE,
16 REGULATION OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS
17 FOR DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM
18 MANNER.

19 (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA
20 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL
21 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE
22 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH FISCAL YEAR.
23 THE BOARD SHALL HAVE FINAL AUTHORITY OVER THE MEANS BY WHICH
24 DATA IS COLLECTED, MAINTAINED AND STORED AND IN SO DOING SHALL
25 PROTECT THE RIGHTS OF ITS MEMBERSHIP AS TO PRIVACY AND
26 CONFIDENTIALITY.

27 (J) ACTUARIAL INVESTIGATION AND VALUATION.--THE BOARD SHALL
28 HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS
29 ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH
30 FISCAL YEAR. IN THE FISCAL YEAR 1975 AND IN EVERY FIFTH YEAR

1 THEREAFTER, THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN
2 ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON
3 DATA INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION
4 EXPERIENCE PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING
5 FIVE YEARS CONCERNING THE MEMBERS AND BENEFICIARIES OF THE
6 SYSTEM. THE BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE
7 NECESSARY FOR THE ACTUARIAL VALUATION OF THE FUND AND
8 CALCULATION OF CONTRIBUTIONS, ANNUITIES, AND OTHER BENEFITS
9 BASED ON THE REPORTS AND RECOMMENDATIONS OF THE ACTUARY. WITHIN
10 30 DAYS OF THEIR ADOPTION, THE SECRETARY OF THE BOARD SHALL
11 CAUSE THOSE TABLES WHICH RELATE TO THE CALCULATION OF ANNUITIES
12 AND OTHER BENEFITS TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN
13 IN ACCORDANCE WITH THE PROVISIONS OF 45 PA.C.S. § 725(A)
14 (RELATING TO ADDITIONAL CONTENTS OF PENNSYLVANIA BULLETIN) AND,
15 UNLESS THE BOARD SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH
16 TABLES SHALL BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD
17 SHALL INCLUDE A REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS
18 AND DATA DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND
19 EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT
20 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (N) FOR THE
21 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE
22 CONCLUDED.

23 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND.--THE
24 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
25 REQUIRED UNDER SECTION 8330 (RELATING TO APPROPRIATIONS BY THE
26 COMMONWEALTH), CERTIFY TO THE EMPLOYERS AND THE COMMONWEALTH THE
27 EMPLOYER CONTRIBUTION RATE EXPRESSED AS A PERCENTAGE OF MEMBERS'
28 PAYROLL NECESSARY FOR THE FUNDING OF PROSPECTIVE ANNUITIES FOR
29 ACTIVE MEMBERS AND THE ANNUITIES OF ANNUITANTS, AND CERTIFY THE
30 RATES AND AMOUNTS OF THE NORMAL CONTRIBUTIONS AS DETERMINED

1 PURSUANT TO SECTION 8328(B) (RELATING TO ACTUARIAL COST METHOD),
2 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO
3 SECTION 8328(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS
4 DETERMINED PURSUANT TO SECTION 8328(D), THE EXPERIENCE
5 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 8328(E),
6 PREMIUM ASSISTANCE CONTRIBUTIONS AS DETERMINED PURSUANT TO
7 SECTION 8328(F), THE COSTS ADDED BY LEGISLATION AS DETERMINED
8 PURSUANT TO SECTION 8328(I), THE ACTUARIAL REQUIRED CONTRIBUTION
9 RATE AS DETERMINED PURSUANT TO SECTION 8328(I), THE COLLARED
10 CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION 8328(G), THE
11 FINAL CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION
12 8328(H) AND THE SHARED-RISK CONTRIBUTION RATE AS DETERMINED
13 UNDER SECTION 8321(B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS
14 FOR CURRENT SERVICE), WHICH SHALL BE PAID TO THE FUND AND
15 CREDITED TO THE APPROPRIATE ACCOUNTS. THESE CERTIFICATIONS SHALL
16 BE REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE
17 SECRETARY OF THE BUDGET.

18 * * *

19 (M) MEMBER CONTRIBUTIONS AND INTEREST.--THE BOARD SHALL
20 CAUSE EACH MEMBER'S CONTRIBUTIONS, INCLUDING PAYROLL DEDUCTIONS,
21 PICKUP CONTRIBUTIONS, SHARED-RISK CONTRIBUTIONS AND ALL OTHER
22 PAYMENTS, INCLUDING, BUT NOT LIMITED TO, AMOUNTS COLLECTED BY
23 THE STATE EMPLOYEES' RETIREMENT SYSTEM FOR THE REINSTATEMENT OF
24 PREVIOUS SCHOOL SERVICE OR CREDITABLE NONSCHOOL SERVICE AND
25 AMOUNTS PAID TO RETURN BENEFITS PAID AFTER THE DATE OF RETURN TO
26 SCHOOL SERVICE OR ENTERING STATE SERVICE REPRESENTING LUMP SUM
27 PAYMENTS MADE PURSUANT TO SECTION 8345(A)(4)(III) (RELATING TO
28 MEMBER'S OPTIONS) AND MEMBER'S ANNUITY PAYMENTS, BUT NOT
29 INCLUDING OTHER BENEFITS RETURNED PURSUANT TO SECTION 8346(A.1)
30 AND (A.2) (RELATING TO TERMINATION OF ANNUITIES), TO BE CREDITED

1 TO THE ACCOUNT OF SUCH MEMBER AND SHALL PAY ALL SUCH AMOUNTS
2 INTO THE FUND. SUCH CONTRIBUTIONS SHALL BE CREDITED WITH
3 STATUTORY INTEREST UNTIL DATE OF TERMINATION OF SERVICE, EXCEPT
4 IN THE CASE OF A VESTEE, WHO SHALL HAVE SUCH INTEREST CREDITED
5 UNTIL THE EFFECTIVE DATE OF RETIREMENT OR UNTIL THE RETURN OF
6 HIS ACCUMULATED DEDUCTIONS, IF HE SO ELECTS; AND IN THE CASE OF
7 A MULTIPLE SERVICE MEMBER WHO SHALL HAVE SUCH INTEREST CREDITED
8 UNTIL TERMINATION OF SERVICE IN BOTH THE SCHOOL AND THE STATE
9 SYSTEMS.

10 (N) ANNUAL FINANCIAL [STATEMENT] STATEMENTS.--THE BOARD
11 SHALL PREPARE AND HAVE PUBLISHED, ON OR BEFORE JANUARY 1 OF EACH
12 YEAR, [A FINANCIAL STATEMENT] FINANCIAL STATEMENTS AS OF THE
13 FISCAL YEAR ENDING JUNE 30 OF THE PREVIOUS YEAR SHOWING THE
14 CONDITION OF THE FUND, THE TRUST AND THE VARIOUS ACCOUNTS,
15 INCLUDING, BUT NOT LIMITED TO, THE BOARD'S ACCRUAL AND
16 EXPENDITURE OF DIRECTED COMMISSIONS, AND SETTING FORTH SUCH
17 OTHER FACTS, RECOMMENDATIONS AND DATA AS MAY BE OF USE IN THE
18 ADVANCEMENT OF KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS
19 PROVIDED BY THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL
20 [STATEMENT] STATEMENTS TO THE GOVERNOR AND SHALL MAKE COPIES
21 AVAILABLE TO THE EMPLOYERS FOR THE USE OF THE SCHOOL EMPLOYEES
22 AND THE PUBLIC.

23 (O) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR
24 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY AN
25 INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM[, WHICH AUDIT]. THE
26 AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND EXPENDITURE OF
27 DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME INDEPENDENT
28 CERTIFIED PUBLIC ACCOUNTING FIRM FOR THE AUDITS OF BOTH THE
29 SYSTEM AND THE PLAN.

30 * * *

1 (Q) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE
2 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED
3 BUDGET REQUIRED UNDER SECTION 8330, CERTIFY, AS A PERCENTAGE OF
4 EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED
5 CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO
6 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE
7 CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO
8 MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL
9 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON
10 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY
11 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
12 INVESTMENT ACCOUNT.

13 (R) LIMITATION ON FEES CHARGED TO THE BOARD.--IN STRIVING TO
14 ACHIEVE ACTUARIAL SAVINGS OF \$1,500,000,000 OVER 30 YEARS FROM
15 THE EFFECTIVE DATE OF THIS SUBSECTION, WHILE ACHIEVING THE
16 ASSUMED ANNUAL RATE OF RETURN AT THE LEAST COST AND MAXIMUM
17 RETURN OF THE FUND, THE BOARD SHALL:

18 (1) CONSIDER THE FINDINGS AND RECOMMENDATIONS OF THE
19 PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
20 COMMISSION. THE BOARD MAY, AT ITS SOLE DISCRETION, ADOPT
21 GUIDELINES AND PROCEDURES TO IMPLEMENT ANY RECOMMENDATIONS OF
22 THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
23 COMMISSION THAT THE BOARD DETERMINES APPROPRIATE IN ATTAINING
24 THE HIGHEST RETURN ON INVESTMENT AT THE LOWEST RESPONSIBLE
25 COST.

26 (2) REVIEW, IDENTIFY AND IMPLEMENT ANY INVESTMENT FEE
27 REDUCTION AND COST AVOIDANCE STRATEGIES IDENTIFIED TO BE
28 PRUDENT BY THE BOARD, TO REDUCE EXPENDITURES FOR INVESTMENT
29 COSTS.

30 SECTION 115. SECTION 8502.2 (A) OF TITLE 24 IS AMENDED TO

1 READ:

2 § 8502.2. HEALTH INSURANCE.

3 (A) AUTHORITY.--THE BOARD MAY SPONSOR A PARTICIPANT-FUNDED
4 GROUP HEALTH INSURANCE PROGRAM FOR ANNUITANTS, PARTICIPANTS
5 RECEIVING DISTRIBUTIONS, SPOUSES OF ANNUITANTS AND PARTICIPANTS
6 RECEIVING DISTRIBUTIONS, SURVIVOR ANNUITANTS AND THEIR
7 DEPENDENTS. THE BOARD MAY PROMULGATE REGULATIONS REGARDING THE
8 PRUDENT AND EFFICIENT OPERATION OF THE PROGRAM, INCLUDING, BUT
9 NOT LIMITED TO:

10 (1) ESTABLISHMENT OF AN ANNUAL BUDGET AND DISBURSEMENTS
11 IN ACCORDANCE WITH THE BUDGET.

12 (2) DETERMINATION OF THE BENEFITS STRUCTURE.

13 (3) DETERMINATION OF ENROLLMENT PROCEDURES.

14 (4) ESTABLISHMENT OF PREMIUM RATES SUFFICIENT TO FULLY
15 FUND THE PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES.

16 (5) CONTRACTING FOR GOODS, EQUIPMENT, SERVICES,
17 CONSULTANTS AND OTHER PROFESSIONAL PERSONNEL AS NEEDED TO
18 OPERATE THE PROGRAM.

19 * * *

20 SECTION 116. SECTIONS 8503 HEADING AND (B), 8505 HEADING,
21 (H) AND (I), 8506 (A), (D), (E), (F), (I) AND (K) AND 8507
22 HEADING, (A), (C), (E), (F) AND (I) OF TITLE 24 ARE AMENDED AND
23 THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ:

24 § 8503. DUTIES OF BOARD TO ADVISE AND REPORT TO EMPLOYERS [AND
25 MEMBERS], MEMBERS AND PARTICIPANTS.

26 * * *

27 (B) MEMBER STATUS STATEMENTS.--THE BOARD SHALL FURNISH
28 ANNUALLY ON OR BEFORE DECEMBER 31, A STATEMENT TO EACH MEMBER
29 SHOWING THE ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE
30 MEMBER AND THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF

1 SERVICE CREDITED IN EACH CLASS OF SERVICE, AS APPLICABLE, AS OF
2 JUNE 30 OF THAT YEAR. EACH MEMBER'S STATEMENT SHALL INCLUDE A
3 REQUEST THAT THE MEMBER MAKE ANY NECESSARY CORRECTIONS OR
4 REVISIONS REGARDING HIS DESIGNATED BENEFICIARY, WHOSE NAME AT
5 THE REQUEST OF THE MEMBER SHALL REMAIN CONFIDENTIAL AND NOT
6 APPEAR ON THIS STATEMENT.

7 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL
8 FURNISH ANNUALLY TO EACH PARTICIPANT ON OR BEFORE DECEMBER 31,
9 AND MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY
10 LAW, A STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED
11 CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL
12 INVESTMENT ACCOUNT, THE NATURE AND TYPE OF INVESTMENTS AND THE
13 INVESTMENT ALLOCATION OF FUTURE CONTRIBUTIONS AS OF JUNE 30 OF
14 THE CURRENT YEAR AND SHALL REQUEST THE PARTICIPANT TO MAKE ANY
15 NECESSARY CORRECTION OR REVISION REGARDING HIS DESIGNATED
16 BENEFICIARY.

17 * * *

18 § 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF
19 MEMBERS AND PARTICIPANTS.

20 * * *

21 (E.1) CERTIFICATION TO PARTICIPANTS TERMINATING SERVICE.--
22 THE BOARD SHALL CERTIFY TO THE PARTICIPANT IN WRITING WITHIN ONE
23 YEAR OF TERMINATION OF SERVICE OF THE PARTICIPANTS OF THE VESTED
24 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE
25 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE
26 STATED IN THE WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER
27 MATTERS REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE
28 PARTICIPANT TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE
29 PARTICIPANT'S REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE
30 ALL OR PART OF THE VESTED BALANCE IN THE PARTICIPANT'S

1 INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN SUCH OTHER
2 FORM AS THE BOARD MAY AUTHORIZE OR AS REQUIRED BY LAW.

3 * * *

4 (F.1) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING
5 REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY IN WRITING EACH
6 INACTIVE PARTICIPANT WHO HAS TERMINATED SCHOOL SERVICE AND WHO
7 HAS NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE
8 PARTICIPANT'S REQUIRED BEGINNING DATE THAT THE INACTIVE
9 PARTICIPANT HAS AN OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE
10 REQUIRED BEGINNING DATE IN A FORM AND MANNER REQUIRED BY IRC §
11 401(A) (9) AND OTHER APPLICABLE PROVISIONS OF IRC.

12 * * *

13 (G.1) INITIAL PAYMENT TO A PARTICIPANT.--THE BOARD SHALL
14 MAKE THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A
15 DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION AND
16 RECEIPT OF THE REQUIRED DATA FROM THE EMPLOYER OF THE
17 PARTICIPANT AND OTHER NECESSARY DATA.

18 (H) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION OF THE
19 DEATH OF A MEMBER OR FORMER MEMBER ON USERRA LEAVE OR AN ACTIVE
20 PARTICIPANT, AN INACTIVE PARTICIPANT OR A FORMER PARTICIPANT
21 PERFORMING USERRA LEAVE, THE BOARD SHALL NOTIFY THE DESIGNATED
22 BENEFICIARY OR SURVIVOR ANNUITANT OF THE BENEFITS TO WHICH HE IS
23 ENTITLED AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY
24 UNDER THE [PLAN] BENEFITS ELECTED BY THE BENEFICIARY WITHIN 60
25 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER NECESSARY
26 DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF
27 THE MEMBER'S OR PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED
28 WITH THE BOARD TO PAY THE AMOUNT OF SUCH BENEFITS TO THE
29 MEMBER'S OR PARTICIPANT'S ESTATE, THE BOARD IS AUTHORIZED TO PAY
30 SUCH BENEFITS TO THE EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE

1 OR NEXT-OF-KIN OF THE DECEASED MEMBER OR PARTICIPANT, AND
2 PAYMENT PURSUANT HERETO SHALL FULLY DISCHARGE THE FUND OR PLAN
3 FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO
4 ANY OTHER PERSON.

5 (I) MEDICAL INSURANCE COVERAGE.--UPON RECEIPT OF
6 NOTIFICATION FROM AN INSURANCE CARRIER OFFERING A HEALTH
7 INSURANCE PROGRAM APPROVED BY THE BOARD THAT AN ANNUITANT OR
8 PARTICIPANT WHO HAS ATTAINED AGE 65 HAS ELECTED MEDICAL, MAJOR
9 MEDICAL, AND HOSPITALIZATION INSURANCE COVERAGE OR NOTIFICATION
10 THAT ANNUITANTS WITH LESS THAN 24 1/2 ELIGIBILITY POINTS (OTHER
11 THAN DISABILITY ANNUITANTS), SPOUSES OF ANNUITANTS AND SURVIVOR
12 ANNUITANTS ELIGIBLE TO ELECT TO ENROLL IN THE APPROVED HEALTH
13 INSURANCE PROGRAM HAVE ELECTED PARTICIPATION IN SUCH HEALTH
14 INSURANCE PROGRAM, THE BOARD MAY DEDUCT FROM THE ANNUITY
15 PAYMENTS, FROM PAYMENTS TO A PARTICIPANT RECEIVING DISTRIBUTIONS
16 OR FROM A SUCCESSOR PAYEE, THE APPROPRIATE ANNUAL CHARGES IN
17 EQUAL MONTHLY INSTALLMENTS. SUCH DEDUCTIONS SHALL BE TRANSMITTED
18 TO THE INSURANCE CARRIER.

19 * * *

20 § 8506. DUTIES OF EMPLOYERS.

21 (A) STATUS OF MEMBERS AND PARTICIPANTS.--THE EMPLOYER SHALL,
22 EACH MONTH, NOTIFY THE BOARD IN A MANNER PRESCRIBED BY THE BOARD
23 OF THE SALARY CHANGES EFFECTIVE DURING THE PAST MONTH, THE DATE
24 OF ALL REMOVALS FROM THE PAYROLL, AND THE TYPE OF LEAVE OF ANY
25 MEMBER OR PARTICIPANT WHO HAS BEEN REMOVED FROM THE PAYROLL FOR
26 ANY TIME DURING THAT MONTH, AND:

27 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, THE
28 EMPLOYER SHALL FURNISH THE BOARD WITH THE DATE OF BEGINNING
29 LEAVE, THE DATE OF RETURN TO SERVICE, AND THE REASON FOR
30 LEAVE;

1 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER
2 EMPLOYER, THE FORMER EMPLOYER SHALL FURNISH SUCH EMPLOYER AND
3 THE BOARD WITH A COMPLETE SCHOOL SERVICE RECORD, INCLUDING
4 CREDITED OR CREDITABLE NONSCHOOL SERVICE; OR

5 (3) IF THE REMOVAL IS DUE TO TERMINATION OF SCHOOL
6 SERVICE, THE EMPLOYER SHALL FURNISH THE BOARD WITH A COMPLETE
7 SCHOOL SERVICE RECORD INCLUDING CREDITED OR CREDITABLE
8 NONSCHOOL SERVICE AND IN THE CASE OF DEATH OF THE MEMBER OR
9 PARTICIPANT THE EMPLOYER SHALL SO NOTIFY THE BOARD.

10 * * *

11 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE
12 EMPLOYER SHALL CAUSE THE MANDATORY PICKUP PARTICIPANT
13 CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE AND SHALL
14 CAUSE TO BE DEDUCTED ANY VOLUNTARY CONTRIBUTIONS AUTHORIZED BY A
15 PARTICIPANT. THE EMPLOYER SHALL ALSO CAUSE THE EMPLOYER DEFINED
16 CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE. THE
17 EMPLOYER SHALL NOTIFY THE BOARD AT TIMES AND IN A MANNER
18 PRESCRIBED BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT
19 TO WHOM THE LIMITATION UNDER IRC § 401(A) (17) EITHER APPLIES OR
20 IS EXPECTED TO APPLY AND SHALL CAUSE THE PARTICIPANT'S
21 CONTRIBUTIONS TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE
22 LIMITATION UNDER IRC § 401(A) (17) ON THE PAYROLL DATE IF AND
23 WHEN SUCH LIMIT SHALL BE REACHED. THE EMPLOYER SHALL CERTIFY TO
24 THE BOARD THE AMOUNTS PICKED UP AND DEDUCTED AND THE EMPLOYER
25 DEFINED CONTRIBUTIONS BEING MADE AND SHALL SEND THE TOTAL AMOUNT
26 PICKED UP, DEDUCTED AND CONTRIBUTED TOGETHER WITH A DUPLICATE OF
27 SUCH VOUCHER TO THE SECRETARY OF THE BOARD EVERY PAY PERIOD OR
28 ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.

29 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR
30 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW SCHOOL

1 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,
2 THE EMPLOYER SHALL NO LATER THAN 30 DAYS THEREAFTER CAUSE AN
3 APPLICATION FOR MEMBERSHIP OR PARTICIPATION, WHICH APPLICATION
4 SHALL INCLUDE THE EMPLOYEE'S HOME ADDRESS, BIRTHDATE CERTIFIED
5 BY THE EMPLOYER, PREVIOUS SCHOOL OR STATE SERVICE AND ANY OTHER
6 INFORMATION REQUESTED BY THE BOARD, AND A NOMINATION OF
7 BENEFICIARY TO BE MADE BY SUCH EMPLOYEE AND FILED WITH THE BOARD
8 AND SHALL MAKE PICKUP CONTRIBUTIONS OR MANDATORY PICKUP
9 PARTICIPANT CONTRIBUTIONS FROM THE EFFECTIVE DATE OF SCHOOL
10 EMPLOYMENT.

11 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR
12 PARTICIPATION.--THE EMPLOYER SHALL INFORM ANY ELIGIBLE SCHOOL
13 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE
14 PLAN IS NOT MANDATORY OF HIS OPPORTUNITY TO BECOME A MEMBER OF
15 THE SYSTEM OR PARTICIPANT IN THE PLAN PROVIDED THAT HE ELECTS TO
16 PURCHASE CREDIT FOR ALL SUCH CONTINUOUS CREDITABLE SERVICE. IF
17 SUCH EMPLOYEE SO ELECTS, THE EMPLOYER SHALL NO LATER THAN 30
18 DAYS THEREAFTER CAUSE AN APPLICATION FOR MEMBERSHIP OR
19 PARTICIPATION WHICH APPLICATION SHALL INCLUDE THE EMPLOYEE'S
20 HOME ADDRESS, BIRTHDATE CERTIFIED BY THE EMPLOYER, PREVIOUS
21 SCHOOL OR STATE SERVICE AND ANY OTHER INFORMATION REQUESTED BY
22 THE BOARD, AND A NOMINATION OF BENEFICIARY TO BE MADE BY HIM AND
23 FILED WITH THE BOARD AND SHALL CAUSE PROPER CONTRIBUTIONS TO BE
24 MADE FROM THE DATE OF ELECTION OF MEMBERSHIP OR PARTICIPATION.

25 (F) ADVISING MEMBERS OF DUTIES.--THE EMPLOYER SHALL ADVISE
26 HIS EMPLOYEES OF THEIR DUTIES AS MEMBERS OF THE SYSTEM AND
27 PARTICIPANTS OF THE PLAN. LOCAL SCHOOL DISTRICTS SHALL BE HELD
28 HARMLESS FROM DECISIONS MADE BY THE EMPLOYEE IN THIS REGARD.

29 * * *

30 (I) TERMINATION OF SERVICE BY MEMBERS.--THE EMPLOYER SHALL,

1 IN THE CASE OF ANY MEMBER TERMINATING SCHOOL SERVICE, ADVISE
2 SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE SYSTEM TO WHICH
3 HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND SHALL
4 HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF TERMINATION OF
5 SCHOOL SERVICE, ONE OF THE FOLLOWING THREE FORMS, A COPY OF
6 WHICH SHALL BE GIVEN TO THE MEMBER AND THE ORIGINAL OF WHICH
7 SHALL BE FILED WITH THE BOARD:

8 (1) AN APPLICATION FOR THE RETURN OF ACCUMULATED
9 DEDUCTIONS.

10 (2) AN ELECTION TO VEST HIS RETIREMENT RIGHTS, IF
11 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO
12 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
13 AGREEMENT TO PAY WITHIN 30 DAYS OF THE DATE OF TERMINATION OF
14 SERVICE THE LUMP SUM REQUIRED.

15 (3) AN APPLICATION FOR AN IMMEDIATE ANNUITY, IF
16 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO
17 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
18 AGREEMENT TO PAY WITHIN 30 DAYS OF DATE OF TERMINATION OF
19 SERVICE THE LUMP SUM REQUIRED.

20 * * *

21 (K) SCHOOL EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED
22 LEAVE OF ABSENCE.--THE EMPLOYER SHALL REPORT TO THE BOARD ALL OF
23 THE FOLLOWING:

24 (1) ANY SCHOOL EMPLOYEE WHO:

25 (I) CEASES TO BE AN ACTIVE MEMBER OR ACTIVE
26 PARTICIPANT TO PERFORM USERRA SERVICE; OR

27 (II) IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S.
28 § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
29 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE OF ABSENCE
30 UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY

1 LEAVES OF ABSENCE) .

2 (2) THE DATE ON WHICH THE USERRA SERVICE, LEAVE OF
3 ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN.

4 (3) THE DATE ON WHICH THE SCHOOL EMPLOYEE IS REEMPLOYED
5 FROM USERRA LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR
6 MILITARY LEAVE OF ABSENCE, IF APPLICABLE.

7 (4) ANY OTHER INFORMATION THE BOARD MAY REQUIRE.

8 (L) DIFFERENTIAL WAGE PAYMENTS AND MILITARY LEAVE OF ABSENCE
9 PAYMENTS.--NOTWITHSTANDING THE EXCLUSION OF DIFFERENTIAL WAGE
10 PAYMENTS AS DEFINED IN IRC § 414(U) (12) FROM COMPENSATION UNDER
11 THIS PART, THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON USERRA LEAVE
12 SHALL REPORT DIFFERENTIAL WAGE PAYMENTS MADE TO THE EMPLOYEE TO
13 THE BOARD, AND THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON LEAVE OF
14 ABSENCE UNDER 51 PA.C.S. § 4102 SHALL REPORT ANY PAYMENT MADE TO
15 THE EMPLOYEE IN THE FORM AND MANNER ESTABLISHED BY THE BOARD.
16 § 8507. RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS],
17 MEMBERS AND PARTICIPANTS.

18 (A) INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF
19 DUTIES, EACH NEW SCHOOL EMPLOYEE SHALL FURNISH HIS EMPLOYER WITH
20 A COMPLETE RECORD OF HIS PREVIOUS SCHOOL OR STATE SERVICE, OR
21 CREDITABLE NONSCHOOL SERVICE, PROOF OF HIS DATE OF BIRTH, HIS
22 HOME ADDRESS, HIS CURRENT STATUS IN THE SYSTEM AND THE PLAN AND
23 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE STATE
24 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND SUCH OTHER INFORMATION
25 AS THE BOARD MAY REQUIRE. WILLFUL FAILURE TO PROVIDE THE
26 INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE
27 OR THE PROVISION OF ERRONEOUS INFORMATION UPON ENTRANCE INTO THE
28 SYSTEM OR PLAN SHALL RESULT IN THE FORFEITURE OF THE RIGHT OF
29 THE MEMBER OR PARTICIPANT TO SUBSEQUENTLY ASSERT ANY RIGHT TO
30 BENEFITS BASED ON ERRONEOUS INFORMATION OR ON ANY OF THE

1 REQUIRED INFORMATION WHICH HE FAILED TO PROVIDE. IN ANY CASE IN
2 WHICH THE BOARD FINDS THAT A MEMBER OR PARTICIPANT IS RECEIVING
3 AN ANNUITY BASED ON FALSE INFORMATION, THE ADDITIONAL AMOUNTS
4 RECEIVED PREDICATED ON SUCH FALSE INFORMATION TOGETHER WITH
5 STATUTORY INTEREST DOUBLED AND COMPOUNDED SHALL BE DEDUCTED FROM
6 THE PRESENT VALUE OF ANY REMAINING BENEFITS TO WHICH THE MEMBER
7 OR PARTICIPANT IS LEGALLY ENTITLED AND SUCH REMAINING BENEFITS
8 SHALL BE CORRESPONDINGLY DECREASED.

9 * * *

10 (C) MULTIPLE SERVICE MEMBERSHIP.--ANY ACTIVE MEMBER WHO WAS
11 FORMERLY AN ACTIVE MEMBER IN THE STATE EMPLOYEES' RETIREMENT
12 SYSTEM MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER. SUCH
13 ELECTION SHALL OCCUR NO LATER THAN 365 DAYS AFTER BECOMING AN
14 ACTIVE MEMBER IN THIS SYSTEM. A SCHOOL EMPLOYEE WHO IS ELIGIBLE
15 TO ELECT TO BECOME A MULTIPLE SERVICE MEMBER AND WHO BEGINS
16 USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED
17 MULTIPLE SERVICE MEMBERSHIP [MAY MAKE THE ELECTION WITHIN 365
18 DAYS AFTER BEING REEMPLOYED FROM] SHALL HAVE THE ELECTION PERIOD
19 EXTENDED BY THE NUMBER OF DAYS ON USERRA LEAVE.

20 * * *

21 (D.2) CONTRIBUTIONS FOR USERRA LEAVE.--ANY ACTIVE
22 PARTICIPANT OR INACTIVE PARTICIPANT OR FORMER PARTICIPANT WHO
23 WAS REEMPLOYED FROM USERRA LEAVE AND WHO DESIRES TO MAKE
24 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY
25 CONTRIBUTIONS FOR HIS USERRA LEAVE SHALL SO NOTIFY THE BOARD
26 WITHIN THE TIME PERIOD REQUIRED UNDER 38 U.S.C. CH. 43 (RELATING
27 TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE
28 UNIFORMED SERVICES) AND IRC § 414(U) OF HIS DESIRE TO MAKE SUCH
29 CONTRIBUTIONS. UPON THE PARTICIPANT MAKING THE PERMITTED
30 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED

1 TIME PERIOD, THE EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER
2 DEFINED CONTRIBUTIONS AT THE SAME TIME.

3 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY
4 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE
5 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE
6 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND
7 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY
8 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND
9 OTHER APPLICABLE LAW.

10 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY
11 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED
12 WITH THE BOARD TO RECEIVE THE DEATH BENEFIT OR THE BENEFIT
13 PAYABLE FROM THE SYSTEM UNDER THE PROVISIONS OF OPTION 1. SUCH
14 NOMINATION MAY BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN
15 DESIGNATION FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A
16 CONTINGENT BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH
17 BENEFIT OR THE BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1.

18 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM PLAN.--EVERY
19 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION
20 FILED WITH THE BOARD AS PROVIDED IN SECTION 8506 (RELATING TO
21 DUTIES OF EMPLOYERS) TO RECEIVE THE DEATH BENEFIT PAYABLE UNDER
22 SECTION 8408 (RELATING TO DEATH BENEFITS). A PARTICIPANT MAY
23 ALSO NOMINATE A CONTINGENT BENEFICIARY OR BENEFICIARIES TO
24 RECEIVE THE DEATH BENEFIT PROVIDED UNDER SECTION 8408. SUCH
25 NOMINATIONS MAY BE CHANGED AT ANY TIME BY THE PARTICIPANT BY
26 WRITTEN DESIGNATION FILED WITH THE BOARD.

27 (E.2) BENEFICIARY DESIGNATION.--A SCHOOL EMPLOYEE MAY
28 DESIGNATE OR NOMINATE DIFFERENT PERSONS TO BE BENEFICIARIES,
29 SURVIVOR ANNUITANTS AND SUCCESSOR PAYEES FOR HIS BENEFITS FROM
30 THE SYSTEM AND THE PLAN.

1 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO
2 TERMINATES SCHOOL SERVICE AND WHO IS NOT THEN A DISABILITY
3 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
4 SERVICE A WRITTEN APPLICATION, DULY ATTESTED BY THE MEMBER OR
5 HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO DO ONE OR
6 MORE OF THE FOLLOWING:

7 (1) WITHDRAW HIS ACCUMULATED DEDUCTIONS.

8 (2) VEST HIS RETIREMENT RIGHTS, IF ELIGIBLE, AND IF HE
9 IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A
10 FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE
11 DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

12 (3) RECEIVE AN IMMEDIATE ANNUITY, IF ELIGIBLE, AND MAY,
13 IF HE IS A JOINT COVERAGE MEMBER, ELECT TO BECOME A FULL
14 COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF DATE OF
15 TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

16 * * *

17 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT
18 TERMINATES SCHOOL SERVICE AND DOES NOT COMMENCE RECEIVING A
19 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY BY WRITTEN
20 DESIGNATION FILED WITH THE BOARD, AND HE MAY ANYTIME THEREAFTER,
21 BUT NO LATER THAN HIS REQUIRED BEGINNING DATE, WITHDRAW THE
22 VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO HIS
23 CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION REQUIRED BY LAW
24 OR AUTHORIZED BY THE BOARD.

25 * * *

26 (I) FAILURE TO APPLY FOR ANNUITY.--IF A MEMBER IS ELIGIBLE
27 TO RECEIVE AN ANNUITY FROM THE SYSTEM AND DOES NOT FILE A PROPER
28 APPLICATION WITHIN 90 DAYS OF TERMINATION OF SERVICE, HE SHALL
29 BE DEEMED TO HAVE ELECTED TO VEST, AND HIS ANNUITY WILL BECOME
30 EFFECTIVE AS OF THE DATE AN APPLICATION IS FILED WITH THE BOARD

1 OR THE DATE DESIGNATED ON THE APPLICATION WHICHEVER IS LATER,
2 PROVIDED THAT IN NO EVENT SHALL A MEMBER BEGIN RECEIVING
3 BENEFITS ON A DATE LATER THAN THE REQUIRED BEGINNING DATE.

4 * * *

5 SECTION 117. SECTIONS 8521(B), 8522, 8524, 8525 AND 8531 OF
6 TITLE 24 ARE AMENDED TO READ:

7 § 8521. MANAGEMENT OF FUND AND ACCOUNTS.

8 * * *

9 (B) CREDITING OF INTEREST.--THE BOARD ANNUALLY SHALL ALLOW
10 STATUTORY INTEREST, EXCLUDING THE INDIVIDUAL INVESTMENT
11 ACCOUNTS, TO THE CREDIT OF THE MEMBERS' SAVINGS ACCOUNT ON THE
12 MEAN AMOUNT OF THE ACCUMULATED DEDUCTIONS OF ALL MEMBERS FOR
13 WHOM INTEREST IS PAYABLE FOR THE PRECEDING YEAR AND VALUATION
14 INTEREST ON THE MEAN AMOUNT OF THE ANNUITY RESERVE ACCOUNT FOR
15 THE PRECEDING YEAR TO THE CREDIT OF THAT ACCOUNT. THE BOARD
16 ANNUALLY SHALL ALLOW VALUATION INTEREST CALCULATED ON THE MEAN
17 AMOUNT FOR THE PRECEDING YEAR OF THE BALANCE IN THE STATE
18 ACCUMULATION ACCOUNT EXCLUDING ANY EARNINGS OF THE FUND CREDITED
19 TO THE ACCOUNT DURING THAT YEAR. IN THE EVENT THE TOTAL EARNINGS
20 FOR THE YEAR DO NOT EXCEED 5 1/2% OF THE MEAN AMOUNT FOR THE
21 PRECEDING YEAR OF THE TOTAL ASSETS OF THE FUND LESS EARNINGS
22 CREDITED TO THE FUND DURING THAT YEAR PLUS THE ADMINISTRATIVE
23 EXPENSES OF THE BOARD, THE DIFFERENCE REQUIRED TO BE
24 APPROPRIATED FROM THE GENERAL FUND SHALL BE CREDITED TO THE
25 STATE ACCUMULATION ACCOUNT.

26 * * *

27 § 8522. PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND.

28 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL MONEYS IN
29 THE SEVERAL SEPARATE FUNDS IN THE STATE TREASURY SET APART TO BE
30 USED UNDER THE DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS

1 OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE
2 FUND ALL MONEYS RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING
3 FROM THE CONTRIBUTIONS RELATING TO OR ON BEHALF OF THE MEMBERS
4 OF THE SYSTEM REQUIRED UNDER THE PROVISIONS OF CHAPTER 83
5 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) AND ALL
6 EARNINGS FROM INVESTMENTS OR MONEYS OF SAID FUND. THERE SHALL BE
7 ESTABLISHED AND MAINTAINED BY THE BOARD THE SEVERAL LEDGER
8 ACCOUNTS SPECIFIED IN SECTIONS 8523 (RELATING TO MEMBERS'
9 SAVINGS ACCOUNT), 8524 (RELATING TO STATE ACCUMULATION ACCOUNT),
10 8525 (RELATING TO ANNUITY RESERVE ACCOUNT) AND 8526 (RELATING TO
11 HEALTH INSURANCE ACCOUNT).

12 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE
13 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST ARE
14 NOT PART OF THE FUND. MANDATORY PICKUP PARTICIPANT
15 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED
16 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE
17 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED
18 TO THE FUND BUT INSTEAD SHALL BE PAID TO THE TRUST AND CREDITED
19 TO THE INDIVIDUAL INVESTMENT ACCOUNTS.

20 § 8524. STATE ACCUMULATION ACCOUNT.

21 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
22 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH
23 AND OTHER EMPLOYERS AS WELL AS THE EARNINGS OF THE FUND, EXCEPT
24 THE PREMIUM ASSISTANCE CONTRIBUTIONS AND EARNINGS THEREON IN THE
25 HEALTH INSURANCE ACCOUNT. VALUATION INTEREST SHALL BE ALLOWED ON
26 THE TOTAL AMOUNT OF SUCH ACCOUNT LESS ANY EARNINGS OF THE FUND
27 CREDITED DURING THE YEAR. THE RESERVES NECESSARY FOR THE PAYMENT
28 OF ANNUITIES AND DEATH BENEFITS RESULTING FROM MEMBERSHIP IN THE
29 SYSTEM AS APPROVED BY THE BOARD AND AS PROVIDED IN CHAPTER 83
30 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) SHALL BE

1 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE ANNUITY
2 RESERVE ACCOUNT. AT THE END OF EACH YEAR THE REQUIRED INTEREST
3 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE
4 CREDIT OF THE MEMBERS' SAVINGS ACCOUNT AND THE ANNUITY RESERVE
5 ACCOUNT. THE ADMINISTRATIVE EXPENSES OF THE BOARD SHALL BE
6 CHARGED TO THE STATE ACCUMULATION ACCOUNT. EMPLOYER DEFINED
7 CONTRIBUTIONS, MANDATORY PICKUP CONTRIBUTIONS AND A
8 PARTICIPANT'S VOLUNTARY CONTRIBUTIONS, TOGETHER WITH ANY INCOME
9 OR INTEREST EARNED THEREON, MAY BE TEMPORARILY PLACED INTO THE
10 STATE ACCUMULATION ACCOUNT PENDING ALLOCATION OR DISTRIBUTION
11 TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

12 § 8525. ANNUITY RESERVE ACCOUNT.

13 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE
14 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED
15 THE RESERVES HELD FOR THE PAYMENT OF ANNUITIES AND DEATH
16 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM ON ACCOUNT OF
17 ALL ANNUITANTS AND THE CONTRIBUTIONS FROM THE COMMONWEALTH AND
18 OTHER EMPLOYERS AS DETERMINED IN ACCORDANCE WITH SECTION 8328
19 (RELATING TO ACTUARIAL COST METHOD) FOR THE PAYMENT OF THE
20 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348 (RELATING TO
21 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL
22 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER ADDITIONAL
23 SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO SUPPLEMENTAL
24 ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO SPECIAL
25 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5 (RELATING TO
26 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6 (RELATING TO
27 SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND 8348.7 (RELATING TO
28 SUPPLEMENTAL ANNUITIES COMMENCING 2003). THE ANNUITY RESERVE
29 ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER THE
30 TRANSFERS PROVIDED IN SECTIONS 8523 (RELATING TO MEMBERS'

1 SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION
2 ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE
3 CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND.

4 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT BE
5 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE EITHER AS A MEMBER OF
6 THE SYSTEM OR PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF HIS
7 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO SCHOOL SERVICE
8 SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE ACCOUNT AND PLACED
9 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN
10 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY LESS THE AMOUNT
11 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED
12 FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION
13 ACCOUNT.

14 § 8531. STATE GUARANTEE REGARDING THE SYSTEM.

15 STATUTORY INTEREST CHARGES PAYABLE, THE MAINTENANCE OF
16 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER
17 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE
18 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND
19 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE
20 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM
21 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART
22 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE
23 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE
24 PLAN OR TRUST.

25 SECTION 118. SECTION 8533(A), (B) AND (D) OF TITLE 24 ARE
26 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
27 READ:

28 § 8533. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

29 (A) GENERAL RULE.--EXCEPT AS PROVIDED IN SUBSECTIONS (B),
30 (C) AND (D), THE RIGHT OF A PERSON TO A MEMBER'S ANNUITY, A

1 STATE ANNUITY, OR RETIREMENT ALLOWANCE, TO THE RETURN OF
2 CONTRIBUTIONS, ANY BENEFIT OR RIGHT ACCRUED OR ACCRUING TO ANY
3 PERSON UNDER THE PROVISIONS OF THIS PART, AND THE MONEYS IN THE
4 FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR MUNICIPAL
5 TAX, [AND EXEMPT FROM] LEVY AND SALE, GARNISHMENT, ATTACHMENT,
6 THE PROVISIONS OF ARTICLE XIII.1 OF THE ACT OF APRIL 9, 1929
7 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, OR ANY OTHER
8 PROCESS WHATSOEVER, AND SHALL BE UNASSIGNABLE.

9 (A.1) INDIVIDUAL INVESTMENT ACCOUNTS AND DISTRIBUTIONS.--NO
10 PARTICIPANT OR BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE
11 OF A PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL,
12 ASSIGN, ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,
13 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR
14 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO
15 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER
16 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE
17 PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A
18 PARTICIPANT.

19 (B) FORFEITURE.--

20 (1) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
21 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,
22 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT.
23 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
24 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS
25 THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER THIS PART.

26 (2) IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V OF THE
27 CONSTITUTION OF PENNSYLVANIA AND NOTWITHSTANDING PARAGRAPH
28 (1), THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S.
29 § 3352 (RELATING TO PENSION RIGHTS), THE ACCUMULATED
30 MANDATORY PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY

1 CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT SHALL
2 NOT BE FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES
3 AND RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT
4 HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE AS
5 THE RESULT OF AN EQUITABLE DISTRIBUTION OF MARITAL PROPERTY
6 AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER ENTERED
7 BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT OR OTHER
8 TRIBUNAL RESULTING IN A FORFEITURE OF A PARTICIPANT'S
9 INTEREST IN THE TRUST SHALL NOT BE SUBJECT TO THE PUBLIC
10 EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY
11 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A
12 RESULT OF THIS SUBSECTION OR OTHER LAW SHALL BE RETAINED BY
13 THE BOARD AND USED FOR THE PAYMENT OF EXPENSES OF THE PLAN.

14 * * *

15 (D) DIRECT ROLLOVER.--EFFECTIVE WITH DISTRIBUTIONS MADE ON
16 OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER
17 PROVISION OF THIS PART TO THE CONTRARY, A DISTRIBUTE MAY ELECT,
18 AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE
19 ANY PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY
20 TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
21 PURPOSES OF THIS SUBSECTION, A "DISTRIBUTE" INCLUDES A MEMBER
22 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A
23 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO IS
24 AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS
25 ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE
26 PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE
27 AUTHORIZED UNDER IRC AND THE PLAN TERMS APPROVED BY THE BOARD TO
28 HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN
29 ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
30 PURPOSES OF THIS SUBSECTION, THE TERM "ELIGIBLE ROLLOVER

1 DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(F) (2)
2 (A) AND "ELIGIBLE RETIREMENT PLAN" HAS THE MEANING GIVEN SUCH
3 TERM BY IRC § 402(C) (8) (B), EXCEPT THAT A QUALIFIED TRUST SHALL
4 BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE
5 DISTRIBUTEES' ELIGIBLE ROLLOVER DISTRIBUTION; HOWEVER, IN THE
6 CASE OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE,
7 AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT
8 ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS
9 ARE DEFINED IN IRC § 408(A) AND (B).

10 SECTION 119. SECTIONS 8533.1, 8533.2, 8533.3 AND 8533.4(A)
11 OF TITLE 24 ARE AMENDED TO READ:

12 § 8533.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

13 (A) CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS
14 ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS
15 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
16 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF SUCH ORDER
17 MEETS ALL OF THE FOLLOWING:

18 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
19 BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED
20 UNDER THIS PART.

21 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE
22 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE
23 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS
24 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE
25 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON
26 OTHER THAN ACTUARIAL VALUE.

27 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
28 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
29 PAYEE OR THE MANNER IN WHICH THE AMOUNT OR PERCENTAGE IS TO
30 BE DETERMINED.

1 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
2 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY
3 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON
4 RETIREMENT.

5 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
6 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
7 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND
8 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE
9 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

10 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,
11 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

12 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION
13 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S
14 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
15 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER
16 MAINTAINED BY THE SYSTEM. AN AUTHORIZATION GRANTED UNDER THIS
17 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
18 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
19 ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE
20 PAYEE'S SHARE OF THE BENEFITS PAYABLE UNDER THIS PART AND NOT
21 AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED TO
22 MEMBERS OR OBTAIN INFORMATION THAT IS NOT RELATED TO THE
23 ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S
24 SHARE OF THE BENEFITS PAYABLE UNDER THIS PART.

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 THAT ORDER
29 MEETS ALL OF THE FOLLOWING:

30 (1) DOES NOT REQUIRE THE PLAN TO PROVIDE ANY TYPE OR

1 FORM OF BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS OF THE
2 SYSTEM OR PARTICIPANTS IN THE PLAN.

3 (2) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE
4 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT
5 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL
6 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

7 (3) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE
8 ANY FUNDS THAT WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE
9 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC
10 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS
11 DESIGNATED REPRESENTATIVE.

12 (4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
13 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE
14 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE
15 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE
16 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF
17 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE
18 PAYEE.

19 (5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP
20 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S
21 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF
22 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION
23 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

24 (6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE
25 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE
26 ALTERNATE PAYEE AND THE DATE UPON WHICH SUCH VALUATION IS
27 BASED.

28 (7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
29 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN
30 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER

1 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE
2 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE
3 PLAN.

4 (8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,
5 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.

6 (9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION
7 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S
8 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
9 THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT
10 MAINTAINED BY THE PLAN. ANY AUTHORIZATION GRANTED UNDER THIS
11 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
12 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
13 PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION
14 AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE
15 PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE
16 THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION
17 THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND
18 PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S
19 INDIVIDUAL INVESTMENT ACCOUNT.

20 (10) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE
21 ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL
22 INVESTMENT ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT,
23 ELIGIBLE ROLLOVER OR TRUSTEE-TO-TRUSTEE TRANSFER TO ANOTHER
24 ELIGIBLE PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE
25 PAYEE.

26 (11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
27 RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
28 DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE
29 BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE
30 BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE VESTED BALANCE

1 AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
2 AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT
3 DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH
4 OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S
5 INDIVIDUAL INVESTMENT ACCOUNT.

6 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD
7 OF TIME AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE
8 SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL
9 DETERMINE WHETHER [THIS] THE ORDER IS AN APPROVED DOMESTIC
10 RELATIONS ORDER AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH
11 ALTERNATE PAYEE OF THIS DETERMINATION. NOTWITHSTANDING ANY OTHER
12 PROVISION OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER,
13 PARTICIPANT OR ALTERNATE PAYEE AGGRIEVED BY A DECISION OF THE
14 SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL
15 BE THE RIGHT TO AN ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH.
16 5 (RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO
17 THE COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO
18 JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A) (1) (RELATING TO DIRECT
19 APPEALS FROM GOVERNMENT AGENCIES).

20 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED
21 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO
22 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS
23 THAT TERM IS DEFINED IN 23 PA.C.S. § 4302 (RELATING TO
24 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS
25 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
26 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT
27 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS
28 AS ESTABLISHED BY THE LAWS OF THIS COMMONWEALTH AND THE UNITED
29 STATES[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER THAT
30 WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER STATE OR

1 THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS FOR
2 SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST ANY PARTICIPANT WHO
3 IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE
4 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING
5 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD
6 OTHERWISE REQUIRE A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED
7 CONTRIBUTIONS IN THE FORM OF AN ANNUITY OR TO REQUIRE THE
8 PURCHASE OF AN ANNUITY.

9 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS
10 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO
11 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS
12 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS
13 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE
14 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN
15 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE
16 OBLIGATIONS OF THE SYSTEM OR PLAN WITH RESPECT TO SUCH APPROVAL
17 OR DISAPPROVAL SHALL BE DISCHARGED.

18 § 8533.2. IRREVOCABLE BENEFICIARY.

19 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC
20 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A
21 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN
22 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES
23 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A
24 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT
25 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT
26 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC
27 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC
28 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
29 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH
30 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED

1 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT
2 WITHOUT APPROVAL BY THE COURT.

3 § 8533.3. IRREVOCABLE SURVIVOR ANNUITANT.

4 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC
5 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR
6 ANNUITANT PERTAINING TO A MEMBER. A DOMESTIC RELATIONS ORDER
7 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT
8 OF A MEMBER OF THE FUND SHALL BE DEEMED TO BE ONE THAT REQUIRES
9 A MEMBER TO DESIGNATE AN ALTERNATE PAYEE AS A SURVIVOR ANNUITANT
10 AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT SURVIVOR
11 ANNUITANT FOR BENEFITS PAYABLE FROM THE FUND WITHOUT APPROVAL OF
12 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.
13 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED
14 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS
15 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE
16 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY
17 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO
18 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AN
19 IRREVOCABLE SURVIVOR ANNUITANT.

20 § 8533.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

21 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE
22 ALTERNATE PAYEE PREDECEASES THE MEMBER OR PARTICIPANT AND THERE
23 ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE COURT
24 MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO SUBSTITUTE A
25 PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE ANY BENEFITS
26 PAYABLE TO THE DECEASED ALTERNATE PAYEE.

27 * * *

28 SECTION 120. TITLE 24 IS AMENDED BY ADDING A SECTION TO
29 READ:

30 § 8533.5. IRREVOCABLE SUCCESSOR PAYEE.

1 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS
2 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY
3 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE ONLY IF THE
4 PARTICIPANT IS RECEIVING A PAYMENT UNDER A PAYMENT OPTION
5 PROVIDED BY THE BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.

6 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE
7 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO
8 BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS
9 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN
10 ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE
11 REMOVAL OR CHANGE OF THAT SUCCESSOR PAYEE WITHOUT APPROVAL OF A
12 COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.

13 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER
14 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC
15 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
16 REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE SUCCESSOR PAYEE SO
17 ORDERED BY THE COURT CANNOT BE CHANGED BY THE PARTICIPANT
18 WITHOUT APPROVAL BY THE COURT.

19 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS
20 A SUCCESSOR PAYEE MAY NOT BE DESIGNATED AS AN IRREVOCABLE
21 SUCCESSOR PAYEE. A COURT MAY NOT NAME AN IRREVOCABLE SUCCESSOR
22 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM
23 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL
24 PORTION OF THE PENSION BENEFIT.

25 SECTION 121. SECTIONS 8534 AND 8535 OF TITLE 24 ARE AMENDED
26 TO READ:

27 § 8534. FRAUD AND ADJUSTMENT OF ERRORS.

28 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE
29 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED
30 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO

1 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE
2 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

3 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN
4 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY, [OR]
5 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
6 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
7 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
8 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
9 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR
10 AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO
11 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE
12 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL
13 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED
14 SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS
15 FROM THE PLAN, THE BOARD SHALL TAKE SUCH ACTION AS SHALL BE
16 PROVIDED FOR IN THE PLAN DOCUMENT.

17 § 8535. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH.

18 FOR EACH SCHOOL YEAR BEGINNING WITH THE 1995-1996 SCHOOL YEAR
19 AND ENDING WITH THE 2018-2019 SCHOOL YEAR, EACH SCHOOL ENTITY
20 SHALL BE PAID BY THE COMMONWEALTH FOR CONTRIBUTIONS BASED UPON
21 SCHOOL SERVICE OF ACTIVE MEMBERS OF THE SYSTEM AFTER JUNE 30,
22 1995, AS FOLLOWS:

23 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
24 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
25 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,
26 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHOSE
27 EFFECTIVE DATES OF EMPLOYMENT WITH THEIR SCHOOL ENTITIES ARE
28 AFTER JUNE 30, 1994, AND WHO ALSO HAD NOT PREVIOUSLY BEEN
29 EMPLOYED BY ANY SCHOOL ENTITY WITHIN THIS COMMONWEALTH AN
30 AMOUNT EQUAL TO THE AMOUNT CERTIFIED BY THE PUBLIC SCHOOL

1 EMPLOYEES' RETIREMENT BOARD AS NECESSARY TO PROVIDE, TOGETHER
2 WITH THE MEMBERS' CONTRIBUTIONS, RESERVES ON ACCOUNT OF
3 PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND THE PREMIUM
4 ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN ACCORDANCE
5 WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD),
6 MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF THE SCHOOL
7 ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY RECEIVE
8 LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET
9 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF
10 THE PUBLIC SCHOOL CODE [OF 1949] WAS 0.50.

11 (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
12 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
13 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,
14 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHO
15 ARE NOT DESCRIBED IN PARAGRAPH (1), ONE-HALF OF THE AMOUNT
16 CERTIFIED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AS
17 NECESSARY TO PROVIDE, TOGETHER WITH THE MEMBERS'
18 CONTRIBUTIONS, RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES,
19 SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS
20 PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328.

21 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER
22 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S
23 LIABILITY TO [MAKE] FORWARD THE PAYMENT TO THE PUBLIC SCHOOL
24 EMPLOYEES' RETIREMENT FUND. SCHOOL ENTITIES ARE EXPECTED TO
25 MAKE THE FULL PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES'
26 RETIREMENT FUND IN ACCORDANCE WITH SECTION 8327 (RELATING TO
27 PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE
28 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED
29 BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY
30 THE SCHOOL ENTITIES.

1 SECTION 122. TITLE 24 IS AMENDED BY ADDING SECTIONS TO READ:
2 § 8535.1. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH
3 COMMENCING WITH THE 2019-2020 SCHOOL YEAR.
4 FOR EACH SCHOOL YEAR, BEGINNING WITH THE 2019-2020 SCHOOL
5 YEAR, EACH SCHOOL ENTITY SHALL BE PAID BY THE COMMONWEALTH FOR
6 CONTRIBUTIONS BASED UPON SCHOOL SERVICE OF ACTIVE MEMBERS OF THE
7 SYSTEM AND ACTIVE PARTICIPANTS OF THE PLAN AFTER JUNE 30, 2018,
8 AS FOLLOWS:

9 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
10 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL
11 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,
12 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED OR USERRA
13 MILITARY SERVICE LEAVE, WHOSE EFFECTIVE DATES OF EMPLOYMENT
14 WITH THEIR SCHOOL ENTITIES ARE AFTER JUNE 30, 1994, AND WHO
15 ALSO HAD NOT PREVIOUSLY BEEN EMPLOYED BY ANY SCHOOL ENTITY
16 WITHIN THIS COMMONWEALTH, AN AMOUNT EQUAL TO THE AMOUNT
17 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH
18 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON
19 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND
20 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN
21 ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST
22 METHOD), MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF
23 THE SCHOOL ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY
24 RECEIVE LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET
25 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF
26 THE PUBLIC SCHOOL CODE WAS 0.50.

27 (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
28 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL
29 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,
30 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED MILITARY

1 SERVICE LEAVE, AND ACTIVE PARTICIPANTS OF THE PLAN WHO ARE
2 NOT DESCRIBED IN PARAGRAPH (1) ONE-HALF OF THE AMOUNT
3 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH
4 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON
5 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND
6 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN
7 ACCORDANCE WITH SECTION 8328.

8 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER
9 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S
10 LIABILITY TO FORWARD THE PAYMENT TO THE FUND OR THE TRUST.
11 SCHOOL ENTITIES ARE EXPECTED TO MAKE THE FULL PAYMENT TO THE
12 FUND OR THE TRUST IN ACCORDANCE WITH SECTION 8327 (RELATING
13 TO PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE
14 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED
15 BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY
16 THE SCHOOL ENTITIES.

17 (4) EMPLOYERS WHOSE PAYMENTS TO THE PUBLIC SCHOOL
18 EMPLOYEES' RETIREMENT FUND ARE DELINQUENT SHALL BE CHARGED
19 INTEREST BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND AT
20 THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD UNDER SECTION
21 8328 IN EFFECT IN THE FISCAL YEAR IN WHICH THE PAYMENTS ARE
22 REQUIRED TO BE PAID.

23 § 8537. INTERNAL REVENUE CODE LIMITATIONS.

24 NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,
25 NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES'
26 DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT
27 THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC
28 § 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN" AS DEFINED
29 IN IRC § 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT PAYMENT
30 BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC § 415

1 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE PARTICIPANTS.
2 § 8538. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
3 COMMISSION.

4 (A) ESTABLISHMENT.--A PUBLIC PENSION MANAGEMENT AND ASSET
5 INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL
6 BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE
7 FOLLOWING:

- 8 (1) THE GOVERNOR.
- 9 (2) THE PRESIDENT PRO TEMPORE OF THE SENATE.
- 10 (3) THE MINORITY LEADER OF THE SENATE.
- 11 (4) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
- 12 (5) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES.

13 THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT
14 ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE
15 DATE OF THIS SECTION.

16 (B) DUTIES.--THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND
17 ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:

18 (1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT
19 STRATEGIES AND PROCEDURES OF THE PUBLIC SCHOOL EMPLOYEES'
20 RETIREMENT SYSTEM, COMPARING REALIZED RATES OF RETURN TO
21 ESTABLISHED BENCHMARKS AND CONSIDERING ASSOCIATED FEES PAID
22 FOR ACTIVE AND PASSIVE MANAGEMENT.

23 (2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND
24 PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE
25 INVESTMENT ACTIVITIES OF THE PUBLIC SCHOOL EMPLOYEES'
26 RETIREMENT SYSTEM.

27 (3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH
28 AVAILABLE ASSETS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
29 SYSTEM THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.

30 (3.1) THE COMMISSION SHALL EVALUATE AND MAKE

1 RECOMMENDATIONS ON:

2 (I) IMPROVING INVESTMENT FEE TRANSPARENCY ON
3 ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED
4 REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED
5 PARTNERS ASSOCIATION.

6 (II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY
7 OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST
8 THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF
9 INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED
10 RETURN.

11 (4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ONLINE,
12 INCLUDING FINDINGS ABOUT:

13 (I) ASSETS.

14 (II) RETURNS.

15 (III) FINANCIAL MANAGERS.

16 (IV) CONSULTANTS.

17 (V) REQUESTS FOR PROPOSALS.

18 (VI) INVESTMENT PERFORMANCE MEASURED AGAINST
19 BENCHMARKS.

20 (5) RECOMMEND THE LOWEST AMOUNT OF INVESTMENT FEES TO BE
21 PAID BY THE BOARD FOR THE BOARD TO ACHIEVE THE BOARD'S
22 ANTICIPATED ANNUAL RATE OF RETURN AND TO DEVELOP
23 RECOMMENDATIONS TO REDUCE EXPENDITURES TO GENERATE ACTUARIAL
24 SAVINGS OF \$1,500,000,000 OVER 30 YEARS FROM THE EFFECTIVE
25 DATE OF THIS SECTION.

26 (6) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE
27 GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS
28 FIRST ORGANIZATIONAL MEETING.

29 (C) QUORUM.--A MAJORITY OF APPOINTED MEMBERS SHALL
30 CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE

1 MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND
2 ANOTHER TO BE VICE CHAIRPERSON.

3 (D) TRANSPARENCY AND ETHICS.--THE PUBLIC PENSION MANAGEMENT
4 AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE
5 FOLLOWING LAWS:

6 (1) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS
7 THE RIGHT-TO-KNOW LAW.

8 (2) THE FORMER ACT OF JULY 3, 1986 (P.L.388, NO.84),
9 KNOWN AS THE SUNSHINE ACT.

10 (3) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN
11 AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS LAW.

12 (4) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN
13 AS THE STATE ADVERSE INTEREST ACT.

14 (E) INFORMATION GATHERING.--THE PUBLIC PENSION MANAGEMENT
15 AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND
16 OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT
17 CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES.

18 (F) LOGISTICAL AND OTHER SUPPORT.--THE PUBLIC PENSION
19 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE
20 LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT
21 COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED.

22 (G) REIMBURSEMENT.--THE MEMBERS OF THE PUBLIC PENSION
23 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE
24 REIMBURSED FOR REASONABLE EXPENSES.

25 (H) EXPIRATION.--THE PUBLIC PENSION MANAGEMENT AND ASSET
26 INVESTMENT REVIEW COMMISSION SHALL EXPIRE 60 DAYS AFTER DELIVERY
27 OF ITS REPORT IN ACCORDANCE WITH SUBSECTION (B) (5). ANY UNSPENT
28 APPROPRIATION SHALL LAPSE BACK TO THE GENERAL FUND.

29 SECTION 123. THE DEFINITION OF "ELIGIBLE PERSON" IN SECTION
30 8702(A) OF TITLE 24 IS AMENDED TO READ:

1 § 8702. DEFINITIONS.

2 (A) GENERAL RULE.--SUBJECT TO ADDITIONAL DEFINITIONS
3 CONTAINED IN SUBSEQUENT PROVISIONS OF THIS PART WHICH ARE
4 APPLICABLE TO SPECIFIC PROVISIONS OF THIS PART, THE FOLLOWING
5 WORDS AND PHRASES WHEN USED IN THIS PART SHALL HAVE THE MEANINGS
6 GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY
7 INDICATES OTHERWISE:

8 "ELIGIBLE PERSON." AN INDIVIDUAL WHO IS:

9 (1) AN ANNUITANT OR SURVIVOR ANNUITANT OR THE SPOUSE OR
10 DEPENDENT OF AN ANNUITANT OR SURVIVOR ANNUITANT[.]; OR

11 (2) A PARTICIPANT RECEIVING DISTRIBUTIONS OR A SUCCESSOR
12 PAYEE, OR THE SPOUSE OR DEPENDENT OF A PARTICIPANT RECEIVING
13 DISTRIBUTIONS OR A SUCCESSOR PAYEE.

14 * * *

15 ARTICLE II

16 SECTION 201. SECTION 7306(A) INTRODUCTORY PARAGRAPH OF TITLE
17 51 IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION
18 TO READ:

19 § 7306. RETIREMENT RIGHTS.

20 (A) OPTIONS AVAILABLE TO EMPLOYEES.--ANY EMPLOYEE WHO IS A
21 MEMBER OF A RETIREMENT SYSTEM OTHER THAN AN ACTIVE MEMBER OR
22 INACTIVE MEMBER ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'
23 RETIREMENT SYSTEM [OR], AN ACTIVE PARTICIPANT OR INACTIVE
24 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' DEFINED
25 CONTRIBUTION PLAN, AN ACTIVE OR INACTIVE MEMBER OF THE PUBLIC
26 SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR AN ACTIVE OR INACTIVE
27 PARTICIPANT OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN
28 AT THE TIME HE IS GRANTED A MILITARY LEAVE OF ABSENCE SHALL BE
29 ENTITLED TO EXERCISE ANY ONE OF THE FOLLOWING OPTIONS IN REGARD
30 THERETO:

1 * * *

2 (F) PARTICIPANT OF A DEFINED CONTRIBUTION PLAN.--

3 (1) (RESERVED).

4 (2) AN EMPLOYEE WHO IS AN ACTIVE PARTICIPANT OR INACTIVE
5 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'
6 DEFINED CONTRIBUTION PLAN AT THE TIME THE EMPLOYEE IS GRANTED
7 A MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO MAKE
8 CONTRIBUTIONS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION
9 TRUST FOR THE LEAVE AS PROVIDED BY 71 PA.C.S. PT. XXV
10 (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS).

11 ARTICLE III

12 SECTION 301. (RESERVED).

13 SECTION 302. THE DEFINITIONS OF "ALTERNATE PAYEE," "AVERAGE
14 NONCOVERED SALARY," "BENEFICIARY," "CLASS OF SERVICE
15 MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE SERVICE,"
16 "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"
17 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "ELIGIBILITY
18 POINTS," "FINAL AVERAGE SALARY," "INACTIVE MEMBER," "INTERVENING
19 MILITARY SERVICE," "IRREVOCABLE BENEFICIARY," "MEMBER'S
20 ANNUITY," "REEMPLOYED FROM USERRA LEAVE," "REGULAR MEMBER
21 CONTRIBUTIONS," "REQUIRED BEGINNING DATE," "RETIREMENT
22 COUNSELOR," "SALARY DEDUCTIONS," "SHARED-RISK MEMBER
23 CONTRIBUTIONS," "SPECIAL VESTEE," "STANDARD SINGLE LIFE
24 ANNUITY," "STATE EMPLOYEE," "SUPERANNUATION AGE," "VALUATION
25 INTEREST" AND "VESTEE" IN SECTION 5102 OF TITLE 71 ARE AMENDED
26 AND THE SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:
27 § 5102. DEFINITIONS.

28 THE FOLLOWING WORDS AND PHRASES AS USED IN THIS PART, UNLESS
29 A DIFFERENT MEANING IS PLAINLY REQUIRED BY THE CONTEXT, SHALL
30 HAVE THE FOLLOWING MEANINGS:

1 * * *

2 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF
3 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON
4 ACCOUNT OF A PARTICIPANT'S STATE SERVICE TOGETHER WITH ANY
5 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS
6 AND EXPENSES CREDITED OR CHARGED THEREON AND REDUCED BY ANY
7 DISTRIBUTIONS.

8 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL
9 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE
10 TRUST ON ACCOUNT OF A PARTICIPANT'S STATE SERVICE TOGETHER WITH
11 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,
12 COSTS AND EXPENSES CREDITED OR CHARGED THEREON AND REDUCED BY
13 ANY DISTRIBUTIONS.

14 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE
15 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED
16 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
17 CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT IN AN
18 INDIVIDUAL INVESTMENT ACCOUNT IN THE TRUST.

19 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF
20 VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND
21 ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A
22 DIRECT TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST TOGETHER WITH
23 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES,
24 COSTS AND EXPENSES CREDITED OR CHARGED THEREON AND REDUCED BY
25 ANY DISTRIBUTIONS.

26 * * *

27 "ACTIVE PARTICIPANT." A STATE EMPLOYEE FOR WHOM MANDATORY
28 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR
29 FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED FOR STATE SERVICE
30 REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE SOLELY BY

1 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS
2 UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF
3 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415).

4 * * *

5 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
6 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A
7 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A
8 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT
9 UNDER THIS PART.

10 * * *

11 "AVERAGE NONCOVERED SALARY." THE AVERAGE OF THE AMOUNTS OF
12 COMPENSATION RECEIVED AS AN ACTIVE MEMBER EACH CALENDAR YEAR
13 SINCE JANUARY 1, 1956, EXCLUSIVE OF THE AMOUNT WHICH WAS OR
14 COULD HAVE BEEN COVERED BY THE FEDERAL SOCIAL SECURITY ACT[, 42
15 U.S.C. § 301 ET SEQ.] (42 U.S.C. § 301 ET SEQ.), DURING THAT
16 PORTION OF THE MEMBER'S SERVICE SINCE JANUARY 1, 1956, FOR WHICH
17 HE HAS RECEIVED SOCIAL SECURITY INTEGRATION CREDIT.

18 * * *

19 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON
20 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER
21 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON
22 THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR
23 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY THE
24 PARTICIPANT TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED
25 TOTAL DEFINED CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH
26 OF THE PARTICIPANT.

27 * * *

28 "CLASS A-5 EXEMPT EMPLOYEE." ANY OF THE FOLLOWING:

29 (1) A SWORN POLICE OFFICER.

30 (2) AN ENFORCEMENT OFFICER.

1 (3) A WILDLIFE CONSERVATION OFFICER OR OTHER
2 COMMISSIONED LAW ENFORCEMENT PERSONNEL EMPLOYED BY THE
3 PENNSYLVANIA GAME COMMISSION WHO HAS AND EXERCISES THE SAME
4 LAW ENFORCEMENT POWERS AS A WILDLIFE CONSERVATION OFFICER.
5 THE TERM SHALL NOT INCLUDE A DEPUTY WILDLIFE CONSERVATION
6 OFFICER.

7 (4) A DELAWARE RIVER PORT AUTHORITY POLICEMAN.

8 (5) A PARK RANGER.

9 (6) A CAPITOL POLICE OFFICER.

10 (7) A CAMPUS POLICE OFFICER EMPLOYED BY A STATE-OWNED
11 EDUCATIONAL INSTITUTION, COMMUNITY COLLEGE OR THE
12 PENNSYLVANIA STATE UNIVERSITY.

13 (8) AN INSTALLATION POLICE OFFICER AT FORT INDIANTOWN
14 GAP OR OTHER DESIGNATED COMMONWEALTH MILITARY INSTALLATION OR
15 FACILITY COMMISSIONED UNDER 51 PA.C.S. § 711 (RELATING TO
16 INSTALLATION OF POLICE OFFICERS FOR FORT INDIANTOWN GAP AND
17 OTHER DESIGNATED COMMONWEALTH MILITARY INSTALLATIONS AND
18 FACILITIES).

19 (9) A CORRECTION OFFICER.

20 "CLASS OF SERVICE MULTIPLIER."

21	CLASS OF SERVICE	MULTIPLIER
22	A	1
23	AA	FOR ALL PURPOSES
24		EXCEPT
25		CALCULATING
26		REGULAR MEMBER
27		CONTRIBUTIONS ON
28		COMPENSATION
29		PAID PRIOR TO
30		JANUARY 1, 2002
		1.25

1	AA	FOR PURPOSES OF	
2		CALCULATING	
3		REGULAR MEMBER	
4		CONTRIBUTIONS	
5		ON COMPENSATION	
6		PAID PRIOR TO	
7		JANUARY 1, 2002	1
8	A-3	FOR ALL PURPOSES	
9		EXCEPT THE	
10		CALCULATION OF	
11		REGULAR MEMBER	
12		CONTRIBUTIONS	
13		AND	
14		CONTRIBUTIONS	
15		FOR CREDITABLE	
16		NONSTATE SERVICE	1
17			
18	A-3	FOR PURPOSES OF	
19		CALCULATING	
20		REGULAR MEMBER	
21		CONTRIBUTIONS	
22		AND	
23		CONTRIBUTIONS	
24		FOR CREDITABLE	
25		NONSTATE SERVICE	1.25
26	A-4	FOR ALL PURPOSES	
27		EXCEPT THE	
28		CALCULATION OF	
29		REGULAR MEMBER	
30		CONTRIBUTIONS	1.25

1	A-4	FOR PURPOSES OF	
2		CALCULATING	
3		REGULAR MEMBER	
4		CONTRIBUTIONS	1.86
5	<u>A-5</u>	<u>FOR ALL PURPOSES</u>	
6		<u>EXCEPT THE</u>	
7		<u>CALCULATION OF</u>	
8		<u>REGULAR MEMBER</u>	
9		<u>CONTRIBUTIONS</u>	<u>.625</u>
10	<u>A-5</u>	<u>FOR PURPOSES OF</u>	
11		<u>CALCULATING</u>	
12		<u>REGULAR MEMBER</u>	
13		<u>CONTRIBUTIONS</u>	<u>1</u>
14			
15	<u>A-6</u>	<u>FOR ALL PURPOSES</u>	
16		<u>EXCEPT THE</u>	
17		<u>CALCULATION OF</u>	
18		<u>REGULAR MEMBER</u>	
19		<u>CONTRIBUTIONS</u>	<u>.5</u>
20	<u>A-6</u>	<u>FOR PURPOSES OF</u>	
21		<u>CALCULATING</u>	
22		<u>REGULAR MEMBER</u>	
23		<u>CONTRIBUTIONS</u>	<u>.8</u>
24	B		.625
25	C		1
26	D		1.25
27	D-1	PRIOR TO JANUARY	
28		1, 1973	1.875
29	D-1	ON AND	
30		SUBSEQUENT TO	

1		JANUARY 1, 1973	1.731	
2	D-2	PRIOR TO JANUARY		
3		1, 1973	2.5	
4	D-2	ON AND		
5		SUBSEQUENT TO		
6		JANUARY 1, 1973	1.731	
7	D-3	PRIOR TO JANUARY		
8		1, 1973	3.75	
9	D-3	ON AND		
10		SUBSEQUENT TO		
11		JANUARY 1, 1973	1.731	EXCEPT PRIOR TO
12				DECEMBER 1, 1974
13				AS APPLIED TO
14				ANY ADDITIONAL
15				LEGISLATIVE
16				COMPENSATION AS
17				AN OFFICER OF
18				THE GENERAL
19				ASSEMBLY
20				
21			3.75	
22	D-4	FOR ALL PURPOSES		
23		EXCEPT		
24		CALCULATING		
25		REGULAR MEMBER		
26		CONTRIBUTIONS		
27		ON COMPENSATION		
28		PAID PRIOR TO		
29		JULY 1, 2001	1.5	
30	D-4	FOR PURPOSES OF		

1		CALCULATING		
2		REGULAR MEMBER		
3		CONTRIBUTIONS ON		
4		COMPENSATION		
5		PAID PRIOR TO		
6		JULY 1, 2001	1	
7	E, E-1	PRIOR TO JANUARY		
8		1, 1973	2	FOR EACH OF THE
9				FIRST TEN YEARS
10				OF JUDICIAL
11				SERVICE, AND
12			1.5	FOR EACH
13				SUBSEQUENT YEAR
14				OF JUDICIAL
15				SERVICE
16				
17	E, E-1	ON AND		
18		SUBSEQUENT TO		
19		JANUARY 1, 1973	1.50	FOR EACH OF THE
20				FIRST TEN YEARS
21				OF JUDICIAL
22				SERVICE AND
23			1.125	FOR EACH
24				SUBSEQUENT YEAR
25				OF JUDICIAL
26				SERVICE
27	E-2	PRIOR TO		
28		SEPTEMBER 1,		
29		1973	1.5	
30	E-2	ON AND		

1	SUBSEQUENT TO	
2	SEPTEMBER 1,	
3	1973	1.125
4	G	0.417
5	H	0.500
6	I	0.625
7	J	0.714
8	K	0.834
9	L	1.000
10	M	1.100
11	N	1.250
12	T-C (PUBLIC SCHOOL	
13	EMPLOYEES '	
14		1
15	RETIREMENT CODE)	
16	T-E (PUBLIC SCHOOL	
17	EMPLOYEES '	
18	RETIREMENT CODE)	1
19	T-F (PUBLIC SCHOOL	
20	EMPLOYEES '	
21	RETIREMENT CODE)	1
22	<u>T-G (PUBLIC SCHOOL</u>	
23	<u>EMPLOYEES '</u>	
24	<u>RETIREMENT CODE)</u>	<u>1</u>
25	<u>T-H (PUBLIC SCHOOL</u>	
26	<u>EMPLOYEES '</u>	
27	<u>RETIREMENT CODE)</u>	<u>1</u>
28	* * *	
29	"COMPENSATION." PICKUP CONTRIBUTIONS <u>AND MANDATORY PICKUP</u>	
30	<u>PARTICIPANT CONTRIBUTIONS</u> PLUS REMUNERATION ACTUALLY RECEIVED AS	

1 A STATE EMPLOYEE EXCLUDING REFUNDS FOR EXPENSES, CONTINGENCY AND
2 ACCOUNTABLE EXPENSE ALLOWANCES; EXCLUDING ANY SEVERANCE PAYMENTS
3 OR PAYMENTS FOR UNUSED VACATION OR SICK LEAVE; AND EXCLUDING
4 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN
5 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER
6 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
7 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER
8 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF
9 ABSENCE) OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES
10 OF LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS
11 DEFINED IN IRC § 414(U) (12) AND ANY OTHER PAYMENTS: PROVIDED,
12 HOWEVER, THAT FOR PURPOSES OF DETERMINING MEMBER AND EMPLOYER
13 CONTRIBUTIONS TO THE SYSTEM AND FOR CALCULATING ANNUITIES AND
14 BENEFITS FROM THE SYSTEM RESULTING FROM SERVICE PERFORMED AS A
15 CLASS A-5 EXEMPT EMPLOYEE WHO FIRST BECAME A MEMBER ON OR AFTER
16 JANUARY 1, 2019, COMPENSATION SHALL NOT INCLUDE REMUNERATION
17 RECEIVED IN ANY PAY PERIOD FOR VOLUNTARY OVERTIME SERVICE OR
18 DUTY THAT EXCEEDS 10% OF A CLASS A-5 EXEMPT EMPLOYEE'S BASE
19 SALARY OR WAGES IN THAT PAY PERIOD, NOTWITHSTANDING THE
20 PROVISIONS OF A BINDING ARBITRATION AWARD ISSUED BEFORE JULY 1,
21 1989, UNDER THE ACT OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED
22 TO AS THE POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, AND
23 IMPLEMENTED BY THE BOARD: PROVIDED FURTHER, THAT COMPENSATION
24 RECEIVED PRIOR TO JANUARY 1, 1973, SHALL BE SUBJECT TO THE
25 LIMITATIONS FOR RETIREMENT PURPOSES IN EFFECT DECEMBER 31, 1972,
26 IF ANY: PROVIDED FURTHER, THAT THE LIMITATION UNDER SECTION
27 401(A) (17) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-
28 514, 26 U.S.C. § 401(A) (17)) TAKEN INTO ACCOUNT FOR THE PURPOSE
29 OF MEMBER CONTRIBUTIONS, INCLUDING ANY ADDITIONAL MEMBER
30 CONTRIBUTIONS IN ADDITION TO REGULAR OR JOINT COVERAGE MEMBER

1 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION CONTRIBUTIONS,
2 REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO EACH MEMBER WHO
3 FIRST BECAME A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM
4 ON OR AFTER JANUARY 1, 1996, AND WHO BY REASON OF SUCH FACT IS A
5 NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE PROVISIONS
6 OF SECTION 5506.1(A) (RELATING TO ANNUAL COMPENSATION LIMIT
7 UNDER IRC § 401(A)(17)) AND SHALL APPLY TO EACH PARTICIPANT
8 PERTAINING TO HIS PARTICIPATION IN THE PLAN.

9 * * *

10 "CREDITABLE NONSTATE SERVICE." SERVICE FOR WHICH AN ACTIVE
11 MEMBER MAY OBTAIN CREDIT IN THE SYSTEM, OTHER THAN:

12 (1) SERVICE AS A STATE EMPLOYEE;

13 (2) SERVICE CONVERTED TO STATE SERVICE PURSUANT TO
14 SECTION 5303.1 (RELATING TO ELECTION TO CONVERT COUNTY
15 SERVICE TO STATE SERVICE); OR

16 (3) SCHOOL SERVICE CONVERTED TO STATE SERVICE PURSUANT
17 TO SECTION 5303.2 (RELATING TO ELECTION TO CONVERT SCHOOL
18 SERVICE TO STATE SERVICE) [FOR WHICH AN ACTIVE MEMBER MAY
19 OBTAIN CREDIT].

20 "CREDITED SERVICE." STATE OR CREDITABLE NONSTATE SERVICE FOR
21 WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND OR
22 FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE
23 WERE NOT MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO
24 WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY
25 INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART
26 RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF
27 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C.
28 § 401(A)(17) OR 415), EXCEPT AS OTHERWISE PROVIDED IN THIS PART,
29 OR FOR WHICH SALARY DEDUCTIONS OR LUMP SUM PAYMENTS TO THE
30 SYSTEM HAVE BEEN AGREED UPON IN WRITING.

1 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE
2 FOLLOWING DATES:

3 (1) THE LAST DAY OF SERVICE FOR WHICH PICKUP
4 CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR FOR WHICH THE
5 CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE ARE NOT
6 MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING
7 TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE
8 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
9 401(A) (17) OR 415);

10 (2) IN THE CASE OF AN INACTIVE MEMBER ON LEAVE WITHOUT
11 PAY OR AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY, THE DATE
12 OF HIS RESIGNATION OR THE DATE HIS EMPLOYMENT IS FORMALLY
13 DISCONTINUED BY HIS EMPLOYER[.]; OR

14 (3) THE LAST DAY OF SERVICE FOR WHICH MANDATORY PICKUP
15 PARTICIPANT CONTRIBUTIONS ARE MADE FOR AN ACTIVE PARTICIPANT.

16 * * *

17 "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S
18 INTEREST IN EITHER THE STATE EMPLOYEES' RETIREMENT FUND OR THE
19 STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH, WHICH IS
20 PAYABLE UNDER THIS PART.

21 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,
22 INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED
23 ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF
24 COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW
25 WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR
26 FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO
27 RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR
28 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE
29 DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF
30 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING

1 TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS
2 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
3 ARREARAGES) .

4 * * *

5 "ELIGIBILITY POINTS." POINTS WHICH ARE ACCRUED BY AN ACTIVE
6 MEMBER, ACTIVE PARTICIPANT OR A MULTIPLE SERVICE MEMBER WHO IS
7 AN ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
8 SYSTEM FOR CREDITED SERVICE OR A MEMBER WHO HAS BEEN REEMPLOYED
9 FROM USERRA LEAVE OR A MEMBER WHO DIES WHILE PERFORMING USERRA
10 LEAVE AND ARE USED IN THE DETERMINATION OF ELIGIBILITY FOR
11 BENEFITS.

12 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS EQUAL TO A
13 PERCENTAGE OF AN ACTIVE PARTICIPANT'S COMPENSATION THAT ARE MADE
14 BY THE COMMONWEALTH OR OTHER EMPLOYER TO THE TRUST TO BE
15 CREDITED IN AN ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT
16 ACCOUNT AS FOLLOWS:

17 (1) 2.25% OF COMPENSATION FOR SERVICE CREDITED AS A
18 CLASS A-5 MEMBER;

19 (2) 2% OF COMPENSATION FOR SERVICE CREDITED AS A CLASS
20 A-6 MEMBER; AND

21 (3) 3.5% OF COMPENSATION FOR SERVICE PERFORMED SOLELY AS
22 A PARTICIPANT.

23 * * *

24 "FINAL AVERAGE SALARY." [THE] AS FOLLOWS:

25 (1) FOR MEMBERS WITH AN EFFECTIVE DATE OF RETIREMENT
26 BEFORE JANUARY 1, 2019, AND FOR PURPOSES OF CALCULATING
27 STANDARD SINGLE LIFE ANNUITIES AND BENEFITS RESULTING FROM
28 CREDITED SERVICE OTHER THAN CLASS A-5 SERVICE AND CLASS A-6
29 SERVICE REGARDLESS OF THE EFFECTIVE DATE OF RETIREMENT, THE
30 HIGHEST AVERAGE COMPENSATION RECEIVED AS A MEMBER DURING ANY

1 THREE NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR
2 QUARTERS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE, WITH
3 THE COMPENSATION FOR PART-TIME SERVICE BEING ANNUALIZED ON
4 THE BASIS OF THE FRACTIONAL PORTION OF THE YEAR FOR WHICH
5 CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE WAS NOT A MEMBER
6 FOR THREE NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR
7 QUARTERS, THE TOTAL COMPENSATION RECEIVED AS A MEMBER,
8 ANNUALIZED IN THE CASE OF PART-TIME SERVICE, DIVIDED BY THE
9 NUMBER OF NONOVERLAPPING PERIODS OF FOUR CONSECUTIVE CALENDAR
10 QUARTERS OF MEMBERSHIP[;].

11 (2) FOR PURPOSES OF CALCULATING STANDARD SINGLE LIFE
12 ANNUITIES AND BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO
13 SERVICE AS A MEMBER OF CLASS A-5 OR CLASS A-6, THE HIGHEST
14 AVERAGE COMPENSATION RECEIVED AS A MEMBER DURING ANY FIVE
15 CALENDAR YEARS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE,
16 WITH THE COMPENSATION FOR PART-TIME SERVICE OR FOR ANY
17 PARTIAL YEAR OF CREDIT ANNUALIZED ON THE BASIS OF THE
18 FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT IS RECEIVED;
19 EXCEPT IF THE EMPLOYEE WAS NOT A MEMBER DURING FIVE CALENDAR
20 YEARS, THE AVERAGE OF THE NUMBER OF CALENDAR YEARS DURING
21 WHICH THE EMPLOYEE WAS AN ACTIVE MEMBER.

22 (3) FOR ALL MEMBERS AND FOR THE CALCULATION OF ALL
23 STANDARD SINGLE LIFE ANNUITIES WITHOUT REGARD TO CLASS OF
24 MEMBERSHIP AND CREDITED SERVICE, IN THE CASE OF A MEMBER WITH
25 MULTIPLE SERVICE, THE FINAL AVERAGE SALARY SHALL BE
26 DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM
27 AS A [STATE EMPLOYEE OR AS A SCHOOL EMPLOYEE] MEMBER OF THE
28 SYSTEM OR AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
29 RETIREMENT SYSTEM, OR BOTH[;], AND, IN THE CASE OF A MEMBER
30 WITH [CLASS A-3 OR CLASS A-4 SERVICE AND] SERVICE IN MORE

1 THAN ONE [OR MORE OTHER CLASSES] CLASS OF SERVICE, THE FINAL
2 AVERAGE SALARY FOR PURPOSES OF CALCULATING ANNUITIES AND
3 BENEFITS FROM ALL CLASSES OF SERVICE SHALL BE DETERMINED ON
4 THE BASIS OF THE COMPENSATION RECEIVED BY HIM IN ALL CLASSES
5 OF STATE SERVICE CREDITED IN THE SYSTEM; AND, IN THE CASE OF
6 A MEMBER WHO FIRST BECAME A MEMBER ON OR AFTER JANUARY 1,
7 1996, THE FINAL AVERAGE SALARY SHALL BE DETERMINED AS
8 HEREINABOVE PROVIDED BUT SUBJECT TO THE APPLICATION OF THE
9 PROVISIONS OF SECTION 5506.1 (A) (RELATING TO ANNUAL
10 COMPENSATION LIMIT UNDER IRC § 401(A)(17)). FINAL AVERAGE
11 SALARY SHALL BE DETERMINED BY INCLUDING IN COMPENSATION
12 PAYMENTS DEEMED TO HAVE BEEN MADE TO A MEMBER REEMPLOYED FROM
13 USERRA LEAVE TO THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN
14 MADE AS PROVIDED IN SECTION 5302(F)(2) (RELATING TO CREDITED
15 STATE SERVICE) AND PAYMENTS MADE TO A MEMBER ON LEAVE OF
16 ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES OF
17 ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) AS PROVIDED IN
18 SECTION 5302(F)(6).

19 * * *

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 STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF
24 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER
25 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
26 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE
27 LIMITATIONS UNDER SECTION 401(A)(17) OR 415 OF THE INTERNAL
28 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17)
29 OR 415), BUT WHO HAS ACCUMULATED DEDUCTIONS STANDING TO HIS
30 CREDIT IN THE FUND AND WHO IS NOT ELIGIBLE TO BECOME OR HAS NOT

1 ELECTED TO BECOME A VESTEE OR HAS NOT FILED AN APPLICATION FOR
2 AN ANNUITY.

3 "INACTIVE MEMBER ON LEAVE WITHOUT PAY." THE TERM DOES NOT
4 INCLUDE A STATE EMPLOYEE WHO IS PERFORMING SERVICE SOLELY AS A
5 PARTICIPANT IN THE PLAN UNLESS THE PARTICIPANT CONCURRENTLY IS
6 EMPLOYED AS A CLASS A-5 EXEMPT EMPLOYEE AND ON LEAVE WITHOUT
7 PAY.

8 "INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY
9 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST,
10 EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM SUCH
11 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT STATE SERVICE ARE
12 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART
13 RELATING TO LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE
14 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
15 401(A) (17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED
16 CONTRIBUTIONS STANDING TO HIS CREDIT IN THE TRUST AND WHO HAS
17 NOT FILED AN APPLICATION FOR A DISTRIBUTION.

18 "INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY." THE TERM DOES
19 NOT INCLUDE A CLASS A-5 EXEMPT EMPLOYEE WHO IS AN ACTIVE MEMBER
20 ON LEAVE WITHOUT PAY UNLESS THE CLASS A-5 EXEMPT EMPLOYEE
21 CONCURRENTLY IS EMPLOYED IN AN OFFICE OR POSITION IN WHICH THE
22 CLASS A-5 EXEMPT EMPLOYEE IS A PARTICIPANT IN THE PLAN AND ON
23 LEAVE WITHOUT PAY.

24 "INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO
25 WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A
26 PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH
27 THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INTEREST AND
28 INVESTMENT EARNINGS AFTER DEDUCTION FOR FEES, COSTS, EXPENSES
29 AND INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

30 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A

1 MEMBER WHO WAS A STATE EMPLOYEE AND ACTIVE MEMBER OF THE SYSTEM
2 IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED SERVICES OR
3 FORCES OF THE UNITED STATES IN ORDER TO MEET A MILITARY
4 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH SERVICE AND
5 WHO BECOMES A STATE EMPLOYEE WITHIN 90 DAYS OF THE EXPIRATION OF
6 SUCH SERVICE.

7 * * *

8 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
9 DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE STATE
10 EMPLOYEES' RETIREMENT BOARD PURSUANT TO AN APPROVED DOMESTIC
11 RELATIONS ORDER TO RECEIVE ALL OR A PORTION OF THE ACCUMULATED
12 DEDUCTIONS, VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR
13 LUMP SUM BENEFIT PAYABLE UPON THE DEATH OF SUCH MEMBER OR
14 PARTICIPANT.

15 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY
16 DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING
17 TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO
18 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
19 OF THE PARTICIPANT.

20 * * *

21 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." CONTRIBUTIONS
22 EQUAL TO A PERCENTAGE OF COMPENSATION THAT ARE MADE BY THE
23 COMMONWEALTH OR OTHER EMPLOYER FOR AN ACTIVE PARTICIPANT FOR
24 CURRENT STATE SERVICE THAT ARE PICKED UP BY THE EMPLOYER AND
25 CREDITED IN THE PLAN AS FOLLOWS:

26 (1) FOR A PARTICIPANT WHO DID NOT MAKE THE ELECTION
27 UNDER SECTION 5306.5 (RELATING TO ELECTION BY ACTIVE MEMBERS
28 TO BECOME A CLASS A-5 MEMBER, CLASS A-6 MEMBER OR PLAN
29 PARTICIPANT):

30 (I) 3.25% OF COMPENSATION FOR SERVICE CREDITED AS A

1 CLASS A-5 MEMBER;

2 (II) 3.5% OF COMPENSATION FOR SERVICE CREDITED AS A

3 CLASS A-6 MEMBER;

4 (III) 7.5% OF COMPENSATION FOR SERVICE PERFORMED

5 SOLELY AS A PARTICIPANT; OR

6 (2) FOR A PARTICIPANT WHO MAKES THE ELECTION UNDER

7 SECTION 5306.5, THE PERCENTAGE OF COMPENSATION OTHERWISE

8 PROVIDED UNDER SECTION 5306.5(E).

9 * * *

10 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS
11 ACTUARIALLY EQUIVALENT, AT THE EFFECTIVE DATE OF RETIREMENT AND
12 TAKING INTO ACCOUNT ANY DELAY IN THE RECEIPT OF THE PORTION OF
13 THE ANNUITY BASED ON CLASS A-5 SERVICE OR CLASS A-6 SERVICE, IF
14 THE EFFECTIVE DATE OF RETIREMENT IS UNDER THE AGE AT WHICH THE
15 MEMBER CAN RECEIVE A WITHDRAWAL ANNUITY BASED ON CLASS A-5
16 SERVICE OR CLASS A-6 SERVICE, TO THE SUM OF THE REGULAR
17 ACCUMULATED DEDUCTIONS, SHARED-RISK ACCUMULATED DEDUCTIONS, THE
18 ADDITIONAL ACCUMULATED DEDUCTIONS AND THE SOCIAL SECURITY
19 INTEGRATION ACCUMULATED DEDUCTIONS STANDING TO THE MEMBER'S
20 CREDIT IN THE MEMBERS' SAVINGS ACCOUNT.

21 * * *

22 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT
23 OR PARTICIPANT RECEIVING DISTRIBUTIONS.

24 "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE
25 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS
26 INDIVIDUAL INVESTMENT ACCOUNT BUT WHO HAS NOT RECEIVED A TOTAL
27 DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT
28 ACCOUNT.

29 * * *

30 "PLAN." THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS

1 ESTABLISHED UNDER THE PROVISIONS OF THIS PART AND THE BOARD.

2 "PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER
3 SECTION 5802 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS
4 AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD
5 REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF
6 THE PLAN AND TRUST.

7 * * *

8 "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE
9 MEMBERSHIP OR ACTIVE PARTICIPATION AS A STATE EMPLOYEE AFTER A
10 PERIOD OF USERRA LEAVE, PROVIDED, HOWEVER, THAT THE RESUMPTION
11 OF ACTIVE MEMBERSHIP OR ACTIVE PARTICIPATION WAS WITHIN THE TIME
12 PERIOD AND UNDER CONDITIONS AND CIRCUMSTANCES SUCH THAT THE
13 STATE EMPLOYEE WAS ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38
14 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF
15 MEMBERS OF THE UNIFORMED SERVICES).

16 * * *

17 "REGULAR MEMBER CONTRIBUTIONS." THE PRODUCT OF THE BASIC
18 CONTRIBUTION RATE, THE CLASS OF SERVICE MULTIPLIER [IF GREATER
19 THAN ONE] AND THE COMPENSATION OF THE MEMBER[.], SUBJECT TO ANY
20 ADJUSTMENT UNDER SECTION 5501.1(C) (RELATING TO SHARED-RISK
21 MEMBER CONTRIBUTIONS AND SHARED-GAIN ADJUSTMENTS TO REGULAR
22 MEMBER CONTRIBUTIONS).

23 "REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH
24 DISTRIBUTIONS OF A MEMBER'S INTEREST OR A PARTICIPANT'S INTEREST
25 IN HIS INDIVIDUAL INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION
26 401(A) (9) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-
27 514, 26 U.S.C. § 401(A) (9)).

28 "RETIREMENT COUNSELOR." THE STATE EMPLOYEES' RETIREMENT
29 [SYSTEM] BOARD EMPLOYEE WHOSE DUTY IT SHALL BE TO ADVISE EACH
30 EMPLOYEE OF HIS RIGHTS AND DUTIES AS A MEMBER OF THE SYSTEM OR

1 AS A PARTICIPANT OF THE 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] WHO IS
14 REQUIRED TO MAKE SHARED-RISK MEMBER CONTRIBUTIONS.

15 * * *

16 "SPECIAL VESTEE." AN EMPLOYEE OF THE PENNSYLVANIA STATE
17 UNIVERSITY WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT
18 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY POINTS
19 AND WHO HAS A DATE OF TERMINATION OF SERVICE FROM THE
20 PENNSYLVANIA STATE UNIVERSITY OF JUNE 30, 1997, BECAUSE OF THE
21 TRANSFER OF HIS JOB POSITION OR DUTIES TO A CONTROLLED
22 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM OR
23 BECAUSE OF THE ELIMINATION OF HIS JOB POSITION OR DUTIES DUE TO
24 THE TRANSFER OF OTHER JOB POSITIONS OR DUTIES TO A CONTROLLED
25 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM, PROVIDED
26 THAT:

27 (1) SUBSEQUENT TO TERMINATION OF STATE SERVICE AS AN
28 EMPLOYEE OF THE PENNSYLVANIA STATE UNIVERSITY, THE MEMBER HAS
29 NOT RETURNED TO STATE SERVICE IN ANY OTHER CAPACITY OR
30 POSITION AS A STATE EMPLOYEE;

1 (2) THE PENNSYLVANIA STATE UNIVERSITY CERTIFIES TO THE
2 BOARD THAT THE MEMBER IS ELIGIBLE TO BE A SPECIAL VESTEE;

3 (3) THE MEMBER FILES AN APPLICATION TO VEST THE MEMBER'S
4 RETIREMENT RIGHTS UNDER SECTION 5907(F) (RELATING TO RIGHTS
5 AND DUTIES OF STATE EMPLOYEES [AND] MEMBERS AND
6 PARTICIPANTS) ON OR BEFORE SEPTEMBER 30, 1997; AND

7 (4) THE MEMBER ELECTS TO LEAVE THE MEMBER'S TOTAL
8 ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT OF AN
9 ANNUITY UNTIL ATTAINMENT OF SUPERANNUATION AGE OR THE
10 MEMBER'S REQUIRED BEGINNING DATE.

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 OF SERVICE.

15 "STATE EMPLOYEE." ANY PERSON HOLDING A STATE OFFICE OR
16 POSITION UNDER THE COMMONWEALTH, EMPLOYED BY THE STATE
17 GOVERNMENT OF THE COMMONWEALTH, IN ANY CAPACITY WHATSOEVER,
18 EXCEPT AN INDEPENDENT CONTRACTOR OR ANY PERSON COMPENSATED ON A
19 FEE BASIS OR ANY PERSON PAID DIRECTLY BY AN ENTITY OTHER THAN A
20 STATE EMPLOYEES' RETIREMENT SYSTEM EMPLOYER, AND SHALL INCLUDE
21 MEMBERS OF THE GENERAL ASSEMBLY, AND ANY OFFICER OR EMPLOYEE OF
22 THE FOLLOWING:

23 (1) (I) THE DEPARTMENT OF EDUCATION.

24 (II) STATE-OWNED EDUCATIONAL INSTITUTIONS.

25 (III) COMMUNITY COLLEGES.

26 (IV) THE PENNSYLVANIA STATE UNIVERSITY, EXCEPT AN
27 EMPLOYEE IN THE COLLEGE OF AGRICULTURE WHO IS PAID WHOLLY
28 FROM FEDERAL FUNDS OR AN EMPLOYEE WHO IS PARTICIPATING IN
29 THE FEDERAL CIVIL SERVICE RETIREMENT SYSTEM. THE
30 UNIVERSITY SHALL BE TOTALLY RESPONSIBLE FOR ALL EMPLOYER

1 CONTRIBUTIONS UNDER SECTION 5507 (RELATING TO
2 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER
3 EMPLOYERS) AND ALL EMPLOYER DEFINED CONTRIBUTIONS TO THE
4 TRUST UNDER SECTION 5806 (RELATING TO EMPLOYER DEFINED
5 CONTRIBUTIONS).

6 (2) THE PENNSYLVANIA TURNPIKE COMMISSION, THE DELAWARE
7 RIVER PORT AUTHORITY, THE PORT AUTHORITY TRANSIT CORPORATION,
8 THE PHILADELPHIA REGIONAL PORT AUTHORITY, THE DELAWARE RIVER
9 JOINT TOLL BRIDGE COMMISSION, THE STATE PUBLIC SCHOOL
10 BUILDING AUTHORITY, THE GENERAL STATE AUTHORITY, THE STATE
11 HIGHWAY AND BRIDGE AUTHORITY, THE DELAWARE VALLEY REGIONAL
12 PLANNING COMMISSION, THE INTERSTATE COMMISSION OF THE
13 DELAWARE RIVER BASIN, AND THE SUSQUEHANNA RIVER BASIN
14 COMMISSION ANY TIME SUBSEQUENT TO ITS CREATION, PROVIDED THE
15 COMMISSION OR AUTHORITY AGREES TO CONTRIBUTE AND DOES
16 CONTRIBUTE TO THE FUND OR TRUST, FROM TIME TO TIME, THE
17 MONEYS REQUIRED TO BUILD UP THE RESERVES NECESSARY FOR THE
18 PAYMENT OF THE ANNUITIES OR OTHER BENEFITS OF SUCH OFFICERS
19 AND EMPLOYEES WITHOUT ANY LIABILITY ON THE PART OF THE
20 COMMONWEALTH TO MAKE APPROPRIATIONS FOR SUCH PURPOSES, AND
21 PROVIDED IN THE CASE OF EMPLOYEES OF THE INTERSTATE
22 COMMISSION OF THE DELAWARE RIVER BASIN, THAT THE EMPLOYEE
23 SHALL HAVE BEEN A MEMBER OF THE SYSTEM FOR AT LEAST TEN YEARS
24 PRIOR TO JANUARY 1, 1963.

25 (3) ANY SEPARATE INDEPENDENT PUBLIC CORPORATION CREATED
26 BY STATUTE, NOT INCLUDING ANY MUNICIPAL OR QUASI-MUNICIPAL
27 CORPORATION, SO LONG AS HE REMAINS AN OFFICER OR EMPLOYEE OF
28 SUCH PUBLIC CORPORATION, AND PROVIDED THAT SUCH OFFICER OR
29 EMPLOYEE OF SUCH PUBLIC CORPORATION WAS AN EMPLOYEE OF THE
30 COMMONWEALTH IMMEDIATELY PRIOR TO HIS EMPLOYMENT BY SUCH

1 CORPORATION, AND FURTHER PROVIDED SUCH PUBLIC CORPORATION
2 SHALL AGREE TO CONTRIBUTE AND CONTRIBUTES TO THE FUND OR
3 TRUST, FROM TIME TO TIME, THE MONEYS REQUIRED TO BUILD UP THE
4 RESERVES NECESSARY FOR THE PAYMENT OF THE ANNUITIES OR OTHER
5 BENEFITS OF SUCH OFFICERS AND EMPLOYEES WITHOUT ANY LIABILITY
6 ON THE PART OF THE COMMONWEALTH TO MAKE APPROPRIATIONS FOR
7 SUCH PURPOSES.

8 * * *

9 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN
10 WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO
11 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE
12 PARTICIPANT.

13 "SUPERANNUATION AGE." FOR CLASSES OF SERVICE IN THE SYSTEM
14 OTHER THAN CLASS A-3 [AND], CLASS A-4, CLASS A-5 AND CLASS A-6,
15 ANY AGE UPON ACCRUAL OF 35 ELIGIBILITY POINTS OR AGE 60, EXCEPT
16 FOR A MEMBER OF THE GENERAL ASSEMBLY WHO HAS NO SERVICE AS A
17 MEMBER OF THE GENERAL ASSEMBLY IN CLASS A-3, CLASS A-4, CLASS A-
18 5 OR CLASS A-6, AN ENFORCEMENT OFFICER, A CORRECTION OFFICER, A
19 PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY
20 POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA STATE POLICE, AGE
21 50, AND, EXCEPT FOR A MEMBER WITH CLASS G, CLASS H, CLASS I,
22 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, AGE 55
23 UPON ACCRUAL OF 20 ELIGIBILITY POINTS. FOR CLASS A-3 AND CLASS
24 A-4 SERVICE, ANY AGE UPON ATTAINMENT OF A SUPERANNUATION SCORE
25 OF 92, PROVIDED THE MEMBER HAS ACCRUED 35 ELIGIBILITY POINTS, OR
26 AGE 65, OR FOR PARK RANGERS OR CAPITOL POLICE OFFICERS, AGE 55
27 WITH 20 YEARS OF SERVICE AS A PARK RANGER OR CAPITOL POLICE
28 OFFICER, EXCEPT FOR A MEMBER OF THE GENERAL ASSEMBLY WHOSE
29 SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY IS PERFORMED AS A
30 CLASS A-3 OR CLASS A-4 MEMBER, AN ENFORCEMENT OFFICER, A

1 CORRECTION OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE
2 RIVER PORT AUTHORITY POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA
3 STATE POLICE, AGE 55. FOR CLASS A-5 AND CLASS A-6 SERVICE, ANY
4 AGE UPON ATTAINMENT OF A SUPERANNUATION SCORE OF 97, PROVIDED
5 THE MEMBER HAS ACCRUED 35 ELIGIBILITY POINTS, OR AGE 67. A
6 VESTEE WITH CLASS A-3 OR CLASS A-4 SERVICE CREDIT ATTAINS
7 SUPERANNUATION AGE FOR THE CLASS A-3 OR CLASS A-4 SERVICE ON THE
8 BIRTHDAY THE VESTEE ATTAINS THE AGE RESULTING IN A
9 SUPERANNUATION SCORE OF 92, AND A VESTEE WITH CLASS A-5 OR CLASS
10 A-6 SERVICE CREDIT ATTAINS SUPERANNUATION AGE FOR THE CLASS A-5
11 OR CLASS A-6 SERVICE ON THE BIRTHDAY THE VESTEE ATTAINS THE AGE
12 RESULTING IN A SUPERANNUATION SCORE OF 97, PROVIDED THAT THE
13 VESTEE HAS AT LEAST 35 ELIGIBILITY POINTS, OR ATTAINS ANOTHER
14 APPLICABLE SUPERANNUATION AGE, WHICHEVER OCCURS FIRST.

15 * * *

16 "SWORN POLICE OFFICER." A STATE POLICE OFFICER WHO IS
17 EMPLOYED AND SERVING AS AN OFFICER OF THE PENNSYLVANIA STATE
18 POLICE.

19 * * *

20 "TRUST." THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST
21 ESTABLISHED UNDER CHAPTER 58 (RELATING TO STATE EMPLOYEES'
22 DEFINED CONTRIBUTION PLAN).

23 * * *

24 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM
25 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND
26 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

27 "VESTEE." A MEMBER WITH:

28 (1) FIVE OR MORE ELIGIBILITY POINTS IN A CLASS OF
29 SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR
30 CLASS A-6 OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-E [OR],

1 CLASS T-F, CLASS T-G OR CLASS T-H IN THE PUBLIC SCHOOL
2 EMPLOYEES' RETIREMENT SYSTEM[, A MEMBER WITH];

3 (2) CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS
4 L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY
5 POINTS[, OR A MEMBER WITH]; OR

6 (3) CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR CLASS A-6
7 SERVICE WITH TEN OR MORE ELIGIBILITY POINTS

8 AND WHO HAS TERMINATED STATE SERVICE AND HAS ELECTED TO LEAVE
9 HIS TOTAL ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER
10 RECEIPT OF AN ANNUITY.

11 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A
12 PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL
13 INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT
14 CONTRIBUTIONS, EITHER BY SALARY DEDUCTIONS PAID THROUGH THE
15 COMMONWEALTH OR OTHER EMPLOYER, OR THROUGH AN ELIGIBLE ROLLOVER
16 OR THROUGH A DIRECT TRUSTEE-TO-TRUSTEE TRANSFER.

17 SECTION 303. SECTION 5103 OF TITLE 71 IS AMENDED TO READ:
18 § 5103. NOTICE TO MEMBERS AND PARTICIPANTS.

19 NOTICE BY PUBLICATION, INCLUDING, WITHOUT BEING LIMITED TO,
20 NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,
21 MANUALS AND, TO THE EXTENT AUTHORIZED BY A POLICY ADOPTED BY THE
22 BOARD, ELECTRONICALLY, INCLUDING, WITHOUT BEING LIMITED TO, E-
23 MAIL OR [WORLD WIDE WEB SITES] INTERNET WEBSITES, DISTRIBUTED OR
24 MADE AVAILABLE TO MEMBERS AND PARTICIPANTS IN A MANNER
25 REASONABLY CALCULATED TO GIVE ACTUAL NOTICE OF [THOSE SECTIONS
26 OF THE STATE EMPLOYEES' RETIREMENT CODE] THE PROVISIONS OF THIS
27 PART THAT REQUIRE NOTICE TO MEMBERS OR PARTICIPANTS SHALL BE
28 DEEMED SUFFICIENT NOTICE FOR ALL PURPOSES.

29 SECTION 304. TITLE 71 IS AMENDED BY ADDING A SECTION TO
30 READ:

1 § 5104. REFERENCE TO STATE EMPLOYEES' RETIREMENT SYSTEM.

2 (A) CONSTRUCTION.--AS OF THE EFFECTIVE DATE OF THIS SECTION,
3 UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, ANY REFERENCE TO
4 THE STATE EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION
5 OTHER THAN THIS PART AND 24 PA.C.S. PT. IV (RELATING TO
6 RETIREMENT FOR SCHOOL EMPLOYEES) SHALL INCLUDE A REFERENCE TO
7 THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN, AND ANY
8 REFERENCE TO THE STATE EMPLOYEES' RETIREMENT FUND SHALL INCLUDE
9 A REFERENCE TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.

10 (B) AGREEMENT.--THE AGREEMENT OF AN EMPLOYER LISTED IN THE
11 DEFINITION OF "STATE EMPLOYEE" OR ANY OTHER LAW TO MAKE
12 CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS MEMBERS
13 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. AN EMPLOYER MAY NOT AGREE OR ELECT TO MAKE CONTRIBUTIONS
16 TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE PLAN WITHOUT ALSO
17 AGREEING OR ELECTING TO MAKE CONTRIBUTIONS TO THE FUND OR TO
18 ENROLL ITS EMPLOYEES AS MEMBERS IN THE SYSTEM.

19 SECTION 305. SECTION 5301 HEADING, (A), (B), (C) AND (D) OF
20 TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING
21 SUBSECTIONS TO READ:

22 § 5301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
23 PARTICIPATION IN THE PLAN.

24 (A) MANDATORY MEMBERSHIP.--MEMBERSHIP IN THE SYSTEM SHALL BE
25 MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL STATE
26 EMPLOYEES EXCEPT THE FOLLOWING:

- 27 (1) GOVERNOR.
28 (2) LIEUTENANT GOVERNOR.
29 (3) MEMBERS OF THE GENERAL ASSEMBLY.
30 (4) HEADS OR DEPUTY HEADS OF ADMINISTRATIVE DEPARTMENTS.

1 (5) MEMBERS OF ANY INDEPENDENT ADMINISTRATIVE BOARD OR
2 COMMISSION.

3 (6) MEMBERS OF ANY DEPARTMENTAL BOARD OR COMMISSION.

4 (7) MEMBERS OF ANY ADVISORY BOARD OR COMMISSION.

5 (8) SECRETARY TO THE GOVERNOR.

6 (9) BUDGET SECRETARY.

7 (10) LEGISLATIVE EMPLOYEES.

8 (11) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN THE
9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

10 (12) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN AN
11 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE EMPLOYER,
12 PROVIDED THAT IN NO CASE, EXCEPT AS HEREINAFTER PROVIDED,
13 SHALL THE EMPLOYER CONTRIBUTE ON ACCOUNT OF SUCH ELECTED
14 MEMBERSHIP AT A RATE GREATER THAN THE EMPLOYER NORMAL
15 CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) (RELATING
16 TO ACTUARIAL COST METHOD). FOR THE FISCAL YEAR 1986-1987 AN
17 EMPLOYER MAY CONTRIBUTE ON ACCOUNT OF SUCH ELECTED MEMBERSHIP
18 AT A RATE WHICH IS THE GREATER OF 7% OR THE EMPLOYER NORMAL
19 CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) AND FOR
20 THE FISCAL YEAR 1992-1993 AND ALL FISCAL YEARS AFTER THAT AT
21 A RATE OF 9.29%.

22 (13) PERSONS WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN
23 THE RETIREMENT SYSTEM OF THE POLITICAL SUBDIVISION BY WHICH
24 THEY WERE EMPLOYED PRIOR TO BECOMING ELIGIBLE FOR MEMBERSHIP
25 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

26 (14) PERSONS WHO ARE NOT MEMBERS OF THE SYSTEM AND ARE
27 EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR LESS THAN 100 DAYS
28 OR 750 HOURS IN A [12-MONTH PERIOD] CALENDAR YEAR.

29 (15) EMPLOYEES OF THE PHILADELPHIA REGIONAL PORT
30 AUTHORITY WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN THE

1 PENSION PLAN OR RETIREMENT SYSTEM IN WHICH THEY WERE ENROLLED
2 AS EMPLOYEES OF THE PREDECESSOR PHILADELPHIA PORT CORPORATION
3 PRIOR TO THE CREATION OF THE PHILADELPHIA REGIONAL PORT
4 AUTHORITY.

5 (16) EMPLOYEES OF THE JUVENILE COURT JUDGES' COMMISSION
6 WHO, BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH, WERE
7 TRANSFERRED FROM THE STATE SYSTEM OF HIGHER EDUCATION TO THE
8 JUVENILE COURT JUDGES' COMMISSION AS A RESULT OF AN
9 INTERAGENCY TRANSFER OF STAFF APPROVED BY THE OFFICE OF
10 ADMINISTRATION AND WHO, WHILE EMPLOYEES OF THE STATE SYSTEM
11 OF HIGHER EDUCATION, HAD ELECTED MEMBERSHIP IN AN INDEPENDENT
12 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER.

13 (17) STATE EMPLOYEES, OTHER THAN ANY CLASS A-5 EXEMPT
14 EMPLOYEES PERFORMING SERVICE AS CLASS A-5 EXEMPT EMPLOYEES,
15 WHOSE FIRST PERIOD OF STATE SERVICE STARTS ON OR AFTER
16 JANUARY 1, 2019, PROVIDED THAT A STATE EMPLOYEE LISTED IN
17 THIS PARAGRAPH WHO IS NOT LISTED IN PARAGRAPHS (1) THROUGH
18 (16) SHALL BE MANDATORY MEMBERS UNLESS THE EMPLOYEE ELECTED
19 TO BE SOLELY A PARTICIPANT IN THE PLAN UNDER SECTION 5306.4
20 (RELATING TO ELECTION TO BECOME A CLASS A-6 MEMBER OR SOLELY
21 A PARTICIPANT IN THE PLAN).

22 (A.1) MANDATORY PARTICIPATION IN THE PLAN.--A STATE EMPLOYEE
23 WHO IS A MEMBER OF THE SYSTEM AS A MEMBER OF CLASS A-5 OR CLASS
24 A-6 SHALL BE A MANDATORY PARTICIPANT IN THE PLAN FOR THAT SAME
25 SERVICE AS OF THE EFFECTIVE DATE OF CLASS A-5 OR CLASS A-6
26 MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS A CLASS A-5
27 EXEMPT EMPLOYEE. A STATE EMPLOYEE WHO ELECTED TO BE SOLELY A
28 PARTICIPANT IN THE PLAN SHALL BE A MANDATORY PARTICIPANT IN THE
29 PLAN FOR ALL SERVICE EXCEPT FOR SERVICE AS A CLASS A-5 EXEMPT
30 EMPLOYEE.

1 (B) OPTIONAL MEMBERSHIP IN THE SYSTEM.--THE STATE EMPLOYEES
2 LISTED IN SUBSECTION (A) (1) THROUGH (11) SHALL HAVE THE RIGHT TO
3 ELECT MEMBERSHIP IN THE SYSTEM; ONCE SUCH ELECTION IS EXERCISED,
4 MEMBERSHIP SHALL CONTINUE UNTIL THE TERMINATION OF STATE
5 SERVICE. STATE EMPLOYEES LISTED IN SUBSECTION (A) (17) WHO ARE
6 LISTED IN SUBSECTION (A) (1) THROUGH (11) SHALL HAVE THE RIGHT TO
7 ELECT MEMBERSHIP IN CLASS A-5 OR CLASS A-6 PROVIDED THEY HAVE
8 NOT PREVIOUSLY ELECTED TO BE SOLELY PARTICIPANTS IN THE PLAN.

9 (B.1) OPTIONAL PARTICIPATION IN THE PLAN.--THE STATE
10 EMPLOYEES WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS MEMBERS OF
11 CLASS A-5 OR CLASS A-6 ALSO ARE OPTIONAL PARTICIPANTS IN THE
12 PLAN. THE STATE EMPLOYEES WHO ELECT MEMBERSHIP IN THE SYSTEM AS
13 MEMBERS OF CLASS A-5 OR CLASS A-6, INCLUDING THE EMPLOYEES WHO
14 ELECT TO BECOME MEMBERS OF CLASS A-5 OR CLASS A-6 UNDER SECTION
15 5306.5 (RELATING TO ELECTION BY ACTIVE MEMBERS TO BECOME A CLASS
16 A-5 MEMBER, CLASS A-6 MEMBER OR PLAN PARTICIPANT) ALSO
17 AUTOMATICALLY ELECT PARTICIPATION IN THE PLAN AS OF THE DATE
18 THEY ELECT MEMBERSHIP IN THE SYSTEM, EXCEPT FOR SERVICE AS A
19 CLASS A-5 EXEMPT EMPLOYEE. A STATE EMPLOYEE CAN ELECT
20 PARTICIPATION IN THE PLAN WITHOUT ALSO ELECTING MEMBERSHIP IN
21 THE SYSTEM UNDER SECTION 5306.4 (RELATING TO ELECTION TO BECOME
22 A CLASS A-6 MEMBER OR SOLELY A PARTICIPANT IN THE PLAN).

23 (C) PROHIBITED MEMBERSHIP IN THE SYSTEM.--THE STATE
24 EMPLOYEES LISTED IN SUBSECTION (A) (12), (13), (14) AND (15)
25 SHALL NOT HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.

26 (C.1) PROHIBITED PARTICIPATION IN THE PLAN.--THE STATE
27 EMPLOYEES LISTED IN SUBSECTION (A) (11), (12), (13), (14) AND
28 (15) OR WHO FIRST BECAME A MEMBER OF THE SYSTEM BEFORE JANUARY
29 1, 2019, OR WHO COULD HAVE ELECTED MEMBERSHIP IN THE SYSTEM BUT
30 DID NOT DO SO IN THE REQUIRED TIME PERIOD SHALL NOT BE ELIGIBLE

1 TO BE ACTIVE PARTICIPANTS IN THE PLAN UNLESS AN ELECTION IS MADE
2 UNDER SECTION 5306.5. CLASS A-5 EXEMPT EMPLOYEES SHALL NOT BE
3 ELIGIBLE TO PARTICIPATE IN THE PLAN FOR SERVICE PERFORMED AS A
4 CLASS A-5 EXEMPT EMPLOYEE. STATE EMPLOYEES WHO ARE NOT MANDATORY
5 PARTICIPANTS IN THE PLAN UNDER SUBSECTION (A.1) OR ELIGIBLE FOR
6 OPTIONAL PARTICIPATION IN THE PLAN UNDER SUBSECTION (B.1) SHALL
7 NOT BE ELIGIBLE TO PARTICIPATE IN THE PLAN UNLESS AN ELECTION IS
8 MADE UNDER SECTION 5306.5.

9 (D) RETURN TO SERVICE.--

10 (1) AN ANNUITANT WHO RETURNS TO SERVICE AS A STATE
11 EMPLOYEE BEFORE JANUARY 1, 2019, OR RETURNS TO STATE SERVICE
12 AS A CLASS A-5 EXEMPT EMPLOYEE AFTER DECEMBER 31, 2018, SHALL
13 RESUME ACTIVE MEMBERSHIP IN THE SYSTEM AS OF THE EFFECTIVE
14 DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION
15 5706(A) (RELATING TO TERMINATION OF ANNUITIES), REGARDLESS OF
16 THE OPTIONAL MEMBERSHIP CATEGORY OF THE POSITION.

17 (2) AN ANNUITANT OR A PARTICIPANT RECEIVING
18 DISTRIBUTIONS WHO RETURNS TO SERVICE AS A STATE EMPLOYEE ON
19 OR AFTER JANUARY 1, 2019, SHALL RESUME ACTIVE MEMBERSHIP IN
20 THE SYSTEM AND, IF AN ACTIVE MEMBER OF CLASS A-5 OR CLASS A-
21 6, SHALL BE AN ACTIVE PARTICIPANT IN THE PLAN AS OF THE
22 EFFECTIVE DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN
23 SECTION 5706(A), REGARDLESS OF THE OPTIONAL MEMBERSHIP OR
24 PARTICIPATION CATEGORY OF THE POSITION: PROVIDED, HOWEVER,
25 THAT A PARTICIPANT OR FORMER PARTICIPANT WHO PREVIOUSLY
26 ELECTED TO BE SOLELY A PARTICIPANT UNDER SECTION 5306.4 OR
27 5306.5 SHALL BE A PARTICIPANT IN THE PLAN AND NOT AN ACTIVE
28 MEMBER OF THE SYSTEM, EXCEPT FOR SERVICE AS A CLASS A-5
29 EXEMPT EMPLOYEE.

30 * * *

1 SECTION 306. SECTIONS 5302(A), (B), (E) AND (F), 5303(B)(1)
2 AND (2), (D)(1) AND (E)(1) AND (4), 5303.2(A) AND 5304(A) AND
3 (B) OF TITLE 71 ARE AMENDED TO READ:

4 § 5302. CREDITED STATE SERVICE.

5 (A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED
6 STATE SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A
7 FULL-TIME SALARIED STATE EMPLOYEE, INCLUDING ANY MEMBER OF THE
8 GENERAL ASSEMBLY, SHALL RECEIVE CREDIT FOR SERVICE IN EACH
9 PERIOD FOR WHICH CONTRIBUTIONS AS REQUIRED ARE MADE TO THE FUND,
10 OR FOR WHICH CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE
11 WERE NOT MADE TO THE FUND SOLELY BY REASON OF SECTION 5502.1
12 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL
13 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF
14 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR
15 415, EXCEPT AS OTHERWISE PROVIDED IN THIS PART, BUT IN NO CASE
16 SHALL HE RECEIVE MORE THAN ONE YEAR'S CREDIT FOR ANY 12
17 CONSECUTIVE MONTHS OR 26 CONSECUTIVE BIWEEKLY PAY PERIODS. A PER
18 DIEM OR HOURLY STATE EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED
19 SERVICE FOR EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS
20 OR 26 CONSECUTIVE BIWEEKLY PAY PERIODS IN WHICH HE IS EMPLOYED
21 AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND OR WOULD HAVE
22 BEEN MADE TO THE FUND BUT FOR SUCH WAIVER UNDER SECTION 5502.1
23 OR LIMITATIONS UNDER THE IRC FOR AT LEAST 220 DAYS OR 1,650
24 HOURS OF EMPLOYMENT. IF THE MEMBER WAS EMPLOYED AND
25 CONTRIBUTIONS WERE MADE TO THE FUND FOR LESS THAN 220 DAYS OR
26 1,650 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A
27 YEAR DETERMINED BY THE RATIO OF THE NUMBER OF DAYS OR HOURS OF
28 SERVICE ACTUALLY RENDERED AND FOR WHICH CONTRIBUTIONS ARE OR
29 WOULD HAVE BEEN MADE TO THE FUND EXCEPT FOR THE WAIVER UNDER
30 SECTION 5502.1 OR LIMITATIONS UNDER THE IRC TO 220 DAYS OR 1,650

1 HOURS, AS THE CASE MAY BE. A PART-TIME SALARIED EMPLOYEE SHALL
2 BE CREDITED WITH THE FRACTIONAL PORTION OF THE YEAR WHICH
3 CORRESPONDS TO THE NUMBER OF HOURS OR DAYS OF SERVICE ACTUALLY
4 RENDERED IN RELATION TO 1,650 HOURS OR 220 DAYS, AS THE CASE MAY
5 BE. IN NO CASE SHALL A MEMBER WHO HAS ELECTED MULTIPLE SERVICE
6 RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE THAN ONE YEAR OF
7 CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS.

8 (B) CREDITABLE LEAVES OF ABSENCE.--

9 (1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER
10 A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO
11 IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE
12 WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL
13 GOVERNMENT UNDER THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970
14 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) SHALL
15 BE ELIGIBLE FOR CREDIT FOR SUCH SERVICE: PROVIDED, THAT
16 CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501
17 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
18 SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER
19 CONTRIBUTIONS [FOR CLASS A-3 AND CLASS A-4 SERVICE] AND
20 SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS),
21 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5507
22 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH
23 AND OTHER EMPLOYERS), THE MEMBER RETURNS FROM LEAVE WITHOUT
24 PAY TO ACTIVE STATE SERVICE AS A MEMBER OF THE SYSTEM FOR A
25 PERIOD OF AT LEAST ONE YEAR, AND HE IS NOT ENTITLED TO
26 RETIREMENT BENEFITS FOR SUCH SERVICE UNDER A RETIREMENT
27 SYSTEM ADMINISTERED BY ANY OTHER GOVERNMENTAL AGENCY.

28 (2) AN ACTIVE MEMBER OR ACTIVE PARTICIPANT ON PAID LEAVE
29 GRANTED BY AN EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED
30 FULL-TIME OFFICER FOR A STATEWIDE EMPLOYEE ORGANIZATION WHICH

1 IS A COLLECTIVE BARGAINING REPRESENTATIVE UNDER THE ACT OF
2 JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN
3 AND FIREMEN COLLECTIVE BARGAINING ACT, OR THE ACT OF JULY 23,
4 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE RELATIONS
5 ACT, AND UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN
6 EMPLOYEE ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS
7 EMPLOYED AT STATE CORRECTIONAL INSTITUTIONS: PROVIDED, THAT
8 FOR ELECTED FULL-TIME OFFICERS SUCH LEAVE SHALL NOT BE FOR
9 MORE THAN THREE CONSECUTIVE TERMS OF THE SAME OFFICE AND FOR
10 UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE
11 ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT
12 STATE CORRECTIONAL INSTITUTIONS NO MORE THAN THREE
13 CONSECUTIVE TERMS OF THE SAME OFFICE; THAT THE EMPLOYER SHALL
14 FULLY COMPENSATE THE MEMBER OR PARTICIPANT, INCLUDING, BUT
15 NOT LIMITED TO, SALARY, WAGES, PENSION AND RETIREMENT
16 CONTRIBUTIONS AND BENEFITS, OTHER BENEFITS AND SENIORITY, AS
17 IF HE WERE IN FULL-TIME ACTIVE SERVICE; AND THAT THE
18 STATEWIDE EMPLOYEE ORGANIZATION SHALL FULLY REIMBURSE THE
19 EMPLOYER FOR ALL EXPENSES AND COSTS OF SUCH PAID LEAVE,
20 INCLUDING, BUT NOT LIMITED TO, CONTRIBUTIONS AND PAYMENT IN
21 ACCORDANCE WITH SECTIONS 5501, 5501.1, 5505.1 [AND] 5507,
22 5804 (RELATING TO PARTICIPANT CONTRIBUTIONS), 5805 (RELATING
23 TO MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS) AND 5806
24 (RELATING TO EMPLOYER DEFINED CONTRIBUTIONS), IF THE EMPLOYEE
25 ORGANIZATION EITHER DIRECTLY PAYS, OR REIMBURSES THE
26 COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN
27 ACCORDANCE WITH [SECTION 5507] SECTIONS 5507, 5804, 5805 AND
28 5806.

29 * * *

30 (E) CANCELLATION OF CREDITED SERVICE.--

1 (1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE
2 CANCELLED IF A MEMBER WITHDRAWS HIS TOTAL ACCUMULATED
3 DEDUCTIONS, EXCEPT THAT A MEMBER WITH CLASS A-3 [OR], CLASS
4 A-4, CLASS A-5 OR CLASS A-6 SERVICE CREDIT AND ONE OR MORE
5 OTHER CLASSES OF SERVICE CREDIT SHALL NOT HAVE HIS SERVICE
6 CREDIT AS A MEMBER OF ANY CLASSES OF SERVICE OTHER THAN AS A
7 MEMBER OF CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR CLASS A-6
8 CANCELLED WHEN THE MEMBER RECEIVES A LUMP SUM PAYMENT OF
9 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [OR], CLASS
10 A-4, CLASS A-5 OR CLASS A-6 SERVICE PURSUANT TO SECTION
11 5705.1 (RELATING TO PAYMENT OF ACCUMULATED DEDUCTIONS
12 RESULTING FROM [CLASS A-3 AND CLASS A-4] MORE THAN ONE CLASS
13 OF SERVICE).

14 (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL
15 DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER
16 SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM.

17 (F) CREDIT FOR MILITARY SERVICE.--A STATE EMPLOYEE WHO HAS
18 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM OR
19 PARTICIPATE IN THE PLAN AS FOLLOWS:

20 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS
21 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A
22 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY
23 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED
24 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE
25 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73
26 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL
27 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE
28 PERIOD OF MILITARY SERVICE BEGAN, EVEN IF NOT DEFINED AS AN
29 EMPLOYEE PURSUANT TO 51 PA.C.S. § 7301 (RELATING TO
30 DEFINITIONS).

1 (1.1) STATE EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT IN
2 THE SYSTEM OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306
3 (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT
4 BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION,
5 EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

6 (1.2) STATE EMPLOYEES MAY NOT PARTICIPATE IN THE PLAN OR
7 EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306 FOR MILITARY
8 LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS
9 PARAGRAPH, EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

10 (2) A STATE EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY
11 RECEIVE CREDIT IN THE SYSTEM AS PROVIDED BY THIS PARAGRAPH.
12 THE FOLLOWING SHALL APPLY:

13 (I) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA
14 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED
15 AS NOT HAVING INCURRED A BREAK IN STATE SERVICE BY REASON
16 OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY
17 POINTS AS IF THE STATE EMPLOYEE HAD NOT BEEN ON THE
18 USERRA LEAVE. IF A STATE EMPLOYEE WHO IS REEMPLOYED FROM
19 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM
20 SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,
21 ADDITIONAL MEMBER CONTRIBUTIONS, SOCIAL SECURITY
22 INTEGRATION MEMBER CONTRIBUTIONS, SHARED-RISK MEMBER
23 CONTRIBUTIONS AND ANY OTHER MEMBER CONTRIBUTIONS IN THE
24 AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH.
25 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF
26 MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) AS IF
27 THE STATE EMPLOYEE HAD CONTINUED IN STATE OFFICE OR
28 EMPLOYMENT AND PERFORMED STATE SERVICE AND WAS
29 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE
30 STATE EMPLOYEE SHALL BE GRANTED STATE SERVICE CREDIT FOR

1 THE PERIOD OF USERRA LEAVE. THE STATE EMPLOYEE SHALL HAVE
2 THE STATE EMPLOYEE'S BENEFITS, RIGHTS AND OBLIGATIONS
3 DETERMINED UNDER THIS PART AS IF THE STATE EMPLOYEE WAS
4 AN ACTIVE MEMBER WHO PERFORMED CREDITABLE STATE SERVICE
5 DURING THE USERRA LEAVE IN THE JOB POSITION THAT THE
6 STATE EMPLOYEE WOULD HAVE HELD HAD THE STATE EMPLOYEE NOT
7 BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON
8 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE STATE SERVICE
9 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

10 (II) FOR PURPOSES OF DETERMINING WHETHER A STATE
11 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR
12 STATE SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE WHO
13 IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF
14 THE SYSTEM TERMINATES STATE SERVICE OR DIES IN STATE
15 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT
16 PERIOD, THEN STATE SERVICE CREDIT FOR THE USERRA LEAVE
17 WILL BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS
18 WERE PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT
19 OF THE REQUIRED MEMBER CONTRIBUTIONS WILL BE TREATED AS
20 AN INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF
21 SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS). UPON A
22 SUBSEQUENT RETURN TO STATE SERVICE OR TO SCHOOL SERVICE
23 AS A MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER
24 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE
25 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER
26 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP
27 SUM PURSUANT TO SECTION 5705 (A) (4) OR (A.1) (RELATING TO
28 MEMBER'S OPTIONS), AS THE CASE MAY BE.

29 (III) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA
30 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM WHO DOES NOT MAKE

1 THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES ONLY PART OF
2 THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE ALLOWED
3 PAYMENT PERIOD SHALL NOT BE GRANTED CREDITED SERVICE FOR
4 THE PERIOD OF USERRA LEAVE FOR WHICH THE REQUIRED MEMBER
5 CONTRIBUTIONS WERE NOT TIMELY MADE, SHALL NOT BE ELIGIBLE
6 TO SUBSEQUENTLY MAKE CONTRIBUTIONS AND SHALL NOT BE
7 GRANTED EITHER STATE SERVICE CREDIT OR NONSTATE SERVICE
8 CREDIT FOR THE PERIOD OF USERRA LEAVE FOR WHICH THE
9 REQUIRED MEMBER CONTRIBUTIONS WERE NOT TIMELY MADE.

10 (2.1) (I) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
11 LEAVE SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN
12 STATE SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE
13 GRANTED ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT
14 BEEN ON USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED
15 FROM USERRA LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP
16 PARTICIPANT CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME
17 PERIODS REQUIRED BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS
18 IF THE PARTICIPANT HAD CONTINUED IN HIS STATE OFFICE OR
19 EMPLOYMENT AND PERFORMED STATE SERVICE AND BEEN
20 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THE
21 PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING
22 EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE
23 HIS CONTRIBUTIONS, BENEFITS, RIGHTS AND OBLIGATIONS
24 DETERMINED UNDER THIS PART AS IF HE WERE AN ACTIVE
25 PARTICIPANT WHO PERFORMED STATE SERVICE DURING THE USERRA
26 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE
27 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON
28 WHICH THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO
29 RECEIVE STATE SERVICE CREDIT FOR THE USERRA LEAVE WERE
30 DETERMINED.

1 (II) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
2 LEAVE WHO DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT
3 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP
4 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT
5 PERIOD SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP
6 PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS AT A
7 LATER DATE FOR THE PERIOD OF USERRA LEAVE FOR WHICH THE
8 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS WERE NOT
9 TIMELY MADE.

10 (3) A STATE EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND
11 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN
12 REEMPLOYED FROM USERRA LEAVE HAD THE STATE EMPLOYEE RETURNED
13 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.
14 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE ABLE
15 TO RECEIVE CREDITABLE NONSTATE SERVICE AS NONINTERVENING
16 MILITARY SERVICE FOR THE PERIOD OF USERRA LEAVE SHOULD THE
17 EMPLOYEE LATER RETURN TO STATE SERVICE AS AN ACTIVE MEMBER OF
18 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE
19 AS NONINTERVENING MILITARY SERVICE.

20 (3.1) A STATE EMPLOYEE WHO IS A PARTICIPANT IN THE PLAN
21 AND PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE
22 BEEEN REEMPLOYED FROM USERRA LEAVE HAD THE EMPLOYEE RETURNED
23 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.
24 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL NOT BE
25 ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
26 OR VOLUNTARY CONTRIBUTIONS FOR THE PERIOD OF USERRA LEAVE
27 SHOULD THE EMPLOYEE LATER RETURN TO STATE SERVICE AND BE A
28 PARTICIPANT IN THE PLAN.

29 (4) [A STATE EMPLOYEE] AN ACTIVE MEMBER OR INACTIVE
30 MEMBER ON LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE

1 DATE OF THIS SUBSECTION IS GRANTED A LEAVE OF ABSENCE UNDER
2 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
3 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S.
4 CH. 73, THAT IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE
5 CREDITABLE NONSTATE SERVICE AS NONINTERVENING MILITARY
6 SERVICE SHOULD THE EMPLOYEE RETURN TO STATE SERVICE AS AN
7 ACTIVE MEMBER OF THE SYSTEM AND IS OTHERWISE ELIGIBLE TO
8 PURCHASE THE SERVICE AS NONINTERVENING MILITARY SERVICE.

9 (4.1) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON
10 LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE DATE OF THIS
11 PARAGRAPH IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S. §
12 4102 OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT
13 USERRA LEAVE SHALL NOT BE ABLE TO MAKE MANDATORY PICKUP
14 PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS DURING
15 OR FOR THE LEAVE OF ABSENCE OR MILITARY LEAVE AND SHALL NOT
16 HAVE EMPLOYER DEFINED CONTRIBUTIONS MADE DURING SUCH LEAVE,
17 WITHOUT REGARD TO WHETHER OR NOT THE STATE EMPLOYEE RECEIVED
18 SALARY, WAGES, STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER
19 PAYMENTS FROM HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING
20 ANY PROVISION TO THE CONTRARY UNDER 51 PA.C.S. § 4102 OR 51
21 PA.C.S. CH. 73.

22 (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THEN
23 THE BENEFICIARIES OR SURVIVOR ANNUITANTS, AS THE CASE MAY BE,
24 OF THE DECEASED MEMBER ARE ENTITLED TO ANY ADDITIONAL
25 BENEFITS, INCLUDING ELIGIBILITY POINTS, OTHER THAN BENEFIT
26 ACCRUALS RELATING TO THE PERIOD OF QUALIFIED MILITARY
27 SERVICE, PROVIDED UNDER THIS PART HAD THE MEMBER RESUMED AND
28 THEN TERMINATED EMPLOYMENT ON ACCOUNT OF DEATH.

29 (5.1) IF A PARTICIPANT DIES WHILE PERFORMING USERRA
30 LEAVE, THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED

1 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER
2 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED
3 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE
4 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT
5 OF DEATH.

6 (6) A STATE EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM
7 HIS DUTIES AS A STATE EMPLOYEE FOR WHICH 51 PA.C.S. § 4102
8 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR
9 EFFICIENCY RATING SHALL NOT BE AN ACTIVE MEMBER, RECEIVE
10 SERVICE CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF
11 ABSENCE, EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING
12 THIS PARAGRAPH, ANY PAY THE MEMBER RECEIVES PURSUANT TO 51
13 PA.C.S. § 4102 SHALL BE INCLUDED IN THE DETERMINATION OF
14 FINAL AVERAGE SALARY AND OTHER CALCULATIONS IN THE SYSTEM
15 UTILIZING COMPENSATION AS IF THE PAYMENTS WERE COMPENSATION
16 UNDER THIS PART.

17 § 5303. RETENTION AND REINSTATEMENT OF SERVICE CREDITS.

18 * * *

19 (B) ELIGIBILITY POINTS FOR PROSPECTIVE CREDITED SERVICE.--

20 (1) EVERY ACTIVE MEMBER OF THE SYSTEM OR A MULTIPLE
21 SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND A MEMBER OF THE
22 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE
23 EFFECTIVE DATE OF THIS PART SHALL RECEIVE ELIGIBILITY POINTS
24 IN ACCORDANCE WITH SECTION 5307 FOR CURRENT STATE SERVICE,
25 PREVIOUS STATE SERVICE, OR CREDITABLE NONSTATE SERVICE UPON
26 COMPLIANCE WITH SECTIONS 5501 (RELATING TO REGULAR MEMBER
27 CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1 (RELATING TO
28 SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND CLASS A-4
29 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER
30 CONTRIBUTIONS), 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR

1 THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO
2 BECOME A FULL COVERAGE MEMBER), 5505 (RELATING TO
3 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
4 NONSTATE SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER
5 CONTRIBUTIONS) OR 5506 (RELATING TO INCOMPLETE PAYMENTS).
6 SUBJECT TO THE LIMITATIONS IN SECTIONS 5306.1 (RELATING TO
7 ELECTION TO BECOME A CLASS AA MEMBER) AND 5306.2 (RELATING TO
8 ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY), THE CLASS OR
9 CLASSES OF SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR
10 PREVIOUS STATE SERVICE PRIOR TO THE EFFECTIVE DATE OF THIS
11 PART SHALL BE THE CLASS OR CLASSES IN WHICH HE WAS OR COULD
12 HAVE AT ANY TIME ELECTED TO BE CREDITED FOR SUCH SERVICE,
13 EXCEPT THAT A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF
14 THE SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER
15 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND:

16 (I) IS CREDITED WITH CLASS A-3 SERVICE FOR SUCH
17 MEMBERSHIP AND IS NOT A MEMBER OF CLASS A-5 OR CLASS A-6,
18 SHALL BE CREDITED ONLY WITH CLASS A-3 SERVICE FOR
19 PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1, 2011,
20 THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM; [OR]

21 (II) IS CREDITED WITH CLASS A-4 SERVICE FOR SUCH
22 MEMBERSHIP AND IS NOT A MEMBER OF CLASS A-5 OR CLASS A-6,
23 SHALL BE CREDITED ONLY WITH CLASS A-4 SERVICE FOR
24 PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1, 2011,
25 THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM[.];

26 (III) IS CREDITED WITH CLASS A-5 SERVICE FOR SUCH
27 MEMBERSHIP SHALL BE CREDITED ONLY WITH CLASS A-5 SERVICE
28 FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1,
29 2019, OTHER THAN SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE,
30 THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM; OR

1 (IV) IS CREDITED WITH CLASS A-6 SERVICE FOR SUCH
2 MEMBERSHIP SHALL BE CREDITED ONLY WITH CLASS A-6 SERVICE
3 FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1,
4 2019, OTHER THAN SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE,
5 THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM.

6 THE CLASS OF SERVICE IN WHICH A MEMBER SHALL BE CREDITED FOR
7 SERVICE SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART SHALL
8 BE DETERMINED IN ACCORDANCE WITH SECTION 5306 (RELATING TO
9 CLASSES OF SERVICE).

10 * * *

11 (2) A SPECIAL VESTEE OR PERSON OTHERWISE ELIGIBLE TO BE
12 A SPECIAL VESTEE WHO RETURNS TO STATE SERVICE, OTHER THAN
13 SOLELY AS A PARTICIPANT IN THE PLAN, OR WITHDRAWS HIS
14 ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311 (RELATING TO
15 ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF TOTAL
16 ACCUMULATED DEDUCTIONS) SHALL RECEIVE OR RETAIN ELIGIBILITY
17 POINTS IN ACCORDANCE WITH PARAGRAPH (1) BUT UPON SUBSEQUENT
18 TERMINATION OF STATE SERVICE SHALL ONLY BE ELIGIBLE TO BE AN
19 ANNUITANT VESTEE OR INACTIVE MEMBER WITHOUT REGARD TO
20 PREVIOUS STATUS AS A SPECIAL VESTEE AND WITHOUT REGARD TO THE
21 PROVISIONS OF THIS PART PROVIDING FOR SPECIAL 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

1 JUDGE SUBSEQUENT TO THE DATE OF THE TRANSFER UNLESS
2 SPECIFICALLY PROHIBITED PURSUANT TO SECTION 5301(C) (RELATING
3 TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
4 PARTICIPATION IN THE PLAN). THE EMPLOYEE SHALL BE ENTITLED TO
5 HAVE ANY PRIOR SERVICE CREDIT IN THAT COUNTY OR OTHER
6 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM TRANSFERRED TO
7 THE SYSTEM AND DEEMED TO BE STATE SERVICE FOR ALL PURPOSES
8 UNDER THIS PART. HOWEVER, FOR THOSE EMPLOYEES WHO WERE IN
9 CONTINUOUS COUNTY EMPLOYMENT WHICH COMMENCED PRIOR TO JULY
10 22, 1983, SECTION 5505.1 SHALL NOT APPLY. THE TRANSFER OF
11 PRIOR SERVICE CREDIT TO THE SYSTEM SHALL OCCUR UPON THE
12 TRANSFER, BY THE MEMBER, COUNTY OR OTHER MUNICIPAL PENSION
13 PLAN OR RETIREMENT SYSTEM, TO THE SYSTEM OF THE AMOUNT OF
14 ACCUMULATED MEMBER CONTRIBUTIONS, PICK-UP CONTRIBUTIONS AND
15 CREDITED INTEREST STANDING IN THE EMPLOYEE'S COUNTY OR
16 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM ACCOUNT AS OF THE
17 DATE THAT THESE FUNDS ARE TRANSFERRED TO THE SYSTEM. IN THE
18 EVENT THAT THESE FUNDS HAVE BEEN REFUNDED TO THE MEMBER, THE
19 TRANSFER OF SERVICE CREDIT SHALL OCCUR WHEN THE MEMBER
20 TRANSFERS AN AMOUNT EQUAL TO EITHER THE REFUND WHICH THE
21 MEMBER RECEIVED FROM THE COUNTY OR MUNICIPAL PENSION PLAN OR
22 RETIREMENT SYSTEM OR THE AMOUNT DUE UNDER SECTION 5504, IF
23 LESS. IN THE CASE OF A TRANSFER BY THE MEMBER, THE TRANSFER
24 SHALL OCCUR BY DECEMBER 31, 1987, IN ORDER FOR THE MEMBER TO
25 RECEIVE CREDIT FOR THE PRIOR SERVICE. IN THE CASE OF A
26 TRANSFER BY THE COUNTY OR OTHER MUNICIPAL PENSION PLAN OR
27 RETIREMENT SYSTEM, THE TRANSFER SHALL ALSO OCCUR BY DECEMBER
28 31, 1987. IF THE AMOUNT TRANSFERRED TO THE SYSTEM BY THE
29 MEMBER OF A COUNTY OR MUNICIPAL PENSION PLAN OR RETIREMENT
30 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 (E) TRANSFER AND PURCHASE OF CERTAIN PENSION SERVICE CREDIT;
21 PHILADELPHIA REGIONAL PORT AUTHORITY.--

22 (1) ANY EMPLOYEE OF THE PHILADELPHIA REGIONAL PORT
23 AUTHORITY WHO BECOMES A STATE EMPLOYEE, AS DEFINED IN SECTION
24 5102 (RELATING TO DEFINITIONS), AND AN ACTIVE MEMBER OF THE
25 SYSTEM SHALL BE ELIGIBLE TO OBTAIN RETIREMENT CREDIT FOR
26 PRIOR UNCREDITED SERVICE WITH THE PHILADELPHIA PORT
27 CORPORATION, A PENNSYLVANIA NOT-FOR-PROFIT CORPORATION
28 ("PREDECESSOR CORPORATION"), PROVIDED THAT THE COMMONWEALTH
29 DOES NOT INCUR ANY LIABILITY FOR THE FUNDING OF THE ANNUITIES
30 ATTRIBUTABLE TO THE PRIOR, UNCREDITED "PREDECESSOR

1 CORPORATION" SERVICE, THE COST OF WHICH SHALL BE DETERMINED
2 ACCORDING TO PARAGRAPH (2).

3 * * *

4 (4) ANY PERSON WHO BECAME EMPLOYED BY THE PHILADELPHIA
5 REGIONAL PORT AUTHORITY BETWEEN JULY 10, 1989, AND PASSAGE OF
6 THIS ACT AND WHO BECOMES A STATE EMPLOYEE, AS DEFINED IN
7 SECTION 5102, AND AN ACTIVE MEMBER OF THE SYSTEM SHALL BE
8 ELIGIBLE TO OBTAIN RETIREMENT CREDIT FOR SERVICE FROM THE
9 DATE OF EMPLOYMENT WITH THE PHILADELPHIA REGIONAL PORT
10 AUTHORITY, PROVIDED THAT THE CONTRIBUTIONS ARE MADE IN
11 ACCORDANCE WITH SECTIONS 5501, 5504, 5505.1 AND 5506.

12 * * *

13 § 5303.2. ELECTION TO CONVERT SCHOOL SERVICE TO STATE SERVICE.

14 (A) ELIGIBILITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER ON
15 LEAVE WITHOUT PAY WHO WAS AN EMPLOYEE TRANSFERRED FROM THE
16 DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF CORRECTIONS
17 PURSUANT TO SECTION 908-B OF THE ACT OF APRIL 9, 1929 (P.L.177,
18 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, AND WHO ON
19 THE EFFECTIVE DATE OF THAT TRANSFER DID NOT PARTICIPATE IN AN
20 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE DEPARTMENT OF
21 EDUCATION UNDER 24 PA.C.S. § 8301(A)(1) (RELATING TO MANDATORY
22 AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE
23 PLAN) OR SECTION 5301(A)(12) (RELATING TO MANDATORY AND OPTIONAL
24 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN),
25 NOTWITHSTANDING ANY OTHER PROVISION OF LAW OR ANY COLLECTIVE
26 BARGAINING AGREEMENT, ARBITRATION AWARD, CONTRACT OR TERM OR
27 CONDITIONS OF ANY RETIREMENT SYSTEM OR PENSION PLAN, MAY MAKE A
28 ONE-TIME ELECTION TO CONVERT ALL SERVICE CREDITED IN THE PUBLIC
29 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30, 1999, AND
30 TRANSFER TO THE SYSTEM ALL ACCUMULATED MEMBER CONTRIBUTIONS AND

1 STATUTORY INTEREST CREDITED IN THE MEMBERS' SAVINGS ACCOUNT IN
2 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30,
3 1999, PLUS STATUTORY INTEREST ON THAT AMOUNT CREDITED BY THE
4 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FROM JULY 1, 1999, TO
5 THE DATE OF TRANSFER TO THE SYSTEM.

6 * * *

7 § 5304. CREDITABLE NONSTATE SERVICE.

8 (A) ELIGIBILITY.--

9 (1) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER
10 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
11 MEMBER OF THE GENERAL ASSEMBLY, OR A MULTIPLE SERVICE MEMBER
12 WHO FIRST BECOMES AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR
13 BEFORE DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY,
14 AND WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE
16 FOR CLASS A SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS
17 SET FORTH IN SUBSECTIONS (B) AND (C) EXCEPT THAT INTERVENING
18 MILITARY SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE
19 FOR WHICH THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING
20 INTO MILITARY SERVICE AND FOR WHICH HE MAKES THE REQUIRED
21 CONTRIBUTIONS TO THE FUND AND EXCEPT THAT A MULTIPLE SERVICE
22 MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
23 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE
24 ELIGIBLE TO PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE
25 SERVICE SET FORTH IN SUBSECTION (C) (5).

26 (2) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER
27 ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010,
28 AS A MEMBER OF THE GENERAL ASSEMBLY AND IS AN ACTIVE MEMBER
29 OF A CLASS OF SERVICE OTHER THAN CLASS A-5 OR CLASS A-6, OR A
30 MULTIPLE SERVICE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER ON

1 OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS
2 A MEMBER OF THE GENERAL ASSEMBLY IN A CLASS OF SERVICE OTHER
3 THAN CLASS A-5 OR CLASS A-6, AND [WHO] IS A SCHOOL EMPLOYEE
4 AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
5 RETIREMENT SYSTEM SHALL BE ELIGIBLE FOR CLASS A-3 SERVICE
6 CREDIT FOR CREDITABLE NONSTATE SERVICE AS SET FORTH IN
7 SUBSECTIONS (B) AND (C) EXCEPT THAT INTERVENING MILITARY
8 SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE FOR WHICH
9 THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY
10 SERVICE AND FOR WHICH HE MAKES THE REQUIRED CONTRIBUTIONS TO
11 THE FUND AND EXCEPT THAT A MULTIPLE SERVICE MEMBER WHO IS A
12 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
13 EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO
14 PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE SET
15 FORTH IN SUBSECTION (C) (5) .

16 (3) AN ACTIVE MEMBER OF CLASS A-5 OR CLASS A-6 OR A
17 MULTIPLE SERVICE MEMBER WHO HAS SERVICE CREDITED ONLY AS
18 CLASS A-5 OR CLASS A-6 AND IS A SCHOOL EMPLOYEE AND AN ACTIVE
19 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
20 SHALL BE ELIGIBLE FOR CLASS A-5 SERVICE CREDIT IF A CLASS A-5
21 MEMBER AND CLASS A-6 SERVICE CREDIT IF A CLASS A-6 MEMBER FOR
22 CREDITABLE NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B)
23 AND (C) FOR WHICH THE MEMBER MAKES THE REQUIRED CONTRIBUTIONS
24 TO THE FUND.

25 * * *

26 (B) LIMITATIONS ON ELIGIBILITY.--AN ACTIVE MEMBER OR A
27 MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE
28 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL
29 BE ELIGIBLE AS PROVIDED UNDER SUBSECTION (A) TO RECEIVE CREDIT
30 FOR NONSTATE SERVICE PROVIDED THAT HE DOES NOT HAVE CREDIT FOR

1 SUCH SERVICE IN THE SYSTEM OR IN THE [SCHOOL SYSTEM] PUBLIC
2 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND IS NOT ENTITLED TO
3 RECEIVE, ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE, OR IS
4 RECEIVING RETIREMENT BENEFITS FOR SUCH SERVICE IN THE SYSTEM OR
5 UNDER A RETIREMENT SYSTEM ADMINISTERED AND WHOLLY OR PARTIALLY
6 PAID FOR BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY PRIVATE
7 EMPLOYER, OR A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER IN
8 ACCORDANCE WITH SECTION 5301(A)(12) (RELATING TO MANDATORY AND
9 OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE
10 PLAN), AND FURTHER PROVIDED, THAT SUCH SERVICE IS CERTIFIED BY
11 THE PREVIOUS EMPLOYER AND CONTRIBUTIONS ARE AGREED UPON AND MADE
12 IN ACCORDANCE WITH SECTION 5505 (RELATING TO CONTRIBUTIONS FOR
13 THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE).

14 * * *

15 SECTION 306.1. SECTION 5305(B) OF TITLE 71 IS AMENDED AND
16 THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:
17 § 5305. SOCIAL SECURITY INTEGRATION CREDITS.

18 * * *

19 (B) ACCRUAL OF SUBSEQUENT CREDITS.--ANY ACTIVE MEMBER WHO
20 HAS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS TO HIS
21 CREDIT OR IS RECEIVING A BENEFIT ON ACCOUNT OF SOCIAL SECURITY
22 INTEGRATION CREDITS MAY ACCRUE ONE SOCIAL SECURITY INTEGRATION
23 CREDIT FOR EACH YEAR OF SERVICE AS A STATE EMPLOYEE ON OR
24 SUBSEQUENT TO MARCH 1, 1974, AND A FRACTIONAL CREDIT FOR A
25 CORRESPONDING FRACTIONAL YEAR OF SERVICE PROVIDED THAT
26 CONTRIBUTIONS ARE MADE TO THE FUND, OR WOULD HAVE BEEN MADE TO
27 THE FUND BUT FOR SECTION 5502.1 (RELATING TO WAIVER OF REGULAR
28 MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
29 CONTRIBUTIONS) OR THE LIMITATIONS UNDER IRC § 401(A)(17) OR 415,
30 EXCEPT AS OTHERWISE PROVIDED IN THIS PART, IN ACCORDANCE WITH

1 SECTION 5502 (RELATING TO SOCIAL SECURITY INTEGRATION MEMBER
2 CONTRIBUTIONS), AND HE:

3 (1) CONTINUES SUBSEQUENT TO MARCH 1, 1974, AS AN ACTIVE
4 MEMBER IN EITHER THE [STATE OR SCHOOL] SYSTEM OR, IF A
5 MULTIPLE SERVICE MEMBER, AS AN ACTIVE MEMBER IN THE PUBLIC
6 SCHOOL EMPLOYEES' RETIREMENT SYSTEM;

7 (2) TERMINATES SUCH CONTINUOUS SERVICE IN THE [STATE OR
8 SCHOOL] SYSTEM OR THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
9 SYSTEM AND RETURNS TO ACTIVE MEMBERSHIP IN THE [STATE] SYSTEM
10 WITHIN SIX MONTHS; OR

11 (3) TERMINATES HIS STATUS AS A VESTEE OR AN ANNUITANT
12 AND RETURNS TO STATE SERVICE AS AN ACTIVE MEMBER OF THE
13 SYSTEM.

14 * * *

15 (E) CLASS A-5 AND CLASS A-6 SERVICE INELIGIBLE FOR CREDIT.--
16 NO SOCIAL SECURITY INTEGRATION CREDITS SHALL ACCRUE FOR ANY
17 SERVICE PERFORMED OR CREDITED AS CLASS A-5 OR CLASS A-6 SERVICE.

18 SECTION 306.2. SECTION 5305.1 OF TITLE 71 IS AMENDED TO
19 READ:

20 § 5305.1. ELIGIBILITY FOR ACTUARIAL INCREASE FACTOR.

21 A PERSON WHO IS:

22 (1) AN ACTIVE MEMBER;

23 (2) AN INACTIVE MEMBER ON LEAVE WITHOUT PAY; [OR]

24 (3) A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE
25 AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
26 RETIREMENT SYSTEM; OR

27 (4) AN ACTIVE PARTICIPANT OR AN INACTIVE PARTICIPANT ON
28 LEAVE WITHOUT PAY;

29 WHO TERMINATES STATE SERVICE OR SCHOOL SERVICE, AS THE CASE MAY
30 BE, AFTER ATTAINING AGE 70 AND WHO APPLIES FOR A SUPERANNUATION

1 ANNUITY WITH AN EFFECTIVE DATE OF RETIREMENT THE DAY AFTER THE
2 DATE OF TERMINATION OF STATE SERVICE OR SCHOOL SERVICE SHALL
3 HAVE THAT PERSON'S MAXIMUM SINGLE LIFE ANNUITY CALCULATED
4 PURSUANT TO SECTION 5702(A.1) (RELATING TO MAXIMUM SINGLE LIFE
5 ANNUITY).

6 SECTION 307. SECTION 5306(A), (A.1), (A.2), (A.3) AND (B)(2)
7 OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING
8 SUBSECTIONS TO READ:

9 § 5306. CLASSES OF SERVICE.

10 (A) CLASS A AND CLASS A-3 MEMBERSHIP.--

11 (1) A STATE EMPLOYEE WHO IS A MEMBER OF CLASS A ON THE
12 EFFECTIVE DATE OF THIS PART OR WHO FIRST BECOMES A MEMBER OF
13 THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART AND
14 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
15 MEMBER OF THE GENERAL ASSEMBLY, SHALL BE CLASSIFIED AS A
16 CLASS A MEMBER AND RECEIVE CREDIT FOR CLASS A SERVICE UPON
17 PAYMENT OF REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS FOR
18 CLASS A SERVICE, PROVIDED THAT THE STATE EMPLOYEE DOES NOT
19 BECOME A MEMBER OF CLASS AA PURSUANT TO SUBSECTION (A.1) OR A
20 MEMBER OF CLASS D-4 PURSUANT TO SUBSECTION (A.2) [.] OR A
21 MEMBER OF CLASS A-5 OR CLASS A-6 OR SOLELY A PARTICIPANT IN
22 THE PLAN UNDER SECTION 5306.5 (RELATING TO ELECTION BY ACTIVE
23 MEMBERS TO BECOME A CLASS A-5 MEMBER, CLASS A-6 MEMBER OR
24 PLAN PARTICIPANT).

25 (2) A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE
26 SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER
27 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND BEFORE
28 JANUARY 1, 2019, SHALL BE CLASSIFIED AS A CLASS A-3 MEMBER
29 AND RECEIVE CREDIT FOR CLASS A-3 SERVICE UPON PAYMENT OF
30 REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER

1 CONTRIBUTIONS FOR CLASS A-3 SERVICE PROVIDED THAT THE STATE
2 EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A-4 PURSUANT TO
3 SUBSECTION (A.3) OR A MEMBER OF CLASS A-5 OR CLASS A-6 OR
4 SOLELY A PARTICIPANT IN THE PLAN UNDER SECTION 5306.5, EXCEPT
5 THAT A MEMBER OF THE JUDICIARY SHALL BE CLASSIFIED AS A
6 MEMBER OF SUCH OTHER CLASS OF SERVICE FOR WHICH THE MEMBER OF
7 THE JUDICIARY IS ELIGIBLE, SHALL ELECT AND MAKE REGULAR
8 MEMBER CONTRIBUTIONS[.] UNLESS THE MEMBER OF THE JUDICIARY
9 BECOMES A MEMBER OF CLASS A-5 OR CLASS A-6 OR SOLELY A
10 PARTICIPANT IN THE PLAN UNDER SECTION 5306.5.

11 (3) A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE
12 SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER
13 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND A CLASS A-5
14 EXEMPT EMPLOYEE ON OR AFTER JANUARY 1, 2019, SHALL RECEIVE
15 CREDIT FOR ALL SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE AS A
16 MEMBER OF CLASS A-3 UPON PAYMENT OF THE REQUIRED MEMBER
17 CONTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO BE A MEMBER OF
18 CLASS A-5 OR CLASS A-6 OR A PARTICIPANT IN THE PLAN FOR SUCH
19 SERVICE. NOTWITHSTANDING THE PROVISIONS OF A BINDING
20 ARBITRATION AWARD ISSUED BEFORE JULY 1, 1989, UNDER THE ACT
21 OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE
22 POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, AND
23 IMPLEMENTED BY THE BOARD, ALL OTHER STATE SERVICE SHALL BE
24 CREDITED IN THE SYSTEM OR IN THE PLAN AS OTHERWISE PROVIDED
25 UNDER THIS PART. CLASS A-3 SERVICE PROVIDED FOR UNDER THIS
26 PARAGRAPH SHALL BE SUBJECT TO AN ELECTION TO BE CREDITED AS
27 CLASS A-4 PROVIDED THAT THE STATE EMPLOYEE HAS NOT PREVIOUSLY
28 HAD THE OPPORTUNITY TO ELECT CLASS A-3 SERVICE AND FAILED TO
29 DO SO.

30 (A.1) CLASS AA MEMBERSHIP.--

1 (1) A PERSON WHO BECOMES A STATE EMPLOYEE AND AN ACTIVE
2 MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND WHO FIRST
3 BECAME AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR BEFORE
4 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND
5 WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A
6 POSITION FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A IS
7 CREDITED OR COULD BE ELECTED SHALL BE CLASSIFIED AS A CLASS
8 AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON
9 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE,
10 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF
11 CLASS A-5 OR CLASS A-6 OR SOLELY A PARTICIPANT IN THE PLAN
12 UNDER SECTION 5306.5, AND, SUBJECT TO THE LIMITATIONS
13 CONTAINED IN PARAGRAPH (7), IF PREVIOUSLY A MEMBER OF CLASS A
14 OR PREVIOUSLY EMPLOYED IN A POSITION FOR WHICH CLASS A
15 SERVICE COULD HAVE BEEN EARNED, SHALL HAVE ALL CLASS A STATE
16 SERVICE (OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE
17 OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A
18 WAS EARNED OR COULD HAVE BEEN ELECTED) CLASSIFIED AS CLASS AA
19 SERVICE.

20 (2) A PERSON WHO IS A STATE EMPLOYEE ON JUNE 30, 2001,
21 AND JULY 1, 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM
22 BECAUSE MEMBERSHIP IN THE SYSTEM IS OPTIONAL OR PROHIBITED
23 PURSUANT TO SECTION 5301 (RELATING TO MANDATORY AND OPTIONAL
24 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN) AND
25 WHO FIRST BECOMES AN ACTIVE MEMBER AFTER JUNE 30, 2001, AND
26 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
27 MEMBER OF THE GENERAL ASSEMBLY, AND WHO IS NOT A STATE POLICE
28 OFFICER AND NOT EMPLOYED IN A POSITION FOR WHICH A CLASS OF
29 SERVICE OTHER THAN CLASS A IS CREDITED OR COULD BE ELECTED
30 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT

1 FOR CLASS AA STATE SERVICE UPON PAYMENT OF REGULAR MEMBER
2 CONTRIBUTIONS FOR CLASS AA SERVICE, PROVIDED THAT THE STATE
3 EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A-5 OR CLASS A-6
4 OR SOLELY A PARTICIPANT IN THE PLAN UNDER SECTION 5306.5,
5 AND, SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7),
6 IF PREVIOUSLY A MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A
7 POSITION FOR WHICH CLASS A SERVICE COULD HAVE BEEN EARNED,
8 SHALL HAVE ALL CLASS A STATE SERVICE (OTHER THAN STATE
9 SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR WHICH A
10 CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED OR COULD HAVE
11 BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

12 (3) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA
13 MEMBER IS MADE PURSUANT TO SECTION 5306.1 (RELATING TO
14 ELECTION TO BECOME A CLASS AA MEMBER), A STATE EMPLOYEE,
15 OTHER THAN A STATE EMPLOYEE WHO IS A STATE POLICE OFFICER ON
16 OR AFTER JULY 1, 1989, WHO ON JUNE 30, 2001, AND JULY 1,
17 2001, IS:

18 (I) A MEMBER OF CLASS A, OTHER THAN A MEMBER OF
19 CLASS A WHO COULD HAVE ELECTED MEMBERSHIP IN A CLASS C,
20 CLASS D-3, CLASS E-1 OR CLASS E-2; OR

21 (II) AN INACTIVE MEMBER ON A LEAVE WITHOUT PAY FROM
22 A POSITION IN WHICH THE STATE EMPLOYEE WOULD BE A CLASS A
23 ACTIVE MEMBER IF THE EMPLOYEE WAS NOT ON LEAVE WITHOUT
24 PAY, OTHER THAN A POSITION IN WHICH THE STATE EMPLOYEE
25 COULD ELECT MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1
26 OR CLASS E-2;

27 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE
28 CREDIT FOR CLASS AA STATE SERVICE PERFORMED AFTER JUNE 30,
29 2001, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS
30 AA SERVICE, PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME

1 A MEMBER OF CLASS A-5 OR CLASS A-6 OR SOLELY A PARTICIPANT IN
2 THE PLAN UNDER SECTION 5306.5, AND, SUBJECT TO THE
3 LIMITATIONS CONTAINED IN PARAGRAPH (7), SHALL RECEIVE CLASS
4 AA 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), SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL
17 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS
18 A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN A POSITION
19 IN WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS
20 OF SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.

21 (5) A FORMER STATE EMPLOYEE WHO FIRST BECOMES A MEMBER
22 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
23 MEMBER OF THE GENERAL ASSEMBLY, OTHER THAN A FORMER STATE
24 EMPLOYEE WHO WAS A STATE POLICE OFFICER ON OR AFTER JULY 1,
25 1989, WHO IS A SCHOOL EMPLOYEE AND WHO ON OR AFTER JULY 1,
26 2001, BECOMES A MULTIPLE SERVICE MEMBER, SUBJECT TO THE
27 LIMITATIONS CONTAINED IN PARAGRAPH (7), SHALL RECEIVE CLASS
28 AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE OTHER THAN
29 STATE SERVICE PERFORMED AS A STATE EMPLOYEE IN A POSITION IN
30 WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS OF

1 SERVICE OTHER THAN CLASS A.

2 (6) A STATE EMPLOYEE WHO AFTER JUNE 30, 2001, BECOMES A
3 STATE POLICE OFFICER OR [WHO IS EMPLOYED IN A POSITION IN
4 WHICH THE MEMBER COULD ELECT MEMBERSHIP IN A CLASS OF SERVICE
5 OTHER THAN CLASS AA OR CLASS D-4] A MEMBER OF THE JUDICIARY
6 SHALL RETAIN ANY CLASS AA SERVICE CREDITED PRIOR TO BECOMING
7 A STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE
8 INELIGIBLE TO RECEIVE CLASS AA CREDIT THEREAFTER AND INSTEAD
9 SHALL RECEIVE CLASS A CREDIT FOR SERVICE AS A MEMBER OF THE
10 JUDICIARY IF THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF THE
11 SYSTEM BEFORE JANUARY 1, 2019, AND THE MEMBER OF THE
12 JUDICIARY DOES NOT BECOME A MEMBER OF CLASS A-5 OR CLASS A-6
13 OR SOLELY A PARTICIPANT IN THE PLAN UNDER SECTION 5306.5 OR
14 IF HE FIRST BECAME A MEMBER BEFORE JANUARY 1, 2011, OR
15 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, OR
16 CLASS A-3 CREDIT FOR SERVICE OTHER THAN AS A MEMBER OF THE
17 JUDICIARY AND HE FIRST BECAME A MEMBER ON OR AFTER JANUARY 1,
18 2011, OR DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL
19 ASSEMBLY, IF THE NONJUDICIAL SERVICE IS SERVICE AS A CLASS A-
20 5 EXEMPT EMPLOYEE, OR CLASS A-5 SERVICE CREDIT, CLASS A-6
21 SERVICE CREDIT OR SOLELY AS A PARTICIPANT IN THE PLAN IF THE
22 NONJUDICIAL SERVICE IS AS A MEMBER WHO ELECTED TO BECOME A
23 MEMBER OF CLASS A-5 OR CLASS A-6 OR SOLELY A PARTICIPANT OF
24 THE PLAN UNDER SECTION 5306.5, OR THE STATE EMPLOYEE FIRST
25 BECAME A MEMBER ON OR AFTER JANUARY 1, 2019, AND THE SERVICE
26 IS NOT AS A CLASS A-5 EXEMPT EMPLOYEE, UNLESS A CLASS OF
27 MEMBERSHIP OTHER THAN CLASS A IS ELECTED.

28 (7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE
29 BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A
30 SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED

1 BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR
2 PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS
3 CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS
4 NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A
5 SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON
6 PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS AS
7 PROVIDED IN SECTION 5504 (RELATING TO MEMBER
8 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS
9 STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER).

10 (II) A PERSON WHO IS NOT A STATE EMPLOYEE OR A
11 SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND
12 WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY
13 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30,
14 2001, UPON TERMINATION OF THE DISABILITY ANNUITY) SHALL
15 NOT RECEIVE CLASS AA SERVICE CREDIT FOR STATE SERVICE
16 PERFORMED BEFORE JULY 1, 2001, UNTIL SUCH PERSON BECOMES
17 AN ACTIVE MEMBER, OR AN ACTIVE MEMBER OF THE PUBLIC
18 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND A MULTIPLE
19 SERVICE MEMBER, AND EARNS THREE ELIGIBILITY POINTS BY
20 PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL
21 SERVICE AFTER JUNE 30, 2001.

22 (A.2) CLASS OF MEMBERSHIP FOR MEMBERS OF THE GENERAL
23 ASSEMBLY.--

24 (1) A PERSON WHO:

25 (I) BECOMES A MEMBER OF THE GENERAL ASSEMBLY AND AN
26 ACTIVE MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND
27 BEFORE DECEMBER 1, 2010; OR

28 (II) IS A MEMBER OF THE GENERAL ASSEMBLY ON JULY 1,
29 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM BECAUSE
30 MEMBERSHIP IN THE SYSTEM IS OPTIONAL PURSUANT TO SECTION

1 5301 AND WHO BECOMES AN ACTIVE MEMBER AFTER JUNE 30,
2 2001, AND BEFORE DECEMBER 1, 2010;
3 AND WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1,
4 1989, SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND RECEIVE
5 CREDIT AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A
6 MEMBER OF THE SYSTEM AS A MEMBER OF THE GENERAL ASSEMBLY THAT
7 IS NOT PERFORMED AS A MEMBER WHO ELECTED TO BECOME A MEMBER
8 OF CLASS A-5 OR CLASS A-6 OR SOLELY A PARTICIPANT IN THE PLAN
9 UNDER SECTION 5306.5 UPON PAYMENT OF REGULAR MEMBER
10 CONTRIBUTIONS FOR CLASS D-4 SERVICE AND, SUBJECT TO THE
11 LIMITATIONS CONTAINED IN SUBSECTION (A.1) (7), IF PREVIOUSLY A
12 MEMBER OF CLASS A OR EMPLOYED IN A POSITION FOR WHICH CLASS A
13 SERVICE COULD HAVE BEEN EARNED, SHALL RECEIVE CLASS AA
14 SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER THAN
15 STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR
16 WHICH A CLASS OF SERVICE OTHER THAN CLASS A OR CLASS D-4 WAS
17 OR COULD HAVE BEEN ELECTED OR 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 RECEIVE CREDIT
25 AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A MEMBER OF
26 THE SYSTEM PERFORMED AS A MEMBER OF THE GENERAL ASSEMBLY THAT
27 IS NOT PERFORMED AS A MEMBER WHO ELECTED TO BECOME A MEMBER
28 OF CLASS A-5 OR CLASS A-6 OR SOLELY A PARTICIPANT OF THE PLAN
29 UNDER SECTION 5306.5 AND NOT CREDITED AS ANOTHER CLASS OTHER
30 THAN CLASS A UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR

1 CLASS D-4 SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED
2 IN PARAGRAPH (A.1) (7), SHALL RECEIVE CLASS AA SERVICE CREDIT
3 FOR ALL CLASS A STATE SERVICE, OTHER THAN STATE SERVICE
4 PERFORMED AS A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN
5 A POSITION IN WHICH THE MEMBER COULD HAVE ELECTED A CLASS OF
6 SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.

7 (3) A MEMBER OF THE GENERAL ASSEMBLY WHO AFTER JUNE 30,
8 2001, BECOMES A STATE POLICE OFFICER SHALL RETAIN ANY CLASS
9 AA SERVICE OR CLASS D-4 SERVICE CREDITED PRIOR TO BECOMING A
10 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE
11 INELIGIBLE TO RECEIVE CLASS AA OR CLASS D-4 CREDIT THEREAFTER
12 AND INSTEAD SHALL RECEIVE CLASS A CREDIT OR CLASS A-3 CREDIT
13 IF HE FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER
14 JANUARY 1, 2011[.], AND BEFORE JANUARY 1, 2019, OR AS A CLASS
15 A-5 EXEMPT EMPLOYEE, AND CLASS A-5 OR CLASS A-6 CREDIT IF HE
16 FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1,
17 2019, AND IS NOT A CLASS A-5 EXEMPT EMPLOYEE.

18 (4) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,
19 NO SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY PERFORMED
20 BEFORE DECEMBER 1, 2010, THAT IS NOT CREDITED AS CLASS D-4
21 SERVICE ON NOVEMBER 30, 2010, SHALL BE CREDITED AS CLASS D-4
22 SERVICE, UNLESS SUCH SERVICE WAS PREVIOUSLY CREDITED IN THE
23 SYSTEM AS CLASS D-4 SERVICE AND THE MEMBER WITHDREW HIS TOTAL
24 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5311 (RELATING
25 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF
26 TOTAL ACCUMULATED DEDUCTIONS). NO SERVICE AS A MEMBER OF THE
27 GENERAL ASSEMBLY PERFORMED ON OR AFTER DECEMBER 1, 2010,
28 SHALL BE CREDITED AS CLASS D-4 SERVICE UNLESS THE MEMBER
29 PREVIOUSLY WAS CREDITED WITH CLASS D-4 SERVICE CREDITS.

30 (A.3) CLASS A-4 MEMBERSHIP.--PROVIDED THAT AN ELECTION TO

1 BECOME A CLASS A-4 MEMBER IS MADE PURSUANT TO SECTION 5306.3
2 (RELATING TO ELECTION TO BECOME A CLASS A-4 MEMBER), A STATE
3 EMPLOYEE WHO FIRST BECOMES A MEMBER BEFORE JANUARY 1, 2019, OR
4 IS A CLASS A-5 EXEMPT EMPLOYEE WHO OTHERWISE WOULD BE A MEMBER
5 OF CLASS A-3 SHALL BE CLASSIFIED AS A CLASS A-4 MEMBER AND
6 RECEIVE CLASS A-4 CREDIT FOR ALL CREDITABLE STATE SERVICE
7 PERFORMED AFTER THE EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM,
8 EXCEPT AS A MEMBER OF THE JUDICIARY[,] OR AS A MEMBER WHO
9 ELECTED TO BECOME A MEMBER OF CLASS A-5 OR CLASS A-6 OR SOLELY A
10 PARTICIPANT IN THE PLAN IF THE EMPLOYEE FIRST BECOMES A MEMBER
11 BEFORE JANUARY 1, 2019, AND FOR ALL CREDITABLE STATE SERVICE
12 PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE IF THE EMPLOYEE FIRST
13 BECOMES A MEMBER ON OR AFTER JANUARY 1, 2019, UPON PAYMENT OF
14 REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER
15 CONTRIBUTIONS FOR CLASS A-4 SERVICE.

16 (A.4) CLASS A-5 MEMBERSHIP.--A STATE EMPLOYEE WHO FIRST
17 BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2019,
18 OTHER THAN AS A CLASS A-5 EXEMPT EMPLOYEE, AND WHO DOES NOT MAKE
19 AN ELECTION TO BE A MEMBER OF CLASS A-6 OR AN ELECTION TO BE
20 SOLELY A PARTICIPANT IN THE PLAN UNDER SECTION 5306.4 (RELATING
21 TO ELECTION TO BECOME A CLASS A-6 MEMBER OR SOLELY A PARTICIPANT
22 IN THE PLAN), SHALL BE CLASSIFIED AS A CLASS A-5 MEMBER AND
23 RECEIVE CREDIT FOR CLASS A-5 SERVICE FOR SERVICE OTHER THAN AS A
24 CLASS A-5 EXEMPT EMPLOYEE UPON PAYMENT OF REGULAR MEMBER
25 CONTRIBUTIONS AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-5
26 SERVICE. A CLASS A-5 EXEMPT EMPLOYEE WHO FIRST BECOMES A MEMBER
27 OF THE SYSTEM ON OR AFTER JANUARY 1, 2019, SHALL BE CLASSIFIED
28 IN THE APPLICABLE CLASS OTHER THAN CLASS A-5 FOR SERVICE
29 PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE AND CLASSIFIED AS A
30 CLASS A-5 MEMBER FOR ANY SERVICE PERFORMED IN A POSITION OR

1 OFFICE OTHER THAN AS A CLASS A-5 EXEMPT EMPLOYEE,
2 NOTWITHSTANDING THE PROVISIONS OF A BINDING ARBITRATION AWARD
3 ISSUED BEFORE JULY 1, 1989, UNDER THE ACT OF JUNE 24, 1968
4 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN
5 COLLECTIVE BARGAINING ACT, AND IMPLEMENTED BY THE BOARD. A STATE
6 EMPLOYEE WHO ELECTS CLASS A-5 MEMBERSHIP UNDER SECTION 5306.5
7 SHALL BE CLASSIFIED AS A CLASS A-5 MEMBER AND RECEIVE CREDIT FOR
8 CLASS A-5 SERVICE UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS
9 AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-5 WITHOUT
10 REGARD TO ANY OTHER CLASS OF SERVICE THE STATE EMPLOYEE MIGHT
11 HAVE BEEN AT ANY TIME BEFORE THE ELECTION UNDER SECTION 5306.5.

12 (A.5) CLASS A-6 MEMBERSHIP.--PROVIDED THAT AN ELECTION TO
13 BECOME A CLASS A-6 MEMBER IS MADE PURSUANT TO SECTION 5306.4, A
14 STATE EMPLOYEE WHO OTHERWISE WOULD BE A MEMBER OF CLASS A-5
15 SHALL BE CLASSIFIED AS A CLASS A-6 MEMBER AND RECEIVE CLASS A-6
16 CREDIT FOR ALL CREDITABLE STATE SERVICE PERFORMED AFTER THE
17 EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM, EXCEPT AS A CLASS A-
18 5 EXEMPT EMPLOYEE, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS
19 AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-6 SERVICE. A
20 STATE EMPLOYEE WHO ELECTS CLASS A-6 MEMBERSHIP UNDER SECTION
21 5306.5 SHALL BE CLASSIFIED AS A CLASS A-6 MEMBER AND RECEIVE
22 CREDIT FOR CLASS A-6 SERVICE UPON PAYMENT OF REGULAR MEMBER
23 CONTRIBUTIONS AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-6
24 WITHOUT REGARD TO ANY OTHER CLASS OF SERVICE THE STATE EMPLOYEE
25 MIGHT HAVE BEEN AT ANY TIME BEFORE THE ELECTION UNDER SECTION
26 5306.5.

27 (B) OTHER CLASS MEMBERSHIP.--

28 * * *

29 (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
30 A STATE EMPLOYEE [WHO] WHOSE FIRST PERIOD OF STATE SERVICE

1 BEGAN BEFORE JANUARY 1, 2019, IS APPOINTED [BAIL
2 COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE OF THE
3 PHILADELPHIA MUNICIPAL COURT UNDER 42 PA.C.S. § 1123(A)(5)
4 (RELATING TO JURISDICTION AND VENUE) AND IS ELIGIBLE TO BE A
5 MEMBER OF THE SYSTEM AS AN ARRAIGNMENT COURT MAGISTRATE MAY,
6 WITHIN 30 DAYS OF THE EFFECTIVE DATE OF THIS SENTENCE OR
7 WITHIN 30 DAYS OF HIS INITIAL APPOINTMENT AS [A BAIL
8 COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE, WHICHEVER IS
9 LATER, ELECT CLASS E-2 SERVICE CREDIT FOR SERVICE PERFORMED
10 AS [A BAIL COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE
11 UNTIL THE TERMINATION OF STATE SERVICE. [THIS] THE CLASS OF
12 SERVICE MULTIPLIER FOR E-2 SERVICE AS [A BAIL COMMISSIONER]
13 AN ARRAIGNMENT COURT MAGISTRATE SHALL BE 1.5.

14 * * *

15 (E) INELIGIBILITY FOR CLASSES OF SERVICE.--AN INDIVIDUAL WHO
16 IS OR WAS A STATE EMPLOYEE ON OR BEFORE JANUARY 1, 2019, BUT IS
17 NOT AND WAS NOT A MEMBER OF THE SYSTEM ON OR BEFORE JANUARY 1,
18 2019, OR WHO FIRST BECOMES A STATE EMPLOYEE ON OR AFTER JANUARY
19 1, 2019, SHALL BE INELIGIBLE FOR ACTIVE MEMBERSHIP IN THE SYSTEM
20 OTHER THAN AS A MEMBER OF CLASS A-5 OR CLASS A-6, OR THE SEVERAL
21 CLASSES OF STATE SERVICE FOR SERVICE PERFORMED AS A CLASS A-5
22 EXEMPT EMPLOYEE AS OTHERWISE PROVIDED FOR UNDER THIS SECTION.
23 ANY SUCH STATE EMPLOYEE, IF ELIGIBLE, MAY BE A PARTICIPANT IN
24 THE PLAN AS A RESULT OF SUCH STATE SERVICE.

25 SECTION 308. SECTIONS 5306.1(C) AND (D), 5306.2(B) AND (C)
26 AND 5306.3(B), (C) AND (D) OF TITLE 71 ARE AMENDED TO READ:

27 § 5306.1. ELECTION TO BECOME A CLASS AA MEMBER.

28 * * *

29 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS AA
30 MEMBER SHALL BECOME EFFECTIVE THE LATER OF JULY 1, 2001, OR THE

1 DATE WHEN THE ELECTION IS FILED WITH THE BOARD AND SHALL REMAIN
2 IN EFFECT UNTIL THE TERMINATION OF EMPLOYMENT[.] OR AN ELECTION
3 IS MADE TO BECOME A MEMBER OF CLASS A-5 OR CLASS A-6 OR SOLELY A
4 PARTICIPANT IN THE PLAN UNDER SECTION 5306.5 (RELATING TO
5 ELECTION BY ACTIVE MEMBERS TO BECOME A CLASS A-5 MEMBER, CLASS
6 A-6 MEMBER OR PLAN PARTICIPANT). UPON TERMINATION AND SUBSEQUENT
7 REEMPLOYMENT, THE MEMBER'S CLASS OF SERVICE SHALL BE CREDITED IN
8 THE CLASS OF SERVICE OTHERWISE PROVIDED FOR IN THIS PART, AND
9 THE STATE EMPLOYEE'S ELIGIBILITY FOR PARTICIPATION IN THE PLAN
10 SHALL BE AS PROVIDED IN THIS PART.

11 (D) EFFECT OF FAILURE TO MAKE ELECTION.--[FAILURE] SUBJECT
12 TO THE PROVISIONS OF THIS PART RELATING TO ELECTION OF CLASS A-5
13 OR CLASS A-6 OR TO BE SOLELY A PARTICIPANT IN THE PLAN, FAILURE
14 TO ELECT TO BECOME A CLASS AA MEMBER WITHIN THE ELECTION PERIOD
15 SET FORTH IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S
16 CLASS A STATE SERVICE, OTHER THAN SERVICE PERFORMED AS A STATE
17 POLICE OFFICER OR IN A POSITION IN WHICH THE MEMBER COULD ELECT
18 A CLASS OF MEMBERSHIP OTHER THAN CLASS A, BEING CREDITED AS
19 CLASS A SERVICE AND NOT SUBJECT TO FURTHER ELECTION OR CREDITING
20 AS CLASS AA SERVICE UPON TERMINATION AND SUBSEQUENT EMPLOYMENT.
21 § 5306.2. ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY.

22 * * *

23 (B) EFFECT OF ELECTION.--MEMBERSHIP AS A CLASS D-4 MEMBER
24 SHALL BECOME EFFECTIVE ON JULY 1, 2001, AND SHALL REMAIN IN
25 EFFECT UNTIL THE TERMINATION OF SERVICE AS A MEMBER OF THE
26 GENERAL ASSEMBLY[.] OR AN ELECTION IS MADE TO BECOME A MEMBER OF
27 CLASS A-5 OR CLASS A-6 OR SOLELY A PARTICIPANT IN THE PLAN UNDER
28 SECTION 5306.5 (RELATING TO ELECTION BY ACTIVE MEMBERS TO BECOME
29 A CLASS A-5 MEMBER, CLASS A-6 MEMBER OR PLAN PARTICIPANT). UPON
30 TERMINATION AND A SUBSEQUENT REEMPLOYMENT, THE MEMBER'S CLASS OF

1 SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE OTHERWISE
2 PROVIDED FOR IN THIS PART, AND THE STATE EMPLOYEE'S ELIGIBILITY
3 FOR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART.

4 (C) EFFECT OF FAILURE TO MAKE ELECTION.--A MEMBER OF THE
5 GENERAL ASSEMBLY WHO IS A MEMBER OF CLASS A AS A RESULT OF
6 FAILURE TO ELECT TO BECOME A MEMBER OF ANOTHER CLASS OR WHO IS A
7 MEMBER OF ANOTHER CLASS OTHER THAN CLASS D-4 AS A RESULT OF
8 ELECTING MEMBERSHIP IN SUCH CLASS FOR LEGISLATIVE SERVICE SHALL
9 NOT BE ELIGIBLE TO RECEIVE OR ELECT A DIFFERENT CLASS OF SERVICE
10 FOR SUCH LEGISLATIVE SERVICE EITHER DURING THE PERIOD OF
11 LEGISLATIVE SERVICE OR UPON TERMINATION AND SUBSEQUENT
12 EMPLOYMENT[.] UNLESS THE STATE EMPLOYEE ELECTS TO BECOME A
13 MEMBER OF CLASS A-5 OR CLASS A-6 OR SOLELY A PARTICIPANT IN THE
14 PLAN UNDER SECTION 5306.5.

15 § 5306.3. ELECTION TO BECOME A CLASS A-4 MEMBER.

16 * * *

17 (B) TIME FOR MAKING ELECTION.--THE ELECTION TO BECOME A
18 CLASS A-4 MEMBER MUST BE MADE BY THE MEMBER FILING WRITTEN
19 NOTICE WITH THE BOARD IN A FORM AND MANNER DETERMINED BY THE
20 BOARD NO LATER THAN 45 DAYS AFTER NOTICE FROM THE BOARD OF THE
21 MEMBER'S ELIGIBILITY TO ELECT CLASS A-4 MEMBERSHIP. A STATE
22 EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS A-4 MEMBER
23 WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT
24 HAVING ELECTED CLASS A-4 MEMBERSHIP [MAY MAKE THE ELECTION
25 WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM] SHALL HAVE THE
26 ELECTION PERIOD EXTENDED BY THE NUMBER OF DAYS ON USERRA LEAVE.

27 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS A-4
28 MEMBER SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE
29 EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM AND SHALL REMAIN IN
30 EFFECT FOR ALL FUTURE [CREDITABLE] STATE SERVICE CREDITABLE TO

1 THE SYSTEM, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE
2 JUDICIARY[.], BUT SHALL NOT APPLY TO SERVICE PERFORMED AS A
3 MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS A-5 OR CLASS A-6
4 OR SOLELY A PARTICIPANT IN THE PLAN UNDER SECTION 5306.5
5 (RELATING TO ELECTION BY ACTIVE MEMBERS TO BECOME A CLASS A-5
6 MEMBER, CLASS A-6 MEMBER OR PLAN PARTICIPANT) TO SERVICE NOT
7 PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE IF THE STATE EMPLOYEE
8 FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1,
9 2019. PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK
10 MEMBER CONTRIBUTIONS FOR CLASS A-4 STATE SERVICE PERFORMED PRIOR
11 TO THE ELECTION OF CLASS A-4 MEMBERSHIP SHALL BE MADE IN A FORM,
12 MANNER AND TIME DETERMINED BY THE BOARD. UPON TERMINATION OF
13 STATE SERVICE AND SUBSEQUENT REEMPLOYMENT, A MEMBER WHO ELECTED
14 CLASS A-4 MEMBERSHIP SHALL BE CREDITED AS A CLASS A-4 MEMBER FOR
15 CREDITABLE STATE SERVICE PERFORMED AFTER REEMPLOYMENT, EXCEPT AS
16 A MEMBER OF THE JUDICIARY, OR UNLESS THE REEMPLOYMENT IS AS A
17 MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS A-5 OR CLASS A-6
18 OR SOLELY A PARTICIPANT IN THE PLAN UNDER SECTION 5306.5,
19 PROVIDED THAT IF THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF
20 THE SYSTEM ON OR AFTER JANUARY 1, 2019, THE REEMPLOYMENT IS AS A
21 CLASS A-5 EXEMPT EMPLOYEE, REGARDLESS OF TERMINATION OF
22 EMPLOYMENT, TERMINATION OF MEMBERSHIP BY WITHDRAWAL OF
23 ACCUMULATED DEDUCTIONS OR STATUS AS AN ANNUITANT, VESTEE OR
24 INACTIVE MEMBER AFTER THE TERMINATION OF SERVICE.

25 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO
26 BECOME A CLASS A-4 MEMBER WITHIN THE ELECTION PERIOD SET FORTH
27 IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S STATE
28 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE
29 JUDICIARY, OR IF THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF
30 THE SYSTEM ON OR AFTER JANUARY 1, 2019, ALL SERVICE AS A CLASS

1 A-5 EXEMPT EMPLOYEE, BEING CREDITED AS CLASS A-3 SERVICE AND NOT
2 SUBJECT TO FURTHER ELECTION OR CREDITING AS CLASS A-4 SERVICE,
3 UNLESS THE STATE EMPLOYEE ELECTS TO BECOME A MEMBER OF CLASS A-5
4 OR CLASS A-6 OR SOLELY A PARTICIPANT IN THE PLAN UNDER SECTION
5 5306.5. UPON TERMINATION AND SUBSEQUENT EMPLOYMENT, A MEMBER WHO
6 FAILED TO ELECT TO BECOME A CLASS A-4 MEMBER SHALL NOT BE
7 ELIGIBLE TO MAKE ANOTHER ELECTION TO BECOME A CLASS A-4 MEMBER
8 FOR EITHER PAST OR FUTURE STATE SERVICE.

9 SECTION 309. TITLE 71 IS AMENDED BY ADDING SECTIONS TO READ:

10 § 5306.4. ELECTION TO BECOME A CLASS A-6 MEMBER OR SOLELY A
11 PARTICIPANT IN THE PLAN.

12 (A) GENERAL RULE.--A STATE EMPLOYEE WHO WAS NOT ELIGIBLE TO
13 MAKE AN ELECTION UNDER SECTION 5306.5 (RELATING TO ELECTION BY
14 ACTIVE MEMBERS TO BECOME A CLASS A-5 MEMBER, CLASS A-6 MEMBER OR
15 PLAN PARTICIPANT) AND WHO OTHERWISE IS ELIGIBLE FOR CLASS A-5
16 MEMBERSHIP WHO HAS NOT PREVIOUSLY ELECTED OR DECLINED TO ELECT
17 CLASS A-6 MEMBERSHIP OR TO BE SOLELY A PARTICIPANT IN THE PLAN
18 MAY ELECT TO BECOME EITHER A MEMBER OF CLASS A-6 OR SOLELY A
19 PARTICIPANT IN THE PLAN.

20 (B) TIME FOR MAKING ELECTION.--THE ELECTION TO BECOME A
21 CLASS A-6 MEMBER OR SOLELY A PARTICIPANT IN THE PLAN MUST BE
22 MADE BY THE MEMBER FILING WRITTEN NOTICE WITH THE BOARD IN A
23 FORM AND MANNER DETERMINED BY THE BOARD NO LATER THAN 45 DAYS
24 AFTER NOTICE FROM THE BOARD OF THE MEMBER'S ELIGIBILITY TO ELECT
25 CLASS A-6 MEMBERSHIP OR TO BE SOLELY A PARTICIPANT IN THE PLAN.
26 THIS NOTICE SHALL BE GIVEN UPON A STATE EMPLOYEE FIRST BEGINNING
27 STATE SERVICE IN A POSITION ELIGIBLE TO BE A MEMBER OF THE
28 SYSTEM THAT IS NOT AS A CLASS A-5 EXEMPT EMPLOYEE. A STATE
29 EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS A-6 MEMBER
30 OR SOLELY A PARTICIPANT IN THE PLAN WHO BEGINS USERRA LEAVE

1 DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED CLASS A-6
2 MEMBERSHIP OR TO BE SOLELY A PARTICIPANT IN THE PLAN WILL HAVE
3 THE ELECTION PERIOD EXTENDED BY THE NUMBER OF DAYS ON USERRA
4 LEAVE.

5 (C) EFFECT OF ELECTION TO BE A CLASS A-6 MEMBER.--AN
6 ELECTION TO BECOME A CLASS A-6 MEMBER SHALL BE IRREVOCABLE AND
7 SHALL BECOME EFFECTIVE ON THE EFFECTIVE DATE OF MEMBERSHIP IN
8 THE SYSTEM AND SHALL REMAIN IN EFFECT FOR ALL FUTURE CREDITABLE
9 STATE SERVICE, OTHER THAN SERVICE PERFORMED AS A CLASS A-5
10 EXEMPT EMPLOYEE. PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR
11 CLASS A-6 STATE SERVICE PERFORMED PRIOR TO THE ELECTION OF CLASS
12 A-6 MEMBERSHIP SHALL BE MADE IN A FORM, MANNER AND TIME
13 DETERMINED BY THE BOARD. UPON TERMINATION AND SUBSEQUENT
14 REEMPLOYMENT, A MEMBER WHO ELECTED CLASS A-6 MEMBERSHIP SHALL BE
15 CREDITED AS A CLASS A-6 MEMBER FOR CREDITABLE STATE SERVICE
16 PERFORMED AFTER REEMPLOYMENT, EXCEPT AS A CLASS A-5 EXEMPT
17 EMPLOYEE, REGARDLESS OF TERMINATION OF EMPLOYMENT, TERMINATION
18 OF MEMBERSHIP BY WITHDRAWAL OF ACCUMULATED DEDUCTIONS OR STATUS
19 AS AN ANNUITANT, VESTEE OR INACTIVE MEMBER AFTER THE TERMINATION
20 OF SERVICE.

21 (D) EFFECT OF ELECTION TO BE SOLELY A PARTICIPANT IN THE
22 PLAN.--AN ELECTION TO BECOME SOLELY A PARTICIPANT IN THE PLAN
23 SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE DATE THAT
24 MEMBERSHIP IN THE SYSTEM WOULD HAVE BEEN EFFECTIVE HAD THE
25 ELECTION NOT BEEN MADE AND SHALL REMAIN IN EFFECT FOR ALL FUTURE
26 STATE SERVICE, OTHER THAN SERVICE PERFORMED AS A CLASS A-5
27 EXEMPT EMPLOYEE. PAYMENT OF MANDATORY PARTICIPANT PICKUP
28 CONTRIBUTIONS FOR SERVICE SOLELY AS A PARTICIPANT IN THE PLAN
29 PERFORMED PRIOR TO THE ELECTION SHALL BE MADE IN A FORM, MANNER
30 AND TIME DETERMINED BY THE BOARD. UPON TERMINATION AND

1 SUBSEQUENT REEMPLOYMENT, A STATE EMPLOYEE WHO ELECTED TO BE
2 SOLELY A PARTICIPANT IN THE PLAN SHALL RESUME ACTIVE
3 PARTICIPATION FOR STATE SERVICE PERFORMED AFTER REEMPLOYMENT,
4 EXCEPT AS A CLASS A-5 EXEMPT EMPLOYEE, REGARDLESS OF TERMINATION
5 OF EMPLOYMENT, TERMINATION OF PARTICIPATION BY A PARTIAL OR
6 TOTAL DISTRIBUTION OF VESTED TOTAL DEFINED CONTRIBUTIONS OR
7 STATUS AS AN ANNUITANT, VESTEE OR INACTIVE MEMBER OF THE SYSTEM
8 AS A CLASS A-5 EXEMPT EMPLOYEE AFTER THE TERMINATION OF SERVICE.

9 (E) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO
10 BECOME A CLASS A-6 MEMBER OR SOLELY A PARTICIPANT IN THE PLAN
11 WITHIN THE ELECTION PERIOD SET FORTH IN SUBSECTION (B) SHALL
12 RESULT IN ALL OF THE MEMBER'S STATE SERVICE NOT PERFORMED AS A
13 CLASS A-5 EXEMPT EMPLOYEE BEING CREDITED AS CLASS A-5 SERVICE
14 AND NOT SUBJECT TO FURTHER ELECTION OR CREDITING AS CLASS A-6
15 SERVICE OR SOLELY AS A PARTICIPANT IN THE PLAN. UPON TERMINATION
16 AND SUBSEQUENT EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO
17 BECOME A CLASS A-6 MEMBER OR SOLELY A PARTICIPANT IN THE PLAN
18 SHALL NOT BE ELIGIBLE TO MAKE ANOTHER ELECTION TO BECOME A CLASS
19 A-6 MEMBER OR SOLELY A PARTICIPANT IN THE PLAN FOR EITHER PAST
20 OR FUTURE STATE SERVICE.

21 § 5306.5. ELECTION BY ACTIVE MEMBERS TO BECOME A CLASS A-5
22 MEMBER, CLASS A-6 MEMBER OR PLAN PARTICIPANT.

23 (A) GENERAL RULE.--A STATE EMPLOYEE, EXCEPT FOR A CLASS A-5
24 EXEMPT EMPLOYEE, WHO IS AN ACTIVE MEMBER OR INACTIVE MEMBER ON
25 LEAVE WITHOUT PAY ON DECEMBER 31, 2018, AND JANUARY 1, 2019, MAY
26 ELECT TO BECOME A MEMBER OF CLASS A-5, A MEMBER OF CLASS A-6 OR
27 SOLELY A PARTICIPANT IN THE PLAN. A STATE EMPLOYEE WHO WAS
28 PREVIOUSLY A MEMBER OF THE SYSTEM BEFORE JANUARY 1, 2019, AND
29 WHO RETURNS TO STATE SERVICE ON OR AFTER JANUARY 1, 2019, OR WHO
30 IS A CLASS A-5 EXEMPT EMPLOYEE ON DECEMBER 31, 2018, AND JANUARY

1 1, 2019, IS NOT ELIGIBLE TO ELECT CLASS A-5 MEMBERSHIP, CLASS A-
2 6 MEMBERSHIP OR PARTICIPATION IN THE PLAN.

3 (B) TIME FOR MAKING ELECTION.--THE ELECTION TO BECOME A
4 CLASS A-5 MEMBER, CLASS A-6 MEMBER OR SOLELY A PARTICIPANT IN
5 THE PLAN MUST BE MADE BY THE EMPLOYEE FILING WRITTEN NOTICE WITH
6 THE BOARD BEFORE THE TERMINATION OF STATE SERVICE OR BY MARCH
7 31, 2019, WHICHEVER OCCURS FIRST, BUT MAY NOT BE MADE BEFORE
8 JANUARY 1, 2019. A STATE EMPLOYEE WHO IS ELIGIBLE TO ELECT TO
9 BECOME A CLASS A-5 MEMBER, CLASS A-6 MEMBER OR SOLELY A
10 PARTICIPANT IN THE PLAN WHO BEGINS USERRA LEAVE DURING THE
11 ELECTION PERIOD WITHOUT HAVING ELECTED CLASS A-5 MEMBERSHIP,
12 CLASS A-6 MEMBERSHIP OR PARTICIPATION IN THE PLAN WILL HAVE THE
13 ELECTION PERIOD EXTENDED BY THE NUMBER OF DAYS THE EMPLOYEE IS
14 ON USERRA LEAVE.

15 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS A-5
16 MEMBER, A CLASS A-6 MEMBER OR SOLELY A PARTICIPANT IN THE PLAN
17 SHALL BE IRREVOCABLE AS OF THE EARLIER OF THE DATE OF
18 TERMINATION OF STATE SERVICE OR THE DAY AFTER THE ELECTION
19 PERIOD EXPIRES. THE ELECTION SHALL APPLY TO ALL SERVICE
20 PERFORMED ON OR AFTER JULY 1, 2019, AND SHALL REMAIN IN EFFECT
21 FOR ALL FUTURE CREDITABLE STATE SERVICE, OTHER THAN SERVICE
22 PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE. A MEMBER WHO ELECTS
23 CLASS A-5 MEMBERSHIP SHALL BE SUBJECT TO ALL PROVISIONS OF THIS
24 PART APPLICABLE TO CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE
25 PLAN AS A CLASS A-5 MEMBER FOR ALL SERVICE OTHER THAN SERVICE AS
26 A CLASS A-5 EXEMPT EMPLOYEE PERFORMED ON AND AFTER JULY 1, 2019.
27 A MEMBER WHO ELECTS CLASS A-6 MEMBERSHIP SHALL BE SUBJECT TO ALL
28 PROVISIONS OF THIS PART APPLICABLE TO CLASS A-6 MEMBERSHIP AND
29 PARTICIPATION IN THE PLAN AS A CLASS A-6 MEMBER FOR ALL SERVICE
30 OTHER THAN SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE PERFORMED ON

1 AND AFTER JULY 1, 2019. A MEMBER WHO ELECTS TO BE SOLELY A
2 PARTICIPANT IN THE PLAN SHALL BE SUBJECT TO ALL PROVISIONS OF
3 THIS PART APPLICABLE TO PARTICIPATION IN THE PLAN FOR ALL
4 SERVICE OTHER THAN SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE
5 PERFORMED ON AND AFTER JULY 1, 2019. UPON TERMINATION AND
6 SUBSEQUENT REEMPLOYMENT, A MEMBER WHO ELECTED CLASS A-5
7 MEMBERSHIP, CLASS A-6 MEMBERSHIP OR TO BE SOLELY A PARTICIPANT
8 IN THE PLAN SHALL BE CREDITED AS A CLASS A-5 MEMBER, A CLASS A-6
9 MEMBER, OR SOLELY AS A PARTICIPANT IN THE PLAN, AS THE CASE MAY
10 BE, FOR CREDITABLE STATE SERVICE PERFORMED AFTER REEMPLOYMENT,
11 EXCEPT AS A CLASS A-5 EXEMPT EMPLOYEE, REGARDLESS OF TERMINATION
12 OF EMPLOYMENT, TERMINATION OF MEMBERSHIP BY WITHDRAWAL OF
13 ACCUMULATED DEDUCTIONS, TERMINATION OF PARTICIPATION BY A
14 DISTRIBUTION OF VESTED TOTAL DEFINED CONTRIBUTIONS OR STATUS AS
15 AN ANNUITANT, VESTEE, INACTIVE MEMBER OR PARTICIPANT RECEIVING
16 DISTRIBUTIONS AFTER THE TERMINATION OF SERVICE.

17 (D) EFFECT OF FAILURE TO MAKE ELECTION.--IF THE EMPLOYEE
18 FAILS TO FILE TIMELY AN ELECTION TO BECOME A CLASS A-5 MEMBER, A
19 CLASS A-6 MEMBER OR SOLELY A PARTICIPANT IN THE PLAN, THE
20 EMPLOYEE SHALL CONTINUE TO BE ENROLLED IN THE APPLICABLE CLASS
21 OF SERVICE AND SHALL NEVER BE ABLE TO ELECT CLASS A-5
22 MEMBERSHIP, CLASS A-6 MEMBERSHIP OR PARTICIPATION IN THE PLAN,
23 REGARDLESS OF WHETHER THE EMPLOYEE TERMINATES SERVICE OR HAS A
24 BREAK IN SERVICE.

25 (E) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.--AN
26 INDIVIDUAL WHO HAS MADE THE ELECTION UNDER SUBSECTION (A) SHALL
27 MAKE THE FOLLOWING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
28 FOR SERVICE:

29 (1) IF THE PARTICIPANT ELECTED TO BE A MEMBER OF CLASS
30 A-5, THEN:

1 (I) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
2 CLASS A IF THE ELECTION HAD NOT BEEN MADE, NO MANDATORY
3 PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE MADE.

4 (II) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
5 CLASS AA IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
6 1.25% OF COMPENSATION.

7 (III) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
8 CLASS A-3 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
9 1.25% OF COMPENSATION.

10 (IV) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
11 CLASS A-4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
12 4.3% OF COMPENSATION.

13 (V) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
14 CLASS D-4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
15 2.5% OF COMPENSATION.

16 (VI) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
17 CLASS E-1 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
18 5% OF COMPENSATION FOR SERVICE FOR WHICH THE REGULAR
19 MEMBER CONTRIBUTIONS WOULD HAVE BEEN 10% OF COMPENSATION
20 OR AT A RATE OF 2.5% FOR SERVICE FOR WHICH THE REGULAR
21 MEMBER CONTRIBUTIONS WOULD HAVE BEEN 7.5% OF
22 COMPENSATION.

23 (VII) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
24 CLASS E-2 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
25 2.5% OF COMPENSATION.

26 (2) IF THE PARTICIPANT ELECTED TO BE A MEMBER OF CLASS
27 A-6, THEN:

28 (I) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
29 CLASS A IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
30 1% OF COMPENSATION.

1 (II) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
2 CLASS AA IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
3 2.25% OF COMPENSATION.

4 (III) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
5 CLASS A-3 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
6 2.25% OF COMPENSATION.

7 (IV) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
8 CLASS A-4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
9 5.3% OF COMPENSATION.

10 (V) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
11 CLASS D-4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
12 3.5% OF COMPENSATION.

13 (VI) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
14 CLASS E-1 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
15 6% OF COMPENSATION FOR SERVICE FOR WHICH THE REGULAR
16 MEMBER CONTRIBUTIONS WOULD HAVE BEEN 10% OF COMPENSATION
17 OR AT A RATE OF 3.5% FOR SERVICE FOR WHICH THE REGULAR
18 MEMBER CONTRIBUTIONS WOULD HAVE BEEN 7.5% OF
19 COMPENSATION.

20 (VII) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
21 CLASS E-2 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
22 3.5% OF COMPENSATION.

23 (3) IF THE PARTICIPANT ELECTED TO BE SOLELY A
24 PARTICIPANT IN THE PLAN, THEN:

25 (I) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
26 CLASS A IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
27 5% OF COMPENSATION.

28 (II) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
29 CLASS AA IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
30 6.25% OF COMPENSATION.

1 (III) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
2 CLASS A-3 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
3 6.25% OF COMPENSATION.

4 (IV) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
5 CLASS A-4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
6 9.3% OF COMPENSATION.

7 (V) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
8 CLASS D-4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
9 7.5% OF COMPENSATION.

10 (VI) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
11 CLASS E-1 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
12 10% OF COMPENSATION FOR SERVICE FOR WHICH THE REGULAR
13 MEMBER CONTRIBUTIONS WOULD HAVE BEEN 10% OF COMPENSATION
14 OR AT A RATE OF 7.5% FOR SERVICE FOR WHICH THE REGULAR
15 MEMBER CONTRIBUTIONS WOULD HAVE BEEN 7.5% OF
16 COMPENSATION.

17 (VII) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF
18 CLASS E-2 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF
19 7.5% OF COMPENSATION.

20 (VIII) IF THE PARTICIPANT WOULD HAVE BEEN MAKING
21 SHARED-RISK MEMBER CONTRIBUTIONS IF THE ELECTION HAD NOT
22 BEEN MADE, THEN THE MANDATORY PICKUP PARTICIPANT
23 CONTRIBUTIONS SHALL BE A PERCENTAGE OF COMPENSATION
24 GREATER THAN THE AMOUNTS LISTED IN THIS SUBSECTION EQUAL
25 TO THE SHARED-RISK MEMBER CONTRIBUTION RATE THAT WOULD
26 HAVE BEEN APPLICABLE. THIS PERCENTAGE RATE SHALL BE
27 SUBJECT TO ANY SUBSEQUENT CHANGES IN THE SHARED-RISK
28 MEMBER CONTRIBUTIONS.

29 (IX) IF THE PARTICIPANT WOULD HAVE HAD REGULAR
30 MEMBER CONTRIBUTIONS ADJUSTED BY THE SHARED-GAIN

1 ADJUSTMENT IF THE ELECTION HAD NOT BEEN MADE, THEN THE
2 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE
3 REDUCED BY THE SAME PERCENTAGE OF COMPENSATION REGULAR
4 MEMBER CONTRIBUTIONS WOULD HAVE BEEN REDUCED BY THE
5 SHARED-GAIN ADJUSTMENT. THIS PERCENTAGE RATE SHALL BE
6 SUBJECT TO ANY SUBSEQUENT CHANGES IN THE SHARED-GAIN
7 ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS.

8 (4) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SOCIAL
9 SECURITY INTEGRATION CONTRIBUTIONS IF THE ELECTION HAD NOT
10 BEEN MADE, THEN THE MANDATORY PICKUP PARTICIPANT
11 CONTRIBUTIONS ON COMPENSATION FOR WHICH SOCIAL SECURITY
12 INTEGRATION CONTRIBUTIONS WOULD HAVE BEEN MADE SHALL BE 5% OF
13 COMPENSATION GREATER THAN THE AMOUNTS LISTED IN THIS
14 SUBSECTION.

15 SECTION 310. SECTIONS 5307, 5308, 5308.1 INTRODUCTORY
16 PARAGRAPH AND (1), 5309, 5310, 5311(A), 5501.1, 5502, 5503.1(A)
17 AND 5504 OF TITLE 71 ARE AMENDED TO READ:

18 § 5307. ELIGIBILITY POINTS.

19 (A) GENERAL RULE.--AN ACTIVE MEMBER OF THE SYSTEM SHALL
20 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE
21 AS A MEMBER OF THE [STATE OR] SYSTEM AND IF A MULTIPLE SERVICE
22 MEMBER AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
23 SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO-THIRDS OF AN
24 ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 CREDITED SERVICE.
25 IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE,
26 A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF
27 ELIGIBILITY POINTS TO WHICH THE CLASS OF SERVICE ENTITLES HIM. A
28 STATE EMPLOYEE WHO IS PERFORMING STATE SERVICE SOLELY AS A
29 PARTICIPANT IN THE PLAN SHALL ACCRUE ELIGIBILITY POINTS AT THE
30 SAME RATE AND MANNER AS IF THE STATE EMPLOYEE WAS PERFORMING

1 STATE SERVICE CREDITED AS A MEMBER OF CLASS A-5. NO ELIGIBILITY
2 POINTS SHALL ACCRUE IN THE SYSTEM OR THE PLAN FOR SERVICE AS A
3 SCHOOL EMPLOYEE CREDITED AS CLASS DC SERVICE IN THE PUBLIC
4 SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

5 (A.1) USERRA LEAVE.--A MEMBER OF THE SYSTEM OR PARTICIPANT
6 IN THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES
7 WHILE PERFORMING USERRA LEAVE SHALL BE GRANTED THE ELIGIBILITY
8 POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS STATE
9 OFFICE OR EMPLOYMENT INSTEAD OF PERFORMING USERRA LEAVE. IN THE
10 EVENT THAT A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE
11 MAKES THE MEMBER CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT
12 CONTRIBUTIONS TO BE GRANTED STATE SERVICE CREDIT FOR THE USERRA
13 LEAVE, NO ADDITIONAL ELIGIBILITY POINTS WILL BE GRANTED.

14 (B) TRANSITIONAL RULE.--

15 (1) IN DETERMINING WHETHER A MEMBER WHO IS NOT A STATE
16 EMPLOYEE OR SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1,
17 2001, AND WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY
18 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30, 2001,
19 UPON TERMINATION OF THE DISABILITY ANNUITY) HAS THE FIVE
20 ELIGIBILITY POINTS REQUIRED BY SECTIONS 5102 (RELATING TO
21 DEFINITIONS), 5308(B) (RELATING TO ELIGIBILITY FOR
22 ANNUITIES), 5309 (RELATING TO ELIGIBILITY FOR VESTING),
23 5704(B) (RELATING TO DISABILITY ANNUITIES) AND 5705(A)
24 (RELATING TO MEMBER'S OPTIONS), ONLY ELIGIBILITY POINTS
25 EARNED BY PERFORMING CREDITED STATE SERVICE, USERRA LEAVE OR
26 CREDITED SCHOOL SERVICE AS AN ACTIVE MEMBER OF THE PUBLIC
27 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AFTER JUNE 30, 2001,
28 SHALL BE COUNTED UNTIL SUCH MEMBER EARNS ONE ELIGIBILITY
29 POINT BY PERFORMING CREDITED STATE SERVICE OR, IF A MULTIPLE
30 SERVICE MEMBER, CREDITED SCHOOL SERVICE AS AN ACTIVE MEMBER

1 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AFTER JUNE
2 30, 2001, AT WHICH TIME ALL ELIGIBILITY POINTS AS DETERMINED
3 PURSUANT TO SUBSECTION (A) SHALL 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 AS DETERMINED
8 PURSUANT TO SUBSECTION (A); OR

9 (II) HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS
10 L, CLASS M OR CLASS N SERVICE AND HAS EIGHT OR MORE
11 ELIGIBILITY POINTS AS DETERMINED PURSUANT TO SUBSECTION
12 (A) .

13 (C) APPLICATION OF ELIGIBILITY POINTS.--ELIGIBILITY POINTS
14 ACCRUED FOR SERVICE AS EITHER MEMBER OF THE SYSTEM OR
15 PARTICIPANT IN THE PLAN MAY BE USED TO DETERMINE THE ELIGIBILITY
16 FOR BENEFITS FROM EITHER THE SYSTEM OR THE PLAN UNLESS THE
17 PROVISION IS RESTRICTED TO ELIGIBILITY POINTS ACCRUED FROM
18 SPECIFIC TYPES OF STATE SERVICE. ELIGIBILITY POINTS ACCRUED FROM
19 SERVICE AS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
20 RETIREMENT SYSTEM SHALL APPLY ONLY IF A STATE EMPLOYEE HAS
21 ELECTED MULTIPLE SERVICE. ELIGIBILITY POINTS ACCRUED BY A STATE
22 EMPLOYEE FOR SERVICE SOLELY AS A PARTICIPANT IN THE PLAN FOR
23 WHICH HE RECEIVED A TOTAL DISTRIBUTION OF ACCUMULATED TOTAL
24 DEFINED CONTRIBUTIONS SHALL NOT APPLY WHEN DETERMINING
25 ELIGIBILITY FOR BENEFITS FROM THE SYSTEM OR THE PLAN RESULTING
26 FROM ANY STATE SERVICE SUBSEQUENTLY CREDITED IN THE SYSTEM OR
27 PERFORMED AFTER THE TOTAL DISTRIBUTION.

28 § 5308. ELIGIBILITY FOR ANNUITIES.

29 (A) SUPERANNUATION ANNUITY.--ATTAINMENT OF SUPERANNUATION
30 AGE BY AN ACTIVE MEMBER [OR] AN INACTIVE MEMBER ON LEAVE

1 WITHOUT PAY OR A PARTICIPANT WITH SERVICE CREDITED AS A MEMBER
2 OF THE SYSTEM WITH THREE OR MORE ELIGIBILITY POINTS OTHER THAN
3 ELIGIBILITY POINTS RESULTING FROM NONSTATE SERVICE OR NONSCHOOL
4 SERVICE SHALL ENTITLE HIM TO RECEIVE A SUPERANNUATION ANNUITY
5 UPON TERMINATION OF STATE SERVICE AND COMPLIANCE WITH SECTION
6 5907(F) (RELATING TO RIGHTS AND DUTIES OF STATE EMPLOYEES [AND
7 MEMBERS], MEMBERS AND PARTICIPANTS).

8 (B) WITHDRAWAL ANNUITY.--

9 (1) ANY VESTEE OR ANY ACTIVE MEMBER [OR], INACTIVE
10 MEMBER ON LEAVE WITHOUT PAY OR PARTICIPANT WITH SERVICE
11 CREDITED AS A MEMBER OF THE SYSTEM WHO TERMINATES STATE
12 SERVICE HAVING FIVE OR MORE ELIGIBILITY POINTS AND WHO DOES
13 NOT HAVE CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR CLASS A-6
14 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-E
15 [OR], CLASS T-F, CLASS T-G OR CLASS T-H SERVICE CREDIT IN THE
16 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR WHO HAS CLASS
17 G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR
18 CLASS N SERVICE AND TERMINATES STATE SERVICE HAVING FIVE OR
19 MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION
20 5907(F), (G) OR (H) SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

21 (2) ANY VESTEE, ACTIVE MEMBER [OR], INACTIVE MEMBER ON
22 LEAVE WITHOUT PAY OR PARTICIPANT WITH SERVICE CREDITED AS A
23 MEMBER OF THE SYSTEM WHO HAS CLASS A-3 [OR], CLASS A-4, CLASS
24 A-5 OR CLASS A-6 SERVICE CREDIT OR, IF A MULTIPLE SERVICE
25 MEMBER, CLASS T-E [OR], CLASS T-F, CLASS T-G OR CLASS T-H
26 SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
27 SYSTEM WHO TERMINATES STATE SERVICE HAVING TEN OR MORE
28 ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION 5907(F), (G)
29 OR (H), SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

30 (3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON

1 LEAVE WITHOUT PAY OR PARTICIPANT WITH SERVICE CREDITED AS A
2 MEMBER OF THE SYSTEM WHO HAS EITHER CLASS A-3 [OR], CLASS A-
3 4, CLASS A-5 OR CLASS A-6 SERVICE CREDIT OR, IF A MULTIPLE
4 SERVICE MEMBER, CLASS T-E [OR], CLASS T-F, CLASS T-G OR CLASS
5 T-H SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
6 SYSTEM AND ALSO HAS SERVICE CREDITED IN THE SYSTEM IN ONE OR
7 MORE OTHER CLASSES OF SERVICE WHO HAS FIVE OR MORE, BUT FEWER
8 THAN TEN, ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION
9 5907(F), (G) OR (H), SHALL BE ELIGIBLE TO RECEIVE AN ANNUITY
10 CALCULATED ON HIS SERVICE CREDITED IN CLASSES OF SERVICE
11 OTHER THAN CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR CLASS A-6,
12 PROVIDED THAT THE MEMBER HAS FIVE OR MORE ELIGIBILITY POINTS
13 RESULTING FROM SERVICE IN CLASSES OTHER THAN CLASS A-3 [OR],
14 CLASS A-4, CLASS A-5 OR CLASS A-6 OR CLASS T-E [OR], CLASS T-
15 F, CLASS T-G OR CLASS T-H SERVICE IN THE PUBLIC SCHOOL
16 EMPLOYEES' RETIREMENT SYSTEM.

17 (C) DISABILITY ANNUITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER
18 ON LEAVE WITHOUT PAY WHO HAS FIVE OR MORE ELIGIBILITY POINTS
19 OTHER THAN ELIGIBILITY POINTS RESULTING FROM MEMBERSHIP IN THE
20 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR ANY ACTIVE MEMBER
21 OR INACTIVE MEMBER ON LEAVE WITHOUT PAY WHO IS AN OFFICER OF THE
22 PENNSYLVANIA STATE POLICE OR AN ENFORCEMENT OFFICER SHALL, UPON
23 COMPLIANCE WITH SECTION 5907(K), BE ENTITLED TO A DISABILITY
24 ANNUITY IF HE BECOMES MENTALLY OR PHYSICALLY INCAPABLE OF
25 CONTINUING TO PERFORM THE DUTIES FOR WHICH HE IS EMPLOYED AND
26 QUALIFIES IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C)
27 (1) (RELATING TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND
28 ELECTIONS OF MEMBERS AND PARTICIPANTS).

29 (D) REQUIRED BEGINNING DATE.--MEMBERS ELIGIBLE FOR AN
30 ANNUITY MUST COMMENCE RECEIVING THE ANNUITY BY THE MEMBER'S

1 REQUIRED BEGINNING DATE.

2 § 5308.1. ELIGIBILITY FOR SPECIAL EARLY RETIREMENT.

3 NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE CONTRARY,
4 THE FOLLOWING SPECIAL EARLY RETIREMENT PROVISIONS SHALL BE
5 APPLICABLE TO SPECIFIED ELIGIBLE MEMBERS [AS FOLLOWS]:

6 (1) DURING THE PERIOD OF JULY 1, 1985, TO SEPTEMBER 30,
7 1991, AN ACTIVE MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST
8 53 YEARS AND HAS ACCRUED AT LEAST 30 ELIGIBILITY POINTS SHALL
9 BE ENTITLED, UPON TERMINATION OF STATE SERVICE AND COMPLIANCE
10 WITH SECTION 5907(F) (RELATING TO RIGHTS AND DUTIES OF STATE
11 EMPLOYEES [AND] MEMBERS AND PARTICIPANTS), TO RECEIVE A
12 MAXIMUM SINGLE LIFE ANNUITY CALCULATED UNDER SECTION 5702
13 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY) WITHOUT A REDUCTION
14 BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH IS UNDER
15 THE SUPERANNUATION AGE.

16 * * *

17 § 5309. ELIGIBILITY FOR VESTING.

18 ANY MEMBER WHO:

19 (1) DOES NOT HAVE CLASS A-3 [OR] CLASS A-4, CLASS A-5
20 OR CLASS A-6 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER,
21 CLASS T-E [OR] CLASS T-F, CLASS T-G OR CLASS T-H SERVICE
22 CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND
23 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND
24 AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
25 SYSTEM TERMINATES SCHOOL SERVICE, WITH FIVE OR MORE
26 ELIGIBILITY POINTS, OR ANY MEMBER WITH CLASS G, CLASS H,
27 CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N
28 SERVICE WITH FIVE OR MORE ELIGIBILITY POINTS, SHALL BE
29 ELIGIBLE UNTIL HIS REQUIRED BEGINNING DATE TO VEST HIS
30 RETIREMENT BENEFITS.

1 (2) HAS ONLY CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR
2 CLASS A-6 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE
3 MEMBER, ONLY CLASS T-E [OR], CLASS T-F, CLASS T-G OR CLASS T-
4 H SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
5 SYSTEM AND TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE
6 MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
7 RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, WITH TEN OR MORE
8 ELIGIBILITY POINTS SHALL BE ELIGIBLE UNTIL HIS REQUIRED
9 BEGINNING DATE TO VEST HIS RETIREMENT BENEFITS.

10 (3) HAS EITHER CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR
11 CLASS A-6 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE
12 MEMBER, CLASS T-E [OR], CLASS T-F, CLASS T-G OR CLASS T-H
13 SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
14 SYSTEM, ALSO HAS SERVICE CREDITED IN THE SYSTEM IN ONE OR
15 MORE OTHER CLASSES OF SERVICE AND HAS FIVE OR MORE, BUT FEWER
16 THAN TEN, ELIGIBILITY POINTS AND TERMINATES STATE SERVICE, OR
17 IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE
18 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL
19 SERVICE, SHALL BE ELIGIBLE UNTIL HIS REQUIRED BEGINNING DATE
20 TO VEST HIS RETIREMENT BENEFITS CALCULATED ON HIS SERVICE
21 CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS A-3 [OR],
22 CLASS A-4, CLASS A-5 OR CLASS A-6 AND TO BE CREDITED WITH
23 STATUTORY INTEREST ON TOTAL ACCUMULATED DEDUCTIONS,
24 REGARDLESS OF WHETHER OR NOT ANY PART OF HIS ACCUMULATED
25 DEDUCTIONS ARE A RESULT OF CLASS A-3 [OR], CLASS A-4, CLASS
26 A-5 OR CLASS A-6 SERVICE CREDIT.

27 § 5310. ELIGIBILITY FOR DEATH BENEFITS.

28 IN THE EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN
29 ANNUITY IN ACCORDANCE WITH SECTION 5308(A) OR (B) (RELATING TO
30 ELIGIBILITY FOR ANNUITIES), HIS BENEFICIARY SHALL BE ENTITLED TO

1 A DEATH BENEFIT. FOR PURPOSES OF THIS SECTION, A MEMBER WITH TEN
2 OR MORE ELIGIBILITY POINTS SHALL BE CONSIDERED ELIGIBLE FOR AN
3 ANNUITY BASED ON CLASS A-5 SERVICE OR CLASS A-6 SERVICE EVEN IF
4 UNDER SUPERANNUATION AGE.

5 § 5311. ELIGIBILITY FOR REFUNDS.

6 (A) TOTAL ACCUMULATED DEDUCTIONS.--ANY ACTIVE MEMBER,
7 REGARDLESS OF ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS
8 TOTAL ACCUMULATED DEDUCTIONS BY HIS REQUIRED BEGINNING DATE UPON
9 TERMINATION OF SERVICE IN LIEU OF ANY BENEFIT FROM THE SYSTEM TO
10 WHICH HE IS ENTITLED.

11 * * *

12 § 5501.1. SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND
13 CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO
14 REGULAR MEMBER CONTRIBUTIONS.

15 (A) GENERAL.--SHARED-RISK MEMBER CONTRIBUTIONS SHALL BE MADE
16 TO THE FUND ON BEHALF OF EACH MEMBER OF CLASS A-3 [OR], CLASS A-
17 4, CLASS A-5 OR CLASS A-6 FOR CURRENT SERVICE CREDITED [AS CLASS
18 A-3 OR CLASS A-4] IN EACH SUCH CLASS OF SERVICE AS PROVIDED
19 UNDER THIS SECTION, EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN
20 WHICH THE MAKING OF THE CONTRIBUTIONS HAS CEASED SOLELY BY
21 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS
22 UNDER IRC § 401(A)(17) OR 415. SHARED-RISK MEMBER CONTRIBUTIONS
23 SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT. A SHARED-GAIN
24 ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-3, CLASS
25 A-4, CLASS A-5 AND CLASS A-6 SHALL BE MADE AS PROVIDED UNDER
26 THIS SECTION.

27 (A.1) EXCEPTION FOR CERTAIN MEMBERS WHO ELECTED UNDER
28 SECTION 5306.5.--NOTWITHSTANDING SUBSECTION (A), SHARED-RISK
29 MEMBER CONTRIBUTIONS AND SHARED-GAIN ADJUSTMENTS TO REGULAR
30 MEMBER CONTRIBUTIONS FOR CLASS A-5 AND CLASS A-6 SERVICE SHALL

1 NOT BE MADE FOR ANY MEMBER WHO ELECTED CLASS A-5 OR CLASS A-6
2 MEMBERSHIP UNDER SECTION 5306.5 (RELATING TO ELECTION BY ACTIVE
3 MEMBERS TO BECOME A CLASS A-5 MEMBER, CLASS A-6 MEMBER OR PLAN
4 PARTICIPANT) WHO WERE MEMBERS OF A CLASS OF SERVICE OTHER THAN
5 CLASS A-3 OR CLASS A-4 BEFORE MAKING THE ELECTION.

6 (B) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE[.--] FOR
7 CLASS A-3 AND CLASS A-4 SERVICE.--THE SHARED-RISK CONTRIBUTION
8 FOR CLASS A-3 AND CLASS A-4 SERVICE SHALL BE DETERMINED AS
9 FOLLOWS:

10 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
11 SECTION UNTIL JUNE 30, 2014, THE SHARED-RISK CONTRIBUTION
12 RATE FOR CLASS A-3 AND CLASS A-4 SHALL BE ZERO.

13 (2) FOR THE PERIOD FROM JULY 1, 2014, TO JUNE 30, 2017,
14 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE
15 DURING THE PERIOD FROM JANUARY 1, 2011, TO DECEMBER 31, 2013,
16 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE
17 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,
18 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
19 PERIOD, THE SHARED-RISK CONTRIBUTION RATE SHALL BE .5%. IN
20 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL
21 BE ZERO.

22 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, IF THE
23 SHARED-GAIN ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS IS
24 ZERO, THE SHARED-RISK CONTRIBUTION RATE SHALL BE INCREASED BY
25 .5% IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE
26 DURING THE PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF
27 THE NORMAL CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE
28 ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE
29 FUND BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED-RISK
30 CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL

1 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
2 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
3 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF
4 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON
5 MARKET VALUE OVER THAT PERIOD.

6 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED-
7 RISK CONTRIBUTION RATE SHALL NOT BE LESS THAN ZERO AND SHALL
8 NOT BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING
9 FROM INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION
10 PERIOD IN EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE
11 APPLIED, EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION,
12 AND SHALL NOT BE MORE THAN 2%. FOR THE DETERMINATION OF THE
13 SHARED-RISK CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2017,
14 THE DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH
15 DECEMBER 31, 2016. FOR THE DETERMINATION OF THE SHARED-RISK
16 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE
17 DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH
18 DECEMBER 31, 2019.

19 (5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS
20 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE
21 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL
22 INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY
23 FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE
24 DUTIES OF THE BOARD).

25 (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED
26 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD
27 USED TO DETERMINE THE SHARED-RISK CONTRIBUTION RATE, THE
28 BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE
29 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN
30 ANNUAL RATE.

1 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL
2 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER
3 THAN [THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)
4 (RELATING TO CONTRIBUTIONS BY THE COMMONWEALTH AND OTHER
5 EMPLOYERS)] THE ACTUARIALLY REQUIRED CONTRIBUTIONS, THE
6 PROSPECTIVE SHARED-RISK CONTRIBUTION RATE FOR THOSE EMPLOYEES
7 WHOSE EMPLOYERS ARE NOT MAKING THE ACTUARIALLY REQUIRED
8 CONTRIBUTIONS [REQUIRED BY SECTION 5507(D)] SHALL BE ZERO AND
9 SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS OTHERWISE
10 PROVIDED IN THIS SECTION. FOR PURPOSES OF THIS PARAGRAPH, THE
11 ACTUARIALLY REQUIRED CONTRIBUTION SHALL BE NO LESS THAN THE
12 NORMAL COST PLUS THE COST TO FULLY AMORTIZE THE UNFUNDED
13 ACTUARIAL ACCRUED LIABILITY CALCULATED USING ACTUARIAL
14 METHODS AND ASSUMPTIONS THAT ARE CONSISTENT WITH GENERALLY
15 ACCEPTED ACTUARIAL STANDARDS AND GENERALLY ACCEPTED
16 ACCOUNTING PRINCIPLES, INCLUDING PROFESSIONAL ACTUARIAL
17 STANDARDS OF PRACTICE.

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) [(RELATING TO
21 ACTUARIAL COST METHOD)], AS ADJUSTED BY THE EXPERIENCE
22 ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE SHARED-RISK
23 CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL BE ZERO AND
24 SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS OTHERWISE
25 PROVIDED IN THIS SECTION.

26 (9) THE SHARED-RISK CONTRIBUTION RATE FOR CLASS A-5 OR
27 CLASS A-6 SERVICE PERFORMED BY STATE EMPLOYEES WHO WERE
28 MEMBERS OF CLASS A-3 OR CLASS A-4 AND WHO ELECTED TO BE
29 MEMBERS OF CLASS A-5 OR CLASS A-6 UNDER SECTION 5306.5 SHALL
30 BE DETERMINED UNDER THIS SUBSECTION AND NOT SUBSECTION (E).

1 (C) DETERMINATION OF SHARED-GAIN ADJUSTMENT TO REGULAR
2 MEMBER CONTRIBUTIONS FOR CLASS A-3 AND CLASS A-4 SERVICE.--THE
3 REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-3 AND CLASS A-4 SERVICE
4 SHALL BE DETERMINED AS FOLLOWS:

5 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
6 SECTION UNTIL JUNE 30, 2017, THE REGULAR MEMBER CONTRIBUTIONS
7 FOR CLASS A-3 AND CLASS A-4 SERVICE SHALL BE DETERMINED AS
8 OTHERWISE PROVIDED IN THIS PART.

9 (2) FOR THE PERIOD FROM JULY 1, 2017, TO JUNE 30, 2020,
10 IF THE SHARED-RISK CONTRIBUTION RATE FOR CLASS A-3 AND CLASS
11 A-4 SERVICE IS ZERO AND THE ANNUAL INTEREST RATE ADOPTED BY
12 THE BOARD FOR USE DURING THE PERIOD FROM JANUARY 1, 2011, TO
13 DECEMBER 31, 2016, FOR THE CALCULATION OF THE NORMAL
14 CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE ACTUAL RATE
15 OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED
16 ON MARKET VALUE OVER THE PERIOD, THEN THE REGULAR MEMBER
17 CONTRIBUTION RATE OF EACH MEMBER FOR CLASS A-3 AND CLASS A-4
18 SERVICE SHALL BE REDUCED BY .5%. IN ALL OTHER SITUATIONS, THE
19 REGULAR MEMBER CONTRIBUTIONS SHALL BE DETERMINED AS OTHERWISE
20 PROVIDED IN THIS PART.

21 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, IF THE
22 SHARED-RISK CONTRIBUTION RATE FOR CLASS A-3 AND CLASS A-4 IS
23 ZERO, THE REGULAR MEMBER CONTRIBUTION RATE SHALL BE DECREASED
24 BY .5% IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR
25 USE DURING THE PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION
26 OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN
27 THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF
28 THE FUND BASED ON MARKET VALUE OVER THE PERIOD. THE REGULAR
29 MEMBER CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE
30 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE

1 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
2 CONTRIBUTION RATE IS EQUAL TO OR GREATER THAN THE ACTUAL RATE
3 OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED
4 ON MARKET VALUE OVER THAT PERIOD.

5 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR
6 MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT
7 OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE
8 MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER
9 REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE
10 REDUCTION IN THE ACTUARIALY REQUIRED CONTRIBUTION RATE BY
11 THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT
12 GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON
13 THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED
14 AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE
15 ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE
16 THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER
17 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE
18 DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH
19 DECEMBER 31, 2019.

20 (5) THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
21 CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS
22 CALCULATION SHALL BE CERTIFIED BY THE ACTUARY AS PART OF THE
23 ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND
24 EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER
25 SECTION 5902 (J).

26 (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR
27 THE CALCULATION IS CHANGED DURING THE PERIOD USED TO
28 DETERMINE THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
29 CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,
30 SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,

1 EXPRESSED AS AN ANNUAL RATE.

2 (7) THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
3 CONTRIBUTION RATE FOR CLASS A-5 OR CLASS A-6 SERVICE
4 PERFORMED BY STATE EMPLOYEES WHO WERE MEMBERS OF CLASS A-3 OR
5 CLASS A-4 AND WHO ELECTED TO BE MEMBERS OF CLASS A-5 OR CLASS
6 A-6 UNDER SECTION 5306.5 SHALL BE DETERMINED UNDER THIS
7 SUBSECTION AND NOT SUBSECTION (F).

8 (D) CALCULATION OF REGULAR MEMBER CONTRIBUTION RATE.--FOR
9 PURPOSES OF THIS SECTION, THE REGULAR MEMBER CONTRIBUTION RATE
10 FOR EACH MEMBER IS THE PRODUCT OF THE BASIC CONTRIBUTION RATE
11 AND THE CLASS OF SERVICE MULTIPLIER USED TO DETERMINE THE
12 REGULAR MEMBER CONTRIBUTIONS FOR EACH MEMBER.

13 (E) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE FOR CLASS
14 A-5 AND CLASS A-6 SERVICE.--THE SHARED-RISK CONTRIBUTION FOR
15 CLASS A-5 OR CLASS A-6 SERVICE SHALL BE DETERMINED AS FOLLOWS:

16 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
17 SECTION UNTIL JUNE 30, 2023, THE SHARED-RISK CONTRIBUTION
18 RATE SHALL BE ZERO.

19 (2) FOR THE PERIOD FROM JULY 1, 2023, TO JUNE 30, 2026,
20 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE
21 DURING THE PERIOD FROM JANUARY 1, 2020, TO DECEMBER 31, 2022,
22 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE
23 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,
24 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
25 PERIOD, THE SHARED-RISK CONTRIBUTION RATE SHALL BE 0.75%. IN
26 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL
27 BE ZERO.

28 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, IF THE
29 SHARED-GAIN ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS IS
30 ZERO, THE SHARED-RISK CONTRIBUTION RATE SHALL BE INCREASED BY

1 .75% IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE
2 DURING THE PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF
3 THE NORMAL CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE
4 ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE
5 FUND BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED-RISK
6 CONTRIBUTION RATE SHALL BE DECREASED BY .75% IF THE ANNUAL
7 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
8 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
9 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF
10 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON
11 MARKET VALUE OVER THAT PERIOD.

12 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED-
13 RISK CONTRIBUTION RATE MAY NOT BE LESS THAN ZERO AND MAY NOT
14 BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM
15 INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN
16 EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED,
17 EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION, AND SHALL
18 NOT BE MORE THAN 3%. FOR THE DETERMINATION OF THE SHARED-RISK
19 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE
20 DETERMINATION PERIOD SHALL BE JANUARY 1, 2020, THROUGH
21 DECEMBER 31, 2025. FOR THE DETERMINATION OF THE SHARED-RISK
22 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2029, THE
23 DETERMINATION PERIOD SHALL BE JANUARY 1, 2020, THROUGH
24 DECEMBER 31, 2028.

25 (5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS
26 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE
27 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL
28 INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY
29 FIVE YEARS UNDER SECTION 5902(J).

30 (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED

1 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD
2 USED TO DETERMINE THE SHARED-RISK CONTRIBUTION RATE, THE
3 BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE
4 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN
5 ANNUAL RATE.

6 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL
7 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER
8 THAN THE ACTUARIALLY REQUIRED CONTRIBUTIONS, THE PROSPECTIVE
9 SHARED-RISK CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE
10 EMPLOYERS ARE NOT MAKING THE ACTUARIALLY REQUIRED
11 CONTRIBUTIONS SHALL BE ZERO AND SHALL NOT SUBSEQUENTLY BY
12 INCREASED, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION. FOR
13 PURPOSES OF THIS PARAGRAPH, THE ACTUARIALLY REQUIRED
14 CONTRIBUTION SHALL BE NO LESS THAN THE NORMAL COST PLUS THE
15 COST TO FULLY AMORTIZE THE UNFUNDED ACTUARIAL ACCRUED
16 LIABILITY CALCULATED USING ACTUARIAL METHODS AND ASSUMPTIONS
17 THAT ARE CONSISTENT WITH GENERALLY ACCEPTED ACTUARIAL
18 STANDARDS AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES,
19 INCLUDING PROFESSIONAL ACTUARIAL STANDARDS OF PRACTICE.

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

27 (9) THE SHARED-RISK CONTRIBUTION RATE FOR CLASS A-5 OR
28 CLASS A-6 SERVICE PERFORMED BY STATE EMPLOYEES WHO WERE
29 MEMBERS OF CLASS A-3 OR CLASS A-4 AND WHO ELECTED TO BE
30 MEMBERS OF CLASS A-5 OR CLASS A-6 UNDER SECTION 5306.5 SHALL

1 BE DETERMINED UNDER SUBSECTION (B) AND NOT THIS SUBSECTION.
2 (F) DETERMINATION OF SHARED-GAIN ADJUSTMENT TO REGULAR
3 MEMBER CONTRIBUTIONS FOR CLASS A-5 OR CLASS A-6 SERVICE.--THE
4 REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-5 OR CLASS A-6 SERVICE
5 SHALL BE DETERMINED AS FOLLOWS:

6 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
7 SECTION UNTIL JUNE 30, 2023, THE REGULAR MEMBER CONTRIBUTIONS
8 SHALL BE DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

9 (2) FOR THE PERIOD FROM JULY 1, 2023, TO JUNE 30, 2026,
10 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE
11 DURING THE PERIOD FROM JANUARY 1, 2020, TO DECEMBER 31, 2022,
12 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE
13 THAN 1% LOWER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF
14 THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
15 PERIOD, THEN THE REGULAR MEMBER CONTRIBUTION RATE OF EACH
16 MEMBER FOR CLASS A-5 AND CLASS A-6 SERVICE SHALL BE REDUCED
17 BY .75%. IN ALL OTHER SITUATIONS, THE REGULAR MEMBER
18 CONTRIBUTIONS SHALL BE DETERMINED AS OTHERWISE PROVIDED IN
19 THIS PART.

20 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, IF THE
21 SHARED-RISK CONTRIBUTION RATE FOR CLASS A-5 AND CLASS A-6
22 SERVICE IS ZERO, THE REGULAR MEMBER CONTRIBUTION RATE SHALL
23 BE DECREASED BY .75% IF THE ANNUAL INTEREST RATE ADOPTED BY
24 THE BOARD FOR USE DURING THE PREVIOUS TEN-YEAR PERIOD FOR THE
25 CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1%
26 LOWER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE
27 INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
28 PERIOD. THE REGULAR MEMBER CONTRIBUTION RATE SHALL BE
29 INCREASED BY .75% IF THE ANNUAL INTEREST RATE ADOPTED BY THE
30 BOARD FOR USE DURING THE PREVIOUS TEN-YEAR PERIOD FOR THE

1 CALCULATION OF THE NORMAL CONTRIBUTION RATE IS EQUAL TO OR
2 GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE
3 INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THAT
4 PERIOD.

5 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR
6 MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT
7 OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE
8 MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER
9 REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE
10 REDUCTION IN THE ACTUARIALY REQUIRED CONTRIBUTION RATE BY
11 THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT
12 GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON
13 THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED
14 AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE
15 ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE
16 THAN 3%. FOR THE DETERMINATION OF THE REGULAR MEMBER
17 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE
18 DETERMINATION PERIOD SHALL BE JANUARY 1, 2020, THROUGH
19 DECEMBER 31, 2025. FOR THE DETERMINATION OF THE REGULAR
20 MEMBER CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2029, THE
21 DETERMINATION PERIOD SHALL BE JANUARY 1, 2020, THROUGH
22 DECEMBER 31, 2028.

23 (5) THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
24 CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS
25 CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE
26 ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND
27 EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER
28 SECTION 5902 (J).

29 (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR
30 THE CALCULATION IS CHANGED DURING THE PERIOD USED TO

1 DETERMINE THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
2 CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,
3 SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,
4 EXPRESSED AS AN ANNUAL RATE.

5 (7) THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
6 CONTRIBUTION RATE FOR CLASS A-5 OR CLASS A-6 SERVICE
7 PERFORMED BY STATE EMPLOYEES WHO WERE MEMBERS OF CLASS A-3 OR
8 CLASS A-4 AND WHO ELECTED TO BE MEMBERS OF CLASS A-5 OR CLASS
9 A-6 UNDER SECTION 5306.5 SHALL BE DETERMINED UNDER SUBSECTION
10 (C) AND NOT THIS SUBSECTION.

11 § 5502. SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS.

12 EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING
13 OF REGULAR MEMBER CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF
14 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER
15 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
16 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO
17 LIMITATIONS UNDER IRC § 401(A)(17) OR 415, CONTRIBUTIONS SHALL
18 BE MADE ON BEHALF OF [A] AN ACTIVE MEMBER OF ANY CLASS WHO PRIOR
19 TO MARCH 1, 1974, HAS ELECTED SOCIAL SECURITY INTEGRATION
20 COVERAGE. THE AMOUNT OF SUCH CONTRIBUTIONS SHALL BE 6 1/4% OF
21 THAT PORTION OF HIS COMPENSATION AS AN ACTIVE MEMBER IN EXCESS
22 OF THE MAXIMUM WAGES TAXABLE UNDER THE PROVISIONS OF THE SOCIAL
23 SECURITY ACT (49 STAT. 620, 42 U.S.C. § 301 ET SEQ.), IN
24 ADDITION TO THE REGULAR MEMBER CONTRIBUTIONS WHICH, AFTER SUCH
25 ELECTION, SHALL BE DETERMINED ON THE BASIS OF THE BASIC
26 CONTRIBUTION RATE OF 5% AND THE ADDITIONAL MEMBER CONTRIBUTION
27 OF 1 1/4%: PROVIDED, THAT A MEMBER MAY ELECT TO DISCONTINUE
28 SOCIAL SECURITY INTEGRATION COVERAGE AND SHALL THEREAFTER BE
29 INELIGIBLE TO ACCRUE ANY FURTHER SOCIAL SECURITY INTEGRATION
30 CREDITS OR ANY ADDITIONAL BENEFITS ON ACCOUNT OF SOCIAL SECURITY

1 INTEGRATION MEMBERSHIP.

2 § 5503.1. PICKUP CONTRIBUTIONS.

3 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL

4 CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS

5 5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT

6 SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS

7 [FOR CLASS A-3 AND CLASS A-4 SERVICE] AND SHARED-GAIN

8 ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO

9 SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503

10 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND [SECTION]

11 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS), WITH

12 RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE MEMBER ON

13 OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE COMMONWEALTH

14 OR OTHER EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S

15 CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

16 * * *

17 § 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR

18 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE

19 MEMBER.

20 (A) AMOUNT OF CONTRIBUTIONS FOR SERVICE IN OTHER THAN CLASS

21 G THROUGH N.--

22 (1) THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR

23 ELIGIBLE SCHOOL EMPLOYEE FOR CREDIT IN THE SYSTEM FOR THE

24 PORTION OF TOTAL PREVIOUS STATE SERVICE OTHER THAN SERVICE IN

25 CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M

26 AND CLASS N THAT A MEMBER IS ELIGIBLE TO HAVE CREDITED OR TO

27 BECOME A FULL COVERAGE MEMBER SHALL BE SUFFICIENT TO PROVIDE

28 AN AMOUNT EQUAL TO THE REGULAR ACCUMULATED DEDUCTIONS,

29 SHARED-RISK ACCUMULATED DEDUCTIONS AND ADDITIONAL ACCUMULATED

30 DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE CREDIT OF

1 THE MEMBER FOR SUCH SERVICE HAD REGULAR ACCUMULATED
2 DEDUCTIONS, SHARED-RISK ACCUMULATED DEDUCTIONS AND ADDITIONAL
3 MEMBER CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE IN THE
4 CLASS OF SERVICE AND AT THE RATE OF CONTRIBUTION APPLICABLE
5 DURING SUCH PERIOD OF PREVIOUS SERVICE AND HAD HIS REGULAR
6 AND ADDITIONAL ACCUMULATED DEDUCTIONS BEEN CREDITED WITH
7 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND
8 SCHOOL SERVICE UP TO THE DATE OF PURCHASE.

9 (2) NOTWITHSTANDING PARAGRAPH (1), MEMBERS [WITH CLASS
10 A-3 STATE SERVICE] WHO ARE PERFORMING STATE SERVICE CREDITED
11 IN CLASS A-3, CLASS A-4, CLASS A-5 OR CLASS A-6 SHALL MAKE
12 CONTRIBUTIONS AND RECEIVE CREDIT AS IF THE [PREVIOUS]
13 PREVIOUSLY UNCREDITED STATE SERVICE WAS [CLASS A-3 SERVICE,
14 AND MEMBERS WITH CLASS A-4 STATE SERVICE SHALL MAKE
15 CONTRIBUTIONS AND RECEIVE CREDIT AS IF THE PREVIOUS STATE
16 SERVICE WAS CLASS A-4 SERVICE,] PERFORMED IN THE CLASS IN
17 WHICH THEY ARE AN ACTIVE MEMBER AT THE TIME THE SERVICE IS
18 CREDITED EVEN IF IT WOULD HAVE BEEN CREDITED AS A DIFFERENT
19 CLASS OF SERVICE HAD THE STATE EMPLOYEE BEEN A MEMBER OF THE
20 SYSTEM AT THE TIME THE SERVICE WAS PERFORMED UNLESS IT WAS
21 MANDATORY THAT THE STATE EMPLOYEE BE AN ACTIVE MEMBER OF THE
22 SYSTEM AND THE PREVIOUS STATE SERVICE IS BEING CREDITED AS
23 THE RESULT OF A MANDATORY ACTIVE MEMBERSHIP REQUIREMENT.
24 NOTWITHSTANDING SECTION 5303(B) (RELATING TO RETENTION AND
25 REINSTATEMENT OF SERVICE CREDITS), A STATE EMPLOYEE WHO IS AN
26 ACTIVE MEMBER OF THE SYSTEM AS A RESULT OF CONCURRENTLY
27 PERFORMING SERVICE IN MORE THAN ONE POSITION OR OFFICE AT THE
28 TIME PREVIOUSLY UNCREDITED STATE SERVICE IS CREDITED SHALL
29 ELECT WHICH POSITION OR OFFICE IS USED FOR THE DETERMINATION
30 OF REQUIRED CONTRIBUTIONS AND CREDITING AND CLASSIFICATION OF

1 THE PREVIOUSLY UNCREDITED SERVICE.

2 (A.1) CONVERTED COUNTY SERVICE.--NO CONTRIBUTIONS SHALL BE
3 REQUIRED TO RESTORE CREDIT FOR PREVIOUSLY CREDITED STATE SERVICE
4 IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M
5 AND CLASS N. SUCH SERVICE SHALL BE RESTORED UPON THE
6 COMMENCEMENT OF PAYMENT OF THE CONTRIBUTIONS REQUIRED TO RESTORE
7 CREDIT IN THE SYSTEM FOR ALL OTHER PREVIOUS STATE SERVICE.

8 (B) CERTIFICATION AND METHOD OF PAYMENT.--

9 (1) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
10 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
11 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN
12 THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO
13 IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
14 RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST
15 THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED
16 UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION
17 AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY
18 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST
19 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS
20 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD
21 MAY LIMIT THE SALARY DEDUCTION AMORTIZATION PLANS TO SUCH
22 TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE
23 CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER
24 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
25 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL
26 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
27 TO THE BOARD THE AMOUNTS PAID.

28 (2) NO PAYMENTS FOR SERVICE OR COVERAGE SHALL BE ALLOWED
29 FOR WHICH THE REQUIRED CONTRIBUTIONS WOULD CAUSE A VIOLATION
30 OF THE LIMITATION RELATED TO CONTRIBUTIONS APPLICABLE TO

1 GOVERNMENTAL PLANS CONTAINED IN IRC § 415. IN THE EVENT THAT
2 ANY SERVICE CREDIT OR COVERAGE BASED ON SUCH DISALLOWED
3 CONTRIBUTIONS IS GRANTED AFTER THE EFFECTIVE DATE OF THIS
4 PARAGRAPH, THEN SUCH SERVICE CREDIT SHALL BE CANCELED AND
5 BENEFITS CALCULATED WITHOUT REGARD TO SUCH SERVICE OR
6 CONTRIBUTIONS AND ANY MEMBER CONTRIBUTIONS IN EXCESS OF THE
7 LIMITATIONS AND STATUTORY INTEREST CREDITED ON THOSE
8 CONTRIBUTIONS SHALL BE REFUNDED TO THE MEMBER BY THE BOARD.

9 SECTION 311. SECTION 5505(B), (C), (D) AND (I) (2) AND (4) OF
10 TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A
11 SUBSECTION TO READ:

12 § 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
13 NONSTATE SERVICE.

14 * * *

15 (B) NONINTERVENING MILITARY SERVICE.--

16 (1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR
17 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE
18 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC
19 CONTRIBUTION RATE, THE ADDITIONAL CONTRIBUTION RATE PLUS THE
20 COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT
21 THE TIME OF ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF
22 THE MEMBER INTO STATE SERVICE TO HIS AVERAGE ANNUAL RATE OF
23 COMPENSATION AS A MEMBER OF THE SYSTEM OVER THE FIRST THREE
24 YEARS OF SUCH SUBSEQUENT STATE SERVICE AND MULTIPLYING THE
25 RESULT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR
26 OF CREDITABLE NONINTERVENING MILITARY SERVICE BEING PURCHASED
27 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
28 SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF PURCHASE. UPON
29 APPLICATION FOR CREDIT FOR SUCH SERVICE, PAYMENT SHALL BE
30 MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE

1 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF
2 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY BE
3 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS
4 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE
5 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY
6 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT
7 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF
8 SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE
9 DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY
10 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN
11 ITS SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE
12 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
13 EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
14 DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'
15 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
16 BOARD THE AMOUNTS PAID. APPLICATION MAY BE FILED FOR ALL SUCH
17 MILITARY SERVICE CREDIT UPON COMPLETION OF THREE YEARS OF
18 SUBSEQUENT STATE SERVICE AS A MEMBER OF THE SYSTEM AND SHALL
19 BE CREDITED AS CLASS A SERVICE EXCEPT AS PROVIDED IN SECTION
20 5304(A) (RELATING TO CREDITABLE NONSTATE SERVICE).

21 (1.1) IN THE CASE OF AN ACTIVE MEMBER WHO IS PURCHASING
22 THE MILITARY SERVICE AS CLASS A-3 SERVICE, FOR PURPOSES OF
23 PARAGRAPH (1), THE COMMONWEALTH NORMAL CONTRIBUTION RATE FOR
24 ACTIVE MEMBERS AT THE TIME OF ENTRY, SUBSEQUENT TO THE
25 MILITARY SERVICE, SHALL BE DETERMINED USING ONLY THE AVERAGE
26 NEW CLASS A-3 MEMBER.

27 (1.2) IN THE CASE OF AN ACTIVE MEMBER WHO IS PURCHASING
28 THE MILITARY SERVICE AS CLASS A-5 SERVICE, FOR PURPOSES OF
29 PARAGRAPH (1), THE COMMONWEALTH NORMAL CONTRIBUTION RATE FOR
30 ACTIVE MEMBERS AT THE TIME OF ENTRY, SUBSEQUENT TO THE

1 MILITARY SERVICE, SHALL BE DETERMINED USING ONLY THE AVERAGE
2 NEW CLASS A-5 MEMBER, AND THE MEMBER'S BASIC CONTRIBUTION
3 RATE SHALL BE MULTIPLIED BY THE CLASS OF SERVICE MULTIPLIER
4 USED TO CALCULATE REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-5
5 SERVICE.

6 (1.3) IN THE CASE OF AN ACTIVE MEMBER WHO IS PURCHASING
7 THE MILITARY SERVICE AS CLASS A-6 SERVICE, FOR PURPOSES OF
8 PARAGRAPH (1), THE COMMONWEALTH NORMAL CONTRIBUTION RATE FOR
9 ACTIVE MEMBERS AT THE TIME OF ENTRY, SUBSEQUENT TO THE
10 MILITARY SERVICE, SHALL BE DETERMINED USING ONLY THE AVERAGE
11 NEW CLASS A-6 MEMBER, AND THE MEMBER'S BASIC CONTRIBUTION
12 RATE SHALL BE MULTIPLIED BY THE CLASS OF SERVICE MULTIPLIER
13 USED TO CALCULATE REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-6
14 SERVICE.

15 (2) APPLICANTS MAY PURCHASE CREDIT AS FOLLOWS:

16 (I) ONE PURCHASE OF THE TOTAL AMOUNT OF CREDITABLE
17 NONINTERVENING MILITARY SERVICE; OR

18 (II) ONE PURCHASE PER 12-MONTH PERIOD OF A PORTION
19 OF CREDITABLE NONINTERVENING MILITARY SERVICE.

20 THE AMOUNT OF EACH PURCHASE SHALL BE NOT LESS THAN ONE YEAR
21 OF CREDITABLE NONINTERVENING MILITARY SERVICE.

22 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT
23 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED
24 BY THE MEMBER'S REGULAR CONTRIBUTION RATE, SHARED-RISK
25 CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION
26 RATE, THE ADDITIONAL CONTRIBUTION RATE WHICH SHALL BE APPLIED
27 ONLY TO THOSE MEMBERS WHO BEGAN SERVICE ON OR AFTER THE
28 EFFECTIVE DATE OF THIS AMENDATORY ACT AND COMPENSATION AS A
29 MEMBER OF THE SYSTEM AT THE TIME OF ENTRY OF THE MEMBER INTO
30 ACTIVE MILITARY SERVICE, TOGETHER WITH STATUTORY INTEREST DURING

1 ALL PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF
2 PURCHASE. UPON APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL
3 BE CERTIFIED IN THE CASE OF EACH MEMBER BY THE BOARD IN
4 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 AS A MEMBER OF THE SYSTEM
5 AT THE TIME OF ENTRY INTO STATE SERVICE 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 AND
9 SCHOOL SERVICE TO THE DATE OF PURCHASE. UPON APPLICATION FOR
10 CREDIT FOR SUCH SERVICE PAYMENT SHALL BE MADE IN A LUMP SUM
11 WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE
12 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
13 EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH STATUTORY
14 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS
15 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION
16 AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY
17 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST
18 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE
19 BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY
20 LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE
21 BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF AN
22 ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC
23 SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
24 DEDUCTION SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'
25 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD
26 THE AMOUNTS PAID.

27 * * *

28 (I) PURCHASES OF NONSTATE SERVICE CREDIT BY STATE EMPLOYEES
29 WHO FIRST BECAME MEMBERS OF THE SYSTEM ON OR AFTER DECEMBER 1,
30 2010.--

1 * * *

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

5 (I) THE PRESENT VALUE OF A STANDARD SINGLE LIFE
6 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE
7 SUPERANNUATION AGE ASSUMING CLASS A-3 SERVICE CREDIT FOR
8 THE NONSTATE SERVICE TO BE PURCHASED[; AND] BY AN ACTIVE
9 MEMBER OF CLASS A-3 OR CLASS A-4 AND ASSUMING CLASS A-5
10 SERVICE CREDIT FOR THE NONSTATE SERVICE TO BE PURCHASED
11 BY AN ACTIVE MEMBER OF CLASS A-5 AND ASSUMING CLASS A-6
12 SERVICE CREDIT FOR THE NONSTATE SERVICE TO BE PURCHASED
13 BY AN ACTIVE MEMBER OF CLASS A-6; AND

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

18 * * *

19 (4) THE PAYMENT FOR CREDIT PURCHASED UNDER THIS
20 SUBSECTION SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN
21 ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE
22 PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE
23 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF
24 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE
25 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS
26 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE
27 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY
28 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT
29 AMOUNTS AND INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE
30 OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES

1 TO ALLOW. THE BOARD MAY LIMIT THE SALARY DEDUCTION
2 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE
3 DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE SCHOOL
4 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
5 EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
6 DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'
7 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
8 BOARD THE AMOUNTS PAID.

9 * * *

10 (K) INAPPLICABILITY OF ELECTION AND ADJUSTMENTS.--IF A
11 MEMBER IS PURCHASING CREDITABLE NONSTATE SERVICE, THE REGULAR
12 MEMBER CONTRIBUTION RATE USED TO DETERMINE THE CONTRIBUTIONS
13 NECESSARY TO PURCHASE SUCH CREDIT SHALL BE DETERMINED WITHOUT
14 REGARD TO ANY ADJUSTMENTS APPLICABLE UNDER SECTION 5501.1(C)
15 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS AND SHARED-GAIN
16 ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS).

17 SECTION 312. SECTION 5506.1(A) OF TITLE 71 IS AMENDED TO
18 READ:

19 § 5506.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).

20 (A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE
21 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY
22 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION
23 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT, BOTH BEFORE AND
24 AFTER ANY ANNUALIZATION, TAKEN INTO ACCOUNT FOR BENEFIT PURPOSES
25 UNDER THIS PART SHALL NOT EXCEED THE LIMITATION UNDER IRC §
26 401(A)(17). ON AND AFTER JANUARY 1, 1996, ANY REFERENCE IN THIS
27 PART TO THE LIMITATION UNDER IRC § 401(A)(17) SHALL MEAN THE
28 OMNIBUS BUDGET RECONCILIATION ACT OF 1993 (OBRA '93) (PUBLIC LAW
29 103-66, 107 STAT. 312) ANNUAL COMPENSATION LIMIT SET FORTH IN
30 THIS SUBSECTION. THE OBRA '93 ANNUAL COMPENSATION LIMIT IS

1 \$150,000, AS ADJUSTED BY THE COMMISSIONER FOR INCREASES IN THE
2 COST OF LIVING IN ACCORDANCE WITH IRC § 401(A)(17)(B). THE COST-
3 OF-LIVING ADJUSTMENT IN EFFECT FOR A CALENDAR YEAR APPLIES TO
4 ANY DETERMINATION PERIOD WHICH IS A PERIOD, NOT EXCEEDING 12
5 MONTHS, OVER WHICH COMPENSATION IS DETERMINED, BEGINNING IN SUCH
6 CALENDAR YEAR. IF A DETERMINATION PERIOD CONSISTS OF FEWER THAN
7 12 MONTHS, THE OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY
8 A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN
9 THE DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.

10 * * *

11 SECTION 313. SECTION 5507 HEADING, (A), (B) AND (D) OF TITLE
12 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS
13 TO READ:

14 § 5507. CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND
15 OTHER EMPLOYERS.

16 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE
17 COMMONWEALTH AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF
18 THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS
19 TO THE FUND ON BEHALF OF ALL ACTIVE MEMBERS IN SUCH AMOUNTS AS
20 SHALL BE CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE,
21 TOGETHER WITH THE MEMBERS' TOTAL ACCUMULATED DEDUCTIONS, ANNUITY
22 RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES OTHER THAN THOSE
23 PROVIDED IN SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES),
24 5708.1 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2
25 (RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.3
26 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994), 5708.4
27 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT),
28 5708.5 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998),
29 5708.6 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2002),
30 5708.7 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND

1 5708.8 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT
2 ADJUSTMENT OF 2002), IN ACCORDANCE WITH THE ACTUARIAL COST
3 METHOD PROVIDED IN SECTION 5508(A), (B), (C), (D) AND (F)
4 (RELATING TO ACTUARIAL COST METHOD).

5 (B) CONTRIBUTIONS ON BEHALF OF ANNUITANTS.--THE COMMONWEALTH
6 AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM OR
7 PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS ON BEHALF OF
8 ANNUITANTS IN SUCH AMOUNTS AS SHALL BE CERTIFIED BY THE BOARD AS
9 NECESSARY TO FUND THE LIABILITIES FOR SUPPLEMENTAL ANNUITIES IN
10 ACCORDANCE WITH THE ACTUARIAL COST METHOD PROVIDED IN SECTION
11 5508(E) [(RELATING TO ACTUARIAL COST METHOD)].

12 (B.1) PAYMENT OF EMPLOYER CONTRIBUTIONS TO THE SYSTEM.--

13 (1) PAYMENT OF EMPLOYER NORMAL CONTRIBUTIONS SHALL BE AS
14 A PERCENTAGE OF COMPENSATION OF ACTIVE MEMBERS.

15 (2) PAYMENT OF ACCRUED LIABILITY CONTRIBUTIONS AS
16 MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTOR AND SUPPLEMENTAL
17 ANNUITY CONTRIBUTIONS SHALL BE AS A PERCENTAGE OF
18 COMPENSATION OF ACTIVE MEMBERS AND ACTIVE PARTICIPANTS.

19 * * *

20 (D) PAYMENT OF FINAL CONTRIBUTION RATE.--NOTWITHSTANDING THE
21 CALCULATION OF THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AND
22 THE PROVISIONS OF SUBSECTIONS (A) AND (B), THE COMMONWEALTH AND
23 OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM OR
24 PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS TO THE FUND ON
25 BEHALF OF ALL ACTIVE MEMBERS AND ANNUITANTS IN SUCH AMOUNTS AS
26 SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE WITH SECTION
27 5508(I).

28 * * *

29 (G) PAYMENT OF ADDITIONAL ACCRUED LIABILITY CONTRIBUTIONS.--
30 IN ADDITION TO ALL OTHER CONTRIBUTIONS REQUIRED UNDER THIS

1 SECTION AND SECTIONS 5508 AND 5941, THE COMMONWEALTH AND OTHER
 2 EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM OR
 3 PARTICIPANTS IN THE PLAN SHALL MAKE CONTRIBUTIONS AS CERTIFIED
 4 BY THE BOARD AS A PERCENTAGE OF THE COMPENSATION OF EACH ACTIVE
 5 MEMBER AND EACH ACTIVE PARTICIPANT AS PROVIDED IN THIS
 6 SUBSECTION, UNLESS THE ACTUARY CERTIFIES THAT THE ACCRUED
 7 LIABILITY CONTRIBUTION RATE DETERMINED UNDER SECTION 5508(C) IS
 8 ZERO OR LESS FOR THAT FISCAL YEAR. ADDITIONAL ACCRUED LIABILITY
 9 CONTRIBUTIONS RECEIVED BY THE BOARD AS A RESULT OF THIS
 10 SUBSECTION SHALL BE RECOGNIZED AS PART OF THE EXPERIENCE
 11 ADJUSTMENT FACTOR UNDER SECTION 5508(F).

	<u>FISCAL YEAR</u>	<u>ADDITIONAL ACCRUED LIABILITY</u>
	<u>BEGINNING DATE</u>	<u>CONTRIBUTION RATE</u>
14	<u>JULY 1, 2018</u>	<u>0.00%</u>
15	<u>JULY 1, 2019</u>	<u>0.71%</u>
16	<u>JULY 1, 2020</u>	<u>0.66%</u>
17	<u>JULY 1, 2021</u>	<u>0.62%</u>
18	<u>JULY 1, 2022</u>	<u>0.00%</u>
19	<u>JULY 1, 2023</u>	<u>0.00%</u>
20	<u>JULY 1, 2024</u>	<u>0.00%</u>
21	<u>JULY 1, 2025</u>	<u>0.00%</u>
22	<u>JULY 1, 2026</u>	<u>0.00%</u>
23	<u>JULY 1, 2027</u>	<u>0.00%</u>
24	<u>JULY 1, 2028</u>	<u>0.00%</u>
25	<u>JULY 1, 2029</u>	<u>0.00%</u>
26	<u>JULY 1, 2030</u>	<u>0.00%</u>
27	<u>JULY 1, 2031</u>	<u>0.00%</u>
28	<u>JULY 1, 2032</u>	<u>0.10%</u>
29	<u>JULY 1, 2033</u>	<u>0.22%</u>
30	<u>JULY 1, 2034</u>	<u>0.33%</u>

1	<u>JULY 1, 2035</u>	<u>0.43%</u>
2	<u>JULY 1, 2036</u>	<u>0.53%</u>
3	<u>JULY 1, 2037</u>	<u>0.62%</u>
4	<u>JULY 1, 2038</u>	<u>0.71%</u>
5	<u>JULY 1, 2039</u>	<u>0.79%</u>
6	<u>JULY 1, 2040</u>	<u>0.86%</u>
7	<u>JULY 1, 2041</u>	<u>0.93%</u>

8 SECTION 314. SECTION 5508 (A), (B), (C) (1), (E) (2), (F) AND
9 (H) OF TITLE 71 ARE AMENDED AND SUBSECTION (C) IS AMENDED BY
10 ADDING A PARAGRAPH TO READ:

11 § 5508. ACTUARIAL COST METHOD.

12 (A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE
13 MEMBERS.--[THE] FOR EACH FISCAL YEAR, THE AMOUNT OF THE
14 COMMONWEALTH AND OTHER EMPLOYER CONTRIBUTIONS ON BEHALF OF ALL
15 ACTIVE MEMBERS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE
16 OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS DURING THE
17 PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO
18 CERTIFIED BY THE BOARD. THE ACTUARIALLY REQUIRED CONTRIBUTION
19 RATE ON BEHALF OF ALL ACTIVE MEMBERS SHALL CONSIST OF THE
20 EMPLOYER NORMAL CONTRIBUTION RATE, AS DEFINED IN SUBSECTION (B),
21 AND THE ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN
22 SUBSECTION (C). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE ON
23 BEHALF OF ALL ACTIVE MEMBERS SHALL BE MODIFIED BY THE EXPERIENCE
24 ADJUSTMENT FACTOR AS CALCULATED IN SUBSECTION (F).

25 (B) EMPLOYER NORMAL CONTRIBUTION RATE.--THE EMPLOYER NORMAL
26 CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH ACTUARIAL
27 VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE AND SUCH
28 MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED BY THE BOARD IN
29 ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. THE
30 EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AS [A

1 LEVEL PERCENTAGE OF THE COMPENSATION OF THE AVERAGE NEW ACTIVE
2 MEMBER, WHICH PERCENTAGE, IF CONTRIBUTED ON THE BASIS OF HIS
3 PROSPECTIVE COMPENSATION THROUGH HIS ENTIRE PERIOD OF ACTIVE
4 STATE SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY FOR ANY
5 PROSPECTIVE BENEFIT PAYABLE TO HIM IN EXCESS OF THAT PORTION
6 FUNDED BY HIS PROSPECTIVE MEMBER CONTRIBUTIONS, EXCLUDING
7 SHARED-RISK MEMBER CONTRIBUTIONS.] FOLLOWS:

8 (1) FROM THE EFFECTIVE DATE OF THIS PARAGRAPH THROUGH
9 FISCAL YEAR 2021-2022, AS A LEVEL PERCENTAGE OF THE
10 COMPENSATION OF THE AVERAGE NEW ACTIVE MEMBER, WHICH
11 PERCENTAGE, IF CONTRIBUTED ON THE BASIS OF HIS PROSPECTIVE
12 COMPENSATION THROUGH HIS ENTIRE PERIOD OF ACTIVE STATE
13 SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY FOR ANY
14 PROSPECTIVE BENEFIT PAYABLE TO HIM IN EXCESS OF THAT PORTION
15 FUNDED BY HIS PROSPECTIVE MEMBER CONTRIBUTIONS, EXCLUDING
16 SHARED-RISK MEMBER CONTRIBUTIONS AND SHARED-GAIN ADJUSTMENTS
17 TO REGULAR MEMBER CONTRIBUTIONS. IN NO CASE SHALL THE
18 EMPLOYER NORMAL CONTRIBUTION RATE IN THE AGGREGATE OR FOR
19 EACH CLASS OF SERVICE SEPARATELY BE LESS THAN ZERO.

20 (2) FOR FISCAL YEAR 2022-2023 AND EACH FISCAL YEAR
21 THEREAFTER, AS A LEVEL PERCENTAGE OF THE COMPENSATION OF ALL
22 ACTIVE MEMBERS, WHICH PERCENTAGE, IF CONTRIBUTED FROM THE
23 START OF THEIR EMPLOYMENT ON THE BASIS OF THEIR PROSPECTIVE
24 COMPENSATION THROUGH THEIR ENTIRE PERIOD OF ACTIVE STATE
25 SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY FOR ANY
26 PROSPECTIVE BENEFIT PAYABLE TO THEM IN EXCESS OF THAT PORTION
27 FUNDED BY THEIR PROSPECTIVE MEMBER CONTRIBUTIONS, EXCLUDING
28 SHARED-RISK MEMBER CONTRIBUTIONS AND SHARED-GAIN ADJUSTMENTS
29 TO REGULAR MEMBER CONTRIBUTIONS. IN NO CASE SHALL THE
30 EMPLOYER NORMAL CONTRIBUTION RATE IN THE AGGREGATE OR FOR

1 EACH CLASS OF SERVICE SEPARATELY BE LESS THAN ZERO.

2 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

3 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND
4 JULY 1, 2003, THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL
5 BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL ACTIVE
6 MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT
7 TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1, 2002, THE
8 PRESENT VALUE OF THE LIABILITIES FOR ALL PROSPECTIVE
9 BENEFITS, EXCEPT FOR THE SUPPLEMENTAL BENEFITS AS PROVIDED IN
10 SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1
11 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2
12 (RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES),
13 5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994),
14 5708.4 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT
15 ADJUSTMENT), 5708.5 (RELATING TO SUPPLEMENTAL ANNUITIES
16 COMMENCING 1998), 5708.6 (RELATING TO SUPPLEMENTAL ANNUITIES
17 COMMENCING 2002), 5708.7 (RELATING TO SUPPLEMENTAL ANNUITIES
18 COMMENCING 2003) AND 5708.8 (RELATING TO SPECIAL SUPPLEMENTAL
19 POSTRETIREMENT ADJUSTMENT OF 2002), IN EXCESS OF THE TOTAL
20 ASSETS IN THE FUND (CALCULATED RECOGNIZING ALL INVESTMENT
21 GAINS AND LOSSES OVER A FIVE-YEAR PERIOD), EXCLUDING THE
22 BALANCE IN THE SUPPLEMENTAL ANNUITY ACCOUNT, AND THE PRESENT
23 VALUE OF EMPLOYER NORMAL CONTRIBUTIONS AND OF MEMBER
24 CONTRIBUTIONS PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS ON
25 DECEMBER 31, 2001, AND EXCLUDING CONTRIBUTIONS TO BE
26 TRANSFERRED BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS
27 PURSUANT TO SECTION 5507(C) (RELATING TO CONTRIBUTIONS TO THE
28 SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS). THE AMOUNT
29 OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION SHALL BE EQUAL
30 TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE FISCAL YEAR

1 BEGINNING JULY 1, 2002, EXCEPT THAT, IF THE ACCRUED LIABILITY
2 IS INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO JUNE 30,
3 2002, BUT BEFORE JULY 1, 2003, SUCH ADDITIONAL LIABILITY
4 SHALL BE FUNDED OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY
5 OF JULY, COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE
6 OF THE INCREASE. THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY
7 CONTRIBUTION FOR SUCH ADDITIONAL LEGISLATIVE LIABILITIES
8 SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE
9 FIRST ANNUAL PAYMENT.

10 * * *

11 (4) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2018,
12 THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS
13 PROVIDED FOR UNDER THIS SECTION, EXCEPT THAT THE RATE SHALL
14 BE COMPUTED AS A RATE OF TOTAL COMPENSATION OF ALL ACTIVE
15 MEMBERS AND ACTIVE PARTICIPANTS FOR THE APPLICABLE PERIOD. IF
16 THE ACCRUED LIABILITY IS CHANGED BY LEGISLATION ENACTED
17 SUBSEQUENT TO DECEMBER 31, 2016, SUCH 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. IN ADDITION
23 TO ANY EMPLOYER DEFINED CONTRIBUTIONS MADE TO THE TRUST, THE
24 COMMONWEALTH AND OTHER EMPLOYERS OF PARTICIPANTS SHALL MAKE
25 THE ACCRUED LIABILITY CONTRIBUTIONS TO THE FUND CERTIFIED BY
26 THE BOARD.

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 FISCAL YEAR AFTER THE ESTABLISHMENT OF THE
19 ACCRUED LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL
20 ANNUITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY
21 1, 2010, ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED
22 LIABILITY AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND
23 FUNDING 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 OR HAVING SHARED-GAIN ADJUSTMENTS
30 TO THEIR REGULAR MEMBER CONTRIBUTIONS, PAYMENT OF ADDITIONAL

1 ACCRUED LIABILITY CONTRIBUTIONS UNDER SECTION 5507(G),
2 CHANGES IN ACTUARIAL ASSUMPTIONS OR CHANGES IN THE TERMS AND
3 CONDITIONS OF THE BENEFITS PROVIDED BY THE SYSTEM BY
4 JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER THAN
5 LEGISLATION, INCLUDING, BUT NOT LIMITED TO, REINTERPRETATION
6 OF THE PROVISIONS OF THIS PART, SHALL BE AMORTIZED IN EQUAL
7 DOLLAR ANNUAL CONTRIBUTIONS AS A PERCENTAGE OF COMPENSATION
8 OF ALL ACTIVE MEMBERS AND ACTIVE PARTICIPANTS OVER A PERIOD
9 OF 30 YEARS BEGINNING WITH THE JULY 1 SUCCEEDING THE
10 ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES.

11 (2) THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL BE
12 THE SUM OF THE NORMAL CONTRIBUTION RATE, THE ACCRUED
13 LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY
14 CONTRIBUTION RATE, MODIFIED BY THE EXPERIENCE ADJUSTMENT
15 FACTOR AS CALCULATED IN PARAGRAPH (1).

16 * * *

17 (H) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--
18 THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR SHALL BE
19 DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED CONTRIBUTION
20 RATE CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION TO
21 THE PRIOR YEAR'S FINAL CONTRIBUTION RATE. IF, FOR ANY OF THE
22 FISCAL YEARS BEGINNING JULY 1, 2011, JULY 1, 2012, AND ON OR
23 AFTER JULY 1, 2013, THE ACTUARIALLY REQUIRED CONTRIBUTION RATE
24 CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION IS MORE
25 THAN 3%, 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL COMPENSATION
26 OF ALL ACTIVE MEMBERS GREATER THAN THE PRIOR YEAR'S FINAL
27 CONTRIBUTION RATE, THEN THE COLLARED CONTRIBUTION RATE SHALL BE
28 APPLIED AND BE EQUAL TO THE PRIOR YEAR'S FINAL CONTRIBUTION RATE
29 INCREASED BY THE RESPECTIVE PERCENTAGE ABOVE OF TOTAL
30 COMPENSATION OF ALL ACTIVE MEMBERS. OTHERWISE, AND FOR ALL

1 SUBSEQUENT FISCAL YEARS, THE COLLARED CONTRIBUTION RATE SHALL
2 NOT [BE APPLICABLE] APPLY. IN NO CASE SHALL THE COLLARED
3 CONTRIBUTION RATE BE LESS THAN 4% OF TOTAL COMPENSATION OF ALL
4 ACTIVE MEMBERS.

5 * * *

6 SECTION 315. SECTION 5509 OF TITLE 71 IS AMENDED TO READ:
7 § 5509. APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH.

8 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE
9 AND SUBMIT ANNUALLY AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS
10 NECESSARY TO BE APPROPRIATED BY THE COMMONWEALTH OUT OF THE
11 GENERAL FUND AND SPECIAL OPERATING FUNDS AND THE AMOUNTS TO BE
12 ASSESSED THE OTHER EMPLOYERS REQUIRED TO MEET THE SEPARATE
13 OBLIGATIONS TO THE FUND AND THE TRUST ACCRUING DURING THE FISCAL
14 PERIOD BEGINNING THE FIRST DAY OF JULY OF THE FOLLOWING YEAR.

15 (B) APPROPRIATION AND PAYMENT.--THE GENERAL ASSEMBLY SHALL
16 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE
17 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH
18 AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE
19 DEPARTMENT OF REVENUE INTO THE FUND OR TRUST IN ACCORDANCE WITH
20 REQUISITIONS PRESENTED BY THE BOARD. THE CONTRIBUTIONS TO THE
21 SYSTEM BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO ARE
22 OFFICERS OF THE PENNSYLVANIA STATE POLICE SHALL BE CHARGED TO
23 THE GENERAL FUND AND TO THE MOTOR LICENSE FUND IN THE SAME
24 RATIOS AS USED TO APPORTION THE APPROPRIATIONS FOR SALARIES OF
25 MEMBERS OF THE PENNSYLVANIA STATE POLICE. THE CONTRIBUTIONS TO
26 THE SYSTEM BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO
27 ARE ENFORCEMENT OFFICERS AND INVESTIGATORS OF THE PENNSYLVANIA
28 LIQUOR CONTROL BOARD SHALL BE CHARGED TO THE GENERAL FUND AND TO
29 THE STATE STORES FUND.

30 (C) CONTRIBUTIONS FROM FUNDS OTHER THAN GENERAL FUND.--THE

1 AMOUNTS ASSESSED OTHER EMPLOYERS WHO ARE REQUIRED TO MAKE THE
2 NECESSARY SEPARATE CONTRIBUTIONS TO THE FUND AND THE TRUST OUT
3 OF FUNDS OTHER THAN THE GENERAL FUND SHALL BE PAID BY SUCH
4 EMPLOYERS INTO THE FUND OR TRUST IN ACCORDANCE WITH REQUISITIONS
5 PRESENTED BY THE BOARD. THE GENERAL FUND OF THE COMMONWEALTH
6 SHALL NOT BE HELD LIABLE TO APPROPRIATE THE MONEYS REQUIRED TO
7 BUILD UP THE RESERVES IN THE FUND NECESSARY FOR THE PAYMENT OF
8 BENEFITS FROM THE SYSTEM TO EMPLOYEES OR TO MAKE THE EMPLOYER
9 DEFINED CONTRIBUTIONS FOR EMPLOYEES OF SUCH OTHER EMPLOYERS. IN
10 CASE ANY SUCH OTHER EMPLOYER SHALL FAIL TO PROVIDE TO THE FUND
11 THE MONEYS NECESSARY FOR SUCH PURPOSE, THEN THE SERVICE OF SUCH
12 MEMBERS OF THE SYSTEM FOR SUCH PERIOD FOR WHICH MONEY IS NOT SO
13 PROVIDED SHALL BE CREDITED AND PICKUP CONTRIBUTIONS WITH RESPECT
14 TO SUCH MEMBERS SHALL CONTINUE TO BE CREDITED TO THE MEMBERS'
15 SAVINGS ACCOUNT. THE ANNUITY TO WHICH SUCH MEMBER IS ENTITLED
16 SHALL BE DETERMINED AS ACTUARIALLY EQUIVALENT TO THE PRESENT
17 VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY OF EACH SUCH MEMBER
18 REDUCED BY THE AMOUNT OF EMPLOYER CONTRIBUTIONS TO THE SYSTEM
19 PAYABLE ON ACCOUNT AND ATTRIBUTABLE TO HIS COMPENSATION DURING
20 SUCH SERVICE, EXCEPT THAT NO REDUCTION SHALL BE MADE AS A RESULT
21 OF THE FAILURE OF AN EMPLOYER TO MAKE CONTRIBUTIONS REQUIRED FOR
22 A PERIOD OF USERRA LEAVE.

23 SECTION 316. (RESERVED).

24 SECTION 317. SECTIONS 5701 AND 5701.1 OF TITLE 71 ARE
25 AMENDED TO READ:

26 § 5701. RETURN OF TOTAL ACCUMULATED DEDUCTIONS.

27 ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL
28 BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE
29 MAY BE ENTITLED, ELECT TO RECEIVE HIS TOTAL ACCUMULATED
30 DEDUCTIONS BY HIS REQUIRED BEGINNING DATE.

1 § 5701.1. TRANSFER OF ACCUMULATED DEDUCTIONS.

2 WHEN AN EMPLOYEE OF THE JUVENILE COURT JUDGES' COMMISSION
3 ELECTS MEMBERSHIP IN AN INDEPENDENT RETIREMENT PROGRAM PURSUANT
4 TO SECTION 5301(F) (RELATING TO MANDATORY AND OPTIONAL
5 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), THE
6 BOARD SHALL TRANSFER DIRECTLY TO THE TRUSTEE OR ADMINISTRATOR OF
7 THE INDEPENDENT RETIREMENT PROGRAM ALL ACCUMULATED DEDUCTIONS
8 RESULTING FROM SERVICE CREDITED WHILE AN EMPLOYEE OF THE
9 JUVENILE COURT JUDGES' COMMISSION.

10 SECTION 318. SECTIONS 5702(A)(1), (4) AND (6) AND (C),
11 5704(A), (C), (E) AND (F) AND 5705(A) OF TITLE 71 ARE AMENDED
12 AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ:

13 § 5702. MAXIMUM SINGLE LIFE ANNUITY.

14 (A) GENERAL RULE.--ANY FULL COVERAGE MEMBER WHO IS ELIGIBLE
15 TO RECEIVE AN ANNUITY PURSUANT TO THE PROVISIONS OF SECTION
16 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) WHO
17 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER WHO IS
18 A SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
19 EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES SCHOOL SERVICE,
20 BEFORE ATTAINING AGE 70 SHALL BE ENTITLED TO RECEIVE A MAXIMUM
21 SINGLE LIFE ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND
22 EQUAL TO THE SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES
23 BEGINNING AT THE EFFECTIVE DATE OF RETIREMENT:

24 (1) A SINGLE LIFE ANNUITY THAT IS THE SUM OF THE
25 STANDARD SINGLE LIFE [ANNUITY MULTIPLIED BY THE SUM OF THE
26 PRODUCTS,] ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF
27 SERVICE[, OBTAINED BY MULTIPLYING] MULTIPLIED BY THE
28 APPROPRIATE CLASS OF SERVICE MULTIPLIER [BY THE RATIO OF
29 YEARS OF SERVICE CREDITED IN THAT CLASS TO THE TOTAL CREDITED
30 SERVICE] APPLICABLE TO EACH STANDARD SINGLE LIFE ANNUITY. IN

1 CASE THE MEMBER ON THE EFFECTIVE DATE OF RETIREMENT IS UNDER
2 SUPERANNUATION AGE FOR ANY SERVICE, A REDUCTION FACTOR
3 CALCULATED TO PROVIDE BENEFITS ACTUARIALLY EQUIVALENT TO AN
4 ANNUITY STARTING AT SUPERANNUATION AGE AND SUBJECT TO THE
5 PROVISIONS OF SUBSECTION (E) SHALL BE APPLIED TO THE PRODUCT
6 DETERMINED FOR THAT SERVICE[.]: PROVIDED, HOWEVER, THAT ANY
7 STANDARD SINGLE LIFE ANNUITY RESULTING FROM CLASS A-5 SERVICE
8 SHALL BE REDUCED BY A PERCENTAGE DETERMINED BY MULTIPLYING
9 THE NUMBER OF MONTHS, INCLUDING A FRACTION OF A MONTH AS A
10 FULL MONTH, BY WHICH THE EFFECTIVE DATE OF RETIREMENT
11 PRECEDES SUPERANNUATION AGE BY 0.25% IF THE EFFECTIVE DATE OF
12 RETIREMENT IS ON OR AFTER THE DATE THE MEMBER HAS ATTAINED
13 AGE 57 AND THE MEMBER HAS 25 OR MORE ELIGIBILITY POINTS, AND
14 THAT ANY STANDARD SINGLE LIFE ANNUITY RESULTING FROM CLASS A-
15 6 SERVICE SHALL BE REDUCED BY A PERCENTAGE DETERMINED BY
16 MULTIPLYING THE NUMBER OF MONTHS, INCLUDING A FRACTION OF A
17 MONTH AS A FULL MONTH, BY WHICH THE EFFECTIVE DATE OF
18 RETIREMENT PRECEDES SUPERANNUATION AGE BY 0.25% IF THE
19 EFFECTIVE DATE OF RETIREMENT IS ON OR AFTER THE DATE THE
20 MEMBER HAS ATTAINED AGE 62 AND THE MEMBER HAS 25 OR MORE
21 ELIGIBILITY POINTS. THE CLASS OF SERVICE MULTIPLIER FOR ANY
22 PERIOD OF CONCURRENT SERVICE SHALL BE MULTIPLIED BY THE
23 PROPORTION OF TOTAL STATE AND SCHOOL COMPENSATION DURING SUCH
24 PERIOD ATTRIBUTABLE TO STATE SERVICE AS A MEMBER OF THE
25 SYSTEM. IN THE EVENT A MEMBER HAS TWO MULTIPLIERS FOR ONE
26 CLASS OF SERVICE [THE CLASS OF SERVICE MULTIPLIER TO BE USED
27 FOR CALCULATING BENEFITS FOR THAT CLASS SHALL BE THE AVERAGE
28 OF THE TWO MULTIPLIERS WEIGHTED BY THE PROPORTION OF
29 COMPENSATION ATTRIBUTABLE TO EACH MULTIPLIER DURING THE THREE
30 YEARS OF HIGHEST ANNUAL COMPENSATION IN THAT CLASS OF

1 SERVICE: PROVIDED, THAT IN THE CASE OF A MEMBER OF CLASS E-1,
2 A PORTION BUT NOT ALL OF WHOSE THREE YEARS OF HIGHEST ANNUAL
3 JUDICIAL COMPENSATION IS PRIOR TO JANUARY 1, 1973, TWO CLASS
4 OF SERVICE MULTIPLIERS SHALL BE CALCULATED ON THE BASIS OF
5 HIS ENTIRE JUDICIAL SERVICE, THE ONE APPLYING THE JUDICIAL
6 CLASS OF SERVICE MULTIPLIERS EFFECTIVE PRIOR TO JANUARY 1,
7 1973 AND THE SECOND APPLYING THE CLASS OF SERVICE MULTIPLIERS
8 EFFECTIVE SUBSEQUENT TO JANUARY 1, 1973. THE AVERAGE CLASS OF
9 SERVICE MULTIPLIER TO BE USED FOR CALCULATING BENEFITS FOR
10 HIS JUDICIAL SERVICE SHALL BE THE AVERAGE OF THE TWO
11 CALCULATED MULTIPLIERS WEIGHTED BY THE PROPORTION OF
12 COMPENSATION ATTRIBUTABLE TO EACH OF THE CALCULATED
13 MULTIPLIERS DURING THE THREE YEARS OF HIGHEST ANNUAL
14 COMPENSATION IN THAT CLASS OF SERVICE.], SEPARATE STANDARD
15 SINGLE LIFE ANNUITIES SHALL BE CALCULATED FOR THE PORTION OF
16 SERVICE IN THE CLASS APPLICABLE TO EACH CLASS OF SERVICE
17 MULTIPLIER.

18 * * *

19 (4) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS
20 ACTUARIALLY EQUIVALENT TO THE AMOUNT BY WHICH HIS REGULAR AND
21 ADDITIONAL ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO ANY
22 CREDITED SERVICE OTHER THAN AS A MEMBER OF CLASS A-3, CLASS
23 A-4, CLASS A-5, CLASS A-6 AND CLASS C ARE GREATER THAN ONE-
24 HALF OF THE ACTUARIALLY EQUIVALENT VALUE ON THE EFFECTIVE
25 DATE OF RETIREMENT OF THE ANNUITY AS PROVIDED IN PARAGRAPH
26 (1) ATTRIBUTABLE TO SERVICE OTHER THAN CLASS A-3, CLASS A-4,
27 CLASS A-5, CLASS A-6 AND CLASS C FOR WHICH REGULAR OR JOINT
28 COVERAGE MEMBER CONTRIBUTIONS WERE MADE. [THIS PARAGRAPH
29 SHALL NOT APPLY TO ANY MEMBER WITH STATE SERVICE CREDITED AS
30 CLASS A-3 OR CLASS A-4.]

1 * * *

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, CLASS A-5 OR
5 CLASS A-6 MEMBER AND THE HIGHEST ANNUITY PROVIDED FOR IN
6 PARAGRAPH (2) TO WHICH HE IS ENTITLED, OR AT HIS OPTION COULD
7 HAVE BEEN ENTITLED, TO PRODUCE THAT PERCENTAGE OF [A] THE
8 SUMS OF THE STANDARD SINGLE LIFE [ANNUITY] ANNUITIES ADJUSTED
9 BY THE APPLICATION OF THE CLASS OF SERVICE MULTIPLIER FOR
10 CLASS A, CLASS AA, CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR
11 CLASS A-6 AS SET FORTH IN PARAGRAPH (1) IN THE CASE WHERE ANY
12 SERVICE IS CREDITED AS A MEMBER OF CLASS A, CLASS AA, CLASS
13 A-3 [OR], CLASS A-4, CLASS A-5 OR CLASS A-6 ON THE EFFECTIVE
14 DATE OF RETIREMENT AS DETERMINED BY HIS TOTAL YEARS OF
15 CREDITED SERVICE AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3
16 [AND], CLASS A-4, CLASS A-5 OR CLASS A-6 AND BY THE FOLLOWING
17 TABLE:

18 TOTAL YEARS OF 19 CREDITED SERVICE 20 AS A MEMBER OF	21 PERCENTAGE OF <u>SUMS OF</u> 22 STANDARD 23 SINGLE LIFE 24 [ANNUITY] <u>ANNUITIES</u> ADJUSTED FOR
25 CLASS A, 26 CLASS AA, CLASS A-3 27 [AND], CLASS A-4, <u>CLASS A-5</u> 28 <u>AND CLASS A-6</u>	29 CLASS A, CLASS AA, 30 CLASS A-3 [AND], CLASS A-4, <u>CLASS A-5 AND CLASS A-6</u>
	31 CLASS OF 32 SERVICE MULTIPLIERS
33 35-40	34 100%
35 41	36 102%
37 42	38 104%

1	43	106%
2	44	108%
3	45 OR MORE	110%

4 * * *

5 (C) LIMITATION ON AMOUNT OF ANNUITY.--THE ANNUITY PAID TO A
6 MEMBER UNDER SUBSECTION (A) AND REDUCED IN ACCORDANCE WITH THE
7 OPTION ELECTED UNDER SECTION 5705 (RELATING TO MEMBER'S OPTIONS)
8 SHALL NOT EXCEED THE HIGHEST COMPENSATION RECEIVED AS A MEMBER
9 OF THE SYSTEM DURING ANY PERIOD OF TWELVE CONSECUTIVE MONTHS OF
10 CREDITED SERVICE. NO LIMIT ON THE TOTAL ANNUITY PAID TO A MEMBER
11 WITH CLASS D-3 SERVICE SHALL BE APPLIED IN THE CASE OF A MEMBER
12 WHO SERVED AS A CONSTITUTIONAL OFFICER OF THE GENERAL ASSEMBLY.

13 * * *

14 (E) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
15 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE
16 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,
17 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
18 IN THE PLAN.

19 (F) SPECIAL CALCULATION FOR CLASS A-5 AND CLASS A-6.--FOR
20 THE CALCULATION UNDER SUBSECTION (A) FOR ALL CLASS A-5 AND CLASS
21 A-6 MEMBERS THE REDUCTION FACTOR USED IN THE CALCULATION FOR AN
22 ANNUITY FOR A MEMBER, OTHER THAN A CLASS A-5 MEMBER WHO HAS
23 ATTAINED AGE 57 AND 25 ELIGIBILITY POINTS, WHO HAS NOT ATTAINED
24 THE AGE OF 62 SHALL BE DETERMINED SO THAT A MAXIMUM SINGLE LIFE
25 ANNUITY WITH AN EFFECTIVE DATE OF RETIREMENT BEFORE THE MEMBER
26 ATTAINS AGE 62 SHALL BE ACTUARIALLY EQUIVALENT TO THE MAXIMUM
27 SINGLE LIFE ANNUITY THE MEMBER WOULD RECEIVE IF THE MEMBER
28 BECAME A VESTEE AND LATER APPLIED FOR AN ANNUITY WITH AN
29 EFFECTIVE DATE OF RETIREMENT ON THE DATE THE MEMBER ATTAINED AGE
30 62. FOR PURPOSES OF THIS SUBSECTION, THE ANNUITY THAT THE MEMBER

1 WOULD RECEIVE AT AGE 62 SHALL NOT BE DETERMINED USING THE 0.25%
2 PER MONTH REDUCTION IN SUBSECTION (A) (1) BASED ON HAVING 25
3 YEARS OF SERVICE. FOR PURPOSES OF THIS SUBSECTION, THE MAXIMUM
4 SINGLE LIFE ANNUITY ACTUALLY BEING RECEIVED IS ACTUARIALLY
5 EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY WITH AN EFFECTIVE
6 DATE OF ATTAINING AGE 62 IF THE ACTUAL MAXIMUM SINGLE LIFE
7 ANNUITY HAS THE SAME PRESENT VALUE AS THE MAXIMUM SINGLE LIFE
8 ANNUITY AT AGE 62, COMPUTED ON THE BASIS OF INTEREST AT 7.375%
9 PER ANNUM, COMPOUNDED ANNUALLY, AND THE MORTALITY TABLES ADOPTED
10 BY THE BOARD.

11 § 5704. DISABILITY ANNUITIES.

12 (A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION
13 FOR A DISABILITY ANNUITY AND HAS BEEN FOUND TO BE ELIGIBLE IN
14 ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C) (1) (RELATING
15 TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND ELECTIONS OF
16 MEMBERS AND PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY
17 PAYABLE FROM THE EFFECTIVE DATE OF DISABILITY AS DETERMINED BY
18 THE BOARD AND CONTINUED UNTIL A SUBSEQUENT DETERMINATION BY THE
19 BOARD THAT THE ANNUITANT IS NO LONGER ENTITLED TO A DISABILITY
20 ANNUITY. [THE] IF THE SUM OF THE PRODUCTS OF THE NUMBER OF YEARS
21 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE IN EACH CLASS
22 AND THE APPROPRIATE CLASS OF SERVICE MULTIPLIER IS GREATER THAN
23 16.667, THE DISABILITY ANNUITY SHALL BE A SINGLE LIFE ANNUITY
24 THAT IS EQUAL TO [A] THE SUM OF THE STANDARD SINGLE LIFE
25 [ANNUITY] ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF
26 SERVICE MULTIPLIED BY THE APPROPRIATE CLASS OF SERVICE
27 MULTIPLIER [APPLICABLE TO THE CLASS OF SERVICE AT THE TIME OF
28 DISABILITY IF THE PRODUCT OF SUCH CLASS OF SERVICE MULTIPLIER
29 AND THE TOTAL NUMBER OF YEARS OF CREDITED SERVICE IS GREATER
30 THAN 16.667, OTHERWISE THE], OTHERWISE EACH STANDARD SINGLE LIFE

1 ANNUITY SHALL BE MULTIPLIED BY THE LESSER OF THE FOLLOWING
2 RATIOS:

3 MY*/Y OR 16.667/Y

4 [WHERE] WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE[,];

5 Y* = TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO

6 CONTINUE AS A STATE EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE

7 AS APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF

8 DISABILITY, OR IF THE MEMBER HAS ATTAINED SUPERANNUATION AGE, AS

9 APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF DISABILITY,

10 THEN THE NUMBER OF YEARS OF CREDITED SERVICE AND M = THE CLASS

11 OF SERVICE MULTIPLIER AS APPLICABLE TO THAT CLASS OF SERVICE AT

12 THE EFFECTIVE DATE OF DISABILITY. A MEMBER OF CLASS C SHALL

13 RECEIVE, IN ADDITION, ANY ANNUITY TO WHICH HE MAY BE ELIGIBLE

14 UNDER SECTION 5702(A) (3) (RELATING TO MAXIMUM SINGLE LIFE

15 ANNUITY). THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A

16 JOINT AND SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY

17 ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION 5702.

18 * * *

19 (C) REDUCTION ON ACCOUNT OF EARNED INCOME.--SUBSEQUENT TO

20 JANUARY 1, 1972, PAYMENTS ON ACCOUNT OF DISABILITY SHALL BE

21 REDUCED BY THAT AMOUNT BY WHICH THE EARNED INCOME OF THE

22 ANNUITANT, AS REPORTED IN ACCORDANCE WITH SECTION 5908(B)

23 (RELATING TO RIGHTS AND DUTIES OF ANNUITANTS), FOR THE PRECEDING

24 CALENDAR YEAR TOGETHER WITH THE DISABILITY ANNUITY PAYMENTS

25 PROVIDED IN THIS SECTION OTHER THAN SUBSECTION (B), FOR THE

26 YEAR, EXCEEDS THE PRODUCT OF:

27 [(I)] (1) THE LAST YEAR'S SALARY OF THE ANNUITANT AS A

28 [STATE EMPLOYEE] MEMBER OF THE SYSTEM; AND

29 [(II)] (2) THE RATIO OF THE CURRENT MONTHLY PAYMENT TO

30 THE MONTHLY PAYMENT AT THE EFFECTIVE DATE OF DISABILITY;

1 PROVIDED, THAT THE ANNUITANT SHALL NOT RECEIVE LESS THAN HIS
2 MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE MAY BE ENTITLED UNDER
3 SECTION 5702 WHICHEVER IS GREATER.

4 * * *

5 (E) TERMINATION OF STATE SERVICE.--UPON TERMINATION OF
6 DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED
7 IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO[:

8 (1) DOES NOT HAVE CLASS A-3 OR CLASS A-4 SERVICE CREDIT;

9 OR

10 (2) HAS CLASS A-3 OR CLASS A-4 SERVICE CREDIT AND FEWER
11 THAN TEN ELIGIBILITY POINTS;

12 AND WHO] DOES NOT RETURN TO STATE SERVICE MAY FILE AN
13 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE EXCESS, IF
14 ANY, OF THE SUM OF THE SHARED-RISK ACCUMULATED DEDUCTIONS PLUS
15 THE REGULAR AND ADDITIONAL ACCUMULATED DEDUCTIONS STANDING TO
16 HIS CREDIT AT THE EFFECTIVE DATE OF DISABILITY OVER ONE-THIRD OF
17 THE TOTAL DISABILITY ANNUITY PAYMENTS RECEIVED. IF THE ANNUITANT
18 ON THE DATE OF TERMINATION OF SERVICE WAS ELIGIBLE FOR AN
19 ANNUITY AS PROVIDED IN SECTION 5308(A) OR (B) (RELATING TO
20 ELIGIBILITY FOR ANNUITIES), HE MAY FILE AN APPLICATION WITH THE
21 BOARD FOR AN ELECTION OF AN OPTIONAL MODIFICATION OF HIS
22 ANNUITY.

23 (F) SUPPLEMENT FOR SERVICE CONNECTED DISABILITY.--

24 (1) IF A MEMBER HAS BEEN FOUND TO BE ELIGIBLE FOR A
25 DISABILITY ANNUITY AND IF THE DISABILITY HAS BEEN FOUND TO BE
26 A SERVICE CONNECTED DISABILITY AND IF THE MEMBER IS RECEIVING
27 WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN MEDICAL
28 BENEFITS, SUCH MEMBER SHALL RECEIVE A SUPPLEMENT EQUAL TO
29 [70% OF HIS FINAL AVERAGE SALARY] THE AMOUNT DETERMINED UNDER
30 PARAGRAPH (2) LESS THE SUM OF THE ANNUITY AS DETERMINED UNDER

1 SUBSECTION (A) AND ANY PAYMENTS PAID OR PAYABLE ON ACCOUNT OF
2 SUCH DISABILITY UNDER THE ACT OF JUNE 2, 1915 (P.L.736,
3 NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT, THE ACT OF
4 JUNE 21, 1939 (P.L.566, NO.284), KNOWN AS THE PENNSYLVANIA
5 OCCUPATIONAL DISEASE ACT, AND THE SOCIAL SECURITY ACT (49
6 STAT. 620, 42 U.S.C. § 301 ET SEQ.). SUCH SUPPLEMENT SHALL
7 CONTINUE AS LONG AS HE IS DETERMINED TO BE DISABLED AND IS
8 RECEIVING WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN
9 MEDICAL BENEFITS ON ACCOUNT OF HIS SERVICE CONNECTED
10 DISABILITY IN ACCORDANCE WITH THE WORKERS' COMPENSATION ACT
11 OR THE PENNSYLVANIA OCCUPATIONAL DISEASE ACT. IF THE MEMBER
12 HAS RECEIVED A LUMP SUM WORKERS' COMPENSATION PAYMENT IN LIEU
13 OF FUTURE WEEKLY COMPENSATION PAYMENTS, THE LENGTH IN WEEKS
14 AND CALCULATION OF THE SERVICE CONNECTED DISABILITY
15 SUPPLEMENT SHALL BE DETERMINED BY DIVIDING THE LUMP SUM
16 PAYMENT BY THE AVERAGE WEEKLY WAGE AS DETERMINED BY THE
17 WORKERS' COMPENSATION BOARD.

18 (2) FOR A MEMBER WHO DOES NOT HAVE CLASS A-5 OR CLASS A-
19 6 SERVICE, THE AMOUNT TO BE USED TO DETERMINE ELIGIBILITY FOR
20 THE SUPPLEMENT UNDER PARAGRAPH (1) SHALL BE 70% OF THE
21 MEMBER'S FINAL AVERAGE SALARY. FOR A MEMBER WHO HAS CLASS A-5
22 OR CLASS A-6 SERVICE, THE AMOUNT TO BE USED TO DETERMINE
23 ELIGIBILITY FOR THE SUPPLEMENT UNDER PARAGRAPH (1) SHALL BE
24 CALCULATED ACCORDING TO THE FOLLOWING FORMULA:

$$25 \quad A = .7[(Y^W \text{ MULTIPLIED BY FAS}^W) + (Y^P \text{ MULTIPLIED BY FAS}^P)]$$

26 $\frac{Y^T}{}$

26 $\frac{Y^T}{}$

27 (3) THE FOLLOWING APPLY TO THE FORMULA IN PARAGRAPH (2):

28 (I) A EQUALS THE AMOUNT USED TO DETERMINE THE
29 SUPPLEMENT;

30 (II) Y^T EQUALS TOTAL YEARS OF CREDITED SERVICE;

1 (III) Y^W EQUALS YEARS OF CREDITED SERVICE THAT ARE
2 NOT CLASS A-5 OR CLASS A-6 SERVICE;

3 (IV) FAS^W EQUALS FINAL AVERAGE SALARY CALCULATED FOR
4 CREDITED SERVICE OTHER THAN CLASS A-5 OR CLASS A-6
5 SERVICE;

6 (V) Y^P EQUALS YEARS OF SERVICE CREDITED AS CLASS A-5
7 OR CLASS A-6 SERVICE; AND

8 (VI) FAS^P EQUALS FINAL AVERAGE SALARY CALCULATED FOR
9 SERVICE CREDITED AS CLASS A-5 OR CLASS A-6 SERVICE.

10 * * *

11 (H) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
12 OF A DISABILITY ANNUITY UNDER THIS SECTION IS IN ADDITION TO ANY
13 PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE, HAS RECEIVED OR IS
14 RECEIVING AS A RESULT OF BEING A PARTICIPANT IN THE PLAN.

15 § 5705. MEMBER'S OPTIONS.

16 (A) GENERAL RULE.--ANY SPECIAL VESTEE [WHO HAS ATTAINED
17 SUPERANNUATION AGE, ANY VESTEE WHO DOES NOT HAVE CLASS A-3 OR
18 CLASS A-4 SERVICE CREDIT HAVING FIVE OR MORE ELIGIBILITY POINTS
19 FOR SERVICE OTHER THAN CLASS T-E OR CLASS T-F SERVICE IN THE
20 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR VESTEE WHO HAS
21 CLASS A-3 OR CLASS A-4 SERVICE CREDIT HAVING TEN OR MORE
22 ELIGIBILITY POINTS, ANY MEMBER WITH CLASS G, CLASS H, CLASS I,
23 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING
24 FIVE OR MORE ELIGIBILITY POINTS OR ANY OTHER ELIGIBLE MEMBER
25 UPON TERMINATION OF STATE SERVICE WHO HAS NOT WITHDRAWN HIS
26 TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5701
27 (RELATING TO RETURN OF TOTAL ACCUMULATED DEDUCTIONS)], VESTEE OR
28 ANY OTHER MEMBER UPON TERMINATION OF STATE SERVICE WHO IS
29 ELIGIBLE TO RECEIVE AN ANNUITY AS PROVIDED IN SECTION 5308(A) OR

30 (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) MAY APPLY FOR AND

1 ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE ANNUITY, AS
2 CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5702
3 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY
4 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
5 MAXIMUM SINGLE LIFE ANNUITY PAYABLE AFTER REDUCTION UNDER
6 SUBSECTION (A.1) AND IN ACCORDANCE WITH ONE OF THE FOLLOWING
7 OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY PAYABLE TO
8 ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE OR
9 ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF
10 THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT
11 UNDER THIS SUBSECTION AND SUBSECTION (A.1) HE MAY HAVE ELECTED
12 TO RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM
13 SINGLE LIFE ANNUITY AND NO MEMBER MAY ELECT A PAYMENT OPTION
14 THAT WOULD PROVIDE BENEFITS THAT DO NOT SATISFY THE MINIMUM
15 DISTRIBUTION REQUIREMENTS OR WOULD VIOLATE THE INCIDENTAL DEATH
16 BENEFIT RULES OF IRC § 401(A) (9) :

17 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH A
18 GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE
19 MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF
20 RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS
21 RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE
22 SHALL BE PAYABLE TO HIS BENEFICIARY.

23 (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE
24 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
25 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
26 LIVING AT HIS DEATH.

27 (3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR
28 ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE-
29 HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR
30 ANNUITANT, IF LIVING AT HIS DEATH.

1 (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE
2 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
3 MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
4 RESTRICTIONS:

5 (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
6 DURING THE LIFETIME OF THE MEMBER;

7 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
8 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
9 [ONE AND ONE-HALF TIMES] THE ANNUITY PAYABLE TO THE
10 MEMBER; AND

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 TOTAL ACCUMULATED
14 DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER THAT ARE
15 NOT THE RESULT OF CONTRIBUTIONS AND STATUTORY INTEREST
16 MADE OR CREDITED AS A RESULT OF CLASS A-3 [OR], CLASS A-
17 4, CLASS A-5 OR CLASS A-6 SERVICE. THE BALANCE OF THE
18 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED
19 IN ACCORDANCE WITH SECTION 5702(B) SHALL BE PAID IN THE
20 FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A
21 SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR
22 ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS
23 OF SUBPARAGRAPHS (I) AND (II) UNDER THIS OPTION.

24 (A.1) ADDITIONAL LUMP SUM WITHDRAWAL.--THE FOLLOWING SHALL
25 APPLY:

26 (1) IF A MEMBER HAS AN EFFECTIVE DATE OF RETIREMENT
27 AFTER DECEMBER 31, 2018, AND HAS ELECTED TO HAVE THE FULL
28 AMOUNT ALLOWED UNDER SUBSECTION (A) (4) (III) PAID IN A LUMP
29 SUM, OR IS NOT ELIGIBLE TO HAVE ANY MONEY PAID UNDER
30 SUBSECTION (A) (4) (III), THEN THE MEMBER MAY ELECT TO RECEIVE

1 AN ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM AT THE SAME TIME
2 AS THE PAYMENT ELECTED UNDER SUBSECTION (A) (4) (III), IF ANY.

3 (2) THE ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM MAY NOT
4 EXCEED AN AMOUNT EQUAL TO TOTAL ACCUMULATED DEDUCTIONS
5 STANDING TO THE CREDIT OF THE MEMBER ON THE EFFECTIVE DATE OF
6 RETIREMENT RELATED TO SERVICE CREDITED AS CLASS A-3, CLASS A-
7 4, CLASS A-5 OR CLASS A-6.

8 (3) IF A MEMBER ELECTS TO BE PAID AN ADDITIONAL LUMP SUM
9 AMOUNT UNDER THIS SUBSECTION, THEN THE MAXIMUM SINGLE LIFE
10 ANNUITY CALCULATED UNDER SECTION 5702 AND PAYABLE UNDER
11 SUBSECTION (A) SHALL BE REDUCED BY THE ADDITIONAL AMOUNT
12 WITHDRAWN DIVIDED BY THE COST OF A DOLLAR ANNUITY ON THE
13 EFFECTIVE DATE OF RETIREMENT COMPUTED ON THE BASIS OF THE
14 ANNUAL INTEREST RATE ADOPTED FOR THAT FISCAL YEAR BY THE
15 BOARD FOR THE CALCULATION OF THE EMPLOYER NORMAL CONTRIBUTION
16 RATE UNDER SECTION 5508(B) (RELATING TO ACTUARIAL COST
17 METHOD) AND THE MORTALITY TABLES ADOPTED BY THE BOARD FOR THE
18 DETERMINATION OF ACTUARIALLY EQUIVALENT BENEFITS UNDER THIS
19 PART. THE REDUCTION IN THE MAXIMUM SINGLE LIFE ANNUITY UNDER
20 THIS PARAGRAPH SHALL APPLY BEFORE THE ELECTION AND
21 CALCULATION OF ANY REDUCED ANNUITIES PAYABLE UNDER SUBSECTION
22 (A).

23 * * *

24 SECTION 319. SECTIONS 5705.1 AND 5706(A), (A.2), (A.5), (B)
25 AND (C) OF TITLE 71 ARE AMENDED TO READ:

26 § 5705.1. PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM
27 [CLASS A-3 AND CLASS A-4] MORE THAN ONE CLASS OF
28 SERVICE.

29 ANY SUPERANNUATION OR WITHDRAWAL ANNUITANT WHO:

30 (1) HAS CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR CLASS A-

1 6 SERVICE CREDIT;

2 (2) HAS SERVICE CREDITED IN ONE OR MORE CLASSES OF
3 SERVICE; AND

4 (3) BECAUSE HE HAS FIVE OR MORE, BUT FEWER THAN TEN,
5 ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON
6 HIS CLASS A-3 [OR], CLASS A-4, CLASS A-5 OR CLASS A-6 SERVICE
7 SHALL RECEIVE IN A LUMP SUM AT THE TIME OF HIS RETIREMENT, IN
8 ADDITION TO ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY
9 ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A-3
10 [OR], CLASS A-4, CLASS A-5 OR CLASS A-6 SERVICE CREDIT. PAYMENT
11 OF THESE ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [OR],
12 CLASS A-4, CLASS A-5 OR CLASS A-6 SERVICE CREDIT SHALL NOT BE
13 ELIGIBLE FOR INSTALLMENT PAYMENTS PURSUANT TO SECTION 5905.1
14 (RELATING TO INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS) BUT
15 SHALL BE CONSIDERED A LUMP SUM PAYMENT FOR PURPOSES OF SECTION
16 5905.1 (D).

17 § 5706. TERMINATION OF ANNUITIES.

18 (A) GENERAL RULE.--

19 (1) IF THE ANNUITANT RETURNS TO STATE SERVICE OR ENTERS
20 OR HAS ENTERED SCHOOL SERVICE AND ELECTS MULTIPLE SERVICE
21 MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART SHALL
22 CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE SERVICE
23 OR ENTERING SCHOOL SERVICE WITHOUT REGARD TO WHETHER HE IS A
24 MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
25 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,
26 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR
27 PARTICIPANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
28 OR SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE
29 CASE OF AN ANNUITY OTHER THAN A DISABILITY ANNUITY THE
30 PRESENT VALUE OF SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN

1 THE CASE OF A JOINT COVERAGE MEMBER WHO MAKES THE APPROPRIATE
2 BACK CONTRIBUTIONS FOR FULL COVERAGE, SHALL BE FROZEN AS OF
3 THE DATE SUCH ANNUITY CEASES. AN ANNUITANT WHO IS CREDITED
4 WITH AN ADDITIONAL 10% OF CLASS A AND CLASS C SERVICE AS
5 PROVIDED IN SECTION 5302(C) (RELATING TO CREDITED STATE
6 SERVICE) AND WHO RETURNS TO STATE SERVICE SHALL FORFEIT SUCH
7 CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE
8 ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN
9 APPLIED TO HIS ACCOUNT. IN THE EVENT THAT THE COST-OF-LIVING
10 INCREASE ENACTED DECEMBER 18, 1979 OCCURRED DURING THE PERIOD
11 OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE
12 SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS
13 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT
14 RETURNED TO SERVICE.

15 (2) THIS SUBSECTION SHALL NOT APPLY IN THE CASE OF ANY
16 ANNUITANT WHO:

17 (I) MAY RENDER SERVICES TO THE COMMONWEALTH IN THE
18 CAPACITY OF AN INDEPENDENT CONTRACTOR; OR

19 (II) IS OVER NORMAL RETIREMENT AGE OR WHO HAS BEEN
20 AN ANNUITANT FOR MORE THAN ONE YEAR AND WHO MAY RENDER
21 SERVICE TO THE COMMONWEALTH:

22 (A) AS A MEMBER OF AN INDEPENDENT BOARD OR
23 COMMISSION OR AS A MEMBER OF A DEPARTMENTAL
24 ADMINISTRATIVE OR ADVISORY BOARD OR COMMISSION WHEN
25 SUCH MEMBERS OF INDEPENDENT OR DEPARTMENTAL BOARDS OR
26 COMMISSIONS ARE COMPENSATED ON A PER DIEM BASIS FOR
27 NOT MORE THAN 150 DAYS PER CALENDAR YEAR; OR

28 (B) AS A MEMBER OF AN INDEPENDENT BOARD OR
29 COMMISSION REQUIRING APPOINTMENT BY THE GOVERNOR,
30 WITH ADVICE AND CONSENT OF THE SENATE, WHERE THE

1 ANNUAL SALARY PAYABLE TO THE MEMBER DOES NOT EXCEED
2 \$35,000 AND WHERE THE MEMBER HAS BEEN AN ANNUITANT
3 FOR AT LEAST SIX MONTHS IMMEDIATELY PRECEDING THE
4 APPOINTMENT.

5 * * *

6 (A.2) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE
7 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES
8 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO
9 SECTION 5705 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE
10 OF HIS RETURN TO STATE SERVICE OR ENTERING SCHOOL SERVICE, THE
11 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM
12 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE
13 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS
14 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN
15 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR SCHOOL EMPLOYEE
16 WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
17 RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST
18 THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON
19 BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION
20 PLANS AGREED TO BY THE MEMBER AND THE BOARD MAY INCLUDE A
21 DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE
22 TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN
23 ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY
24 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS
25 SOLE DISCRETION DETERMINES. IN THE CASE OF A SCHOOL EMPLOYEE WHO
26 IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
27 SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO
28 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL
29 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

30 * * *

1 (A.5) NO CONTRIBUTIONS OR CREDITED SERVICE.--THE SERVICE OF
2 AN ANNUITANT WHOSE ANNUITY DOES NOT CEASE UPON HIS RETURN TO
3 STATE OR SCHOOL SERVICE SHALL NOT BE SUBJECT TO MEMBER
4 CONTRIBUTIONS OR ELIGIBLE FOR QUALIFICATION AS CREDITABLE STATE
5 SERVICE[.] AND SHALL NOT BE ELIGIBLE FOR PARTICIPATION IN THE
6 PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY
7 CONTRIBUTIONS OR EMPLOYER DEFINED CONTRIBUTIONS.

8 (B) SUBSEQUENT DISCONTINUANCE OF SERVICE.--UPON SUBSEQUENT
9 DISCONTINUANCE OF SERVICE, SUCH [MEMBER] TERMINATING STATE
10 EMPLOYEE OTHER THAN A FORMER ANNUITANT WHO HAD THE EFFECT OF HIS
11 FROZEN PRESENT VALUE ELIMINATED IN ACCORDANCE WITH SUBSECTION
12 (C) OR A FORMER DISABILITY ANNUITANT SHALL BE ENTITLED TO AN
13 ANNUITY WHICH IS ACTUARIALLY EQUIVALENT TO [THE SUM OF] THE
14 PRESENT VALUE AS DETERMINED UNDER SUBSECTION (A) [AND] TO WHICH
15 SHALL BE ADDED, IF THE SERVICE AFTER REEMPLOYMENT WAS AS A
16 MEMBER OF THE SYSTEM, THE PRESENT VALUE OF A MAXIMUM SINGLE LIFE
17 ANNUITY BASED ON YEARS OF SERVICE CREDITED SUBSEQUENT TO REENTRY
18 IN THE SYSTEM AND HIS FINAL AVERAGE SALARY COMPUTED BY REFERENCE
19 TO HIS COMPENSATION AS A MEMBER OF THE SYSTEM OR AS A MEMBER OF
20 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM DURING HIS ENTIRE
21 PERIOD OF STATE AND SCHOOL SERVICE.

22 (C) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

23 (1) AN ANNUITANT WHO RETURNS TO STATE SERVICE AS AN
24 ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY
25 POINTS AS A MEMBER OF THE SYSTEM BY PERFORMING CREDITED STATE
26 SERVICE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN
27 ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO ENTERS SCHOOL
28 SERVICE OTHER THAN AS A CLASS DC PARTICIPANT AND:

29 (I) IS A MULTIPLE SERVICE MEMBER; OR

30 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND

1 EARNs THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE
2 SERVICE AS A MEMBER OF THE SYSTEM OR CREDITED SCHOOL SERVICE
3 FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY
4 UNDER THIS PART, AND WHO HAD THE PRESENT VALUE OF HIS ANNUITY
5 FROZEN IN ACCORDANCE WITH SUBSECTION (A), SHALL QUALIFY TO
6 HAVE THE EFFECT OF THE FROZEN PRESENT VALUE RESULTING FROM
7 ALL PREVIOUS PERIODS OF RETIREMENT ELIMINATED, PROVIDED THAT
8 ALL LUMP SUM PAYMENTS UNDER OPTION 4 OR UNDER SECTION
9 5705(A.1) AND ANNUITY PAYMENTS PAYABLE DURING PREVIOUS
10 PERIODS OF RETIREMENT PLUS INTEREST AS SET FORTH IN PARAGRAPH
11 (3) SHALL BE RETURNED TO THE FUND IN THE FORM OF AN ACTUARIAL
12 ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE
13 BOARD MAY OTHERWISE DIRECT.

14 * * *

15 SECTION 320. SECTION 5707(A), (B) AND (F) OF TITLE 71 ARE
16 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
17 READ:

18 § 5707. DEATH BENEFITS.

19 (A) MEMBERS ELIGIBLE FOR ANNUITIES.--ANY ACTIVE MEMBER,
20 INACTIVE MEMBER [ON LEAVE WITHOUT PAY], VESTEE OR CURRENT OR
21 FORMER STATE EMPLOYEE PERFORMING USERRA LEAVE WHO DIES AND WAS
22 ELIGIBLE FOR AN ANNUITY IN ACCORDANCE WITH SECTION 5308(A) OR
23 (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) OR SPECIAL VESTEE
24 WHO HAS ATTAINED SUPERANNUATION AGE AND DIES BEFORE APPLYING FOR
25 A SUPERANNUATION ANNUITY SHALL BE CONSIDERED AS HAVING APPLIED
26 FOR AN ANNUITY TO BECOME EFFECTIVE THE DAY BEFORE HIS DEATH AND
27 IN THE EVENT HE HAS NOT ELECTED AN OPTION OR SUCH ELECTION HAS
28 NOT BEEN APPROVED PRIOR TO HIS DEATH, IT SHALL BE ASSUMED THAT
29 HE ELECTED OPTION 1. FOR PURPOSES OF THIS SUBSECTION, A MEMBER
30 WITH CLASS A-5 SERVICE OR CLASS A-6 SERVICE WHO HAS TEN OR MORE

1 ELIGIBILITY POINTS SHALL BE CONSIDERED ELIGIBLE FOR AN ANNUITY
2 BASED ON CLASS A-5 OR CLASS A-6 SERVICE, SUBJECT TO A REDUCTION
3 FACTOR CALCULATED TO PROVIDE BENEFITS ACTUARIALLY EQUIVALENT TO
4 AN ANNUITY STARTING AT SUPERANNUATION AGE, EVEN IF THE MEMBER
5 HAD NOT ATTAINED AGE 62.

6 (B) MEMBERS INELIGIBLE FOR ANNUITIES.--IN THE EVENT OF THE
7 DEATH OF A SPECIAL VESTEE, AN ACTIVE MEMBER, AN INACTIVE MEMBER
8 [ON LEAVE WITHOUT PAY] OR A CURRENT OR FORMER STATE EMPLOYEE
9 PERFORMING USERRA LEAVE WHO IS NOT ENTITLED TO A DEATH BENEFIT
10 AS PROVIDED IN SUBSECTION (A), HIS DESIGNATED BENEFICIARY SHALL
11 BE PAID THE FULL AMOUNT OF HIS TOTAL ACCUMULATED DEDUCTIONS.

12 (B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF
13 SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE.--IN THE
14 EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY
15 BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND
16 INELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES
17 OF SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED
18 ON THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN
19 ADDITION TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED
20 DEDUCTIONS ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT
21 ELIGIBLE FOR AN ANNUITY.

22 * * *

23 (F) MEMBERS SUBJECT TO LIMITATIONS UNDER SECTION 5702(C).--
24 SUBJECT TO THE LIMITATIONS CONTAINED IN SECTION 401(A)(9) OF THE
25 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
26 401(A)(9)), THE PRESENT VALUE OF ANY ANNUITY IN EXCESS OF THAT
27 PAYABLE UNDER SECTION 5702 (RELATING TO MAXIMUM SINGLE LIFE
28 ANNUITY) THAT IS NOT SUBJECT TO THE LIMITATIONS UNDER SECTION
29 415(B) OF THE INTERNAL REVENUE CODE OF 1986 SHALL BE PAID IN A
30 LUMP SUM TO THE BENEFICIARY DESIGNATED BY THE MEMBER AFTER THE

1 DEATH OF THE MEMBER. A BENEFICIARY RECEIVING A BENEFIT UNDER
2 THIS SUBSECTION SHALL NOT BE ABLE TO ELECT A PAYMENT METHOD
3 OTHERWISE ALLOWED UNDER SECTION 5709(B) (2) AND (3) (RELATING TO
4 PAYMENT OF BENEFITS FROM THE SYSTEM).

5 * * *

6 SECTION 320.1. SECTION 5709 HEADING, (A) AND (B) OF TITLE 71
7 ARE AMENDED TO READ:

8 § 5709. PAYMENT OF BENEFITS FROM THE SYSTEM.

9 (A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF
10 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY
11 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 SECTION 321. TITLE 71 IS AMENDED BY ADDING A CHAPTER TO
26 READ:

27 CHAPTER 58

28 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN

29 SEC.

30 5801. ESTABLISHMENT.

1 5802. PLAN DOCUMENT.
2 5803. INDIVIDUAL INVESTMENT ACCOUNTS.
3 5804. PARTICIPANT CONTRIBUTIONS.
4 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.
5 5806. EMPLOYER DEFINED CONTRIBUTIONS.
6 5807. ELIGIBILITY FOR BENEFITS.
7 5808. DEATH BENEFITS.
8 5809. VESTING.
9 5810. TERMINATION OF DISTRIBUTIONS.
10 5811. (RESERVED).
11 5812. POWERS AND DUTIES OF BOARD.
12 5813. RESPONSIBILITY FOR INVESTMENT LOSS.
13 5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION
14 CHOICES.
15 5815. EXPENSES.
16 5816. TAX QUALIFICATION.
17 § 5801. ESTABLISHMENT.
18 (A) STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE STATE
19 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD
20 SHALL ADMINISTER AND MANAGE THE PLAN WHICH SHALL BE A DEFINED
21 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE
22 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
23 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
24 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT
25 INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND
26 SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.
27 (B) STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE STATE
28 EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS PART OF
29 THE PLAN. THE TRUST SHALL BE COMPRISED OF THE INDIVIDUAL
30 INVESTMENT ACCOUNTS AND ALL ASSETS AND MONEY IN THOSE ACCOUNTS,

1 AND ANY ASSETS AND MONEY HELD BY THE BOARD AS PART OF THE PLAN
2 THAT ARE NOT ALLOCATED TO INDIVIDUAL INVESTMENT ACCOUNTS. THE
3 MEMBERS OF THE BOARD SHALL BE THE TRUSTEES OF THE TRUST, WHICH
4 SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE
5 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
6 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
7 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT
8 INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND
9 SHALL PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE
10 TRUST.

11 (C) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE PLAN
12 THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE
13 PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE
14 WITH THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
15 PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE
16 EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES
17 UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS
18 OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN
19 DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE
20 BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED
21 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE
22 ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.

23 (D) NAME FOR TRANSACTING BUSINESS.--ALL OF THE BUSINESS OF
24 THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL
25 REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS
26 CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME
27 OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN."
28 NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY
29 ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF
30 REGISTERING SECURITIES TO FACILITATE THE PURCHASE, SALE OR OTHER

1 DISPOSITION OF SECURITIES UNDER THE PROVISIONS OF THIS PART.

2 § 5802. PLAN DOCUMENT.

3 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE
4 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS
5 OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED
6 IN THE PENNSYLVANIA BULLETIN. ANY AMENDMENTS TO THE PLAN AND
7 TRUST DECLARATION ALSO SHALL BE PUBLISHED. THE CREATION OF THE
8 DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE
9 TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND
10 PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY
11 REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE
12 ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE
13 COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER
14 LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE
15 CONTEXT CLEARLY INDICATES OTHERWISE.

16 § 5803. INDIVIDUAL INVESTMENT ACCOUNTS.

17 THE BOARD SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
18 INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
19 CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON BEHALF
20 OF A PARTICIPANT SHALL BE CREDITED TO THE PARTICIPANT'S
21 INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH ALL INTEREST AND
22 INVESTMENT EARNINGS AND LOSSES. INVESTMENT AND ADMINISTRATIVE
23 FEES, COSTS AND EXPENSES SHALL BE CHARGED TO THE PARTICIPANTS'
24 INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS OTHERWISE PROVIDED
25 UNDER THIS PART OR AS THE GENERAL ASSEMBLY OTHERWISE PROVIDES BY
26 APPROPRIATIONS FROM THE GENERAL FUND. EMPLOYER DEFINED
27 CONTRIBUTIONS SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY
28 FROM PARTICIPANT CONTRIBUTIONS, BUT ALL INTEREST, INVESTMENT
29 EARNINGS AND LOSSES, AND INVESTMENT AND ADMINISTRATIVE FEES,
30 COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.

1 § 5804. PARTICIPANT CONTRIBUTIONS.

2 (A) MANDATORY CONTRIBUTIONS.--A PARTICIPANT WHO DID NOT MAKE
3 THE ELECTION UNDER SECTION 5306.5 (RELATING TO ELECTION BY
4 ACTIVE MEMBERS TO BECOME A CLASS A-5 MEMBER, CLASS A-6 MEMBER OR
5 PLAN PARTICIPANT) SHALL MAKE MANDATORY PICKUP PARTICIPANT
6 CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS TO THE PARTICIPANT'S
7 INDIVIDUAL INVESTMENT ACCOUNT EQUAL TO 3.25% OF COMPENSATION FOR
8 CURRENT STATE SERVICE CREDITED AS A CLASS A-5 MEMBER OR 3.5% OF
9 COMPENSATION FOR CURRENT STATE SERVICE CREDITED AS A CLASS A-6
10 MEMBER AND 7.5% OF COMPENSATION FOR CURRENT SERVICE PERFORMED
11 SOLELY AS A PARTICIPANT. A PARTICIPANT WHO MADE THE ELECTION
12 UNDER SECTION 5306.5 SHALL MAKE MANDATORY PICKUP PARTICIPANT
13 CONTRIBUTIONS AS PROVIDED UNDER SECTION 5306.5. THE EMPLOYER
14 SHALL CAUSE THOSE CONTRIBUTIONS FOR CURRENT SERVICE TO BE MADE
15 AND DEDUCTED FROM EACH PAYROLL OR ON SUCH SCHEDULE AS
16 ESTABLISHED BY THE BOARD.

17 (B) VOLUNTARY CONTRIBUTIONS.--A PARTICIPANT MAY MAKE
18 VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH
19 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF
20 MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE
21 EXTENT ALLOWED BY IRC § 402. THE ROLLOVERS SHALL BE MADE IN A
22 FORM AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO
23 THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE
24 SEPARATELY ACCOUNTED FOR BY THE BOARD.

25 (C) PROHIBITED CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE
26 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
27 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
28 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
29 DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS
30 IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE

1 CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE
2 CHARGES, SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.
3 § 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

4 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--THE
5 CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION
6 5804(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO
7 STATE SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED
8 UP BY THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS
9 THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER
10 THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A
11 PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY
12 PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF
13 THE PARTICIPANT.

14 (B) TREATMENT FOR OTHER PURPOSES.--FOR ALL OTHER PURPOSES
15 UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT
16 CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A
17 PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE
18 CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT
19 PICKED UP.

20 § 5806. EMPLOYER DEFINED CONTRIBUTIONS.

21 (A) CONTRIBUTIONS FOR SERVICE.--THE COMMONWEALTH OR OTHER
22 EMPLOYER OF AN ACTIVE PARTICIPANT SHALL MAKE EMPLOYER DEFINED
23 CONTRIBUTIONS FOR SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE
24 CREDITED TO THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT
25 ACCOUNT. EMPLOYER DEFINED CONTRIBUTIONS SHALL BE RECORDED AND
26 ACCOUNTED FOR SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.

27 (B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED
28 FROM USERRA LEAVE.--WHEN A STATE EMPLOYEE REEMPLOYED FROM USERRA
29 LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
30 PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE COMMONWEALTH OR

1 OTHER EMPLOYER BY WHOM THE STATE EMPLOYEE IS EMPLOYED AT THE
2 TIME THE PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER
3 EMPLOYER DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS
4 SECTION HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS
5 CONTINUED TO BE EMPLOYED IN THE PARTICIPANT'S STATE OFFICE OR
6 POSITION INSTEAD OF PERFORMING USERRA LEAVE. THE EMPLOYER
7 DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE PARTICIPANT'S
8 INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE PROVIDED BY THIS
9 PART.

10 (C) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE
11 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
12 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
13 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
14 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
15 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
16 EARNINGS ON THE CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND
17 ADMINISTRATIVE CHARGES, SHALL BE REFUNDED TO THE EMPLOYER BY THE
18 BOARD.

19 § 5807. ELIGIBILITY FOR BENEFITS.

20 (A) TERMINATION OF SERVICE.--A PARTICIPANT WHO TERMINATES
21 STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED
22 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE
23 PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
24 ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
25 PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
26 ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A
27 PARTICIPANT WHO WITHDRAWS HIS VESTED ACCUMULATED TOTAL DEFINED
28 CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
29 NOTWITHSTANDING THAT THE FORMER STATE EMPLOYEE MAY CONTINUE TO
30 BE A MEMBER OF THE SYSTEM OR MAY HAVE CONTRACTED TO RECEIVE AN

1 ANNUITY OR OTHER FORM OF PAYMENT FROM A PROVIDER RETAINED BY THE
2 BOARD FOR SUCH PURPOSES.

3 (B) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS SECTION
4 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
5 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
6 IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY
7 DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
8 THOSE REQUIREMENTS.

9 (C) (RESERVED).

10 (D) PROHIBITED DISTRIBUTIONS.--A STATE EMPLOYEE MUST BE
11 TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP
12 IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO
13 RECEIVE A DISTRIBUTION. NO DISTRIBUTION SHALL BE ALLOWED THAT
14 WOULD BE AN IN-SERVICE DISTRIBUTION PROHIBITED BY THE IRC.

15 (E) LOANS.--LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
16 OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO STATE
17 EMPLOYEES WHO HAVE NOT TERMINATED STATE SERVICE ARE NOT
18 PERMITTED, EXCEPT AS REQUIRED BY LAW.

19 (F) SMALL INDIVIDUAL INVESTMENT ACCOUNTS.--A PARTICIPANT WHO
20 TERMINATES STATE SERVICE AND WHOSE VESTED ACCUMULATED TOTAL
21 DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW
22 AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED
23 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS
24 PROVIDED IN IRC § 401(A)(31).

25 (G) OPTION TO PURCHASE ANNUITY.--EXCEPT AS PROHIBITED BY THE
26 IRC OR AS OTHERWISE PROVIDED IN THIS PART, A PARTICIPANT WHO IS
27 ELIGIBLE AND ELECTS TO RECEIVE A DISTRIBUTION OR VESTED
28 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS MAY PURCHASE AN
29 ANNUITY WITH THAT DISTRIBUTION FROM AN ANNUITY PROVIDER
30 CONTRACTED BY THE BOARD UNDER SECTION 5808(C) (RELATING TO DEATH

1 BENEFITS) AND UNDER SUCH CONDITIONS AS PROVIDED IN THE PLAN
2 DOCUMENT. THE CONDITIONS MAY INCLUDE THAT THE BOARD IS
3 AUTHORIZED TO MAKE THE DISTRIBUTION DIRECTLY TO THE ANNUITY
4 PROVIDER.

5 § 5808. DEATH BENEFITS.

6 (A) GENERAL RULE.--IN THE EVENT OF THE DEATH OF AN ACTIVE
7 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
8 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
9 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
10 SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN
11 DOCUMENT.

12 (B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS.--IN THE
13 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE
14 BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
15 BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
16 LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
17 THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE
18 METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE
19 PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S
20 BENEFICIARY OR SUCCESSOR PAYEE, AS THE CASE MAY BE, AS PROVIDED
21 IN THE PLAN DOCUMENT.

22 (C) CONTRACTS.--THE BOARD SHALL CONTRACT WITH FINANCIAL
23 INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY
24 PROVIDERS TO ALLOW A PARTICIPANT, BENEFICIARY OR SUCCESSOR PAYEE
25 WHO RECEIVES A LUMP SUM DISTRIBUTION TO RECEIVE PAYMENTS AND
26 DEATH BENEFITS IN A FORM AND MANNER AS PROVIDED BY THE CONTRACT.
27 TO THE EXTENT COMMERCIALY AVAILABLE, ANY ANNUITY OPTION SHALL
28 INCLUDE AN INTEREST RATE OF AT LEAST 2.5% COMPOUNDED ANNUALLY.

29 § 5809. VESTING.

30 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT TO THE

1 FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 5953 (RELATING
2 TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS
3 PROVIDED BY LAW, A PARTICIPANT SHALL BE VESTED IMMEDIATELY WITH
4 RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
5 VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT
6 TO THE TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS OR
7 LOSSES ON THE PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT
8 FEES AND ADMINISTRATIVE CHARGES.

9 (B) EMPLOYER DEFINED CONTRIBUTIONS.--

10 (1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS
11 OF SECTION 5953 OR OTHERWISE AS PROVIDED BY LAW, A
12 PARTICIPANT SHALL BE VESTED WITH RESPECT TO ALL EMPLOYER
13 DEFINED CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL
14 INVESTMENT ACCOUNT IN THE TRUST IN ADDITION TO INTEREST AND
15 INVESTMENT GAINS AND LOSSES ON THE EMPLOYER DEFINED
16 CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE
17 CHARGES ACCORDING TO THE FOLLOWING SCHEDULE:

18 (I) UNTIL SUCH TIME AS A PARTICIPANT HAS EARNED
19 THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM OR
20 PARTICIPANT IN THE PLAN, 0%;

21 (II) AT AND AFTER THE ATTAINMENT OF THREE
22 ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM OR
23 PARTICIPANT IN THE PLAN, 100%.

24 (2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY
25 POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF
26 SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE
27 PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN
28 AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.

29 (3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS AND THE
30 INTEREST AND INVESTMENT GAINS AND LOSSES ON THE NONVESTED

1 EMPLOYER DEFINED CONTRIBUTIONS THAT ARE FORFEITED WHEN A
2 PARTICIPANT TERMINATES STATE SERVICE BEFORE ACCRUING THREE
3 ELIGIBILITY POINTS AS PROVIDED UNDER SECTION 5307(C) (3)
4 (RELATING TO ELIGIBILITY POINTS) ARE CREDITED TO THE
5 PARTICIPANT'S MOST RECENT EMPLOYER'S FUTURE OBLIGATION
6 ASSESSED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND
7 ASSESSMENTS BY THE COMMONWEALTH).

8 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN
9 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
10 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER
11 THIS SECTION FOR THE STATE SERVICE THAT WOULD HAVE BEEN
12 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

13 § 5810. TERMINATION OF DISTRIBUTIONS.

14 (A) RETURN TO STATE SERVICE.--

15 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
16 PARTICIPANT WHO RETURNS TO STATE SERVICE SHALL CEASE
17 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE
18 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
19 STATE SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS A
20 MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
21 PARTICIPANT IN THE PLAN.

22 (2) THIS SUBSECTION SHALL NOT APPLY TO DISTRIBUTIONS
23 THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN
24 ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.

25 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

26 (1) IF A FORMER STATE EMPLOYEE IS REEMPLOYED FROM USERRA
27 LEAVE AND RECEIVED ANY DISTRIBUTIONS FROM THE PLAN DURING THE
28 USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE BOARD THE
29 AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN THE PLAN
30 DOCUMENT.

1 (2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
2 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
3 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN
4 THE CASE OF AN ACTIVE PARTICIPANT MAY BE AMORTIZED WITH
5 INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY
6 DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE
7 PARTICIPANT AND THE BOARD, BUT FOR NOT LONGER THAN A PERIOD
8 THAT STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUES FOR
9 UP TO THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S
10 IMMEDIATE PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD
11 SHALL NOT EXCEED FIVE YEARS.

12 § 5811. (RESERVED).

13 § 5812. POWERS AND DUTIES OF BOARD.

14 THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN
15 CHAPTER 59 (RELATING TO ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL
16 PROVISIONS), SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
17 ESTABLISH THE PLAN AND TRUST AND ADMINISTER THE PROVISIONS OF
18 THIS CHAPTER AND PART:

19 (1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
20 ASSETS OF OTHER PERSONS OR ENTITIES.

21 (2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
22 AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE
23 PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM
24 THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS
25 OTHERWISE PROVIDED UNDER THIS PART OR AS THE GENERAL ASSEMBLY
26 OTHERWISE PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.

27 (3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND
28 LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY
29 MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.

30 (4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS

1 OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED
2 STATUS OF THE PLAN.

3 (5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO
4 PARTICIPATE IN THE PLAN BY THOSE STATE EMPLOYEES ELIGIBLE TO
5 DO SO FOR WHOM PARTICIPATION IS NOT MANDATORY.

6 (6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT
7 REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF
8 ASSURING THAT THE FUND MANAGER CONTINUES TO MEET ALL
9 STANDARDS AND CRITERIA ESTABLISHED.

10 (7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND
11 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM
12 QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE
13 EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.

14 (8) THE BOARD MAY ALLOW AN INACTIVE PARTICIPANT TO
15 MAINTAIN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
16 WITHIN THE PLAN.

17 (9) THE BOARD SHALL ADMINISTER OR ENSURE THE
18 ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE
19 QUALIFICATIONS AND OTHER RULES OF THE IRC.

20 (10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR
21 THE LAWFUL PAYMENT OF BENEFITS, INCLUDING, BUT NOT LIMITED
22 TO, ALTERNATE PAYEES AS SET FORTH IN SECTIONS 5953 (RELATING
23 TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) THROUGH
24 5953.6 (RELATING TO IRREVOCABLE SUCCESSOR PAYEE).

25 (11) THE BOARD SHALL DETERMINE, AFTER REVIEWING
26 APPLICABLE LAW, WHAT CONSTITUTES A TERMINATION OF STATE
27 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 VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT
7 CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS
8 REGARDING THEIR PARTICIPATION IN THE PLAN.

9 (II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
10 PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS
11 FROM A PARTICIPANT'S 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 WHICH ARE OFFERED BY 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 A VARIETY OF
20 INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE
21 WITH CRITERIA ESTABLISHED BY THE BOARD.

22 (V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE
23 PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME
24 ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL
25 FEEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS
26 DEFERRED TO COVER THE FEEES, COSTS AND EXPENSES OF
27 ADMINISTERING AND MANAGING THE PLAN OR TRUST.

28 (VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE
29 MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION
30 FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES

1 CONSISTENT WITH THE PURPOSE OF THE PLAN.

2 (14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION
3 REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES
4 THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF
5 THE PLAN.

6 (15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN
7 LIEU OF STAFF, EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED
8 BY LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT
9 REQUIRED BY LAW TO BE PERFORMED BY THE BOARD CAN BE DELEGATED
10 TO A THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.

11 (16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE
12 EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE
13 EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.

14 (17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE
15 PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS
16 AND CHOICES.

17 (18) THE PROVISIONS AND RESTRICTIONS OF THE ACT OF JULY
18 2, 2010 (P.L.266, NO.44), KNOWN AS THE PROTECTING
19 PENNSYLVANIA'S INVESTMENTS ACT, SHALL NOT APPLY TO THE
20 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR THE MONEYS
21 AND INVESTMENTS THEREIN, BUT THE BOARD IS AUTHORIZED TO OFFER
22 TO THE PLAN PARTICIPANTS INVESTMENT VEHICLES THAT WOULD BE
23 PERMITTED UNDER THE PROTECTING PENNSYLVANIA'S INVESTMENTS
24 ACT.

25 § 5813. RESPONSIBILITY FOR INVESTMENT LOSS.

26 THE BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL
27 SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY INVESTMENT OR OTHER
28 LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF ANY
29 INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO EARN AS
30 MUCH AS ANY OTHER INVESTMENT OPPORTUNITY OR TO COST LESS THAN

1 ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT THE OTHER
2 OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.
3 § 5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT
4 ALLOCATION CHOICES.

5 (A) INVESTMENT BY PARTICIPANT.--ALL CONTRIBUTIONS, INTEREST
6 AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A
7 PARTICIPANT'S INVESTMENT ALLOCATION CHOICES, PROVIDED THAT THE
8 BOARD MAY PROVIDE FOR A DEFAULT INVESTMENT OPTION. ALL
9 INVESTMENT ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY
10 BETWEEN PARTICIPANT CONTRIBUTIONS 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, CUSTODIAL BANK OR
17 OTHER ENTITY THAT THE BOARD HAS APPROVED SHALL NOT BE
18 UNREASONABLY DELAYED, AND IN NO CASE MAY THE INVESTMENT OF
19 CONTRIBUTIONS BE DELAYED MORE THAN 30 DAYS FROM THE DATE OF
20 PAYROLL DEDUCTION OR THE DATE VOLUNTARY CONTRIBUTIONS ARE MADE
21 TO THE DATE THAT FUNDS ARE INVESTED. ANY INTEREST EARNED ON THE
22 FUNDS PENDING INVESTMENT SHALL BE USED TO PAY ADMINISTRATIVE
23 COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED TO BE BORNE BY
24 PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE PLAN OR PAID BY
25 APPROPRIATIONS FROM THE GENERAL FUND.

26 § 5815. EXPENSES.

27 ALL FEES, COSTS AND EXPENSES OF ESTABLISHING AND
28 ADMINISTERING THE PLAN AND THE TRUST AND INVESTING THE ASSETS OF
29 THE TRUST SHALL BE BORNE BY THE PARTICIPANTS AND PAID FROM
30 ASSESSMENTS AGAINST THE BALANCES OF THE INDIVIDUAL INVESTMENT

1 ACCOUNTS AS ESTABLISHED BY THE BOARD, EXCEPT THAT THE FEES,
2 COSTS AND EXPENSES OF ESTABLISHING AND ADMINISTERING THE PLAN
3 AND THE TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH ANNUAL
4 APPROPRIATIONS.

5 § 5816. TAX QUALIFICATION.

6 (A) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS CHAPTER
7 SHALL START AND BE MADE IN COMPLIANCE WITH THE REQUIRED
8 BEGINNING DATE, MINIMUM DISTRIBUTION REQUIREMENTS AND INCIDENTAL
9 DEATH BENEFIT RULES OF IRC § 401(A).

10 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

11 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND
12 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION
13 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED ANY
14 LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL
15 PLAN WHICH IS IN EFFECT ON THE DATE THE CONTRIBUTION OR
16 BENEFIT PAYMENT TAKES EFFECT.

17 (II) AN INCREASE IN A LIMITATION UNDER IRC § 415
18 SHALL APPLY TO ALL PARTICIPANTS ON AND AFTER THE
19 EFFECTIVE DATE OF THIS SECTION.

20 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM
21 "GOVERNMENTAL PLAN" SHALL HAVE THE SAME MEANING AS THE
22 TERM HAS IN IRC § 414(D).

23 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN
24 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF
25 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR
26 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR
27 PARTICIPANTS RECEIVING DISTRIBUTIONS SHALL NOT BE DEEMED
28 TO PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF ANY
29 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF
30 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY

1 PROVIDED BY LEGISLATION.

2 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE
3 IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS
4 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED
5 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

6 SECTION 322. SECTIONS 5901(A), (C), (D) AND (E), 5902(A)(2),
7 (A.1), (B), (C), (E), (H), (I), (J), (K), (L), (M) AND (N) AND
8 5903 HEADING OF TITLE 71 ARE AMENDED AND THE SECTIONS ARE
9 AMENDED BY ADDING SUBSECTIONS TO READ:

10 § 5901. THE STATE EMPLOYEES' RETIREMENT BOARD.

11 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN
12 INDEPENDENT ADMINISTRATIVE BOARD AND CONSIST OF 11 MEMBERS: THE
13 STATE TREASURER, EX OFFICIO, THE SECRETARY OF BANKING AND
14 SECURITIES, EX OFFICIO, TWO SENATORS, TWO MEMBERS OF THE HOUSE
15 OF REPRESENTATIVES AND [SIX] FIVE MEMBERS APPOINTED BY THE
16 GOVERNOR, ONE OF WHOM SHALL BE AN ANNUITANT OF THE SYSTEM OR A
17 PARTICIPANT IN THE PLAN WHO HAS TERMINATED STATE SERVICE AND IS
18 RECEIVING OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, FOR TERMS OF
19 FOUR YEARS, SUBJECT TO CONFIRMATION BY THE SENATE. AT LEAST FIVE
20 BOARD MEMBERS SHALL BE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE
21 PARTICIPANTS IN THE PLAN, AND AT LEAST TWO SHALL HAVE TEN OR
22 MORE YEARS OF CREDITED STATE SERVICE[.] OR SHALL HAVE BEEN
23 ACTIVE PARTICIPANTS IN THE PLAN FOR TEN CALENDAR YEARS OR HAVE A
24 COMBINATION OF YEARS OF CREDITED STATE SERVICE IN THE SYSTEM AND
25 CALENDAR YEARS AS ACTIVE PARTICIPANTS IN THE PLAN EQUAL TO TEN
26 OR MORE YEARS. THE CHAIRMAN OF THE BOARD SHALL BE DESIGNATED BY
27 THE GOVERNOR FROM AMONG THE MEMBERS OF THE BOARD. EACH MEMBER OF
28 THE BOARD WHO IS A MEMBER OF THE GENERAL ASSEMBLY MAY APPOINT A
29 DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN THE EVENT THAT
30 A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE PARTICIPANT OR AS

1 A PARTICIPANT IN THE PLAN WHO IS RECEIVING OR IS ELIGIBLE TO
2 RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL DISTRIBUTION OF HIS
3 INTEREST IN THE PLAN, THAT BOARD MEMBER MAY CONTINUE TO SERVE ON
4 THE BOARD FOR THE REMAINDER OF HIS TERM.

5 * * *

6 (C) OATH OF OFFICE.--EACH MEMBER OF THE BOARD SHALL TAKE AN
7 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,
8 DILIGENTLY AND HONESTLY, ADMINISTER THE AFFAIRS OF SAID BOARD,
9 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE
10 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW
11 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE
12 MEMBER TAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS
13 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE
14 SECRETARY OF THE COMMONWEALTH.

15 (D) COMPENSATION AND EXPENSES.--THE MEMBERS OF THE BOARD WHO
16 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL
17 SERVE WITHOUT COMPENSATION BUT SHALL NOT SUFFER LOSS OF SALARY
18 OR WAGES THROUGH SERVING ON THE BOARD. THE MEMBERS OF THE BOARD
19 WHO ARE NOT MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN
20 SHALL RECEIVE \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD
21 MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER,
22 WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO
23 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS
24 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES
25 ARE NOT EXECUTED.

26 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF
27 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A
28 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE
29 THE LEGAL ADVISOR OF THE BOARD.] THE BOARD SHALL BE AN
30 INDEPENDENT AGENCY UNDER THE ACT OF OCTOBER 15, 1980 (P.L.950,

1 NO.164), KNOWN AS THE COMMONWEALTH ATTORNEYS ACT.

2 (F) BOARD TRAINING.--EACH MEMBER OF THE BOARD WILL BE
3 REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN
4 INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT
5 PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS.

6 § 5902. ADMINISTRATIVE DUTIES OF THE BOARD.

7 (A) EMPLOYEES.--

8 * * *

9 (2) NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW, THE
10 COMPENSATION OF INVESTMENT PROFESSIONALS AND LEGAL COUNSEL
11 SHALL BE ESTABLISHED BY THE BOARD. THE COMPENSATION OF ALL
12 OTHER OFFICERS AND EMPLOYEES OF THE BOARD WHO ARE NOT COVERED
13 BY A COLLECTIVE BARGAINING AGREEMENT SHALL BE ESTABLISHED BY
14 THE BOARD CONSISTENT WITH THE STANDARDS OF COMPENSATION
15 ESTABLISHED BY THE EXECUTIVE BOARD OF THE COMMONWEALTH.

16 (A.1) SECRETARY.--THE SECRETARY SHALL ACT AS CHIEF
17 ADMINISTRATIVE OFFICER FOR THE BOARD WITH RESPECT TO BOTH THE
18 SYSTEM AND THE PLAN. IN ADDITION TO OTHER POWERS AND DUTIES
19 CONFERRED UPON AND DELEGATED TO THE SECRETARY BY THE BOARD, THE
20 SECRETARY SHALL:

21 (1) SERVE AS THE ADMINISTRATIVE AGENT OF THE BOARD.

22 (2) SERVE AS LIAISON BETWEEN THE BOARD AND APPLICABLE
23 LEGISLATIVE COMMITTEES, THE TREASURY DEPARTMENT, THE
24 DEPARTMENT OF THE AUDITOR GENERAL, AND BETWEEN THE BOARD AND
25 THE INVESTMENT COUNSEL AND THE MORTGAGE SUPERVISOR IN
26 ARRANGING FOR INVESTMENTS TO SECURE MAXIMUM RETURNS TO THE
27 FUND.

28 (3) REVIEW AND ANALYZE PROPOSED LEGISLATION AND
29 LEGISLATIVE DEVELOPMENTS AFFECTING THE SYSTEM OR THE PLAN AND
30 PRESENT FINDINGS TO THE BOARD, LEGISLATIVE COMMITTEES, AND

1 OTHER INTERESTED GROUPS OR INDIVIDUALS.

2 (4) DIRECT THE MAINTENANCE OF FILES AND RECORDS AND
3 PREPARATION OF PERIODIC REPORTS REQUIRED FOR ACTUARIAL
4 EVALUATION STUDIES.

5 (5) RECEIVE INQUIRIES AND REQUESTS FOR INFORMATION
6 CONCERNING THE SYSTEM OR THE PLAN FROM THE PRESS,
7 COMMONWEALTH OFFICIALS, STATE EMPLOYEES, THE GENERAL PUBLIC,
8 RESEARCH ORGANIZATIONS, AND OFFICIALS AND ORGANIZATIONS FROM
9 OTHER STATES, AND PROVIDE INFORMATION AS AUTHORIZED BY THE
10 BOARD.

11 (6) (I) SUPERVISE A STAFF OF ADMINISTRATIVE, TECHNICAL,
12 AND CLERICAL EMPLOYEES ENGAGED IN RECORD-KEEPING AND
13 CLERICAL PROCESSING ACTIVITIES FOR BOTH THE SYSTEM AND
14 THE PLAN IN MAINTAINING FILES OF MEMBERS AND
15 PARTICIPANTS, ACCOUNTING FOR CONTRIBUTIONS, PROCESSING
16 PAYMENTS TO ANNUITANTS AND TERMINATED PARTICIPANTS,
17 PREPARING REQUIRED REPORTS, AND RETIREMENT COUNSELING.

18 (II) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES
19 PROVIDED FOR UNDER THIS PARAGRAPH FOR BOTH THE SYSTEM AND
20 THE PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES
21 INCURRED UNDER THIS PARAGRAPH BETWEEN THE SYSTEM AND THE
22 PLAN AS APPROPRIATE.

23 (B) PROFESSIONAL PERSONNEL.--

24 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF
25 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS AND
26 COUNSELORS, AND SUCH OTHER PROFESSIONAL PERSONNEL AS IT DEEMS
27 ADVISABLE. THE BOARD MAY[, WITH THE APPROVAL OF THE ATTORNEY
28 GENERAL,] CONTRACT FOR LEGAL SERVICES.

29 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS
30 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE

1 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED
2 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS
3 APPROPRIATE.

4 (C) EXPENSES.--

5 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE
6 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE
7 ADMINISTRATIVE EXPENSES OF [THIS PART.] THE SYSTEM AND A
8 SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE
9 PLAN. BUDGETS UNDER THIS PARAGRAPH SHALL INCLUDE THOSE
10 EXPENSES NECESSARY TO ESTABLISH THE PLAN AND TRUST.

11 (2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE
12 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
13 INVESTMENT EARNINGS OF THE FUND.

14 (3) FOR FISCAL YEARS ENDING ON OR BEFORE JUNE 30, 2020,
15 AND FOR ANY ADDITIONAL FISCAL YEARS AS THE GENERAL ASSEMBLY
16 MAY PROVIDE, SUCH EXPENSES OF THE PLAN AS APPROVED BY THE
17 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
18 THE GENERAL FUND. FOR FISCAL YEARS BEGINNING ON OR AFTER JULY
19 1, 2020, SUCH EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL
20 ASSEMBLY SHALL BE PAID FROM INTEREST UNDER SECTION 5814(B)
21 (RELATING TO INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT
22 ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE
23 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR AS OTHERWISE
24 PROVIDED IN THIS PART EXCEPT AS THE GENERAL ASSEMBLY
25 OTHERWISE PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.

26 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE
27 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A
28 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY
29 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST
30 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID

1 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL
2 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE
3 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS
4 MEMBERS.

5 * * *

6 (E) RECORDS.--

7 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
8 WHICH SHALL BE OPEN TO [INSPECTION] ACCESS BY THE PUBLIC,
9 EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER LAW.

10 (2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
11 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT
12 PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT
13 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]
14 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),
15 REFERRED TO AS THE RIGHT-TO-KNOW LAW] FEBRUARY 14, 2008
16 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW, IF, IN THE
17 REASONABLE JUDGMENT OF THE BOARD, THE [INSPECTION] ACCESS
18 WOULD:

19 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR
20 ALTERNATIVE INVESTMENT VEHICLE, INVOLVE THE RELEASE OF
21 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO
22 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT
23 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY
24 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

25 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE
26 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL
27 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

28 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE
29 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED
30 OF BY THE FUND OR TRUST OR WOULD CAUSE A BREACH OF THE

1 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS
2 PART.

3 (3) THE FOLLOWING APPLY:

4 (I) THE SENSITIVE INVESTMENT OR FINANCIAL
5 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
6 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED
7 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
8 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
9 RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY
10 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

11 (II) THE SENSITIVE INVESTMENT OR FINANCIAL
12 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
13 PARAGRAPH (2) (II), 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 CAUSES
18 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM
19 THE INFORMATION WAS RECEIVED; OR

20 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
21 IS LIQUIDATED;

22 WHICHEVER IS LATER.

23 (III) THE SENSITIVE INVESTMENT OR FINANCIAL
24 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
25 PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED
26 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
27 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
28 RIGHT-TO-KNOW LAW ONCE:

29 (A) THE [INSPECTION] ACCESS NO LONGER HAS A
30 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN

1 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A
2 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET
3 FORTH IN THIS PART; OR

4 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
5 IS LIQUIDATED;

6 WHICHEVER IS LATER.

7 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
8 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
9 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
10 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
11 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
12 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

13 (5) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
14 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS
15 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
16 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT
17 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE
18 RIGHT-TO-KNOW LAW IF, IN THE REASONABLE JUDGMENT OF THE
19 BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:

20 (I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER
21 INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,
22 INCLUDING ROLLOVER CONTRIBUTIONS OR TRUSTEE-TO-TRUSTEE
23 TRANSFERS, OF ANY PARTICIPANT.

24 (II) THE INVESTMENT OPTION SELECTIONS OF ANY
25 PARTICIPANT.

26 (III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
27 INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
28 THE PARTICIPANT, INVESTMENT GAINS OR LOSSES OR RATES OF
29 RETURN.

30 (IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED

1 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.

2 (V) THE FORM OF DISTRIBUTION OF A PARTICIPANT'S
3 ACCOUNT.

4 (6) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO
5 DESIGNATE ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
6 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS
7 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
8 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT AS A PUBLIC RECORD
9 SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT-TO-KNOW LAW.

10 (7) THE FOLLOWING APPLY:

11 (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
12 THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
13 DATA WHICH WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER
14 THIS SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S
15 FIDUCIARY DUTIES.

16 (II) THIS SUBSECTION SHALL APPLY TO A RECORD,
17 MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
18 ANY OF THE FOLLOWING:

19 (A) WHETHER THE RECORD, MATERIAL OR DATA WAS
20 CREATED, GENERATED OR STORED BEFORE THE EFFECTIVE
21 DATE OF THIS PARAGRAPH.

22 (B) WHETHER THE RECORD, MATERIAL OR DATA WAS
23 PREVIOUSLY RELEASED OR MADE PUBLIC.

24 (C) WHETHER A REQUEST FOR THE RECORD, MATERIAL
25 OR DATA WAS MADE OR IS PENDING FINAL RESPONSE UNDER
26 THE RIGHT-TO-KNOW LAW.

27 * * *

28 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
29 ADVICE OF THE ATTORNEY GENERAL, LEGAL COUNSEL AND THE ACTUARY,
30 ADOPT AND PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM

1 ADMINISTRATION OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN
2 WRITING ALL COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF
3 CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE
4 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,
5 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS
6 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND
7 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS
8 ARE ADOPTED PURSUANT TO SUBSECTION (J) AS NECESSARY FOR THE
9 CALCULATION OF ANNUITIES AND OTHER BENEFITS, SHALL BE AS
10 EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY ACTUARIAL
11 ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, REGULATION
12 OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS FOR
13 DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM MANNER.

14 (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA
15 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL
16 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE
17 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH CALENDAR YEAR.

18 (J) ACTUARIAL INVESTIGATION AND VALUATION.--THE BOARD SHALL
19 HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS
20 ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH
21 CALENDAR YEAR. IN THE YEAR 1975 AND IN EVERY FIFTH YEAR
22 THEREAFTER THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN ACTUARIAL
23 INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON DATA
24 INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE
25 PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING FIVE YEARS
26 CONCERNING THE MEMBERS AND BENEFICIARIES OF THE SYSTEM. THE
27 BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE NECESSARY FOR
28 THE ACTUARIAL VALUATION OF THE FUND AND CALCULATION OF
29 CONTRIBUTIONS, ANNUITIES AND OTHER BENEFITS BASED ON THE REPORTS
30 AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR

1 ADOPTION, THE SECRETARY OF THE BOARD SHALL CAUSE THOSE TABLES
2 WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS
3 TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN IN ACCORDANCE WITH
4 THE PROVISIONS OF 45 PA.C.S. § 725(A) (RELATING TO ADDITIONAL
5 CONTENTS OF PENNSYLVANIA BULLETIN) AND, UNLESS THE BOARD
6 SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH TABLES SHALL
7 BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD SHALL INCLUDE A
8 REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS AND DATA
9 DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND
10 EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT
11 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (M) FOR THE
12 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE
13 CONCLUDED.

14 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND.--THE
15 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
16 REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND
17 ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE OF
18 THE MEMBERS' PAYROLL, THE SHARED-RISK CONTRIBUTION RATE, THE
19 SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE,
20 THE EMPLOYERS' CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION
21 5508 (RELATING TO ACTUARIAL COST METHOD) NECESSARY FOR THE
22 FUNDING OF PROSPECTIVE ANNUITIES FOR ACTIVE MEMBERS AND THE
23 ANNUITIES OF ANNUITANTS AND CERTIFY THE RATES AND AMOUNTS OF THE
24 EMPLOYERS' NORMAL CONTRIBUTIONS AS DETERMINED PURSUANT TO
25 SECTION 5508(B), ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED
26 PURSUANT TO SECTION 5508(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION
27 RATE AS DETERMINED PURSUANT TO SECTION 5508(E), THE EXPERIENCE
28 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 5508(F), THE
29 COLLARED CONTRIBUTION RATE PURSUANT TO SECTION 5508(H) AND THE
30 FINAL CONTRIBUTION RATE PURSUANT TO SECTION 5508(I), WHICH SHALL

1 BE PAID TO THE FUND AND CREDITED TO THE APPROPRIATE ACCOUNTS.
2 THE BOARD MAY ALLOCATE THE FINAL CONTRIBUTION RATE AND CERTIFY
3 VARIOUS EMPLOYER CONTRIBUTION RATES AND AMOUNTS BASED UPON THE
4 DIFFERENT BENEFIT ELIGIBILITY, CLASS OF SERVICE MULTIPLIER,
5 SUPERANNUATION AGE, FINAL AVERAGE SALARY CALCULATION,
6 COMPENSATION LIMITS AND OTHER BENEFIT DIFFERENCES RESULTING FROM
7 STATE SERVICE CREDITED FOR INDIVIDUAL MEMBERS EVEN THOUGH SUCH
8 ALLOCATED EMPLOYER CONTRIBUTION RATE ON BEHALF OF ANY GIVEN
9 MEMBER MAY BE MORE OR LESS THAN 5% OF THE MEMBER'S COMPENSATION
10 FOR THE PERIOD FROM JULY 1, 2010, TO JUNE 30, 2011, OR MAY
11 DIFFER FROM THE PRIOR YEAR'S CONTRIBUTION FOR THAT MEMBER BY
12 MORE OR LESS THAN THE PERCENTAGES USED TO CALCULATE THE COLLARED
13 CONTRIBUTION RATE FOR THAT YEAR AND MAY BE BELOW ANY MINIMUM
14 CONTRIBUTION RATE ESTABLISHED FOR THE COLLARED CONTRIBUTION RATE
15 OR FINAL CONTRIBUTION RATE. THESE CERTIFICATIONS SHALL BE
16 REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE
17 SECRETARY OF THE BUDGET.

18 (L) MEMBER CONTRIBUTIONS.--THE BOARD SHALL CAUSE ALL PICKUP
19 CONTRIBUTIONS MADE ON BEHALF OF A MEMBER TO BE CREDITED TO THE
20 ACCOUNT OF THE MEMBER AND CREDIT TO HIS ACCOUNT ANY OTHER
21 PAYMENT MADE BY SUCH MEMBER, INCLUDING, BUT NOT LIMITED TO,
22 AMOUNTS COLLECTED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
23 SYSTEM FOR THE REINSTATEMENT OF PREVIOUS STATE SERVICE OR
24 CREDITABLE NONSTATE SERVICE AND AMOUNTS PAID TO RETURN BENEFITS
25 PAID AFTER THE DATE OF RETURN TO STATE SERVICE OR ENTERING
26 SCHOOL SERVICE REPRESENTING LUMP SUM PAYMENTS MADE PURSUANT TO
27 SECTION 5705(A)(4)(III) OR (A.1) (RELATING TO MEMBER'S OPTIONS)
28 AND MEMBER'S ANNUITY PAYMENTS, BUT NOT INCLUDING OTHER BENEFITS
29 RETURNED PURSUANT TO SECTION 5706(A.2) OR (A.3) (RELATING TO
30 TERMINATION OF ANNUITIES), AND SHALL PAY ALL SUCH AMOUNTS INTO

1 THE FUND.

2 (M) ANNUAL FINANCIAL STATEMENT.--THE BOARD SHALL PREPARE AND
3 HAVE PUBLISHED, ON OR BEFORE JULY 1 OF EACH YEAR, [A FINANCIAL
4 STATEMENT] FINANCIAL STATEMENTS AS OF THE CALENDAR YEAR ENDING
5 DECEMBER 31 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,
9 RECOMMENDATIONS, AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF
10 KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY
11 THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT]
12 STATEMENTS TO THE GOVERNOR AND SHALL FILE COPIES WITH THE HEAD
13 OF EACH DEPARTMENT FOR THE USE OF THE STATE EMPLOYEES AND THE
14 PUBLIC.

15 (N) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR
16 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY
17 [AN] INDEPENDENT CERTIFIED PUBLIC [ACCOUNTANT, WHICH AUDIT]
18 ACCOUNTANTS. THE AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND
19 EXPENDITURE OF DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME
20 INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE AUDITS OF BOTH
21 THE SYSTEM AND THE PLAN.

22 * * *

23 (P) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE
24 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED
25 BUDGET REQUIRED UNDER SECTION 5509, CERTIFY, AS A PERCENTAGE OF
26 EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED
27 CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO
28 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. CERTIFICATIONS
29 UNDER THIS SUBSECTION SHALL BE REGARDED AS FINAL AND NOT SUBJECT
30 TO MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL

1 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON
2 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY
3 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
4 INVESTMENT ACCOUNT.

5 (Q) LIMITATION ON FEES CHARGED TO THE BOARD.--IN ORDER TO
6 STRIVE TOWARDS ACTUARIAL SAVINGS OF \$1,500,000,000 OVER 30 YEARS
7 FROM THE EFFECTIVE DATE OF THIS SUBSECTION WHILE ACHIEVING THE
8 ASSUMED ANNUAL RATE OF RETURN AT THE LEAST COST AND MAXIMUM
9 RETURN ON THE SYSTEM ASSETS, THE BOARD SHALL:

10 (1) CONSIDER THE FINDINGS AND RECOMMENDATIONS OF THE
11 PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
12 COMMISSION. THE BOARD SHALL, AT ITS DISCRETION, ADOPT
13 GUIDELINES AND PROCEDURES TO IMPLEMENT ANY RECOMMENDATIONS OF
14 THE PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
15 COMMISSION THAT THE BOARD BELIEVES WILL ENSURE THE HIGHEST
16 RETURN ON INVESTMENT AT THE LOWEST RESPONSIBLE COST.

17 (2) REVIEW, IDENTIFY AND IMPLEMENT ANY INVESTMENT FEE
18 REDUCTION AND COST AVOIDANCE STRATEGIES IDENTIFIED TO BE
19 PRUDENT BY THE BOARD, TO REDUCE EXPENDITURES FOR INVESTMENT.

20 § 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF
21 DEPARTMENTS [AND], MEMBERS AND PARTICIPANTS.

22 * * *

23 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL
24 FURNISH ANNUALLY TO EACH PARTICIPANT, ON OR BEFORE APRIL 1 AND
25 MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY LAW, A
26 STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS
27 CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, THE
28 NATURE AND TYPE OF INVESTMENTS AND THE INVESTMENT ALLOCATION OF
29 FUTURE CONTRIBUTIONS AS OF DECEMBER 31 OF THE PREVIOUS YEAR, AND
30 SHALL REQUEST THE PARTICIPANT TO MAKE ANY NECESSARY CORRECTION

1 OR REVISION REGARDING THE DESIGNATED BENEFICIARY.

2 * * *

3 SECTION 323. SECTION 5904(C) OF TITLE 71 IS AMENDED TO READ:

4 § 5904. DUTIES OF THE BOARD TO REPORT TO THE PUBLIC SCHOOL

5 EMPLOYEES' RETIREMENT BOARD.

6 * * *

7 (C) APPLICATIONS FOR BENEFITS FOR SCHOOL EMPLOYEES.--UPON
8 RECEIPT OF NOTIFICATION AND THE REQUIRED DATA FROM THE PUBLIC
9 SCHOOL EMPLOYEES' RETIREMENT BOARD THAT A FORMER STATE EMPLOYEE
10 WHO ELECTED MULTIPLE SERVICE HAS APPLIED FOR A PUBLIC SCHOOL
11 EMPLOYEES' RETIREMENT BENEFIT OR, IN THE EVENT OF HIS DEATH, HIS
12 LEGALLY CONSTITUTED REPRESENTATIVE HAS APPLIED FOR SUCH BENEFIT,
13 THE BOARD SHALL:

14 (1) CERTIFY TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
15 BOARD;

16 (I) THE SALARY HISTORY AS A MEMBER OF THE STATE
17 EMPLOYEES' RETIREMENT SYSTEM AND THE FINAL AVERAGE SALARY
18 AS CALCULATED ON THE BASIS OF THE COMPENSATION RECEIVED
19 AS A [STATE AND SCHOOL EMPLOYEE] MEMBER OF THE SYSTEM AND
20 AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
21 SYSTEM; AND

22 (II) THE ANNUITY OR BENEFIT TO WHICH THE MEMBER OR
23 HIS BENEFICIARY IS ENTITLED AS MODIFIED ACCORDING TO THE
24 OPTION SELECTED; AND

25 (2) TRANSFER TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
26 FUND THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO SUCH
27 MEMBER'S CREDIT AND THE ACTUARIAL RESERVE REQUIRED ON ACCOUNT
28 OF YEARS OF CREDITED SERVICE IN THE STATE SYSTEM, FINAL
29 AVERAGE SALARY DETERMINED ON THE BASIS OF HIS COMPENSATION AS
30 A MEMBER IN BOTH SYSTEMS AND THE AVERAGE NONCOVERED SALARY TO

1 BE CHARGED TO THE STATE ACCUMULATION ACCOUNT, THE STATE
2 POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT
3 ACCOUNT, AS EACH CASE MAY REQUIRE.

4 * * *

5 SECTION 324. SECTION 5905 HEADING, (C.1) AND (G) OF TITLE 71
6 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO
7 READ:

8 § 5905. DUTIES OF THE BOARD REGARDING APPLICATIONS AND
9 ELECTIONS OF MEMBERS AND PARTICIPANTS.

10 * * *

11 (C.1) TERMINATION OF SERVICE BY A MEMBER.--IN THE CASE OF
12 ANY MEMBER TERMINATING STATE SERVICE WHO IS ENTITLED TO AN
13 ANNUITY AND WHO IS NOT THEN A DISABILITY ANNUITANT, THE BOARD
14 SHALL ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE
15 SYSTEM TO WHICH HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS
16 PART AND SHALL HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF
17 TERMINATION OF STATE SERVICE, ONE OF THE FOLLOWING THREE FORMS,
18 A COPY OF WHICH SHALL BE GIVEN TO THE MEMBER AND THE ORIGINAL OF
19 WHICH SHALL BE FILED WITH THE BOARD:

20 (1) AN APPLICATION FOR THE RETURN OF TOTAL ACCUMULATED
21 DEDUCTIONS;

22 (2) IF ELIGIBLE, AN ELECTION TO VEST HIS RETIREMENT
23 RIGHTS AND, IF HE IS A JOINT COVERAGE MEMBER AND SO DESIRES,
24 ELECT TO BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY
25 WITHIN 30 DAYS OF THE DATE OF TERMINATION OF SERVICE THE LUMP
26 SUM REQUIRED; OR

27 (3) IF ELIGIBLE, AN APPLICATION FOR AN IMMEDIATE ANNUITY
28 AND, IF HE DESIRES:

29 (I) AN ELECTION TO CONVERT HIS MEDICAL, MAJOR
30 MEDICAL AND HOSPITALIZATION INSURANCE COVERAGE TO THE

1 PLAN FOR STATE ANNUITANTS; AND

2 (II) IF HE IS A JOINT COVERAGE MEMBER, AN ELECTION
3 TO BECOME A FULL COVERAGE MEMBER AND AN AGREEMENT TO PAY
4 WITHIN 30 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP
5 SUM REQUIRED.

6 (C.2) TERMINATION OF SERVICE BY PARTICIPANT.--IN THE CASE OF
7 A PARTICIPANT TERMINATING STATE SERVICE, THE BOARD SHALL ADVISE
8 THE PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED TOTAL
9 DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL
10 INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE WRITING, ANY
11 NOTICES REGARDING ROLLOVER OR OTHER MATTERS REQUIRED BY IRC OR
12 OTHER LAW, THE OBLIGATION OF THE PARTICIPANT TO COMMENCE
13 DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S REQUIRED
14 BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART OF THE
15 VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
16 ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY
17 AUTHORIZE OR AS REQUIRED BY LAW.

18 * * *

19 (E.2) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING
20 REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY IN WRITING EACH
21 INACTIVE PARTICIPANT WHO HAS TERMINATED STATE SERVICE AND HAS
22 NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE PARTICIPANT'S
23 REQUIRED BEGINNING DATE THAT THE INACTIVE PARTICIPANT HAS AN
24 OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE REQUIRED BEGINNING
25 DATE IN A FORM AND MANNER REQUIRED BY IRC § 401(A)(9) AND OTHER
26 APPLICABLE PROVISIONS OF THE IRC.

27 * * *

28 (F.1) INITIAL PAYMENT TO PARTICIPANTS.--THE BOARD SHALL MAKE
29 THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A
30 DISTRIBUTION WITHIN 60 DAYS OF THE RECEIPT OF ALL INFORMATION

1 NECESSARY TO PROCESS THE APPLICATION FOR A DISTRIBUTION.

2 (G) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION FROM THE
3 HEAD OF A DEPARTMENT OF THE DEATH OF AN ACTIVE MEMBER, A MEMBER
4 PERFORMING USERRA LEAVE [OR], A MEMBER ON LEAVE WITHOUT PAY, AN
5 ACTIVE PARTICIPANT, AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY
6 OR A FORMER PARTICIPANT PERFORMING USERRA LEAVE, THE BOARD SHALL
7 ADVISE THE DESIGNATED BENEFICIARY OF THE BENEFITS TO WHICH HE IS
8 ENTITLED, AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY
9 WITHIN 60 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER
10 NECESSARY DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT
11 THE DATE OF THE MEMBER'S DEATH OR NO NOTICE HAS BEEN FILED WITH
12 THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE MEMBER'S
13 ESTATE, THE BOARD IS AUTHORIZED TO PAY THE BENEFITS TO THE
14 EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR NEXT OF KIN OF THE
15 DECEASED MEMBER, AND PAYMENT PURSUANT [HERETO] TO THIS
16 SUBSECTION SHALL FULLY DISCHARGE THE FUND FROM ANY FURTHER
17 LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON.
18 IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF A
19 PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED WITH THE BOARD
20 TO PAY THE AMOUNT OF THE BENEFITS TO THE PARTICIPANT'S ESTATE,
21 THE BOARD MAY PAY THE BENEFITS AS ESTABLISHED IN THE PLAN
22 DOCUMENT, AND PAYMENT PURSUANT TO THIS SUBSECTION SHALL FULLY
23 DISCHARGE THE TRUST FROM ANY FURTHER LIABILITY TO MAKE PAYMENT
24 OF SUCH BENEFITS TO ANY OTHER PERSON.

25 * * *

26 SECTION 325. SECTION 5905.1 (A), (B) AND (D) OF TITLE 71 ARE
27 AMENDED TO READ:

28 § 5905.1. INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS.

29 (A) GENERAL RULE.--NOTWITHSTANDING ANY OTHER PROVISION OF
30 THIS PART, WHENEVER A MEMBER ELECTS TO WITHDRAW HIS TOTAL

1 ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311(A) (RELATING TO
2 ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF TOTAL
3 ACCUMULATED DEDUCTIONS) OR ELECTS TO RECEIVE A PORTION OF HIS
4 BENEFIT PAYABLE AS A LUMP SUM PURSUANT TO SECTION 5705(A) (4)
5 (III) OR (A.1) (RELATING TO MEMBER'S OPTIONS), THE MEMBER MAY
6 ELECT TO RECEIVE THE AMOUNT IN NOT MORE THAN FOUR INSTALLMENTS.

7 (B) PAYMENT OF FIRST INSTALLMENT.--THE PAYMENT OF THE FIRST
8 INSTALLMENT SHALL BE MADE IN THE AMOUNT AND WITHIN SEVEN DAYS OF
9 THE DATE SPECIFIED BY THE MEMBER, EXCEPT AS FOLLOWS:

10 (1) UPON RECEIPT OF A MEMBER'S APPLICATION TO WITHDRAW
11 HIS TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION
12 5311(A) OR 5701 AND UPON RECEIPT OF ALL REQUIRED DATA FROM
13 THE HEAD OF THE DEPARTMENT AND, IF THE MEMBER HAS CLASS G,
14 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS
15 N SERVICE, ANY DATA REQUIRED FROM THE COUNTY RETIREMENT
16 SYSTEM OR PENSION PLAN TO WHICH THE MEMBER WAS A CONTRIBUTOR
17 BEFORE BEING TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL
18 NOT BE REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS
19 AFTER THE FILING OF THE APPLICATION AND THE RECEIPT OF THE
20 DATA OR THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS
21 LATER.

22 (2) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION
23 5705(A) (4) (III) OR (A.1) BY A MEMBER TERMINATING SERVICE
24 WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON
25 RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT
26 AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J,
27 CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA
28 REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO
29 WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED
30 TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY

1 THE FIRST INSTALLMENT PRIOR TO 21 DAYS AFTER THE LATER OF THE
2 FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR THE
3 DATE OF TERMINATION OF SERVICE, BUT, UNLESS OTHERWISE
4 DIRECTED BY THE MEMBER, THE PAYMENT SHALL BE MADE NO LATER
5 THAN 45 DAYS AFTER THE FILING OF THE APPLICATION AND THE
6 RECEIPT OF THE DATA OR THE DATE OF TERMINATION OF SERVICE,
7 WHICHEVER IS LATER.

8 (3) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION
9 5705(A) (4) (III) OR (A.1) BY A MEMBER WHO IS NOT TERMINATING
10 SERVICE WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR
11 AND UPON RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE
12 DEPARTMENT AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I,
13 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY
14 DATA REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION
15 PLAN TO WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING
16 TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE
17 REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER
18 THE FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR
19 THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS LATER.

20 * * *

21 (D) STATUTORY INTEREST.--ANY LUMP SUM, INCLUDING A LUMP SUM
22 PAYABLE PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF
23 ACCUMULATED DEDUCTIONS RESULTING FROM [CLASS A-3 AND CLASS A-4]
24 MORE THAN ONE CLASS OF SERVICE), OR INSTALLMENT PAYABLE SHALL
25 INCLUDE STATUTORY INTEREST CREDITED TO THE DATE OF PAYMENT,
26 EXCEPT IN THE CASE OF A MEMBER, OTHER THAN A VESTEE OR SPECIAL
27 VESTEE, WHO HAS NOT FILED HIS APPLICATION PRIOR TO 90 DAYS
28 FOLLOWING HIS TERMINATION OF SERVICE.

29 SECTION 326. SECTION 5906(A), (B), (D), (E), (G), (H) (I)
30 AND (L) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY

1 ADDING SUBSECTIONS TO READ:

2 § 5906. DUTIES OF HEADS OF DEPARTMENTS.

3 (A) STATUS OF MEMBERS AND PARTICIPANTS.--THE HEAD OF
4 DEPARTMENT SHALL, AT THE END OF EACH PAY PERIOD, NOTIFY THE
5 BOARD IN A MANNER PRESCRIBED BY THE BOARD OF SALARY CHANGES
6 EFFECTIVE DURING THAT PERIOD FOR ANY MEMBERS AND PARTICIPANTS OF
7 THE DEPARTMENT, THE DATE OF ALL REMOVALS FROM THE PAYROLL, AND
8 THE TYPE OF LEAVE OF ANY MEMBERS AND PARTICIPANTS OF THE
9 DEPARTMENT WHO HAVE BEEN REMOVED FROM THE PAYROLL FOR ANY TIME
10 DURING THAT PERIOD, AND:

11 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, HE SHALL
12 FURNISH THE BOARD WITH THE DATE OF BEGINNING LEAVE AND THE
13 DATE OF RETURN TO SERVICE, AND THE REASON FOR LEAVE; OR

14 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER
15 DEPARTMENT, HE SHALL FURNISH SUCH DEPARTMENT AND THE BOARD
16 WITH A COMPLETE STATE SERVICE RECORD, INCLUDING PAST STATE
17 SERVICE IN OTHER DEPARTMENTS OR AGENCIES, OR CREDITABLE
18 NONSTATE SERVICE; OR

19 (3) IF THE REMOVAL IS DUE TO TERMINATION OF STATE
20 SERVICE, HE SHALL FURNISH THE BOARD WITH A COMPLETE STATE
21 SERVICE RECORD, INCLUDING SERVICE IN OTHER DEPARTMENTS OR
22 AGENCIES, OR CREDITABLE NONSTATE SERVICE AND;

23 (I) IN THE CASE OF DEATH OF THE MEMBER OR
24 PARTICIPANT, THE HEAD OF THE DEPARTMENT SHALL SO NOTIFY
25 THE BOARD;

26 (II) IN THE CASE OF A SERVICE CONNECTED DISABILITY
27 OF A MEMBER, THE HEAD OF DEPARTMENT SHALL, TO THE BEST OF
28 HIS ABILITY, INVESTIGATE THE CIRCUMSTANCES SURROUNDING
29 THE DISABLEMENT OF THE MEMBER AND SUBMIT IN WRITING TO
30 THE BOARD INFORMATION WHICH SHALL INCLUDE BUT NOT

1 NECESSARILY BE LIMITED TO THE FOLLOWING: DATE, PLACE AND
2 TIME OF DISABLEMENT TO THE EXTENT ASCERTAINABLE; NATURE
3 OF DUTIES BEING PERFORMED AT SUCH TIME; AND WHETHER OR
4 NOT THE DUTIES BEING PERFORMED WERE AUTHORIZED AND
5 INCLUDED AMONG THE MEMBER'S REGULAR DUTIES. IN ADDITION,
6 THE HEAD OF DEPARTMENT SHALL FURNISH IN WRITING TO THE
7 BOARD ALL SUCH OTHER INFORMATION AS MAY BE RELATED TO THE
8 MEMBER'S DISABLEMENT;

9 (III) IN THE CASE OF A MEMBER TERMINATING FROM THE
10 PENNSYLVANIA STATE UNIVERSITY WHO IS A MEMBER OF THE
11 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY
12 POINTS AND WHO HAS TERMINATED STATE SERVICE ON JUNE 30,
13 1997, BECAUSE OF THE TRANSFER OF HIS JOB POSITION OR
14 DUTIES TO A CONTROLLED ORGANIZATION OF THE PENN STATE
15 GEISINGER HEALTH SYSTEM OR BECAUSE OF THE ELIMINATION OF
16 HIS JOB POSITION OR DUTIES DUE TO THE TRANSFER OF OTHER
17 JOB POSITIONS OR DUTIES TO A CONTROLLED ORGANIZATION OF
18 THE PENN STATE GEISINGER HEALTH SYSTEM, THE HEAD OF THE
19 DEPARTMENT SHALL SO CERTIFY TO THE BOARD.

20 (B) RECORDS AND INFORMATION REGARDING MEMBERS AND
21 PARTICIPANTS.--AT ANY TIME AT THE REQUEST OF THE BOARD AND AT
22 TERMINATION OF SERVICE OF A MEMBER OR PARTICIPANT, THE HEAD OF
23 DEPARTMENT SHALL FURNISH SERVICE AND COMPENSATION RECORDS AND
24 SUCH OTHER INFORMATION AS THE BOARD MAY REQUIRE AND SHALL
25 MAINTAIN AND PRESERVE SUCH RECORDS AS THE BOARD MAY DIRECT FOR
26 THE EXPEDITIOUS DISCHARGE OF ITS DUTIES.

27 * * *

28 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE
29 HEAD OF DEPARTMENT SHALL:

30 (1) CAUSE TO BE MADE:

1 (I) THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
2 ON BEHALF OF A PARTICIPANT;

3 (II) THE DEDUCTION OF ANY VOLUNTARY CONTRIBUTIONS
4 AUTHORIZED BY A PARTICIPANT; AND

5 (III) THE EMPLOYER DEFINED CONTRIBUTIONS ON BEHALF
6 OF A PARTICIPANT.

7 (2) NOTIFY THE BOARD AT TIMES AND IN A MANNER PRESCRIBED
8 BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT TO WHOM
9 THE LIMITATION UNDER IRC § 401(A) (17) EITHER APPLIES OR IS
10 EXPECTED TO APPLY AND CAUSE THE PARTICIPANT'S CONTRIBUTIONS
11 TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER
12 IRC § 401(A) (17) ON THE PAYROLL DATE IF AND WHEN SUCH LIMIT
13 SHALL BE REACHED.

14 (3) CERTIFY TO THE STATE TREASURER THE AMOUNTS PICKED UP
15 AND DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING
16 MADE AND SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND
17 CONTRIBUTED TOGETHER WITH A DUPLICATE OF THE VOUCHER TO THE
18 SECRETARY OF THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE
19 AS ESTABLISHED BY THE BOARD.

20 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR
21 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW STATE
22 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,
23 THE HEAD OF DEPARTMENT SHALL CAUSE AN APPLICATION FOR MEMBERSHIP
24 OR PARTICIPATION AND A NOMINATION OF BENEFICIARY TO BE MADE BY
25 SUCH EMPLOYEE AND FILED WITH THE BOARD AND SHALL MAKE PICKUP
26 CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FROM
27 THE EFFECTIVE DATE OF STATE EMPLOYMENT.

28 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR
29 PARTICIPATION.--THE HEAD OF DEPARTMENT SHALL, UPON THE
30 EMPLOYMENT OR ENTERING INTO OFFICE OF ANY STATE EMPLOYEE WHOSE

1 MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE PLAN IS NOT
2 MANDATORY, INFORM SUCH EMPLOYEE OF HIS OPPORTUNITY TO BECOME A
3 MEMBER OF THE SYSTEM OR A PARTICIPANT IN THE PLAN. IF SUCH
4 EMPLOYEE SO ELECTS, THE HEAD OF DEPARTMENT SHALL CAUSE AN
5 APPLICATION FOR MEMBERSHIP OR PARTICIPATION AND A NOMINATION OF
6 BENEFICIARY TO BE MADE BY HIM AND FILED WITH THE BOARD AND SHALL
7 CAUSE PROPER CONTRIBUTIONS TO BE MADE FROM THE EFFECTIVE DATE OF
8 MEMBERSHIP OR PARTICIPATION.

9 * * *

10 (G) FORMER SCHOOL EMPLOYEE CONTRIBUTORS.--THE HEAD OF
11 DEPARTMENT SHALL, UPON THE EMPLOYMENT OF A FORMER CONTRIBUTOR TO
12 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO IS NOT AN
13 ANNUITANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM,
14 ADVISE SUCH EMPLOYEE [OF HIS] IF HE HAS A RIGHT TO ELECT WITHIN
15 365 DAYS OF ENTRY INTO THE SYSTEM TO BECOME A MULTIPLE SERVICE
16 MEMBER, AND IN THE CASE OF ANY SUCH EMPLOYEE WHO SO ELECTS AND
17 HAS WITHDRAWN HIS ACCUMULATED DEDUCTIONS, REQUIRE HIM TO
18 REINSTATE HIS CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
19 SYSTEM. THE HEAD OF THE DEPARTMENT SHALL ADVISE THE BOARD OF
20 SUCH ELECTION.

21 (H) FORMER SCHOOL EMPLOYEE ANNUITANTS.--THE HEAD OF
22 DEPARTMENT SHALL, UPON THE EMPLOYMENT OF AN ANNUITANT OF THE
23 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO APPLIES FOR
24 MEMBERSHIP IN THE SYSTEM, ADVISE SUCH EMPLOYEE [THAT] IF HE MAY
25 ELECT MULTIPLE SERVICE MEMBERSHIP WITHIN 365 DAYS OF ENTRY INTO
26 THE SYSTEM AND IF HE SO ELECTS HIS PUBLIC SCHOOL EMPLOYEE'S
27 ANNUITY WILL BE DISCONTINUED EFFECTIVE UPON THE DATE OF HIS
28 RETURN TO STATE SERVICE AND, UPON TERMINATION OF STATE SERVICE
29 AND APPLICATION FOR AN ANNUITY, THE ANNUITY WILL BE ADJUSTED IN
30 ACCORDANCE WITH SECTION 5706 (RELATING TO TERMINATION OF

1 ANNUITIES). THE HEAD OF DEPARTMENT SHALL ADVISE THE BOARD OF
2 SUCH ELECTION.

3 (I) ANNUAL STATEMENT TO MEMBERS.--ANNUALLY, UPON RECEIPT
4 FROM THE BOARD, THE HEAD OF DEPARTMENT SHALL FURNISH TO EACH
5 MEMBER THE STATEMENT SPECIFIED IN SECTION 5903(B) (RELATING TO
6 DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF DEPARTMENTS
7 [AND], MEMBERS AND PARTICIPANTS).

8 * * *

9 (L) STATE EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED
10 LEAVE OF ABSENCE.--THE HEAD OF DEPARTMENT SHALL REPORT TO THE
11 BOARD ANY STATE EMPLOYEE WHO CEASES TO BE AN ACTIVE MEMBER OR
12 ACTIVE PARTICIPANT TO PERFORM USERRA SERVICE, OR WHO IS GRANTED
13 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES
14 OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE
15 OF ABSENCE UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING
16 MILITARY LEAVES OF ABSENCE), THE DATE ON WHICH THE USERRA
17 SERVICE, LEAVE OF ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN,
18 THE DATE ON WHICH THE STATE EMPLOYEE IS REEMPLOYED FROM USERRA
19 LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR MILITARY LEAVE OF
20 ABSENCE, IF THE EVENT OCCURS, AND ANY OTHER INFORMATION THE
21 BOARD MAY REQUIRE OR DIRECT.

22 * * *

23 (N) EMPLOYEES RECEIVING PAYMENTS FOR OVERTIME SERVICE OR
24 DUTIES.--THE HEAD OF THE DEPARTMENT SHALL REPORT TO THE BOARD IN
25 A FORM AND MANNER ESTABLISHED BY THE BOARD ANY PAYMENTS MADE TO,
26 AND HOURS WORKED BY, A CLASS A-5 EXEMPT EMPLOYEE FOR OVERTIME
27 SERVICE OR DUTIES AND IDENTIFY WHICH OF THOSE PAYMENTS AND HOURS
28 WERE FOR VOLUNTARY OVERTIME.

29 SECTION 327. SECTION 5907 HEADING, (A), (B) (1), (C), (D),
30 (E), (F) AND (H) OF TITLE 71 ARE AMENDED AND THE SECTION IS

1 AMENDED BY ADDING SUBSECTIONS TO READ:

2 § 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND
3 PARTICIPANTS.

4 (A) INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF
5 DUTIES EACH NEW STATE EMPLOYEE SHALL FURNISH THE HEAD OF
6 DEPARTMENT WITH A COMPLETE RECORD OF HIS PREVIOUS STATE SERVICE,
7 HIS SCHOOL SERVICE OR CREDITABLE NONSTATE SERVICE, AND PROOF OF
8 HIS DATE OF BIRTH AND CURRENT STATUS IN THE SYSTEM AND THE PLAN
9 AND IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE
10 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. WILLFUL FAILURE TO
11 PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE
12 EXTENT AVAILABLE UPON ENTRANCE INTO THE SYSTEM SHALL RESULT IN
13 THE FORFEITURE OF THE RIGHT OF THE MEMBER TO SUBSEQUENTLY ASSERT
14 ANY RIGHT TO BENEFITS BASED ON ANY OF THE REQUIRED INFORMATION
15 WHICH HE FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS
16 THAT A MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE
17 INFORMATION, THE TOTAL AMOUNT RECEIVED PREDICATED ON SUCH FALSE
18 INFORMATION TOGETHER WITH STATUTORY INTEREST DOUBLED AND
19 COMPOUNDED SHALL BE DEDUCTED FROM THE PRESENT VALUE OF ANY
20 REMAINING BENEFITS TO WHICH THE MEMBER IS LEGALLY ENTITLED.

21 (B) APPLICATION FOR MEMBERSHIP.--

22 (1) IN THE CASE OF A NEW EMPLOYEE WHO IS NOT CURRENTLY A
23 MEMBER OF THE SYSTEM, AND WHOSE MEMBERSHIP IS MANDATORY OR IN
24 THE CASE OF A NEW EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM IS
25 NOT MANDATORY BUT IS PERMITTED AND WHO DESIRES TO BECOME A
26 MEMBER OF THE SYSTEM, THE NEW EMPLOYEE SHALL EXECUTE AN
27 APPLICATION FOR MEMBERSHIP AND A NOMINATION OF BENEFICIARY.

28 (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JANUARY 1,
29 2019, THE FOLLOWING TYPES OF EMPLOYEES SHALL EXECUTE AN
30 APPLICATION FOR PARTICIPATION AND A NOMINATION OF A BENEFICIARY:

1 (1) AN EMPLOYEE WHO IS NOT CURRENTLY A PARTICIPANT IN
2 THE PLAN AND WHOSE PARTICIPATION IS MANDATORY.

3 (2) AN EMPLOYEE WHOSE PARTICIPATION IS NOT MANDATORY BUT
4 IS PERMITTED AND WHO DESIRES TO BECOME A PARTICIPANT IN THE
5 PLAN.

6 (C) MULTIPLE SERVICE MEMBERSHIP.--ANY ACTIVE MEMBER WHO WAS
7 FORMERLY AN ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES'
8 RETIREMENT SYSTEM MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER.
9 SUCH ELECTION SHALL OCCUR NO LATER THAN 365 DAYS AFTER BECOMING
10 AN ACTIVE MEMBER IN THIS SYSTEM. A STATE EMPLOYEE WHO IS
11 ELIGIBLE TO ELECT TO BECOME A MULTIPLE SERVICE MEMBER WHO BEGINS
12 USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING ELECTED
13 MULTIPLE SERVICE MEMBERSHIP [MAY MAKE THE ELECTION WITHIN 365
14 DAYS AFTER BEING REEMPLOYED FROM] SHALL HAVE THE ELECTION PERIOD
15 EXTENDED BY THE NUMBER OF DAYS ON USERRA LEAVE.

16 (D) CREDIT FOR PREVIOUS SERVICE OR CHANGE IN MEMBERSHIP
17 STATUS.--ANY ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO
18 DESIRES TO RECEIVE CREDIT FOR THE PORTION OF HIS TOTAL PREVIOUS
19 STATE SERVICE OR CREDITABLE NONSTATE SERVICE TO WHICH HE IS
20 ENTITLED, OR A JOINT COVERAGE MEMBER WHO DESIRES TO BECOME A
21 FULL COVERAGE MEMBER, SHALL SO NOTIFY THE BOARD AND UPON WRITTEN
22 AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE MANNER OF
23 PAYMENT OF THE AMOUNT DUE, THE MEMBER SHALL RECEIVE CREDIT FOR
24 SUCH SERVICE AS OF THE DATE OF SUCH AGREEMENT SUBJECT TO THE
25 PROVISIONS IN THIS PART RELATING TO THE LIMITATIONS UNDER IRC §
26 415.

27 * * *

28 (D.2) CONTRIBUTIONS FOR USERRA LEAVE.--ANY ACTIVE
29 PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OR
30 FORMER PARTICIPANT WHO WAS REEMPLOYED FROM USERRA LEAVE WHO

1 DESIRES TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
2 VOLUNTARY CONTRIBUTIONS FOR HIS USERRA LEAVE SHALL NOTIFY THE
3 BOARD WITHIN THE TIME PERIOD REQUIRED UNDER 38 U.S.C. CH. 43
4 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF
5 THE UNIFORMED SERVICES) AND IRC § 414(U) OF HIS DESIRE TO MAKE
6 SUCH CONTRIBUTIONS. UPON THE PARTICIPANT MAKING THE PERMITTED
7 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED
8 TIME PERIOD, THE HEAD OF DEPARTMENT SHALL MAKE THE CORRESPONDING
9 EMPLOYER DEFINED CONTRIBUTIONS AT THE SAME TIME.

10 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY
11 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE
12 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE
13 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND
14 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY
15 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND
16 OTHER APPLICABLE LAW.

17 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY
18 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED
19 WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) (RELATING
20 TO DUTIES OF HEADS OF DEPARTMENTS) TO RECEIVE THE DEATH BENEFIT
21 PAYABLE UNDER SECTION 5707 (RELATING TO DEATH BENEFITS) OR THE
22 BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1 OF SECTION
23 5705(A)(1) (RELATING TO MEMBER'S OPTIONS). SUCH NOMINATION MAY
24 BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN DESIGNATION
25 FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A CONTINGENT
26 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT
27 PROVIDED UNDER SECTION 5707 OR THE BENEFIT PAYABLE UNDER THE
28 PROVISIONS OF OPTION 1 OF SECTION 5705(A)(1).

29 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM THE PLAN.--EVERY
30 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION

1 FILED WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) TO
2 RECEIVE THE DEATH BENEFIT PAYABLE UNDER SECTION 5808 (RELATING
3 TO DEATH BENEFITS). A PARTICIPANT MAY ALSO NOMINATE A CONTINGENT
4 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT
5 PROVIDED UNDER SECTION 5808. SUCH NOMINATIONS MAY BE CHANGED AT
6 ANY TIME BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH
7 THE BOARD.

8 (E.2) BENEFICIARIES FOR EMPLOYEES WHO ARE MEMBERS AND
9 PARTICIPANTS.--A STATE EMPLOYEE WHO IS BOTH A MEMBER OF THE
10 SYSTEM AND A PARTICIPANT IN THE PLAN MAY DESIGNATE OR NOMINATE
11 DIFFERENT PERSONS TO BE BENEFICIARIES, SURVIVOR ANNUITANTS AND
12 SUCCESSOR PAYEES FOR HIS BENEFITS FROM THE SYSTEM AND THE PLAN.

13 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO
14 TERMINATES STATE SERVICE AND WHO IS NOT THEN A DISABILITY
15 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
16 SERVICE THE APPROPRIATE APPLICATION, DULY ATTESTED BY THE MEMBER
17 OR HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO:

18 (1) WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS; OR
19 (2) IF ELIGIBLE, VEST HIS RETIREMENT RIGHTS; AND IF HE
20 IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A
21 FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE
22 DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED; OR

23 (3) IF ELIGIBLE, RECEIVE AN IMMEDIATE ANNUITY AND MAY,
24 (I) IF ELIGIBLE, ELECT TO CONVERT HIS MEDICAL, MAJOR
25 MEDICAL, AND HOSPITALIZATION COVERAGE TO THE PLAN FOR
26 STATE ANNUITANTS; AND

27 (II) IF HE IS A JOINT COVERAGE MEMBER, ELECT TO
28 BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30
29 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP SUM
30 REQUIRED.

1 * * *

2 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT
3 TERMINATES STATE SERVICE AND DOES NOT COMMENCE RECEIVING A
4 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY, AND HE MAY
5 ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING
6 DATE, WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED
7 CONTRIBUTIONS STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM
8 OF DISTRIBUTION REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.

9 (H) VESTEES AND SPECIAL VESTEES ATTAINING SUPERANNUATION
10 AGE.--UPON ATTAINMENT OF SUPERANNUATION AGE A VESTEE OR SPECIAL
11 VESTEE SHALL EXECUTE AND FILE AN APPLICATION FOR AN ANNUITY. ANY
12 SUCH APPLICATION FILED WITHIN 90 DAYS AFTER ATTAINING
13 SUPERANNUATION AGE SHALL BE EFFECTIVE AS OF THE DATE OF
14 ATTAINMENT OF SUPERANNUATION AGE. ANY APPLICATION FILED AFTER
15 SUCH PERIOD SHALL BE FILED BY THE MEMBER'S REQUIRED BEGINNING
16 DATE AND SHALL BE EFFECTIVE AS OF THE DATE IT IS FILED WITH THE
17 BOARD, SUBJECT TO THE PROVISIONS OF SECTION 5905(F) (RELATING TO
18 DUTIES OF THE BOARD REGARDING APPLICATIONS AND ELECTIONS OF
19 MEMBERS AND PARTICIPANTS).

20 * * *

21 SECTION 328. SECTIONS 5931(B), 5932, 5933(A), 5934, 5935,
22 5936, 5937, 5938, 5939, 5951, 5953, 5953.1, 5953.2, 5953.3 AND
23 5953.4(A) OF TITLE 71 ARE AMENDED TO READ:

24 § 5931. MANAGEMENT OF FUND AND ACCOUNTS.

25 * * *

26 (B) CREDITING OF INTEREST.--THE BOARD, ANNUALLY, SHALL ALLOW
27 THE REQUIRED INTEREST ON THE MEAN AMOUNT FOR THE PRECEDING YEAR
28 TO THE CREDIT OF EACH OF THE ACCOUNTS OTHER THAN THE INDIVIDUAL
29 INVESTMENT ACCOUNTS. THE AMOUNT SO ALLOWED SHALL BE CREDITED
30 THERETO BY THE BOARD AND TRANSFERRED FROM THE INTEREST RESERVE

1 ACCOUNT.

2 * * *

3 § 5932. STATE EMPLOYEES' RETIREMENT FUND.

4 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL BALANCES IN
5 THE SEVERAL SEPARATE ACCOUNTS SET APART TO BE USED UNDER THE
6 DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS OF THE SYSTEM;
7 AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE FUND ALL MONEYS
8 RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING FROM THE
9 CONTRIBUTIONS RELATING TO OR ON BEHALF OF MEMBERS OF THE SYSTEM
10 REQUIRED UNDER THE PROVISIONS OF CHAPTER 55 (RELATING TO
11 CONTRIBUTIONS), AND ANY INCOME EARNED BY THE INVESTMENTS OR
12 MONEYS OF SAID FUND. THERE SHALL BE ESTABLISHED AND MAINTAINED
13 BY THE BOARD THE SEVERAL LEDGER ACCOUNTS SPECIFIED IN SECTIONS
14 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO
15 STATE ACCUMULATION ACCOUNT), 5935 (RELATING TO ANNUITY RESERVE
16 ACCOUNT), 5936 (RELATING TO STATE POLICE BENEFIT ACCOUNT), 5937
17 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT ACCOUNT), 5938
18 (RELATING TO SUPPLEMENTAL ANNUITY ACCOUNT) AND 5939 (RELATING TO
19 INTEREST RESERVE ACCOUNT).

20 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE
21 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL
22 NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT
23 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED
24 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE
25 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED
26 TO THE FUND BUT SHALL BE PAID TO THE TRUST AND CREDITED TO THE
27 INDIVIDUAL INVESTMENT ACCOUNTS.

28 § 5933. MEMBERS' SAVINGS ACCOUNT.

29 (A) CREDITS TO ACCOUNT.--THE MEMBERS' SAVINGS ACCOUNT SHALL
30 BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF

1 THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER
2 EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE
3 MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501
4 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE),
5 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS
6 A-3 AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO
7 REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO SOCIAL SECURITY
8 INTEGRATION MEMBER CONTRIBUTIONS), 5503 (RELATING TO JOINT
9 COVERAGE MEMBER CONTRIBUTIONS), 5504 (RELATING TO MEMBER
10 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE
11 SERVICE OR TO BECOME A FULL COVERAGE MEMBER), 5505.1 (RELATING
12 TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5505 (RELATING TO
13 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE
14 SERVICE) AND TRANSFERRED FROM THE MEMBERS' SAVINGS ACCOUNT OF
15 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE
16 WITH THE PROVISIONS OF SECTION 5303.2 (RELATING TO ELECTION TO
17 CONVERT SCHOOL SERVICE TO STATE SERVICE).

18 * * *

19 § 5934. STATE ACCUMULATION ACCOUNT.

20 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
21 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH OR
22 OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM AND
23 MADE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5507(A) OR (D)
24 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND
25 OTHER EMPLOYERS) EXCEPT THAT THE AMOUNTS RECEIVED UNDER THE
26 PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), AND THE
27 AMOUNTS RECEIVED UNDER THE PROVISIONS OF THE LIQUOR CODE, ACT OF
28 APRIL 12, 1951 (P.L.90, NO.21), SHALL BE CREDITED TO THE STATE
29 POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT
30 ACCOUNT AS THE CASE MAY BE. ALL AMOUNTS TRANSFERRED TO THE FUND

1 BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS IN ACCORDANCE WITH
2 THE PROVISIONS OF SECTION 5507(C) ALSO SHALL BE CREDITED TO THE
3 STATE ACCUMULATION ACCOUNT. ALL AMOUNTS TRANSFERRED TO THE FUND
4 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE
5 WITH SECTION 5303.2(E) (RELATING TO ELECTION TO CONVERT SCHOOL
6 SERVICE TO STATE SERVICE), EXCEPT AMOUNTS CREDITED TO THE
7 MEMBERS' SAVINGS ACCOUNT, AND ALL AMOUNTS PAID BY THE DEPARTMENT
8 OF CORRECTIONS IN ACCORDANCE WITH SECTION 5303.2(F) ALSO SHALL
9 BE CREDITED TO THE STATE ACCUMULATION ACCOUNT. THE STATE
10 ACCUMULATION ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST.
11 THE RESERVES NECESSARY FOR THE PAYMENT OF ANNUITIES AND DEATH
12 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM AS APPROVED BY
13 THE BOARD AND AS PROVIDED IN CHAPTER 57 (RELATING TO BENEFITS)
14 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE
15 ANNUITY RESERVE ACCOUNT PROVIDED FOR IN SECTION 5935 (RELATING
16 TO ANNUITY RESERVE ACCOUNT), EXCEPT THAT THE RESERVES NECESSARY
17 ON ACCOUNT OF A MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA
18 STATE POLICE OR AN ENFORCEMENT OFFICER SHALL BE TRANSFERRED FROM
19 THE STATE ACCUMULATION ACCOUNT TO THE STATE POLICE BENEFIT
20 ACCOUNT PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE
21 BENEFIT ACCOUNT) OR TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT
22 AS PROVIDED FOR IN SECTION 5937 (RELATING TO ENFORCEMENT
23 OFFICERS' BENEFIT ACCOUNT) AS THE CASE MAY BE. THE RESERVES
24 NECESSARY FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES IN EXCESS OF
25 THOSE RESERVES CREDITED TO THE SUPPLEMENTAL ANNUITY ACCOUNT ON
26 JUNE 30, 2010, SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION
27 ACCOUNT TO THE SUPPLEMENTAL ANNUITY ACCOUNT. IN THE EVENT THAT
28 SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED
29 AFTER DECEMBER 31, 2009, THE NECESSARY RESERVES SHALL BE
30 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE

1 SUPPLEMENTAL ANNUITY ACCOUNT.

2 § 5935. ANNUITY RESERVE ACCOUNT.

3 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE
4 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED
5 THE RESERVES HELD FOR PAYMENT OF ANNUITIES AND DEATH BENEFITS ON
6 ACCOUNT OF ALL ANNUITANTS EXCEPT IN THE CASE OF MEMBERS WHO ARE
7 OFFICERS OF THE PENNSYLVANIA STATE POLICE OR ENFORCEMENT
8 OFFICERS. THE ANNUITY RESERVE ACCOUNT SHALL BE CREDITED WITH
9 VALUATION INTEREST. AFTER THE TRANSFERS PROVIDED IN SECTIONS
10 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO
11 STATE ACCUMULATION ACCOUNT) AND 5938 (RELATING TO SUPPLEMENTAL
12 ANNUITY ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS
13 RESULTING FROM MEMBERSHIP IN THE SYSTEM EXCEPT THOSE PAYABLE TO
14 ANY MEMBER WHO RETIRES AS AN OFFICER OF THE PENNSYLVANIA STATE
15 POLICE OR AN ENFORCEMENT OFFICER SHALL BE CHARGED TO THE ANNUITY
16 RESERVE ACCOUNT AND PAID FROM THE FUND.

17 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT OTHER THAN
18 A MEMBER WHO WAS RETIRED AS AN OFFICER OF THE PENNSYLVANIA STATE
19 POLICE OR AN ENFORCEMENT OFFICER BE SUBSEQUENTLY RESTORED TO
20 ACTIVE SERVICE AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN
21 THE PLAN, THE PRESENT VALUE OF HIS MEMBER'S ANNUITY AT THE TIME
22 OF REENTRY INTO STATE SERVICE SHALL BE TRANSFERRED FROM THE
23 ANNUITY RESERVE ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN
24 THE MEMBERS' SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE
25 FOR HIS ANNUITY LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'
26 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE
27 ACCOUNT TO THE STATE ACCUMULATION ACCOUNT.

28 § 5936. STATE POLICE BENEFIT ACCOUNT.

29 (A) CREDITS AND CHARGES TO ACCOUNT.--THE STATE POLICE
30 BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE

1 CREDITED ALL CONTRIBUTIONS RECEIVED UNDER THE PROVISIONS OF THE
2 ACT OF MAY 12, 1943 (P.L.259, NO.120), REFERRED TO AS THE
3 FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW, AND ANY
4 ADDITIONAL COMMONWEALTH OR OTHER EMPLOYER CONTRIBUTIONS PROVIDED
5 FOR IN SECTION 5507 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY
6 THE COMMONWEALTH AND OTHER EMPLOYERS) WHICH ARE CREDITABLE TO
7 THE STATE POLICE BENEFIT ACCOUNT. THE STATE POLICE BENEFIT
8 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN
9 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A
10 MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA STATE POLICE, THE
11 TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE
12 MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE NECESSARY
13 RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE
14 TRANSFERRED TO THE STATE POLICE BENEFIT ACCOUNT. THEREAFTER, THE
15 TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED TO THE STATE
16 POLICE BENEFIT ACCOUNT AND PAID FROM THE FUND.

17 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE
18 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE
19 SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE
20 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL
21 BE TRANSFERRED FROM THE STATE POLICE BENEFIT ACCOUNT AND PLACED
22 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN
23 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY, CALCULATED AS
24 IF HE HAD BEEN A MEMBER OF CLASS A IF HE HAS CLASS A OR CLASS C
25 SERVICE CREDITED[; AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF
26 THE ANNUITANT HAS CLASS A-3 STATE SERVICE CREDITED; OR AS IF HE
27 HAD BEEN A MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4
28 SERVICE CREDITED], LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'
29 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE STATE POLICE
30 BENEFIT ACCOUNT TO THE STATE ACCUMULATION ACCOUNT. UPON

1 SUBSEQUENT RETIREMENT OTHER THAN AS AN OFFICER OF THE
2 PENNSYLVANIA STATE POLICE THE ACTUARIAL RESERVE REMAINING IN THE
3 STATE POLICE BENEFIT ACCOUNT SHALL BE TRANSFERRED TO THE
4 APPROPRIATE RESERVE ACCOUNT.

5 § 5937. ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.

6 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ENFORCEMENT
7 OFFICERS' BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH
8 SHALL BE CREDITED MONEYS TRANSFERRED FROM THE ENFORCEMENT
9 OFFICERS' RETIREMENT ACCOUNT IN THE STATE STORES FUND ACCORDING
10 TO THE PROVISIONS OF THE ACT OF APRIL 12, 1951 (P.L.90, NO.21),
11 KNOWN AS THE LIQUOR CODE, AND ANY ADDITIONAL COMMONWEALTH OR
12 OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN SECTION 5507
13 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND
14 OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE ENFORCEMENT
15 OFFICERS' BENEFIT ACCOUNT. THE ENFORCEMENT OFFICERS' BENEFIT
16 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN
17 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A
18 MEMBER WHO IS AN ENFORCEMENT OFFICER OF THE PENNSYLVANIA LIQUOR
19 CONTROL BOARD, THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE
20 CREDIT OF THE MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE
21 NECESSARY RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE
22 TRANSFERRED TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.
23 THEREAFTER, THE TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED
24 TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT AND PAID FROM THE
25 FUND.

26 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE
27 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE
28 SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE
29 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL
30 BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT

1 AND PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS
2 ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY
3 [CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE
4 ANNUITANT DOES NOT HAVE ANY CLASS AA, CLASS A-3 OR CLASS A-4
5 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS AA IF THE
6 ANNUITANT DOES HAVE CLASS AA SERVICE CREDITED; AS IF HE HAD BEEN
7 A MEMBER OF CLASS A-3 IF THE ANNUITANT HAS CLASS A-3 STATE
8 SERVICE CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A-4 IF
9 THE ANNUITANT HAS CLASS A-4 SERVICE CREDITED], LESS THE AMOUNT
10 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED
11 FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT TO THE STATE
12 ACCUMULATION ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS
13 AN ENFORCEMENT OFFICER THE ACTUARIAL RESERVE REMAINING IN THE
14 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT SHALL BE TRANSFERRED TO
15 THE APPROPRIATE RESERVE ACCOUNT.

16 § 5938. SUPPLEMENTAL ANNUITY ACCOUNT.

17 THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE THE LEDGER ACCOUNT
18 TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS FROM THE
19 COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE WITH SECTION
20 5507(B) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE
21 COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE
22 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO
23 SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL
24 SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL
25 SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL
26 ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO SPECIAL
27 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 (RELATING TO
28 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO
29 SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 (RELATING TO
30 SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 (RELATING TO

1 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 2002) MADE
2 BEFORE JULY 1, 2010, THE AMOUNT TRANSFERRED FROM THE STATE
3 ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES
4 NECESSARY AS OF JUNE 30, 2010, TO PAY SUCH SUPPLEMENTAL
5 ANNUITIES AND ADJUSTMENTS, AND THE AMOUNTS TRANSFERRED FROM THE
6 STATE ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES
7 NECESSARY AS A RESULT OF SUPPLEMENTAL ANNUITIES ENACTED AFTER
8 DECEMBER 31, 2009. THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE
9 CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE
10 PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM
11 THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT
12 AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE
13 ACCOUNT) .

14 § 5939. INTEREST RESERVE ACCOUNT.

15 THE INTEREST RESERVE ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
16 WHICH SHALL BE CREDITED ALL INCOME EARNED BY THE FUND AND TO
17 WHICH SHALL BE CHARGED ALL ADMINISTRATIVE AND INVESTMENT
18 EXPENSES INCURRED BY THE FUND. AT THE END OF EACH YEAR THE
19 REQUIRED INTEREST SHALL BE TRANSFERRED FROM THE INTEREST RESERVE
20 ACCOUNT TO THE CREDIT OF EACH OF THE ACCOUNTS OF THE FUND IN
21 ACCORDANCE WITH THE PROVISIONS OF THIS SUBCHAPTER. IN ADDITION,
22 AT THE END OF EACH ACCOUNTING PERIOD, THE INTEREST RESERVE
23 ACCOUNT SHALL BE CREDITED OR CHARGED WITH ALL RECOGNIZED CHANGES
24 IN THE MARKET VALUATION OF THE INVESTMENTS OF THE FUND. THE
25 ADMINISTRATIVE AND INVESTMENT EXPENSES OF THE BOARD RELATING TO
26 THE ADMINISTRATION OF THE SYSTEM AND INVESTMENTS OF THE FUND
27 SHALL BE PAID FROM THE FUND OUT OF EARNINGS. ANY SURPLUS OR
28 DEFICIT IN THE INTEREST RESERVE ACCOUNT AT THE END OF EACH YEAR
29 SHALL BE TRANSFERRED TO THE STATE ACCUMULATION ACCOUNT.

30 § 5951. STATE GUARANTEE REGARDING THE SYSTEM.

1 THE REQUIRED INTEREST CHARGES PAYABLE, THE MAINTENANCE OF
2 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER
3 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE
4 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND
5 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE
6 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM
7 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART
8 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE
9 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATION OF THE
10 PLAN OR TRUST.

11 § 5953. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

12 (A) GENERAL RULE.--

13 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4),
14 THE RIGHT OF A PERSON TO ANY BENEFIT OR RIGHT ACCRUED OR
15 ACCRUING UNDER THE PROVISIONS OF THIS PART AND THE MONEYS IN
16 THE FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR
17 MUNICIPAL TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT,
18 SPOUSE'S ELECTION, THE PROVISIONS OF ARTICLE XIII.1 OF THE
19 ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL
20 CODE, OR ANY OTHER PROCESS WHATSOEVER, AND NO PARTICIPANT OR
21 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE OF A
22 PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL, ASSIGN,
23 ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,
24 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR
25 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO
26 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER
27 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS PROVIDED IN
28 THIS PART, AND IN THE CASE OF EITHER A MEMBER OR A
29 PARTICIPANT EXCEPT FOR A SET-OFF BY THE COMMONWEALTH IN THE
30 CASE PROVIDED IN THIS PARAGRAPH, AND SHALL BE UNASSIGNABLE

1 EXCEPT TO THE COMMONWEALTH IN THE CASE OF A MEMBER OR
2 PARTICIPANT WHO IS TERMINATING STATE SERVICE AND HAS BEEN
3 DETERMINED TO BE OBLIGATED TO THE COMMONWEALTH FOR THE
4 REPAYMENT OF MONEY OWED ON ACCOUNT OF HIS EMPLOYMENT.

5 (2) (I) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
6 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978
7 (P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION
8 FORFEITURE ACT, AND BY OR PURSUANT TO SECTION 16(B) OF
9 ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA.

10 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
11 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE
12 BENEFITS THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER
13 THIS PART.

14 (II) IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V
15 OF THE CONSTITUTION OF PENNSYLVANIA AND NOTWITHSTANDING
16 THIS PARAGRAPH, THE ACT OF JULY 8, 1978 (P.L.752,
17 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE
18 ACT, OR 42 PA.C.S. § 3352 (RELATING TO PENSION RIGHTS),
19 THE ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS AND
20 ACCUMULATED VOLUNTARY CONTRIBUTIONS STANDING TO THE
21 CREDIT OF A PARTICIPANT SHALL NOT BE FORFEITED BUT SHALL
22 BE AVAILABLE FOR PAYMENT OF FINES AND RESTITUTION AS
23 PROVIDED BY LAW. IN ACCORDANCE WITH SECTION 16(B) OF
24 ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA, AMOUNTS IN
25 THE TRUST THAT HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN
26 ALTERNATE PAYEE AS THE RESULT OF AN EQUITABLE
27 DISTRIBUTION OF MARITAL PROPERTY AS PART OF AN APPROVED
28 DOMESTIC RELATIONS ORDER ENTERED BEFORE THE DATE OF THE
29 ORDER OR ACTION IN A COURT OR OTHER TRIBUNAL RESULTING IN
30 A FORFEITURE OF A PARTICIPANT'S INTEREST IN THE TRUST

1 SHALL NOT BE SUBJECT TO THE PROVISIONS OF THE PUBLIC
2 EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY
3 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A
4 RESULT OF THIS PARAGRAPH OR OTHER LAW SHALL BE RETAINED
5 BY THE BOARD AND NOTWITHSTANDING SECTIONS 5812(2)
6 (RELATING TO POWERS AND DUTIES OF BOARD), 5815 (RELATING
7 TO EXPENSES) AND 5902(C) (RELATING TO ADMINISTRATIVE
8 DUTIES OF THE BOARD) USED FOR THE PAYMENT OF EXPENSES OF
9 THE PLAN.

10 (3) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
11 ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN AN
12 APPROVED DOMESTIC RELATIONS ORDER.

13 (4) EFFECTIVE WITH DISTRIBUTIONS MADE ON OR AFTER
14 JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF
15 THIS PART TO THE CONTRARY, A DISTRIBUTEE MAY ELECT, AT THE
16 TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE ANY
17 PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO
18 AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
19 PURPOSES OF THIS PARAGRAPH, A "DISTRIBUTE" INCLUDES A MEMBER
20 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A
21 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO
22 IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS
23 ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE
24 PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE
25 ELSE AUTHORIZED UNDER THE IRC AND THE PLAN TERMS APPROVED BY
26 THE BOARD TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID
27 DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT
28 ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE
29 ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC
30 § 402(F) (2) (A), AND "ELIGIBLE RETIREMENT PLAN" HAS THE

1 MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A
2 QUALIFIED TRUST SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT
3 PLAN ONLY IF IT ACCEPTS THE DISTRIBUTEES' ELIGIBLE ROLLOVER
4 DISTRIBUTION; HOWEVER, IN THE CASE OF AN ELIGIBLE ROLLOVER
5 DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE RETIREMENT
6 PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL
7 RETIREMENT ANNUITY" AS THOSE TERMS ARE DEFINED IN IRC §
8 408(A) AND (B).

9 (B) AUTHORIZED PAYMENTS FROM FUND AND TRUST.--

10 (1) THE BOARD SHALL BE AUTHORIZED TO PAY FROM THE FUND
11 AND THE TRUST IN THE CASE OF A MEMBER OR PARTICIPANT WHO IS
12 TERMINATING SERVICE, THE AMOUNT DETERMINED AFTER
13 CERTIFICATION BY THE HEAD OF THE DEPARTMENT THAT THE MEMBER
14 OR PARTICIPANT IS SO OBLIGATED, AND AFTER REVIEW AND APPROVAL
15 BY THE DEPARTMENT OR AGENCY'S LEGAL REPRESENTATIVE OR UPON
16 RECEIPT OF AN ASSIGNMENT FROM THE MEMBER OR PARTICIPANT IN
17 THE AMOUNT SO CERTIFIED[.], EXCEPT THAT NO PAYMENT SHALL BE
18 MADE FROM THE INDIVIDUAL INVESTMENT ACCOUNT OF A PARTICIPANT
19 UNTIL THE PARTICIPANT OTHERWISE APPLIES FOR AND RECEIVES A
20 DISTRIBUTION AND SHALL NOT EXCEED THE AMOUNT OF THE
21 DISTRIBUTION.

22 (2) IN THE CASE OF A PARTICIPANT WHOSE FORMER SPOUSE IS
23 AN ALTERNATE PAYEE OF AN EQUITABLE DISTRIBUTION OF MARITAL
24 ASSETS UNDER AN APPROVED DOMESTIC RELATIONS ORDER, A LUMP SUM
25 OF THE ALTERNATE PAYEE'S INTEREST IN THE PARTICIPANT'S VESTED
26 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS. THIS PARAGRAPH SHALL
27 APPLY WITHOUT REGARD TO WHETHER THE PARTICIPANT HAS NOT
28 TERMINATED, IS TERMINATING OR HAS TERMINATED STATE SERVICE.

29 § 5953.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

30 (A) CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS

1 ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS
2 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
3 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER
4 MEETS ALL OF THE FOLLOWING:

5 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
6 BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED
7 UNDER THIS PART.

8 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE
9 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE
10 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS
11 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE
12 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON
13 OTHER THAN ACTUARIAL VALUE.

14 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
15 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
16 PAYEE OR THE MANNER IN WHICH SUCH AMOUNT OR PERCENTAGE IS TO
17 BE DETERMINED.

18 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
19 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY
20 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON
21 RETIREMENT.

22 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
23 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
24 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND
25 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE
26 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

27 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,
28 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

29 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION
30 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S

1 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
2 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER
3 MAINTAINED BY THE SYSTEM. AN AUTHORIZATION GRANTED UNDER THIS
4 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
5 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
6 ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE
7 PAYEE'S SHARE OF THE BENEFITS PAYABLE UNDER THIS PART AND NOT
8 AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED TO
9 MEMBERS OR OBTAIN INFORMATION WHICH IS NOT RELATED TO THE
10 ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S
11 SHARE OF THE BENEFITS PAYABLE UNDER THIS PART.

12 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC
13 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED
14 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
15 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THE ORDER MEETS
16 ALL OF THE FOLLOWING:

17 (1) DOES NOT REQUIRE THE PLAN TO PROVIDE A TYPE OR FORM
18 OF BENEFIT OR AN OPTION APPLICABLE TO MEMBERS OF THE SYSTEM
19 OR PARTICIPANTS IN THE PLAN.

20 (2) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE
21 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT
22 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL
23 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

24 (3) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE
25 ANY FUNDS THAT WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE
26 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC
27 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS
28 DESIGNATED REPRESENTATIVE.

29 (4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
30 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE

1 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE
2 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE
3 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF
4 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE
5 PAYEE.

6 (5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP
7 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S
8 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF
9 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION
10 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

11 (6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE
12 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE
13 ALTERNATE PAYEE AND THE DATE UPON WHICH THE VALUATION IS
14 BASED.

15 (7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
16 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN
17 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER
18 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE
19 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE
20 PLAN.

21 (8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,
22 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.

23 (9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION
24 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S
25 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
26 THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT
27 MAINTAINED BY THE PLAN. AN AUTHORIZATION GRANTED UNDER THIS
28 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
29 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
30 PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION

1 AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE
2 PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE
3 THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION
4 THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND
5 PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S
6 INDIVIDUAL INVESTMENT ACCOUNT.

7 (10) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE
8 ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL
9 INVESTMENT ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT,
10 ELIGIBLE ROLLOVER OR TRUSTEE-TO-TRUSTEE TRANSFER TO ANOTHER
11 ELIGIBLE PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE
12 PAYEE.

13 (11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
14 RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
15 DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE
16 BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE
17 BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE VESTED BALANCE
18 AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
19 AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT
20 DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH
21 OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S
22 INDIVIDUAL INVESTMENT ACCOUNT.

23 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD
24 AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE SECRETARY OF
25 THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE
26 WHETHER [THIS] THE ORDER IS AN APPROVED DOMESTIC RELATIONS ORDER
27 AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE PAYEE OF
28 THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
29 THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE
30 PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE BOARD, OR

1 HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO AN
2 ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 SUBCH. A
3 (RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO
4 THE COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO
5 JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT
6 APPEALS FROM GOVERNMENT AGENCIES).

7 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED
8 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO
9 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS
10 THE TERM IS DEFINED AT 23 PA.C.S. § 4302 (RELATING TO
11 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS
12 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
13 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT
14 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS
15 AS ESTABLISHED BY THE LAWS OF THE UNITED STATES AND THIS
16 COMMONWEALTH[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER
17 THAT WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER
18 STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS
19 FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST A PARTICIPANT
20 WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE
21 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING
22 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD REQUIRE
23 A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS IN
24 THE FORM OF AN ANNUITY OR TO REQUIRE THE PURCHASE OF AN ANNUITY.

25 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS
26 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO
27 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS
28 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS
29 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE
30 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN

1 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE
2 OBLIGATIONS OF THE SYSTEM OR THE PLAN WITH RESPECT TO SUCH
3 APPROVAL OR DISAPPROVAL SHALL BE DISCHARGED.

4 § 5953.2. IRREVOCABLE BENEFICIARY.

5 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC
6 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A
7 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN
8 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES
9 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A
10 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT
11 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT
12 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC
13 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC
14 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
15 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH
16 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED
17 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT
18 WITHOUT APPROVAL BY THE COURT.

19 § 5953.3. IRREVOCABLE SURVIVOR ANNUITANT.

20 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC
21 RELATIONS ORDER PERTAINING TO A MEMBER MAY PROVIDE FOR AN
22 IRREVOCABLE SURVIVOR ANNUITANT. A DOMESTIC RELATIONS ORDER
23 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT
24 SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN
25 ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE
26 REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF
27 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.
28 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED
29 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS
30 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE

1 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY
2 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO
3 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AS
4 AN IRREVOCABLE SURVIVOR ANNUITANT.

5 § 5953.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

6 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE
7 ALTERNATE PAYEE PREDECEASES THE MEMBER OR THE PARTICIPANT AND
8 THERE ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE
9 COURT MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO
10 SUBSTITUTE A PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE
11 ANY BENEFITS PAYABLE TO THE DECEASED ALTERNATE PAYEE.

12 * * *

13 SECTION 329. TITLE 71 IS AMENDED BY ADDING A SECTION TO
14 READ:

15 § 5953.6. IRREVOCABLE SUCCESSOR PAYEE.

16 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISION OF THIS
17 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY
18 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE IF THE PARTICIPANT IS
19 RECEIVING A PAYMENT UNDER A PAYMENT OPTION PROVIDED BY THE BOARD
20 THAT ALLOWS FOR A SUCCESSOR PAYEE.

21 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE
22 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE IS AN ORDER WHICH:

23 (1) REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS
24 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN
25 ALTERNATE PAYEE AS A SUCCESSOR PAYEE; AND

26 (2) EXCEPT BY OPERATION OF LAW, PROHIBITS THE REMOVAL OR
27 CHANGE OF THE SUCCESSOR PAYEE WITHOUT APPROVAL OF A COURT OF
28 COMPETENT JURISDICTION.

29 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER
30 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC

1 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS DESIGNATED
2 REPRESENTATIVE. IF A DOMESTIC RELATIONS ORDER IS CERTIFIED UNDER
3 THIS SUBSECTION, THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE
4 COURT SHALL NOT BE CHANGED BY THE PARTICIPANT WITHOUT APPROVAL
5 BY THE COURT.

6 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS
7 A SUCCESSOR PAYEE SHALL NOT BE DESIGNATED AS AN IRREVOCABLE
8 SUCCESSOR PAYEE. A COURT SHALL NOT NAME AN IRREVOCABLE SUCCESSOR
9 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM
10 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL
11 PORTION OF THE PENSION BENEFIT.

12 SECTION 330. SECTIONS 5954, 5955, 5955.2(D) AND 5957 OF
13 TITLE 71 ARE AMENDED TO READ:

14 § 5954. FRAUD AND ADJUSTMENT OF ERRORS.

15 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE
16 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED
17 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO
18 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE
19 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

20 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN
21 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY [OR],
22 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
23 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
24 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
25 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
26 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR
27 AFFECTED CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO
28 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE
29 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL
30 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED

1 SHALL BE PAID. IF THE ERROR AFFECTED CONTRIBUTIONS TO OR
2 PAYMENTS FROM THE PLAN, THE BOARD SHALL TAKE ACTION AS PROVIDED
3 FOR IN THE PLAN DOCUMENT.

4 § 5955. CONSTRUCTION OF PART.

5 (A) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF
6 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF STATE
7 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY
8 AMENDMENT THERETO[,] OR THE PLAN DOCUMENT ESTABLISHED BY THE
9 BOARD; AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY
10 ARBITRATION AWARD BETWEEN THE COMMONWEALTH AND [ITS] OTHER
11 EMPLOYERS AND THE COMMONWEALTH'S AND OTHER EMPLOYER'S EMPLOYEES
12 OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL BE
13 CONSTRUED TO CHANGE ANY OF THE PROVISIONS HEREIN, TO REQUIRE THE
14 BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH
15 IN THIS PART OR NOT ESTABLISHED BY THE BOARD IN THE PLAN
16 DOCUMENT, TO REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF
17 THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT, OR TO OTHERWISE
18 REQUIRE ACTION BY ANY OTHER GOVERNMENT BODY PERTAINING TO
19 PENSION OR RETIREMENT BENEFITS OR RIGHTS OF STATE EMPLOYEES.
20 NOTWITHSTANDING THE FOREGOING, ANY PENSION OR RETIREMENT
21 BENEFITS OR RIGHTS PREVIOUSLY SO ESTABLISHED BY OR AS A RESULT
22 OF AN ARBITRATION AWARD SHALL REMAIN IN EFFECT AFTER THE
23 EXPIRATION OF THE CURRENT COLLECTIVE BARGAINING AGREEMENT
24 BETWEEN THE STATE EMPLOYEES SO AFFECTED AND THE COMMONWEALTH
25 UNTIL THE EXPIRATION OF EACH OF THE COLLECTIVE BARGAINING
26 AGREEMENTS IN EFFECT ON JANUARY 1, 2011, AT WHICH TIME THE
27 CLASSES OF MEMBERSHIP AND RESULTING MEMBER CONTRIBUTION RATES
28 AND CONTRIBUTIONS FOR CREDITABLE NONSTATE SERVICE, ELIGIBILITY
29 FOR VESTING, WITHDRAWAL AND SUPERANNUATION ANNUITIES, OPTIONAL
30 MODIFICATION OF ANNUITIES AND OTHER TERMS AND CONDITIONS RELATED

1 TO CLASS OF MEMBERSHIP SHALL BE AS DETERMINED BY THIS PART FOR
2 EMPLOYEES COVERED BY THOSE AND SUCCESSOR COLLECTIVE BARGAINING
3 AGREEMENTS. FOR PURPOSES OF ADMINISTERING THIS PART, FOR THOSE
4 STATE EMPLOYEES WHO ARE MEMBERS OF EACH SUCH COLLECTIVE
5 BARGAINING UNIT, THE DATE JANUARY 1, 2011, CONTAINED IN THIS
6 PART, EXCEPT IN THIS SECTION, SHALL BE REPLACED WITH THE DATE OF
7 THE DAY IMMEDIATELY FOLLOWING THE EXPIRATION OF EACH SUCH
8 COLLECTIVE BARGAINING AGREEMENT. THE PROVISIONS OF THIS PART
9 INsofar AS THEY ARE THE SAME AS THOSE OF EXISTING LAW ARE
10 INTENDED AS A CONTINUATION OF SUCH LAWS AND NOT AS NEW
11 ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT ANY ACT
12 DONE, LIABILITY INCURRED, RIGHT ACCRUED OR VESTED, OR ANY SUIT
13 OR PROSECUTION PENDING OR TO BE INSTITUTED TO ENFORCE ANY RIGHT
14 OR PENALTY OR TO PUNISH ANY OFFENSE UNDER THE AUTHORITY OF ANY
15 REPEALED LAWS.

16 (B) (RESERVED).

17 (C) OFFICER OR MEMBER OF THE PENNSYLVANIA STATE POLICE.--

18 (1) NOTWITHSTANDING A PROVISION OF SUBSECTION (A) OR
19 SECTION 12.1 OF THE ACT OF NOVEMBER 23, 2010 (P.L.1269,
20 NO.120), REGARDING THE CONTINUED EFFECTIVENESS OF PENSION OR
21 RETIREMENT BENEFITS OR RIGHTS PREVIOUSLY ESTABLISHED BY OR AS
22 A RESULT OF A BINDING ARBITRATION AWARD ISSUED BEFORE JULY 1,
23 1989, UNDER THE ACT OF JUNE 24, 1968 (P.L.237, NO.111),
24 REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE
25 BARGAINING ACT, AND IMPLEMENTED BY THE BOARD, THE ELIGIBILITY
26 FOR AND CALCULATION OF PENSION OR RETIREMENT BENEFITS OR
27 RIGHTS UNDER THE BINDING ARBITRATION AWARD OF A STATE
28 EMPLOYEE WHO FIRST BECOMES A STATE POLICE OFFICER ON OR AFTER
29 JANUARY 1, 2019, SHALL BE DETERMINED USING ONLY SERVICE
30 PERFORMED AND COMPENSATION AND ELIGIBILITY POINTS EARNED AS

1 AN OFFICER OR MEMBER OF THE PENNSYLVANIA STATE POLICE OR
2 WHILE ON USERRA LEAVE FROM SERVICE AS AN OFFICER OR MEMBER OF
3 THE PENNSYLVANIA STATE POLICE AND PROVIDED THAT SERVICE
4 CREDIT AND ELIGIBILITY POINTS FOR SERVICE AS AN OFFICER OR
5 MEMBER OF THE PENNSYLVANIA STATE POLICE SHALL BE ADJUSTED FOR
6 ANY OTHER CONCURRENT SERVICE AS A STATE EMPLOYEE.

7 (2) ANY SERVICE OTHER THAN SERVICE AS AN OFFICER OR
8 MEMBER OF THE PENNSYLVANIA STATE POLICE PERFORMED BY A STATE
9 EMPLOYEE ELIGIBLE FOR A BENEFIT UNDER THE BINDING ARBITRATION
10 UNDER PARAGRAPH (1) SHALL BE USED TO DETERMINE BENEFITS AS
11 PROVIDED IN THIS PART IN ADDITION TO ANY BENEFIT AN OFFICER
12 OR MEMBER OF THE PENNSYLVANIA STATE POLICE IS ELIGIBLE TO
13 RECEIVE UNDER THE BINDING ARBITRATION AWARD AS SET FORTH IN
14 THIS SUBSECTION.

15 (3) (RESERVED).

16 (4) A STATE EMPLOYEE WHO FIRST BECOMES A STATE POLICE
17 OFFICER ON OR AFTER JANUARY 1, 2019, WHO DOES NOT HAVE 20 OR
18 MORE ELIGIBILITY POINTS AS AN OFFICER OR MEMBER OF THE
19 PENNSYLVANIA STATE POLICE OR FROM USERRA LEAVE FROM SERVICE
20 AS AN OFFICER OR MEMBER OF THE PENNSYLVANIA STATE POLICE AND
21 WHO TERMINATES STATE SERVICE ON OR AFTER JANUARY 1, 2019,
22 SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM SINGLE LIFE ANNUITY
23 BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705 EQUAL TO THE
24 MAXIMUM SINGLE LIFE ANNUITY THAT THE STATE EMPLOYEE IS
25 ELIGIBLE TO RECEIVE UNDER THIS PART ATTRIBUTABLE TO ALL
26 CREDITED SERVICE, COMPENSATION AND ELIGIBILITY POINTS.

27 (5) EXCEPT AS OTHERWISE PROVIDED UNDER THIS PART,
28 SERVICE AS A STATE POLICE OFFICER CREDITED IN THE SYSTEM
29 SHALL NOT OPERATE TO PREVENT ANY STATE EMPLOYEE FROM BEING A
30 PARTICIPANT IN THE PLAN FOR ANY STATE SERVICE THAT IS NOT

1 SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE THAT WOULD OTHERWISE
2 RESULT IN PARTICIPATION IN THE PLAN. ANY BENEFIT RESULTING
3 FROM PARTICIPATION IN THE PLAN SHALL BE IN ADDITION TO ANY
4 BENEFIT A STATE POLICE OFFICER MAY BE ELIGIBLE TO RECEIVE AS
5 A MEMBER OF THE SYSTEM.

6 (6) AS USED IN THIS SUBSECTION, THE FOLLOWING WORDS AND
7 PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
8 PARAGRAPH UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

9 "BINDING ARBITRATION AWARD." A BINDING ARBITRATION AWARD
10 ISSUED BEFORE JULY 1, 1989, UNDER THE ACT OF JUNE 24, 1968
11 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN
12 COLLECTIVE BARGAINING ACT, AND IMPLEMENTED BY THE BOARD.

13 (7) FOR THE DETERMINATION OF THE ENTIRE ANNUITY UNDER
14 THIS SUBSECTION AND ANY APPLICABLE BINDING ARBITRATION AWARD,
15 ANY SALARY OR COMPENSATION FOR SERVICE AS A CLASS A-5 EXEMPT
16 EMPLOYEE BY A STATE EMPLOYEE WHO FIRST BECAME A MEMBER OF THE
17 SYSTEM ON OR AFTER JANUARY 1, 2019, SHALL NOT INCLUDE
18 REMUNERATION RECEIVED IN ANY PAY PERIOD FOR VOLUNTARY
19 OVERTIME SERVICE OR DUTY THAT EXCEEDS 10% OF THE STATE
20 EMPLOYEE'S BASE SALARY OR WAGES IN THAT PAY PERIOD.

21 (D) ADVERSE INFERENCE.--NOTHING IN THIS PART SHALL BE
22 CONSTRUED TO MEAN THAT THE LIMITATIONS ON BENEFITS OR OTHER
23 REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE PROVISIONS
24 OF THE IRC WHICH ARE APPLICABLE TO PARTICIPANTS IN THE PLAN DO
25 NOT APPLY TO THE PARTICIPANTS OR TO MEMBERS OF THE SYSTEM AND
26 THE BENEFITS PAYABLE UNDER THIS PART.

27 § 5955.2. CONSTRUCTION OF PART WITH RESPECT TO THE INTERNAL
28 REVENUE CODE.

29 * * *

30 (D) REFERENCES TO INTERNAL REVENUE CODE OF 1986 OR THE

1 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT.--
2 REFERENCES IN THIS PART TO PROVISIONS OF THE INTERNAL REVENUE
3 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.) OR THE
4 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
5 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), INCLUDING FOR THIS
6 PURPOSE ADMINISTRATIVE REGULATIONS PROMULGATED UNDER [THAT ACT]
7 THE ACTS, ARE INTENDED TO INCLUDE SUCH LAWS AND REGULATIONS AS
8 ARE IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND AS THEY
9 MAY BE AMENDED OR SUPPLEMENTED OR SUPPLANTED BY SUCCESSOR
10 PROVISIONS AFTER THE EFFECTIVE DATE OF THIS SECTION.

11 * * *

12 § 5957. INDEPENDENT FISCAL OFFICE STUDY.

13 THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE
14 IMPLEMENTATION OF SHARED-RISK CONTRIBUTIONS UNDER SECTION 5501.1
15 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND
16 CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER
17 CONTRIBUTIONS) AND ITS IMPACT ON THE SYSTEM. THE STUDY SHALL BE
18 COMPLETED BY DECEMBER 31, 2015, AND SHALL BE TRANSMITTED TO THE
19 APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF THE
20 SENATE, THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE
21 OF THE HOUSE OF REPRESENTATIVES AND TO THE GOVERNOR.

22 SECTION 331. TITLE 71 IS AMENDED BY ADDING A SECTION TO
23 READ:

24 § 5958. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
25 COMMISSION.

26 (A) ESTABLISHMENT.--A PUBLIC PENSION MANAGEMENT AND ASSET
27 INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL
28 BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE
29 FOLLOWING:

30 (1) THE GOVERNOR.

- 1 (2) THE PRESIDENT PRO TEMPORE OF THE SENATE.
2 (3) THE MINORITY LEADER OF THE SENATE.
3 (4) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
4 (5) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES.

5 THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT
6 ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE
7 DATE OF THIS SECTION.

8 (B) DUTIES.--THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND
9 ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:

10 (1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT
11 STRATEGIES AND PROCEDURES OF THE SYSTEM, COMPARING REALIZED
12 RATES OF RETURN TO ESTABLISHED BENCHMARKS AND CONSIDERING
13 ASSOCIATED FEES PAID FOR ACTIVE AND PASSIVE MANAGEMENT.

14 (2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND
15 PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE
16 INVESTMENT ACTIVITIES OF THE STATE EMPLOYEES' RETIREMENT
17 SYSTEM.

18 (3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH
19 AVAILABLE ASSETS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM
20 THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.

21 (3.1) THE COMMISSION SHALL EVALUATE AND MAKE
22 RECOMMENDATIONS ON:

23 (I) IMPROVING INVESTMENT FEE TRANSPARENCY ON
24 ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED
25 REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED
26 PARTNERS ASSOCIATION.

27 (II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY
28 OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST
29 THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF
30 INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED

1 RETURN.

2 (4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ONLINE,
3 INCLUDING FINDINGS ABOUT:

4 (I) ASSETS;

5 (II) RETURNS;

6 (III) FINANCIAL MANAGERS;

7 (IV) CONSULTANTS;

8 (V) REQUESTS FOR PROPOSALS; AND

9 (VI) INVESTMENT PERFORMANCE MEASURED AGAINST
10 BENCHMARKS.

11 (5) RECOMMEND THE LOWEST AMOUNT OF INVESTMENT FEES TO BE
12 PAID BY THE BOARD FOR THE BOARD TO ACHIEVE THE BOARD'S
13 ANTICIPATED ANNUAL RATE OF RETURN AND TO DEVELOP
14 RECOMMENDATIONS TO REDUCE EXPENDITURES TO GENERATE ACTUARIAL
15 SAVINGS OF \$1,500,000,000 OVER 30 YEARS FROM THE EFFECTIVE
16 DATE OF THIS SECTION.

17 (6) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE
18 GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS
19 FIRST ORGANIZATIONAL MEETING.

20 (C) QUORUM.--A MAJORITY OF APPOINTED MEMBERS SHALL
21 CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE
22 MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND
23 ANOTHER TO BE THE VICE CHAIRPERSON.

24 (D) TRANSPARENCY AND ETHICS.--THE PUBLIC PENSION MANAGEMENT
25 AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE
26 FOLLOWING LAWS:

27 (1) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN
28 AS THE STATE ADVERSE INTEREST ACT.

29 (2) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS
30 THE RIGHT-TO-KNOW LAW.

1 A MEMBER OR PARTICIPANT AN EXPRESS OR IMPLIED CONTRACTUAL
2 RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 24 PA.C.S.
3 PT. IV, 51 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24
4 PA.C.S. PT. IV OR 51 PA.C.S.:

5 (I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S.
6 OR 24 PA.C.S. PT. IV IN RELATION TO REQUIREMENTS FOR ANY
7 OF THE FOLLOWING:

8 (A) (RESERVED).

9 (B) QUALIFICATION OF THE SCHOOL EMPLOYEES'
10 DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN
11 UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
12 99-514, 26 U.S.C. §§ 401(A) AND 415(B)), OR
13 COMPLIANCE WITH THE UNIFORMED SERVICES EMPLOYMENT AND
14 REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353,
15 108 STAT. 3149).

16 (C) DOMESTIC RELATIONS ORDERS REGARDING
17 ALTERNATE PAYEES OF PARTICIPANTS IN THE SCHOOL
18 EMPLOYEES' DEFINED CONTRIBUTION PLAN.

19 (II) A CONSTRUCTION OF 24 PA.C.S. PT. IV OR 51
20 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24 PA.C.S.
21 PT. IV OR 51 PA.C.S. OR A TERM OR PROVISION OF THE SCHOOL
22 EMPLOYEES' DEFINED CONTRIBUTION PLAN OR SCHOOL EMPLOYEES'
23 DEFINED CONTRIBUTION TRUST, ESTABLISHED BY STATUTE OR IN
24 THE PLAN DOCUMENT OR TRUST DECLARATION OR BY CONTRACT
25 WITH PROVIDERS OF INVESTMENT AND ADMINISTRATIVE SERVICES
26 TO THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN OR THE
27 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST.

28 (2) THE PROVISIONS OF 24 PA.C.S. PT. IV SHALL REMAIN
29 SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE
30 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF

1 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), AND REGULATIONS
2 UNDER THOSE STATUTES, AND THE GENERAL ASSEMBLY RESERVES TO
3 ITSELF THE FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND
4 OR SUPPLEMENT THE PROVISIONS AS MAY BE REQUIRED IN ORDER TO
5 MAINTAIN THE QUALIFICATION OF THE PUBLIC SCHOOL EMPLOYEES'
6 RETIREMENT SYSTEM AND THE SCHOOL EMPLOYEES' DEFINED
7 CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN UNDER SECTION
8 401(A) AND OTHER APPLICABLE PROVISIONS OF THE INTERNAL
9 REVENUE CODE OF 1986 AND THE UNIFORMED SERVICES EMPLOYMENT
10 AND REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108
11 STAT. 3149).

12 (3) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A
13 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, A
14 PARTICIPANT IN THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN
15 OR ANOTHER PERSON CLAIMING AN INTEREST IN THE ACCOUNT OF A
16 MEMBER OR PARTICIPANT AN EXPRESSED OR IMPLIED CONTRACTUAL
17 RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 51 PA.C.S. §
18 7306, 71 PA.C.S. PT. XXV, OR RULES OR REGULATIONS ADOPTED
19 UNDER 51 PA.C.S. § 7306 OR 71 PA.C.S. PT. XXV:

20 (I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S.
21 § 7306 OR 71 PA.C.S. PT. XXV, IN RELATION TO REQUIREMENTS
22 FOR ANY OF THE FOLLOWING:

23 (A) QUALIFICATION OF THE STATE EMPLOYEES'
24 DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN
25 UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
26 99-514, 26 U.S.C. § 401(A)).

27 (B) COMPLIANCE WITH THE UNIFORMED SERVICES
28 EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994
29 (PUBLIC LAW 103-353).

30 (C) DOMESTIC RELATIONS ORDERS REGARDING

1 ALTERNATE PAYEES OF PARTICIPANTS IN THE STATE
2 EMPLOYEES' DEFINED CONTRIBUTION PLAN.

3 (II) A CONSTRUCTION OF 51 PA.C.S. OR 71 PA.C.S. PT.
4 XXV, OR RULES OR REGULATION PROMULGATED UNDER 51 PA.C.S.
5 OR 71 PA.C.S. PT. XXV, OR A TERM OR PROVISION OF THE
6 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN OR STATE
7 EMPLOYEES' DEFINED CONTRIBUTION TRUST ESTABLISHED BY
8 STATUTE OR IN THE PLAN DOCUMENT OR TRUST DECLARATION OR
9 BY CONTRACT WITH PROVIDERS OF INVESTMENT AND
10 ADMINISTRATIVE SERVICES TO THE STATE EMPLOYEES' DEFINED
11 CONTRIBUTION PLAN OR STATE EMPLOYEES' DEFINED
12 CONTRIBUTION TRUST.

13 (4) THE PROVISIONS OF 71 PA.C.S. PT. XXV SHALL REMAIN
14 SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE
15 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
16 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), AND REGULATIONS
17 PROMULGATED UNDER THOSE STATUTES.

18 (5) THE GENERAL ASSEMBLY RESERVES TO ITSELF THE FURTHER
19 EXERCISE OF ITS LEGISLATIVE POWER TO AMEND OR SUPPLEMENT THE
20 PROVISIONS OF 71 PA.C.S. PT. XXV IN ORDER TO MAINTAIN THE
21 QUALIFICATION OF THE STATE EMPLOYEES' RETIREMENT SYSTEM AND
22 THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS QUALIFIED
23 PENSION PLANS UNDER SECTION 401(A) AND OTHER APPLICABLE
24 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE
25 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
26 1994 (PUBLIC LAW 103-353, 108 STAT. 3149).
27 SECTION 402. THE FOLLOWING SHALL APPLY:

28 (1) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
29 A CALCULATION OR ACTUARIAL METHOD USED BY THE PUBLIC SCHOOL
30 EMPLOYEES' RETIREMENT BOARD, ITS ACTUARIES OR THE PUBLIC

1 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE
2 WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR OTHER APPLICABLE
3 LAW PRIOR TO THE EFFECTIVE DATE OF THIS PARAGRAPH.

4 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
5 A CALCULATION OR ACTUARIAL METHOD USED BY THE STATE
6 EMPLOYEES' RETIREMENT BOARD, ITS ACTUARIES OR THE STATE
7 EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH THE
8 PROVISIONS OF 71 PA.C.S. PT. XXV OR OTHER APPLICABLE LAW
9 PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.

10 SECTION 403. (RESERVED).

11 SECTION 404. THE FOLLOWING SHALL APPLY:

12 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW:

13 (I) A CHANGE IN ACCRUED LIABILITY OF THE STATE
14 EMPLOYEES' RETIREMENT SYSTEM CREATED UNDER THIS ACT SHALL
15 BE FUNDED IN EQUAL DOLLAR INSTALLMENTS OVER A PERIOD OF
16 30 YEARS BEGINNING JULY 1, 2019.

17 (II) A CHANGE IN ACCRUED LIABILITY OF THE STATE
18 EMPLOYEES' RETIREMENT SYSTEM CREATED UNDER THIS ACT BY
19 THE AMENDMENT OF 71 PA.C.S. § 5508(B) SHALL BE FUNDED IN
20 EQUAL DOLLAR INSTALLMENTS OVER A PERIOD OF 30 YEARS
21 BEGINNING JULY 1, 2022.

22 (2) (RESERVED).

23 SECTION 405. THE FOLLOWING SHALL APPLY:

24 (1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN SUCH
25 A MANNER THAT THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
26 AND THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN SHALL
27 SATISFY THE REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED
28 PENSION PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE
29 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER
30 APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986

1 AND THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS
2 ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149). THE RULES,
3 REGULATIONS AND PROCEDURES ADOPTED AND PROMULGATED BY THE
4 PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AND THE TERMS AND
5 CONDITIONS OF THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED
6 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD MAY INCLUDE
7 PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS
8 SECTION.

9 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO
10 IMPLY THAT ANY MEMBER SHALL BE REQUIRED TO MAKE CONTRIBUTIONS
11 TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN EXCESS
12 OF THE LIMITS ESTABLISHED BY SECTION 415(N) (3) (A) (III) OF THE
13 INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 415(N) (3) (A)
14 (III)). A CONTRIBUTION MADE BY A MEMBER THAT IS DETERMINED TO
15 BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED TO THE MEMBER IN
16 A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL APPLICABLE TAXES
17 AND PENALTIES AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER THE
18 DETERMINATION IS MADE. A REFUND UNDER THIS SUBPARAGRAPH SHALL
19 NOT AFFECT THE BENEFIT PAYABLE TO THE MEMBER AND SHALL NOT BE
20 TREATED AS OR DEEMED TO BE A WITHDRAWAL OF THE MEMBER'S
21 ACCUMULATED DEDUCTIONS.

22 (3) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
23 AN INTERPRETATION OR APPLICATION OF 24 PA.C.S. PT. IV OR
24 BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES'
25 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 24 PA.C.S. PT.
26 IV OR OTHER APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE
27 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.) AND
28 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT
29 OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149) BEFORE THE
30 EFFECTIVE DATE OF THIS SECTION.

1 SECTION 406. THE FOLLOWING SHALL APPLY TO CONSTRUCTION
2 RELATED TO FEDERAL LAW AS TO THE STATE EMPLOYEES' RETIREMENT
3 SYSTEM:

4 (1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN A
5 MANNER THAT THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE
6 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN SHALL SATISFY THE
7 REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED PENSION PLAN
8 UNDER SECTION 401(A) OF THE INTERNAL REVENUE CODE OF 1986
9 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER APPLICABLE
10 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE
11 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
12 1994 (PUBLIC LAW 103-353, 108 STAT. 3149). THE RULES,
13 REGULATIONS AND PROCEDURES ADOPTED AND PROMULGATED BY THE
14 STATE EMPLOYEES' RETIREMENT BOARD AND THE TERMS AND
15 CONDITIONS OF THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED
16 BY THE STATE EMPLOYEES' RETIREMENT BOARD MAY INCLUDE
17 PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS
18 SECTION.

19 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO
20 IMPLY THAT ANY MEMBER SHALL BE REQUIRED TO MAKE CONTRIBUTIONS
21 TO THE STATE EMPLOYEES' RETIREMENT SYSTEM IN EXCESS OF THE
22 LIMITS ESTABLISHED BY SECTION 415(N) (3) (A) (III) OF THE
23 INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 415(N) (3) (A)
24 (III)). A CONTRIBUTION MADE BY A MEMBER THAT IS DETERMINED TO
25 BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED TO THE MEMBER IN
26 A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL APPLICABLE TAXES
27 AND PENALTIES AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER THE
28 DETERMINATION IS MADE. A REFUND UNDER THIS SUBPARAGRAPH SHALL
29 NOT AFFECT THE BENEFIT PAYABLE TO THE MEMBER AND SHALL NOT BE
30 TREATED AS OR DEEMED TO BE A WITHDRAWAL OF THE MEMBER'S

1 ACCUMULATED DEDUCTIONS.

2 (3) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
3 AN INTERPRETATION OR APPLICATION OF 71 PA.C.S. PT. XXV OR
4 BENEFITS AVAILABLE TO MEMBERS OF THE STATE EMPLOYEES'
5 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 71 PA.C.S. PT.
6 XXV OR OTHER APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE
7 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.) AND
8 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT
9 OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149) BEFORE THE
10 EFFECTIVE DATE OF THIS SECTION.

11 SECTION 407. (RESERVED).

12 SECTION 408. NOTHING IN THIS ACT SHALL BE DEEMED TO PERMIT
13 THE RESTORATION OF SERVICE CREDIT OR RETIREMENT BENEFITS THAT:

14 (1) WERE OR ARE SUBJECT TO SECTION 16 OF ARTICLE V OF
15 THE CONSTITUTION OF PENNSYLVANIA OR 42 PA.C.S. § 3352; OR

16 (2) WERE OR ARE THE SUBJECT OF AN ORDER OF FORFEITURE
17 UNDER THE ACT OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE
18 PUBLIC EMPLOYEE PENSION FORFEITURE ACT.

19 SECTION 409. NOTWITHSTANDING THE AMENDMENT OF 24 PA.C.S. §
20 8501(E) AND 71 PA.C.S. § 5901(E), THE GOVERNOR'S OFFICE OF
21 GENERAL COUNSEL SHALL CONTINUE TO PROVIDE LEGAL COUNSEL AND
22 LEGAL SERVICES TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
23 AND THE STATE EMPLOYEES' RETIREMENT BOARD UNTIL SUCH TIME AS
24 EACH BOARD APPOINTS A CHIEF COUNSEL AND SUCH OTHER COUNSEL AS IT
25 DEEMS NECESSARY TO PROVIDE IT WITH LEGAL SERVICES AND THROUGH
26 ITS SECRETARY GIVES SUCH NOTICE TO THE GENERAL COUNSEL.

27 SECTION 410. NO SCHOOL EMPLOYEE OTHERWISE A MEMBER OF,
28 ELIGIBLE TO BE A MEMBER OF, OR HAVING SCHOOL OR NONSCHOOL
29 SERVICE CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS T-G MAY
30 CANCEL, DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF

1 SERVICE IN ORDER TO OBTAIN CLASS T-G SERVICE CREDIT, BECOME A
2 MEMBER OF CLASS T-G OR ELECT CLASS T-G MEMBERSHIP.

3 SECTION 411. EXCEPT AS PROVIDED UNDER 71 PA.C.S. § 5306.5,
4 NO STATE EMPLOYEE OTHERWISE A MEMBER OF, ELIGIBLE TO BE A MEMBER
5 OF OR HAVING STATE OR NONSTATE SERVICE CREDITED IN A CLASS OF
6 SERVICE OTHER THAN CLASS A-5 OR CLASS A-6 MAY CANCEL, DECLINE OR
7 WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF SERVICE IN ORDER TO
8 OBTAIN CLASS A-5 OR CLASS A-6 SERVICE CREDIT, BECOME A MEMBER OF
9 CLASS A-5 OR CLASS A-6 OR ELECT CLASS A-5 OR CLASS A-6
10 MEMBERSHIP OR TO BE SOLELY A PARTICIPANT IN THE PLAN.

11 SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
12 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR
13 INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE
14 TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T-G
15 OR CLASS T-H SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR
16 OTHER RIGHTS AND BENEFITS BASED UPON ATTAINING SUPERANNUATION
17 AGE SHALL BE DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY
18 POINTS ACTUALLY ACCRUED.

19 SECTION 412.1. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
20 THE STATE EMPLOYEES' RETIREMENT BOARD, APPLICATION OR
21 INTERPRETATION OF 71 PA.C.S. PT. XXV, OR ADMINISTRATIVE PRACTICE
22 TO THE CONTRARY, THE ELIGIBILITY OF A MEMBER OF THE STATE
23 EMPLOYEES' RETIREMENT SYSTEM DERIVING FROM CLASS A-5 OR CLASS A-
24 6 SERVICE CREDIT FOR A SUPERANNUATION ANNUITY, WITHDRAWAL
25 ANNUITY OR OTHER RIGHTS AND BENEFITS BASED ON ATTAINING A
26 SPECIFIC AGE OR NUMBER OF ELIGIBILITY POINTS OR A COMBINATION OF
27 AGE AND ELIGIBILITY POINTS SHALL BE DETERMINED BY INCLUDING ONLY
28 THOSE ELIGIBILITY POINTS ACTUALLY ACCRUED.

29 SECTION 413. THE FOLLOWING SHALL APPLY:

30 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2), IF A

1 PROVISION OF THIS ACT OR ITS APPLICATION TO ANY PERSON OR
2 CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY SHALL NOT AFFECT
3 OTHER PROVISIONS OR APPLICATIONS OF THIS ACT THAT CAN BE
4 GIVEN EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION.

5 (2) THE FOLLOWING SHALL APPLY:

6 (I) IF THE APPLICATION OF THE SHARED-RISK PROVISIONS
7 OF 71 PA.C.S. PT. XXV IS DECLARED INAPPLICABLE TO ANY
8 PERSON BY A COURT OR ADMINISTRATIVE TRIBUNAL OF COMPETENT
9 JURISDICTION, THE PROVISIONS OF PT. XXV RELATING TO
10 SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS
11 SHALL BE INAPPLICABLE TO THAT PERSON.

12 (II) THE FOLLOWING SHALL APPLY:

13 (A) IF THE APPLICATION OF ANY PROVISION OF THIS
14 ACT RELATING TO MEMBERSHIP IN CLASS A-5 OR CLASS A-6
15 OR PARTICIPATION IN THE STATE EMPLOYEES' DEFINED
16 CONTRIBUTION PLAN IS DECLARED INVALID TO ANY PERSON
17 FOR ANY PERIOD OF STATE SERVICE, THE INVALIDITY SHALL
18 NOT AFFECT THE APPLICATION OF THIS ACT TO ANY OTHER
19 PERSON. THE PROVISIONS OF THIS ACT RELATING TO BOTH
20 MEMBERSHIP IN CLASS A-5 OR CLASS A-6 AND
21 PARTICIPATION IN THE STATE EMPLOYEES' DEFINED
22 CONTRIBUTION PLAN SHALL BE INVALID AS TO THE PERSON
23 FOR THE PERIOD OF STATE SERVICE FOR WHICH PART OF THE
24 STATE SERVICE WAS INVALID AND THAT PERSON SHALL BE
25 CONSIDERED A CLASS A-5 EXEMPT EMPLOYEE FOR THE
26 SERVICE AT ISSUE. IF A STATE EMPLOYEE'S PARTICIPATION
27 IN THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN IS
28 DECLARED INVALID FOR ANY PERIOD OF STATE SERVICE, THE
29 AFFECTED STATE EMPLOYEE SHALL RETURN TO THE STATE
30 EMPLOYEES' DEFINED CONTRIBUTION TRUST ANY

1 DISTRIBUCTIONS RELATED TO THE PERIOD OF STATE SERVICE
2 AT ISSUE, SHALL BE GRANTED THE STATUS AND SERVICE
3 CREDIT IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AS
4 IF HE WAS A CLASS A-5 EXEMPT EMPLOYEE AND SHALL BE
5 REQUIRED TO MAKE ALL CONTRIBUTIONS TO THE STATE
6 EMPLOYEES' RETIREMENT FUND AS IF HE WAS A CLASS A-5
7 EXEMPT EMPLOYEE FOR THE PERIOD OF STATE SERVICE AT
8 ISSUE.

9 (B) THE AFFECTED STATE EMPLOYEE'S ACCUMULATED
10 MANDATORY PARTICIPANT CONTRIBUTIONS AND ACCUMULATED
11 VOLUNTARY CONTRIBUTIONS SHALL BE TRANSFERRED TO THE
12 AFFECTED EMPLOYEE'S MEMBER SAVINGS ACCOUNT TO THE
13 EXTENT NECESSARY TO FUND THAT ACCOUNT WITH THE MEMBER
14 CONTRIBUTIONS AND INTEREST THAT WOULD HAVE BEEN
15 STANDING TO THE MEMBER'S ACCOUNT HAD THE STATE
16 EMPLOYEE BEEN A CLASS A-5 EXEMPT EMPLOYEE FOR THE
17 PERIOD OF SERVICE AT ISSUE. ANY REMAINING BALANCE
18 SHALL BE REFUNDED TO THE STATE EMPLOYEE, WHO ALSO
19 SHALL BE RESPONSIBLE FOR PAYING TO THE FUND IN A
20 MANNER AND TIME DETERMINED BY THE STATE EMPLOYEES'
21 RETIREMENT BOARD ANY ADDITIONAL FUNDS REQUIRED IF THE
22 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS AND
23 ACCUMULATED VOLUNTARY CONTRIBUTIONS WERE NOT
24 SUFFICIENT.

25 (C) THE ACCUMULATED EMPLOYER DEFINED
26 CONTRIBUTIONS SHALL BE TRANSFERRED TO THE STATE
27 ACCUMULATION ACCOUNT AND NO FURTHER AMOUNT SHALL BE
28 DUE FROM THE EMPLOYER OR REFUND PAID.

29 SECTION 414. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S. §
30 5903(B), THE STATEMENT FOR EACH MEMBER PREPARED BY THE STATE

1 EMPLOYEES' RETIREMENT BOARD FOR THE PERIODS ENDING DECEMBER 31,
2 2017, DECEMBER 31, 2018, AND DECEMBER 31, 2019, AND ANY OTHER
3 STATEMENTS OR ESTIMATES OF BENEFITS PREPARED BY THE BOARD
4 PURSUANT TO THE STATE EMPLOYEES' RETIREMENT CODE FROM THE
5 EFFECTIVE DATE OF THIS SECTION TO DECEMBER 31, 2019, NEED NOT
6 REFLECT THE PROVISIONS OF THIS ACT AND IN THE CASE OF THE
7 STATEMENTS FOR EACH MEMBER FOR THE PERIODS ENDING ON OR BEFORE
8 DECEMBER 31, 2019, NEED NOT INCLUDE A PROJECTION OF THE BENEFIT
9 TO WHICH THE MEMBER IS ENTITLED UPON ATTAINMENT OF
10 SUPERANNUATION AGE.

11 SECTION 415. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S.
12 PT. XXV, THE OBLIGATION OF THE STATE EMPLOYEES' RETIREMENT BOARD
13 TO MAKE PAYMENTS WITHIN SPECIFIED TIME PERIODS OF THE RECEIPT OF
14 APPLICATIONS FOR BENEFITS OR OTHER INFORMATION SHALL NOT APPLY
15 FROM THE EFFECTIVE DATE OF THIS SECTION TO DECEMBER 31, 2019.

16 SECTION 416. THE FOLLOWING SHALL APPLY:

17 (1) THE APPOINTMENT OF THE SECRETARY OF BANKING AND
18 SECURITIES TO THE MEMBERSHIP OF THE PUBLIC SCHOOL EMPLOYEES'
19 RETIREMENT BOARD IN THE AMENDMENT OF 24 PA.C.S. § 8501(A)
20 SHALL TAKE EFFECT WHEN THE FIRST OF THE TWO POSITIONS
21 CURRENTLY APPOINTED BY THE GOVERNOR BECOMES VACANT OR AN
22 INCUMBENT MEMBER'S TERM EXPIRES. NOTIFICATION OF THE
23 EXPIRATION OR VACANCY SHALL BE SUBMITTED BY THE PUBLIC SCHOOL
24 EMPLOYEES' RETIREMENT BOARD TO THE LEGISLATIVE REFERENCE
25 BUREAU FOR PUBLICATION IN THE PENNSYLVANIA BULLETIN.

26 (2) THE APPOINTMENT OF THE SECRETARY OF BANKING AND
27 SECURITIES TO THE MEMBERSHIP OF THE STATE EMPLOYEES'
28 RETIREMENT BOARD AND REDUCTION OF THE NUMBER OF MEMBERS
29 APPOINTED BY THE GOVERNOR FROM SIX TO FIVE IN 71 PA.C.S. §
30 5901(A) SHALL TAKE EFFECT WHEN THE FIRST OF THE SIX POSITIONS

1 CURRENTLY APPOINTED BY THE GOVERNOR THAT IS NOT HELD BY AN
2 ANNUITANT BECOMES VACANT OR AN INCUMBENT MEMBER'S TERM
3 EXPIRES. NOTIFICATION OF THE EXPIRATION OR VACANCY SHALL BE
4 SUBMITTED BY THE STATE EMPLOYEES' RETIREMENT SYSTEM TO THE
5 LEGISLATIVE REFERENCE BUREAU FOR PUBLICATION IN THE
6 PENNSYLVANIA BULLETIN.
7 SECTION 417. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.