

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1082 Session of 2015

INTRODUCED BY BROWNE, CORMAN, SCARNATI, GORDNER AND EICHELBERGER, DECEMBER 4, 2015

SENATOR BROWNE, APPROPRIATIONS, RE-REPORTED AS AMENDED, DECEMBER 6, 2015

AN ACT

1 ~~Amending Titles 24 (Education), 51 (Military Affairs) and 71 <--~~
2 ~~(State Government) of the Pennsylvania Consolidated Statutes,~~
3 ~~extensively revising pension provisions: for the Public~~
4 ~~School Employees' Retirement System, in the areas of~~
5 ~~preliminary provisions, of membership, contributions and~~
6 ~~benefits, of School Employee's Defined Contribution Plan and~~
7 ~~of administration and miscellaneous provisions; for health~~
8 ~~insurance for retired school employees, in the area of~~
9 ~~preliminary provisions; for military pensions, in the area of~~
10 ~~military leave of absence; for boards and offices, in the~~
11 ~~area of Independent Fiscal Office; for the State Employees'~~
12 ~~Retirement System, in the areas of preliminary provisions, of~~
13 ~~membership, credited service, classes of service and~~
14 ~~eligibility for benefits, of State Employees' Defined~~
15 ~~Contribution Plan, of contributions, of benefits and of~~
16 ~~administration, funds, accounts, general provisions; and~~
17 ~~providing, as to the revisions, for construction and~~
18 ~~administration, for applicability, for funding, for~~
19 ~~liability, for State Employee member statements and for State~~
20 ~~Employees Retirement Board obligations.~~

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

24 IN TITLE 24:

25 FOR RETIREMENT FOR SCHOOL EMPLOYEES, IN THE AREAS OF
26 PRELIMINARY PROVISIONS, OF MEMBERSHIP, CONTRIBUTIONS AND
27 BENEFITS, OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN
28 AND OF ADMINISTRATION AND MISCELLANEOUS PROVISIONS; AND

29 FOR HEALTH INSURANCE FOR RETIRED SCHOOL EMPLOYEES, IN
30 THE AREA OF PRELIMINARY PROVISIONS.

31 IN TITLE 51:

32 FOR EMPLOYMENT PREFERENCES AND PENSIONS, IN THE AREA

1 OF MILITARY LEAVE OF ABSENCE.
2 IN TITLE 71:
3 FOR BOARDS AND OFFICES, IN THE AREA OF INDEPENDENT
4 FISCAL OFFICE; AND
5 FOR RETIREMENT FOR STATE EMPLOYEES AND OFFICERS, IN
6 THE AREAS OF PRELIMINARY PROVISIONS, OF MEMBERSHIP,
7 CREDITED SERVICE, CLASSES OF SERVICE AND ELIGIBILITY FOR
8 BENEFITS, OF CONTRIBUTIONS, OF BENEFITS, OF STATE
9 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND OF
10 ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS.
11 PROVIDING, AS TO THE REVISIONS:
12 FOR CONSTRUCTION AND ADMINISTRATION, FOR
13 APPLICABILITY, FOR LIABILITY, FOR MEMBER STATEMENTS AND
14 FOR SUSPENSION OF PROVISIONS OF THE PUBLIC EMPLOYEE
15 RETIREMENT STUDY COMMISSION ACT.

16 The General Assembly of the Commonwealth of Pennsylvania
17 hereby enacts as follows:

18 ~~ARTICLE I~~ <--

19 ~~Section 101. The General Assembly finds and declares as~~
20 ~~follows:~~

21 ~~(1) It is the intent of the General Assembly to ensure~~
22 ~~the financial health of the Commonwealth and its school~~
23 ~~districts by adopting reforms to provide for the~~
24 ~~sustainability of our public retirement system.~~

25 ~~(2) Pennsylvania's retirement systems, SERS for State~~
26 ~~employees and PSERS for school employees, together have an~~
27 ~~unfunded liability of \$60,121,184,000. The level of payment~~
28 ~~by the Commonwealth and school districts required to annually~~
29 ~~address these amounts is staggering, particularly when other~~
30 ~~state revenues are reduced due to a struggling economy. The~~
31 ~~current condition of Pennsylvania's unfunded system combined~~
32 ~~with the State's structural deficit threaten the financial~~
33 ~~well being of current and future public employees.~~

34 ~~(3) In order to fully fund State pensions systems,~~
35 ~~economists estimate that contributions will continue to~~
36 ~~require a significant portion of state revenues. In fiscal~~

1 ~~year 2015-2016, pension expenditures are expected to exceed~~
2 ~~\$4,800,000,000 and \$7,300,000,000 by 2025.~~

3 ~~(4) The tax increases that would be required to address~~
4 ~~increasing pension obligations would place a heavy burden on~~
5 ~~the citizens of this Commonwealth and hamper the ability to~~
6 ~~provide them with services vital to the public's health,~~
7 ~~safety and welfare. Therefore, it is imperative that the~~
8 ~~Commonwealth adopt reforms that will maintain the financial~~
9 ~~health of the Commonwealth and its school districts.~~

10 ~~(5) Therefore, the reforms contained in this legislation~~
11 ~~are intended to use resources judiciously and enable the~~
12 ~~Commonwealth to provide retirement security for Commonwealth~~
13 ~~and school employees while reducing the burden on taxpayers.~~

14 ~~(6) The reforms of the retirement benefits of~~
15 ~~Commonwealth and school district employees contained in this~~
16 ~~act are prospective and will not impact benefits earned from~~
17 ~~services rendered prior to the effective date of this act.~~

18 ~~(7) The General Assembly finds that it is necessary to~~
19 ~~advance and maintain the long term stability of public~~
20 ~~employee pension systems by adopting reform relating to~~
21 ~~current and to future employees in order to:~~

22 ~~(i) Ensure that the Commonwealth and its school~~
23 ~~districts will have adequate funds to continue to be able~~
24 ~~to provide retirement benefits for their employees.~~

25 ~~(ii) To ensure that the cost of current and future~~
26 ~~benefits does not jeopardize the ability and obligation~~
27 ~~to provide for public education, infrastructure, programs~~
28 ~~for the elderly and other vulnerable populations and~~
29 ~~public safety.~~

30 ~~(8) The General Assembly expressly finds and declares~~

1 ~~that the situation confronting our pensions systems has~~
2 ~~reached a critical state and that enactment of this act is~~
3 ~~reasonable and necessary to achieve and protect the public~~
4 ~~interests. Further, the General Assembly finds that~~
5 ~~protecting benefits for services already rendered meets all~~
6 ~~legal standards relating to changes in benefits.~~

7 ARTICLE II

8 Section 201. ~~Section 8102 of Title 24 of the Pennsylvania~~
9 ~~Consolidated Statutes is amended to read:~~

10 ~~§ 8102. Definitions.~~

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

14 ~~"Accumulated deductions." The total of pickup contributions~~
15 ~~{and}, eligible roll ins made under section 8507(1) (relating to~~
16 ~~rights and duties of school employees, members and~~
17 ~~participants), the contributions paid into the fund by the~~
18 ~~member on account of current school service, previous school~~
19 ~~service, or creditable nonschool service, excess interest~~
20 ~~awarded under section 8523(d) (relating to members' savings~~
21 ~~account and cash balance account) on member contributions, and~~
22 ~~the statutory interest credited on all such contributions.~~

23 ~~"Accumulated employer defined contributions." The total of~~
24 ~~the employer defined contributions paid into the trust on~~
25 ~~account of a participant's school service together with any~~
26 ~~investment earnings and losses and adjustments for fees, costs~~
27 ~~and expenses credited or charged thereon.~~

28 ~~"Accumulated mandatory participant contributions." The total~~
29 ~~of the mandatory pickup participant contributions paid into the~~
30 ~~trust on account of a participant's school service together with~~

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

3 ~~"Accumulated total defined contributions." The total of the~~
4 ~~accumulated mandatory participant contributions, accumulated~~
5 ~~employer defined contributions and accumulated voluntary~~
6 ~~contributions, reduced by any distributions, standing to the~~
7 ~~credit of a participant in an individual investment account in~~
8 ~~the trust.~~

9 ~~"Accumulated voluntary contributions." The total of~~
10 ~~voluntary contributions paid into the trust by a participant and~~
11 ~~any amounts rolled over by a participant or transferred by a~~
12 ~~direct trustee to trustee transfer into the trust together with~~
13 ~~any investment earnings and losses and adjustments for fees,~~
14 ~~costs and expenses credited or charged thereon.~~

15 ~~"Activated military service." Military service by a member~~
16 ~~of a reserve component of the armed forces, pursuant to an order~~
17 ~~on or after July 1, 1990, and prior to July 1, 2013, to enter~~
18 ~~into active military service, other than an order to enter into~~
19 ~~active duty to meet periodic training requirements, who was an~~
20 ~~active member of the system immediately preceding the order into~~
21 ~~active military service and to whom the military leave~~
22 ~~provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of~~
23 ~~absence) do not apply.~~

24 ~~"Active member." A school employee for whom pickup~~
25 ~~contributions are being made to the fund or for whom such~~
26 ~~contributions otherwise required for current school service are~~
27 ~~not being made solely by reason of any provision of this part~~
28 ~~limiting compensation or relating to the limitations under~~
29 ~~section 401(a) (17) or 415(b) of the Internal Revenue Code of~~
30 ~~1986 (Public Law 99 514, 26 U.S.C. § 401(a) (17) or 415(b)).~~

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

9 ~~"Actuarially equivalent." Equal present values, computed on~~
10 ~~the basis of statutory interest and the mortality tables adopted~~
11 ~~by the board.~~

12 ~~"Actuary." The consultant to the board who shall be:~~

13 ~~(1) a member of the American Academy of Actuaries;~~

14 ~~(2) an individual who has demonstrated to the~~
15 ~~satisfaction of the Insurance Commissioner of Pennsylvania~~
16 ~~that he has the educational background necessary for the~~
17 ~~practice of actuarial science and has had at least seven~~
18 ~~years of actuarial experience; or~~

19 ~~(3) a firm, partnership, or corporation of which at~~
20 ~~least one member meets the requirements of paragraph (1) or~~
21 ~~(2).~~

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

27 ~~"Alternative investment." An investment in a private equity~~
28 ~~fund, private debt fund, venture fund, real estate fund, hedge~~
29 ~~fund or absolute return fund.~~

30 ~~"Alternative investment vehicle." A limited partnership,~~

1 ~~limited liability company or any other legal vehicle for~~
2 ~~authorized investments under section 8521(i) (relating to~~
3 ~~management of fund and accounts) through which the system makes~~
4 ~~an alternative investment.~~

5 ~~"Annuitant." Any member on or after the effective date of~~
6 ~~retirement until his annuity is terminated.~~

7 ~~"Approved domestic relations order." Any domestic relations~~
8 ~~order which has been determined to be approved in accordance~~
9 ~~with section 8533.1 (relating to approval of domestic relations~~
10 ~~orders).~~

11 ~~"Approved leave of absence." [A] As applied to all classes~~
12 ~~of membership except Class T I, a leave of absence for activated~~
13 ~~military service or which has been approved by the employer for~~
14 ~~sabbatical leave, service as an exchange teacher, service with a~~
15 ~~collective bargaining organization or professional study. As~~
16 ~~applied to Class T I members, a leave of absence that has been~~
17 ~~approved as a contributory leave by the employer for sabbatical~~
18 ~~leave, service as an exchange teacher, service with a collective~~
19 ~~bargaining organization or professional study.~~

20 ~~"Basic contribution rate." For Class T A, T B and T C~~
21 ~~service, the rate of 6 1/4%. For Class T D service, the rate of~~
22 ~~7 1/2%. For all active members on the effective date of this~~
23 ~~provision who are currently paying 5 1/4% and elect Class T D~~
24 ~~service, the rate of 6 1/2%. For Class T E service, the rate of~~
25 ~~7 1/2%. For Class T F service, the rate of 10.30%. For Class T I~~
26 ~~service, the rate of 3%.~~

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 upon the death of the participant.~~

4 ~~"Board." The Public School Employees' Retirement Board or~~
5 ~~the Public School Employees' Retirement Board.~~

6 ~~"Cash balance account." The ledger account into which~~
7 ~~members contribute cash balance member contributions, together~~
8 ~~with employer contributions, interest and excess interest, as~~
9 ~~provided in this part.~~

10 ~~"Cash balance member contributions." For members in a class~~
11 ~~other than Class T-I, the amount voluntarily contributed by such~~
12 ~~member and eligible amounts rolled in to the cash balance~~
13 ~~account, as provided in this part.~~

14 ~~"Class of service multiplier."~~

15	Class of service	Multiplier
16	T-A	.714
17	T-B	.625
18	T-C	1.000
19	T-D	1.000
20	T-E	1.000
21	T-F	1.000

22 ~~"Combined service employee." A current or former school~~
23 ~~employee who is both a member of the system and a participant in~~
24 ~~the plan.~~

25 ~~"Commissioner." The Commissioner of the Internal Revenue~~
26 ~~Service.~~

27 ~~"Compensation." Pickup contributions and mandatory pickup~~
28 ~~participant contributions plus any remuneration received as a~~
29 ~~school employee excluding reimbursements for expenses incidental~~
30 ~~to employment and excluding any bonus, severance payments, any~~

~~1 other remuneration or other emolument received by a school
2 employee during his school service which is not based on the
3 standard salary schedule under which he is rendering service,
4 payments for unused sick leave or vacation leave, bonuses or
5 other compensation for attending school seminars and
6 conventions, payments under health and welfare plans based on
7 hours of employment or any other payment or emolument which may
8 be provided for in a collective bargaining agreement which may
9 be determined by the Public School Employees' Retirement Board
10 to be for the purpose of enhancing compensation as a factor in
11 the determination of final average salary, and, for
12 participants, excluding payments for military leave and any
13 other payments made by an employer while on USERRA leave, leave
14 of absence granted under 51 Pa.C.S. § 4102 (relating to leaves
15 of absence for certain government employees), military leave of
16 absence granted under 51 Pa.C.S. § 7302 (relating to granting
17 military leaves of absence), leave granted under section 1178 of
18 the act of March 10, 1949 (P.L.30, No.14), known as the Public
19 School Code of 1949, or other types of military leave, including
20 other types of leave payments, stipends, differential wage
21 payments as defined in IRC § 414(u)(12) and any other payments,
22 provided, however, that the limitation under section 401(a)(17)
23 of the Internal Revenue Code of 1986 (Public Law 99-514, 26
24 U.S.C. § 401(a)(17)) taken into account for the purpose of
25 member contributions, including regular or joint coverage member
26 contributions, regardless of class of service, shall apply to
27 each member who first became a member of the Public School
28 Employees' Retirement System on or after July 1, 1996, and who by
29 reason of such fact is a noneligible member subject to the
30 application of the provisions of section 8325.1 (relating to~~

1 ~~annual compensation limit under IRC § 401(a)(17)) [.] and shall~~
2 ~~apply to each participant. Notwithstanding the above, for Class~~
3 ~~T E and Class T F service performed on or after July 1, 2016,~~
4 ~~compensation for each fiscal year, for purposes of determining~~
5 ~~final average salary and applying the basic contribution rate,~~
6 ~~shall not exceed the Social Security taxable wage base in effect~~
7 ~~at the beginning of the fiscal year. The limit shall be applied~~
8 ~~separately to each employer of a member.~~

9 ~~"Concurrent service." Simultaneously credited school and~~
10 ~~State service.~~

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

14 ~~"Credited service." School or creditable nonschool service~~
15 ~~for which the required contributions have been made to the fund,~~
16 ~~or for which the contributions otherwise required for such~~
17 ~~service were not made solely by reason of any provision of this~~
18 ~~part limiting compensation or relating to the limitations under~~
19 ~~section 401(a)(17) or 415(b) of the Internal Revenue Code of~~
20 ~~1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)), or~~
21 ~~for which salary deductions to the system or lump sum payments~~
22 ~~have been agreed upon in writing.~~

23 ~~"Date of termination of service." The latest of the~~
24 ~~following dates:~~

25 ~~(1) the last [date] day of service for which pickup~~
26 ~~contributions are made for an active member or [,] for which~~
27 ~~the contributions otherwise required for such service were~~
28 ~~not made solely by reason of any provision of this part~~
29 ~~limiting compensation or relating to the limitations under~~
30 ~~section 401(a)(17) or 415 of the Internal Revenue Code of~~

1 ~~1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415;~~

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

7 ~~(3) in the case of a combined service employee, the~~
8 ~~latest of the dates in paragraph (1) or (2).~~

9 ~~"Disability annuitant." A member on or after the effective~~
10 ~~date of disability until his disability annuity or the portion~~
11 ~~of his disability annuity payments in excess of any annuity to~~
12 ~~which he may otherwise be entitled is terminated.~~

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

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

30 ~~"Effective date of retirement." The first day following the~~

1 ~~date of termination of service of a member if he has properly~~
2 ~~filed an application for an annuity within 90 days of such date~~
3 ~~or:~~

4 ~~(1) In the case of a member who applies for an annuity~~
5 ~~subsequent to 90 days after termination of service, the date~~
6 ~~of filing such application or the date specified on the~~
7 ~~application, whichever is later.~~

8 ~~(2) In the case of a vestee who files an application for~~
9 ~~an annuity within 90 days of his superannuation age, the~~
10 ~~attainment of such age.~~

11 ~~(3) In the case of a vestee who defers the filing of an~~
12 ~~application for an annuity to a date later than 90 days~~
13 ~~following attainment of superannuation age, the date of~~
14 ~~filing or the date specified on the application, whichever is~~
15 ~~later.~~

16 ~~(4) In the case of a finding of disability, the date~~
17 ~~certified by the board as the effective date of disability.~~

18 ~~"Eligible annuitants." All current and prospective~~
19 ~~annuitants with 24 1/2 or more eligibility points and all~~
20 ~~current and prospective disability annuitants. Beginning January~~
21 ~~1, 1995, "eligible annuitants" shall include members other than~~
22 ~~Class T I members with 15 or more eligibility points who~~
23 ~~terminated or who terminate school service on or after attaining~~
24 ~~superannuation retirement age and who are annuitants with an~~
25 ~~effective date of retirement after superannuation age.~~

26 ~~"Eligibility points." Points which are accrued by an active~~
27 ~~member, a multiple service member who is an active member of the~~
28 ~~State Employees' Retirement System for credited service or by a~~
29 ~~member who has been reemployed from USERRA leave or dies while~~
30 ~~performing USERRA leave and are used in the determination of~~

1 ~~eligibility for benefits as provided in section 8306 (relating~~
2 ~~to eligibility points). Class T-I members shall be deemed to~~
3 ~~accrue one eligibility point for each fiscal year in which~~
4 ~~contributions have been made to the fund.~~

5 ~~"Employer." Any governmental entity directly responsible for~~
6 ~~the employment and payment of the school employee and charged~~
7 ~~with the responsibility of providing public education within~~
8 ~~this Commonwealth, including but not limited to: State owned~~
9 ~~colleges and universities, the Pennsylvania State University,~~
10 ~~community colleges, area vocational technical schools,~~
11 ~~intermediate units, the State Board of Education, Scotland~~
12 ~~School for Veterans' Children, Thaddeus Stevens College of~~
13 ~~Technology, and the Western Pennsylvania School for the Deaf.~~

14 ~~"Employer defined contributions." Contributions equal to~~
15 ~~2.59% of an active participant's compensation that are made by~~
16 ~~an employer for current service to the trust to be credited in~~
17 ~~the active participant's individual investment account.~~

18 ~~"Excess interest." The investment earnings of the fund~~
19 ~~attributable to Class T-I members and members who have elected~~
20 ~~to contribute to the cash balance account, calculated in~~
21 ~~accordance with section 8523(d) (relating to members' savings~~
22 ~~account and cash balance account).~~

23 ~~"Final average salary." The highest average compensation~~
24 ~~received as an active member during any three nonoverlapping~~
25 ~~periods of 12 consecutive months with the compensation for part~~
26 ~~time service being annualized on the basis of the fractional~~
27 ~~portion of the school year for which credit is received; except,~~
28 ~~if the employee was not a member for three such periods, the~~
29 ~~total compensation received as an active member annualized in~~
30 ~~the case of part time service divided by the number of such~~

1 ~~periods of membership; in the case of a member with multiple~~
2 ~~service credit, the final average salary shall be determined by~~
3 ~~reference to compensation received by him as a school employee~~
4 ~~or a State employee or both; and, in the case of a noneligible~~
5 ~~member, subject to the application of the provisions of section~~
6 ~~8325.1 (relating to annual compensation limit under IRC § 401(a)~~
7 ~~(17)). Final average salary shall be determined by including in~~
8 ~~compensation, payments deemed to have been made to a member~~
9 ~~reemployed from USERRA leave to the extent member contributions~~
10 ~~have been made as provided in section 8302(d)(2) (relating to~~
11 ~~credited school service) and payments made to a member on leave~~
12 ~~of absence under 51 Pa.C.S. § 4102 (relating to leaves of~~
13 ~~absence for certain government employees) as provided in section~~
14 ~~8302(d)(6). Notwithstanding the above, for Class T E and Class~~
15 ~~T F service performed on or after July 1, 2016, compensation to~~
16 ~~be used for final average salary calculation shall not exceed~~
17 ~~the Social Security taxable wage base in effect at the beginning~~
18 ~~of the fiscal year.~~

19 ~~"Full coverage member." Any member for whom regular member~~
20 ~~pickup contributions are being picked up or who has paid or has~~
21 ~~agreed to pay to the fund the actuarial equivalent of regular~~
22 ~~member contributions due on account of service prior to January~~
23 ~~1, 1983.~~

24 ~~"Fund." The Public School Employees' Retirement Fund.~~

25 ~~"Governmental entity." Board of school directors, board of~~
26 ~~public education, intermediate unit board of directors, area~~
27 ~~vocational technical board, any governing board of any agency or~~
28 ~~authority created by them, and the Commonwealth.~~

29 ~~"Inactive member." A member for whom no pickup contributions~~
30 ~~are being made to the fund, except in the case of an active~~

1 ~~member for whom such contributions otherwise required for~~
2 ~~current school service are not being made solely by reason of~~
3 ~~any provision of this part relating to the limitations under~~
4 ~~section 401(a) (17) or 415(b) of the Internal Revenue Code of~~
5 ~~1986 (Public Law 99 514, 26 U.S.C. § 401(a) (17) or 415(b)) or~~
6 ~~because the member is on USERRA leave, who has accumulated~~
7 ~~deductions standing to his credit in the fund and for whom~~
8 ~~contributions have been made within the last two school years or~~
9 ~~a multiple service member who is active in the State Employees'~~
10 ~~Retirement System.~~

11 ~~"Inactive participant." A participant for whom no mandatory~~
12 ~~pickup participant contributions are being made to the trust,~~
13 ~~except in the case of an active participant for whom such~~
14 ~~contributions otherwise required for current school service are~~
15 ~~not being made solely by reason of any provision of this part~~
16 ~~relating to limitations under section 401(a) (17) or 415 of the~~
17 ~~Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. §~~
18 ~~401(a) (17) or 415), who has vested accumulated total defined~~
19 ~~contributions standing to his credit in the trust and who has~~
20 ~~not filed an application for a distribution.~~

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

27 ~~"Intervening military service." Active military service of a~~
28 ~~member who was a school employee and an active member of the~~
29 ~~system immediately preceding his induction into the armed~~
30 ~~services or forces of the United States in order to meet a draft~~

1 ~~obligation excluding any voluntary extension of such~~
2 ~~obligational service and who becomes a school employee and an~~
3 ~~active member of the system within 90 days of the expiration of~~
4 ~~such service.~~

5 ~~"IRC." The Internal Revenue Code of 1986, as designated and~~
6 ~~referred to in section 2 of the Tax Reform Act of 1986 (Public~~
7 ~~Law 99-514, 100 Stat. 2085, 2095). A reference in this part to~~
8 ~~"IRC §" shall be deemed to refer to the identically numbered~~
9 ~~section and subsection or other subdivision of such section in~~
10 ~~26 United States Code (relating to Internal Revenue Code).~~

11 ~~"Irrevocable beneficiary." The person or persons permanently~~
12 ~~designated by a member or participant in writing to the board~~
13 ~~pursuant to an approved domestic relations order to receive all~~
14 ~~or a portion of the accumulated deductions, vested accumulated~~
15 ~~total defined contributions or lump sum benefit payable upon the~~
16 ~~death of such member or participant.~~

17 ~~"Irrevocable successor payee." The person permanently~~
18 ~~designated in writing by a participant to the board pursuant to~~
19 ~~an approved domestic relations order to receive one or more~~
20 ~~distributions from the plan upon the death of such participant.~~

21 ~~"Irrevocable survivor annuitant." The person permanently~~
22 ~~designated by a member in writing to the board pursuant to an~~
23 ~~approved domestic relations order to receive an annuity upon the~~
24 ~~death of such member.~~

25 ~~"Joint coverage member." Any member who agreed prior to~~
26 ~~January 1, 1966 to make joint coverage member contributions to~~
27 ~~the fund and has not elected to become a full coverage member.~~

28 ~~"Joint coverage member contributions." Regular member~~
29 ~~contributions reduced for a joint coverage member.~~

30 ~~"Leave for service with a collective bargaining~~

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

17 ~~"Mandatory pickup participant contributions." Contributions~~
18 ~~equal to 3% of compensation that are made by the employer for~~
19 ~~active participants for current service that are picked up by~~
20 ~~the employer and credited in the trust.~~

21 ~~"Maternity leave of absence." An involuntary leave of~~
22 ~~absence required by the employer because of the pregnancy of the~~
23 ~~member and commencing prior to May 17, 1975.~~

24 ~~"Member." Active member, inactive member, annuitant, or~~
25 ~~vestee.~~

26 ~~"Member's annuity." The single life annuity which is~~
27 ~~actuarially equivalent on the effective date of retirement to~~
28 ~~the sum of the accumulated deductions and the shared risk member~~
29 ~~contributions and statutory interest credited on the deductions~~
30 ~~and contributions standing to the member's credit in the~~

1 ~~members' savings account.~~

2 ~~"Military service." All active military service for which a~~
3 ~~member has received a discharge other than an undesirable, bad-~~
4 ~~conduct, or dishonorable discharge.~~

5 ~~"Multiple service." Credited service of a member other than~~
6 ~~a Class T I member or Class TDB member in the State Employees'~~
7 ~~Retirement System who has elected to combine his credited~~
8 ~~service in both the Public School Employees' Retirement System~~
9 ~~and the State Employees' Retirement System.~~

10 ~~"Noneligible member." For the purposes of section 8325.1~~
11 ~~(relating to annual compensation limit under IRC § 401(a)(17)),~~
12 ~~a member who first became a member on or after July 1, 1996.~~

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

15 ~~"Participating eligible annuitants." All eligible annuitants~~
16 ~~who are enrolled or elect to enroll in a health insurance~~
17 ~~program approved by the Public School Employees' Retirement~~
18 ~~Board.~~

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

24 ~~"Pickup contributions." Regular or joint coverage member~~
25 ~~contributions and shared risk member contributions and mandatory~~
26 ~~cash balance account contributions which are made by the~~
27 ~~employer for active members for current service on and after~~
28 ~~January 1, 1983.~~

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

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

6 ~~"Previous school service." Service [rendered] as a school~~
7 ~~employee including service in any summer school conducted by a~~
8 ~~school district of the Commonwealth, but excluding service~~
9 ~~rendered during which the school employee was or could have been~~
10 ~~a participant in the plan, prior to the member's most recent~~
11 ~~entrance in the system.~~

12 ~~"Public school." Any or all classes or schools within this~~
13 ~~Commonwealth conducted under the order and superintendence of~~
14 ~~the Department of Education including, but not limited to: all~~
15 ~~educational classes of any employer charged with the~~
16 ~~responsibility of public education within this Commonwealth as~~
17 ~~well as those classes financed wholly or in part by the Federal~~
18 ~~Government, State owned colleges and universities, the~~
19 ~~Pennsylvania State University, community colleges, area~~
20 ~~vocational technical schools, intermediate units, the State~~
21 ~~Board of Education, Scotland School for Veterans' Children,~~
22 ~~Thaddeus Stevens State School of Technology, and the~~
23 ~~Pennsylvania State Oral School for the Deaf.~~

24 ~~"Public School Code." The act of March 10, 1949 (P.L.30,~~
25 ~~No.14), known as the Public School Code of 1949.~~

26 ~~"Reemployed from USERRA leave." Resumption of active~~
27 ~~membership or active participation as a school employee after a~~
28 ~~period of USERRA leave, if the resumption of active membership~~
29 ~~or active participation was within the time period and under~~
30 ~~conditions and circumstances such that the school employee was~~

1 ~~entitled to reemployment rights under 38 U.S.C. Ch. 43 (relating~~
2 ~~to employment and reemployment rights of members of the~~
3 ~~uniformed services).~~

4 ~~"Regular member contributions." The product of the basic~~
5 ~~contribution rate and the compensation of the member.~~

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

10 ~~"Reserve component of the armed forces." The United States~~
11 ~~Army Reserve, United States Navy Reserve, United States Marine~~
12 ~~Corps Reserve, United States Coast Guard Reserve, United States~~
13 ~~Air Force Reserve, Pennsylvania Army National Guard and~~
14 ~~Pennsylvania Air National Guard.~~

15 ~~"Salaried employee." A school employee who is compensated on~~
16 ~~the basis of an annual salary.~~

17 ~~"Salary deductions." The amounts certified by the board,~~
18 ~~deducted from the compensation of an active member or active~~
19 ~~participant or the State service compensation of a multiple~~
20 ~~service member who is an active member of the State Employees'~~
21 ~~Retirement System or active participant of the School Employees'~~
22 ~~Defined Contribution Plan and paid into the fund or trust.~~

23 ~~"School employee." Any person engaged in work relating to a~~
24 ~~public school for any governmental entity and for which work he~~
25 ~~is receiving regular remuneration as an officer, administrator~~
26 ~~or employee excluding, however, any independent contractor or a~~
27 ~~person compensated on a fee basis.~~

28 ~~"School entity." A school district of any class,~~
29 ~~intermediate unit or an area vocational technical school, as~~
30 ~~provided for under the act of March 10, 1949 (P.L.30, No.14),~~

1 ~~known as the Public School Code of 1949.~~

2 ~~"School service." Service rendered as a school employee.~~

3 ~~"School year." The 12 month period which the governmental-~~
4 ~~entity uses for purposes of administration regardless of the-~~
5 ~~actual time during which a member renders service.~~

6 ~~"Severance payments." Any payments for unused vacation or-~~
7 ~~sick leave and any additional compensation contingent upon-~~
8 ~~retirement including payments in excess of the scheduled or-~~
9 ~~customary salaries provided for members within the same-~~
10 ~~governmental entity with the same educational and experience-~~
11 ~~qualifications who are not terminating service.~~

12 ~~"Shared risk contribution rate." The [additional]-~~
13 ~~contribution rate that is [added] applied to the basic-~~
14 ~~contribution rate for Class T D, T E and T F members, as-~~
15 ~~provided for in section 8321(b) and (c) (relating to regular-~~
16 ~~member contributions for current service).~~

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

~~1 Class T-I members, and for monies in the cash balance account of~~
~~2 members of other classes, an annuity that is actuarially~~
~~3 equivalent to the balance of the member's savings account or the~~
~~4 cash balance account, as applicable, calculated using 120% of~~
~~5 the mid term Treasury note rate in effect on the effective date~~
~~6 of retirement of the member.~~

~~7 "State Employees' Defined Contribution Plan." The defined~~
~~8 contribution plan for State employees established by 71 Pa.C.S.~~
~~9 Pt. XXV (relating to retirement for State employees and~~
~~10 officers).~~

~~11 "State Employees' Retirement System." The retirement system~~
~~12 established by the act of June 27, 1923 (P.L.858, No.331) and~~
~~13 codified by the act of June 1, 1959 (P.L.392, No.78) and by Part~~
~~14 XXV of Title 71 (relating to retirement for State employees and~~
~~15 officers), added March 1, 1974 (P.L.125, No.31).~~

~~16 "State service." Service rendered as a State employee and~~
~~17 credited as service in the State Employees' Retirement System.~~

~~18 "Statutory interest." Interest at 4% per annum, compounded~~
~~19 annually.~~

~~20 "Successor payee." The person or persons last designated in~~
~~21 writing by a participant to the board to receive one or more~~
~~22 distributions upon the death of such participant.~~

~~23 "Superannuation annuitant." An annuitant whose annuity first~~
~~24 became payable on or after the attainment of superannuation age~~
~~25 and who is not a disability annuitant.~~

~~26 "Superannuation or normal retirement age."~~

27 Class of service	Age
28 T-A	62 or any age upon accrual of
29 -	35 eligibility points
30 T-B	62

1 ~~T C and T D~~ ~~62 or age 60 provided the~~
2 ~~-~~ ~~member has at least 30~~
3 ~~-~~ ~~eligibility points or any~~
4 ~~-~~ ~~age upon accrual of 35~~
5 ~~eligibility points~~
6 ~~T E and T F~~ ~~65 with accrual of at least~~
7 ~~-~~ ~~three eligibility points~~
8 ~~-~~ ~~or a combination of age~~
9 ~~-~~ ~~and eligibility points~~
10 ~~-~~ ~~totaling 92, provided the~~
11 ~~-~~ ~~member has accrued at~~
12 ~~-~~ ~~least 35 eligibility~~
13 ~~-~~ ~~points~~

14 ~~"Survivor annuitant." The person or persons last designated~~
15 ~~by a member or participant under a joint and survivor annuity~~
16 ~~option to receive an annuity upon the death of such member. A~~
17 ~~combined service employee may designate different persons to be~~
18 ~~survivor annuitants for the benefits from the system and~~
19 ~~beneficiaries or successor payees for the benefits from the~~
20 ~~plan.~~

21 ~~"System." The Public School Employees' Retirement System of~~
22 ~~Pennsylvania as established by the act of July 18, 1917~~
23 ~~(P.L.1043, No.343), and codified by the act of June 1, 1959~~
24 ~~(P.L.350, No.77).~~

25 ~~"Total member contribution rate." The sum of the basic~~
26 ~~contribution rate and the shared risk contribution rate.~~

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

30 ~~"USERRA." The Uniformed Services Employment and Reemployment~~

1 ~~Rights Act, 38 U.S.C. Ch. 43 (relating to employment and~~
2 ~~reemployment rights of members of the uniformed services).~~

3 ~~"USERRA leave." Any period of time for service in the~~
4 ~~uniformed services as defined in 38 U.S.C. Ch. 43 (relating to~~
5 ~~employment and reemployment rights of members of the uniformed~~
6 ~~services) by a school employee or former school employee or~~
7 ~~participant who terminated school service to perform the service~~
8 ~~in the uniformed services, if the current or former school~~
9 ~~employee or participant is entitled to reemployment rights under~~
10 ~~38 U.S.C. Ch. 43 with respect to the uniformed service.~~

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

14 ~~"Vestee." A member with five or more eligibility points in a~~
15 ~~class of service other than Class T E, Class T F or Class T I~~
16 ~~who has terminated school service, has left his accumulated~~
17 ~~deductions in the fund and is deferring filing of an application~~
18 ~~for receipt of an annuity. For Class T E and Class T F members,~~
19 ~~a member with ten or more eligibility points who has terminated~~
20 ~~school service, has left his accumulated deductions in the fund~~
21 ~~and is deferring filing of an application for receipt of an~~
22 ~~annuity. For Class T I members, a member who has terminated~~
23 ~~school service, has left his accumulated deductions in the fund~~
24 ~~and is deferring filing of an application for receipt of~~
25 ~~annuity.~~

26 ~~"Voluntary contributions." Contributions made by a~~
27 ~~participant to the trust and credited to his individual~~
28 ~~investment account in excess of his mandatory pickup participant~~
29 ~~contributions, and contributions made by a member to the system~~
30 ~~and credited to his cash balance account in excess of his~~

1 ~~mandatory pickup contributions, either by salary deductions paid~~
2 ~~through the employer or by an eligible rollover or direct~~
3 ~~trustee to trustee transfers.~~

4 Section 202. Section 8103 of Title 24 is amended by adding
5 subsections to read:

6 § 8103. Construction of part.

7 * * *

8 ~~(c) Construction regarding inactive member and inactive~~
9 ~~participant. As used in this part:~~

10 ~~(1) The term "inactive member" does not include a~~
11 ~~combined service employee who is an "inactive participant,"~~
12 ~~unless the combined service employee is concurrently employed~~
13 ~~in a position in which such employee is a member of the~~
14 ~~system.~~

15 ~~(2) The term "inactive participant" does not include a~~
16 ~~combined service employee who is an "inactive member," unless~~
17 ~~the combined service employee is concurrently employed in a~~
18 ~~position in which such employee is a participant in the plan.~~

19 ~~(d) Provisions severable. The provisions of this part are~~
20 ~~severable and if any of its provisions shall be held to be~~
21 ~~unconstitutional, the decision of the court shall not affect or~~
22 ~~impair any of the remaining provisions. It is hereby declared to~~
23 ~~be the legislative intent that this part would have been adopted~~
24 ~~had such unconstitutional provisions not been included.~~

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

1 ~~in effect on the effective date of this section and amended,~~
2 ~~supplemented or supplanted on and after the effective date of~~
3 ~~this section.~~

4 ~~(f) Construction.~~

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

11 ~~(2) This part may not be construed to mean that an~~
12 ~~interpretation or application of the provisions of Part IV or~~
13 ~~benefits available to members of the Public School Employees'~~
14 ~~Retirement System was not in accordance with the provisions~~
15 ~~of Part IV or other applicable law, including the IRC and the~~
16 ~~Uniformed Services Employment and Reemployment Rights Act of~~
17 ~~1994 before the effective date of this section.~~

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

23 ~~(g) Applicability. This part shall apply to a record,~~
24 ~~material or data under section 8502(e)(2) notwithstanding~~
25 ~~whether:~~

26 ~~(1) the record, material or data was created, generated~~
27 ~~or stored before the effective date of this section;~~

28 ~~(2) the record, material or data was previously released~~
29 ~~or made public; or~~

30 ~~(3) a request for the record, material or data was made~~

~~1 or is pending final response under the former act of June 21,
2 1957 (P.L.390, No.212), referred to as the Right to Know Law,
3 or the act of February 14, 2008 (P.L.6, No. 3), known as the
4 Right to Know Law.~~

~~5 (h) Pension rights. Notwithstanding any other provision of
6 law, no collective bargaining agreement nor any arbitration
7 award between the school employer and its employees or their
8 collective bargaining representatives shall be construed to
9 change any of the provisions in this part, to require the board
10 to administer pension or retirement benefits not set forth under
11 this part or to require action by any other government body
12 pertaining to pension or retirement benefits or rights of school
13 employees.~~

14 Section 203. Title 24 is amended by adding sections to read:

15 ~~§ 8103.1. Reference to Public School Employees' Retirement
16 System.~~

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

24 ~~§ 8103.2. Notice to members and participants.~~

25 ~~Notice by publication, including, without being limited to,
26 newsletters, newspapers, forms, first class mail, letters,
27 manuals, and electronic notice, including, but not limited to,
28 e-mail or internet websites distributed or made available to
29 members and participants in a manner reasonably calculated to
30 give actual notice of the provisions of this part that require~~

1 ~~notice to members and participants shall be deemed sufficient~~
2 ~~notice for all purposes.~~

3 Section 204. Sections 8301, 8302, 8303, 8303.1 and 8304(a)
4 of Title 24 are amended to read:

5 ~~§ 8301. Mandatory and optional membership.~~

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] department, State owned educational institutions,~~
11 ~~community colleges, area vocational technical schools,~~
12 ~~technical institutes, or [the] The Pennsylvania State~~
13 ~~University and who is a member of the State Employees'~~
14 ~~Retirement System or a member of another retirement program~~
15 ~~approved by the employer.~~

16 (2) ~~Any school employee, other than a school employee~~
17 ~~eligible for Class T I membership, who is not a member of the~~
18 ~~system and who is employed on a per diem or hourly basis for~~
19 ~~less than 80 full day sessions or 500 hours in any fiscal~~
20 ~~year or annuitant who returns to school service under the~~
21 ~~provisions of section 8346(b) (relating to termination of~~
22 ~~annuities).~~

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

28 (4) ~~Any part time school employee, other than a school~~
29 ~~employee eligible for Class T I membership, who has an~~
30 ~~individual retirement account pursuant to the Federal act of~~

1 ~~September 2, 1974 (Public Law 93-406, 88 Stat. 829), known as~~
2 ~~the Employee Retirement Income Security Act of 1974.~~

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

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

12 ~~(d) Mandatory participation in the plan. A school employee~~
13 ~~who is a mandatory member of Class T-I shall also be a mandatory~~
14 ~~participant in the plan as of the effective date of membership~~
15 ~~in the system.~~

16 ~~(e) Optional participation in the plan. Class T-E and Class~~
17 ~~T-F members may participate in the plan on or after July 1,~~
18 ~~2016, to the extent that the compensation of the participant~~
19 ~~exceeds the Social Security taxable wage base in effect at the~~
20 ~~beginning of the fiscal year, as provided in section 8404(b)~~
21 ~~(relating to participant contributions).~~

22 ~~(f) Optional contributions to the cash balance account.~~
23 ~~Class T-C members may contribute to the cash balance account up~~
24 ~~to 3% of compensation, as provided in this part. Class T-D,~~
25 ~~Class T-E and Class T-F members may contribute to the cash~~
26 ~~balance account up to 3% of compensation, but limited to the~~
27 ~~Social Security taxable wage base in effect at the beginning of~~
28 ~~the fiscal year, as provided in this part. Contributions may be~~
29 ~~changed as provided in this part or as set forth in board~~
30 ~~policy.~~

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

6 ~~§ 8302. Credited school service.~~

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

1 ~~fractional portion of the year which corresponds to the service~~
2 ~~actually rendered and for which contributions are or would have~~
3 ~~been made to the fund in relation to the service required as a~~
4 ~~comparable full time salaried employee. In no case shall a~~
5 ~~member receive more than one year of credited service for any 12~~
6 ~~consecutive months or 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) Approved leaves of absence. An active member shall~~
10 ~~receive credit or vesting credit, as applicable, and an active~~
11 ~~participant shall receive vesting credit, for an approved leave~~
12 ~~of absence provided that:~~

13 ~~(1) the member returns for a period at least equal to~~
14 ~~the length of the leave or one year as a member of the system~~
15 ~~or the participant returns to school service as an active~~
16 ~~participant in the plan, whichever is less, to the school~~
17 ~~district which granted his leave, unless such condition is~~
18 ~~waived by the employer; and~~

19 ~~(2) the proper contributions are made by the member and~~
20 ~~the employer[.] or by the active participant and the~~
21 ~~employer. In the case of a Class T I member, the proper~~
22 ~~contributions must be made during the leave except for USERRA~~
23 ~~leave.~~

24 ~~* * *~~

25 ~~(c) Cancellation of credited service. All credited service~~
26 ~~in the system shall be cancelled if a member withdraws his~~
27 ~~accumulated deductions.~~

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

1 ~~(1) For purposes of determining whether a member is~~
2 ~~eligible to receive credited service in the system for a~~
3 ~~period of active military service, other than active duty~~
4 ~~service to meet periodic training requirements, rendered~~
5 ~~after August 5, 1991, and that began before the effective~~
6 ~~date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73~~
7 ~~(relating to military leave of absence) shall apply to all~~
8 ~~individuals who were active members of the system when the~~
9 ~~period of military service began, notwithstanding if the~~
10 ~~member is not defined as an employee under 51 Pa.C.S. § 7301~~
11 ~~(relating to definitions). School employees may not receive~~
12 ~~service credit or exercise the options under 51 Pa.C.S. §~~
13 ~~7306(a), (b) and (c) (relating to retirement rights) for~~
14 ~~military leaves that begin on or after the effective date of~~
15 ~~this subsection, except otherwise provided under this~~
16 ~~subsection.~~

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

19 ~~(i) A school employee who is reemployed from USERRA~~
20 ~~leave as an active member of the system shall be treated~~
21 ~~as not having incurred a break in school service by~~
22 ~~reason of the USERRA leave and shall be granted~~
23 ~~eligibility points as if the school employee had not been~~
24 ~~on the USERRA leave. If a school employee who is~~
25 ~~reemployed from USERRA leave as an active member of the~~
26 ~~system subsequently makes regular member contributions,~~
27 ~~shared risk member contributions and any other member~~
28 ~~contributions in the amounts and in the time periods~~
29 ~~required by 38 U.S.C. Ch. 43 (relating to employment and~~
30 ~~reemployment rights of members of the uniformed services)~~

1 and IRC § 414(u) as if the school employee had continued
2 in his school office or employment and performed school
3 service and been compensated during the period of USERRA
4 leave, then the school employee shall be granted school
5 service credit for the period of USERRA leave. The
6 employee shall have his benefits, rights and obligations
7 determined under this part as if he was an active member
8 who performed creditable school service during the USERRA
9 leave in the job position that he would have held had he
10 not been on USERRA leave and received the compensation on
11 which the member contributions to receive school service
12 credit for the USERRA leave were determined.

13 ~~(ii) For purposes of determining whether a school~~
14 ~~employee has made the required employee contributions for~~
15 ~~school service credit for USERRA leave, if an employee~~
16 ~~who is reemployed from USERRA leave as an active member~~
17 ~~terminates school service or dies in school service~~
18 ~~before the expiration of the allowed payment period,~~
19 ~~school service credit for the USERRA leave shall be~~
20 ~~granted as if the required member contributions were paid~~
21 ~~the day before termination or death. The amount of the~~
22 ~~required member contributions shall be treated as an~~
23 ~~incomplete payment subject to the provisions of section~~
24 ~~8325 (relating to incomplete payments). Upon a subsequent~~
25 ~~return to school service or to State service as a~~
26 ~~multiple service member, the required member~~
27 ~~contributions treated as incomplete payments shall be~~
28 ~~treated as member contributions that were either~~
29 ~~withdrawn in a lump sum at termination or paid as a lump~~
30 ~~sum under section 8345(a)(4) (relating to member's~~

1 options). For this purpose, the exclusion of Class T-E
2 and Class T-F members from electing a form of payment
3 under section 8345(a)(4)(iii) shall be ignored.

4 ~~(iii) A school employee who is reemployed from~~
5 ~~USERRA leave as an active member of the system and who~~
6 ~~does not make the required member contributions or makes~~
7 ~~only part of the required member contributions within the~~
8 ~~allowed payment period shall not be:~~

9 ~~(A) Granted credited service for the period of~~
10 ~~USERRA leave for which the required member~~
11 ~~contributions were not timely made.~~

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

13 ~~(C) Granted either school service credit or~~
14 ~~nonschool service credit for the period of USERRA~~
15 ~~leave for which the required member contributions~~
16 ~~were not timely made.~~

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

27 ~~(4) [A school employee] An active or inactive member~~
28 ~~who, on or after the effective date of this subsection, is~~
29 ~~granted a leave of absence under section 1178 of the Public~~
30 ~~School Code, a leave of absence under 51 Pa.C.S. § 4102~~

1 ~~(relating to leaves of absence for certain government~~
2 ~~employees) or a military leave under 51 Pa.C.S. Ch. 73, that~~
3 ~~is not USERRA leave shall be able to receive creditable~~
4 ~~nonschool service as nonintervening military service should~~
5 ~~the employee return to school service as an active member of~~
6 ~~the system and is otherwise eligible to purchase the service~~
7 ~~as nonintervening military service.~~

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

15 ~~(6) A school employee who is on a leave of absence from~~
16 ~~his duties as a school employee and for which 51 Pa.C.S. §~~
17 ~~4102 provides that he is not to suffer a loss of pay, time or~~
18 ~~efficiency shall not be an active member, receive service~~
19 ~~credit or make member contributions for the leave of absence~~
20 ~~except as provided for in this part. Notwithstanding this~~
21 ~~paragraph, any pay the member receives under section 1178 of~~
22 ~~the Public School Code or 51 Pa.C.S. § 4102 shall be included~~
23 ~~in the determination of final average salary and other~~
24 ~~calculations in the system utilizing compensation as if the~~
25 ~~payments were compensation under this part.~~

26 ~~(c) Military service by a participant. A participant who~~
27 ~~has performed USERRA leave shall be treated and may make~~
28 ~~contributions as follows:~~

29 ~~(1) A participant who is reemployed from USERRA leave~~
30 ~~shall be treated as not having incurred a break in school~~

~~service by reason of the USERRA leave and shall be granted vesting credit as if the participant had not been on USERRA leave. If a participant who is reemployed from USERRA leave subsequently makes mandatory pickup participant contributions in the amounts and in the time periods required by 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) as if the participant had continued in his school employment and performed school service and been compensated during the period of USERRA leave, then the participant's employer shall make the corresponding employer defined contributions. Such an employee shall have his contributions, benefits, rights and obligations determined under this part as if he was an active participant who performed school service during the USERRA leave in the job position that he would have held had he not been on USERRA leave and received the compensation on which the mandatory pickup participant contributions to receive school service credit for the USERRA leave were determined, including the right to make voluntary contributions on such compensation as permitted by law.~~

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

~~(3) A participant who performs USERRA leave from which the employee could have been reemployed from USERRA leave had~~

~~the school employee returned to school service in the time frames required by 38 U.S.C. Ch. 43 for reemployment rights, but did not do so, shall not be eligible to make mandatory pickup participant contributions or voluntary contributions for the period of USERRA leave should the employee later return to school service and be a participant in the plan.~~

~~(4) An active participant or inactive participant who, on or after the effective date of this subsection, is granted 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 shall not be eligible to make mandatory pickup participant contributions or voluntary contributions during or for the leave of absence or military leave, and shall 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 his employer during the leave, notwithstanding any provision to the contrary in 51 Pa.C.S. § 4102 or Ch. 73.~~

~~(5) If a participant dies while performing USERRA leave, then the beneficiaries or successor payees, as the case may be, 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.~~

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

~~(a) Accrued credited service. Eligibility points shall be~~

1 ~~computed in accordance with section 8306 (relating to~~
2 ~~eligibility points) with respect to all credited service accrued~~
3 ~~as of the effective date of this part.~~

4 ~~(b) Future school service. Every active member of the~~
5 ~~system other than a Class T-I member shall accrue an eligibility~~
6 ~~point for each year of school service rendered subsequent to the~~
7 ~~effective date of this part. Class T-I members shall be deemed~~
8 ~~to accrue one eligibility point for each fiscal year in which~~
9 ~~contributions have been made to the fund.~~

10 ~~(b.1) USERRA leave. A member who is reemployed from USERRA~~
11 ~~leave or who dies while performing USERRA leave shall receive~~
12 ~~eligibility points in accordance with section 8306 for the~~
13 ~~school service that would have been performed had the member not~~
14 ~~performed USERRA leave.~~

15 ~~(c) Purchase of previous creditable service. Every active~~
16 ~~member of the system other than a Class T-I member or a multiple~~
17 ~~service member who is an active member of the State Employees'~~
18 ~~Retirement System on or after the effective date of this part~~
19 ~~may purchase credit and receive eligibility points:~~

20 ~~(1) as a member of Class T-C, Class T-E or Class T-F for~~
21 ~~previous creditable school service or creditable nonschool~~
22 ~~service; or~~

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

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

1 ~~(d) Purchase of previous noncreditable service. Class T C~~
2 ~~and Class T D members who are active members on the effective~~
3 ~~date of this subsection shall have three years from the~~
4 ~~effective date of this subsection to file a written application~~
5 ~~with the board to purchase any previous noncreditable school~~
6 ~~service. Class T C and Class T D members who are not active~~
7 ~~members on the effective date of this subsection but who become~~
8 ~~active members after the effective date of this subsection and~~
9 ~~Class T E and class T F members shall have 365 days from entry~~
10 ~~into the system to file a written application with the board to~~
11 ~~purchase any previous noncreditable school service. Class T I~~
12 ~~members shall not be eligible to purchase previous noncreditable~~
13 ~~school service.~~

14 ~~(e) Limitations. Notwithstanding any other provision of~~
15 ~~this part, a Class T I member shall be permitted to receive~~
16 ~~vesting credit or eligibility points, as applicable, for:~~

17 ~~(1) USERRA leave; and~~

18 ~~(2) an approved leave of absence, provided such approved~~
19 ~~leaves of absence leaves are contributory leaves.~~

20 § 8303.1. ~~Waiver of adjustments.~~

21 ~~(a) Allowance. Upon appeal by an affected member,~~
22 ~~participant, beneficiary or survivor annuitant, the board may~~
23 ~~waive an adjustment or any portion of an adjustment made under~~
24 ~~section 8534(b) (relating to fraud and adjustment of errors) if~~
25 ~~in the opinion of the board or the board's designated~~
26 ~~representative:~~

27 ~~(1) the adjustment or portion of the adjustment will~~
28 ~~cause undue hardship to the member, participant, beneficiary~~
29 ~~or survivor annuitant;~~

30 ~~(2) the adjustment was not the result of erroneous~~

1 ~~information supplied by the member, participant, beneficiary~~
2 ~~or survivor annuitant;~~

3 ~~(3) the member or participant had no knowledge or notice~~
4 ~~of the error before adjustment was made, and the member,~~
5 ~~participant, beneficiary or survivor annuitant took action~~
6 ~~with respect to their benefits based on erroneous information~~
7 ~~provided by the system or plan; and~~

8 ~~(4) the member, participant, beneficiary or survivor~~
9 ~~annuitant had no reasonable grounds to believe the erroneous~~
10 ~~information was incorrect before the adjustment was made.~~

11 ~~(b) Time period.—~~

12 ~~(1) In order to obtain consideration of a waiver under~~
13 ~~this section, the affected member, participant, beneficiary~~
14 ~~or survivor annuitant must appeal to the board in writing~~
15 ~~within 30 days after receipt of notice that benefits have~~
16 ~~been adjusted or, if no notice was given, within 30 days~~
17 ~~after the adjustment was known or should have been known to~~
18 ~~the affected member, participant, beneficiary or survivor~~
19 ~~annuitant.~~

20 ~~(2) For any adjustments made prior to the effective date~~
21 ~~of this subsection for which the member, participant,~~
22 ~~beneficiary or survivor annuitant appealed to the board and~~
23 ~~was denied, an appeal under this section must be filed within~~
24 ~~90 days of the effective date of this subsection.~~

25 ~~Section 2. Section 8304(a) of Title 24 is amended to read:~~

26 ~~§ 8304. Creditable nonschool service.~~

27 ~~(a) Eligibility. An active member, other than a Class T I~~
28 ~~member, or a multiple service member who is an active member of~~
29 ~~the State Employees' Retirement System shall be eligible to~~
30 ~~receive Class T C, Class T E or Class T F service credit for~~

1 ~~creditable nonschool service and Class T D, Class T E or Class~~
2 ~~T F service for intervening military service, provided the~~
3 ~~member becomes a Class T D member pursuant to section 8305.1~~
4 ~~(relating to election to become a Class T D member) or Class T F~~
5 ~~member pursuant to section 8305.2 (relating to election to~~
6 ~~become a Class T F member) or 8305 (relating to classes of~~
7 ~~service), as set forth in subsection (b) provided that he is not~~
8 ~~entitled to receive, eligible to receive now or in the future,~~
9 ~~or is receiving retirement benefits for such service under a~~
10 ~~retirement system administered and wholly or partially paid for~~
11 ~~by any other governmental agency or by any private employer, or~~
12 ~~a retirement program approved by the employer in accordance with~~
13 ~~section 8301(a)(1) (relating to mandatory and optional~~
14 ~~membership), and further provided that such service is certified~~
15 ~~by the previous employer and the manner of payment of the amount~~
16 ~~due is agreed upon by the member, the employer, and the board.~~

17 * * *

18 ~~Section 205. Section 8305(b) of Title 24 is amended and the~~
19 ~~section is amended by adding a subsection to read:~~

20 ~~§ 8305. Classes of service.~~

21 * * *

22 ~~(b) Other class membership. A school employee who is a~~
23 ~~member of a class of service other than Class T C on the~~
24 ~~effective date of this part may elect to become a member of~~
25 ~~Class T C or Class T D or may retain his membership in such~~
26 ~~other class until the service is discontinued or he elects to~~
27 ~~become a full coverage member or elects to purchase credit for~~
28 ~~previous school or creditable nonschool service. Any service~~
29 ~~[thereafter] as a member of the system shall be credited as~~
30 ~~Class T C [or T D], Class T D or Class T I service as~~

1 applicable.

2 * * *

3 ~~(f) Class T I membership. Notwithstanding any other~~
4 ~~provision, a person who first becomes a school employee and an~~
5 ~~active member and active participant, or a person who first~~
6 ~~becomes a multiple service member or participant who is a State~~
7 ~~employee and a member of the State Employees' Retirement System,~~
8 ~~on or after July 1, 2016, shall be classified as a Class T I~~
9 ~~member upon payment of regular member contributions and~~
10 ~~participant contributions, as applicable.~~

11 Section 206. Section 8305.1(c) of Title 24 is amended to
12 read:

13 § 8305.1. Election to become a Class T D member.

14 * * *

15 (c) Effect of election. An election to become a Class T D
16 member shall remain in effect until the termination of
17 employment except as otherwise provided in this part. Those
18 members who, on the effective date of this section, contribute
19 at the rate of 5 1/4% shall be deemed to have accepted the basic
20 contribution rate of 6 1/2% for all Class T D service performed
21 on or after January 1, 2002. Those members who, on the effective
22 date of this section, contribute at the rate of 6 1/4% shall be
23 deemed to have accepted the basic contribution rate of 7 1/2%
24 for all Class T D service performed on or after January 1, 2002.
25 Upon termination and a subsequent reemployment that occurs
26 before July 1, 2016, the class of service of the school employee
27 shall be credited in the class of service otherwise provided for
28 in this part. If the reemployment occurs on or after July 1,
29 2016, the school employee's eligibility for membership in the
30 system or participation in the plan shall be as provided in this

1 ~~part.~~

2 * * *

3 ~~Section 207. (Reserved).~~

4 ~~Section 208. Section 8306 of Title 24 is amended to read:~~

5 ~~§ 8306. Eligibility points.~~

6 ~~(a) General rule. An active member of the system other than~~
7 ~~a Class T I member shall accrue one eligibility point for each~~
8 ~~year of credited service as a member of the school or State~~
9 ~~retirement system. A member shall accrue an additional two~~
10 ~~thirds of an eligibility point for each year of Class D 3~~
11 ~~credited service under the State Employees' Retirement System.~~
12 ~~In the case of a fractional part of a year of credited service,~~
13 ~~a member shall accrue the corresponding fractional portion of an~~
14 ~~eligibility point. Class T I members shall be deemed to accrue~~
15 ~~one eligibility point for each fiscal year in which~~
16 ~~contributions have been made to the fund.~~

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

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

27 ~~(1) In determining whether a member, other than a~~
28 ~~disability annuitant who returns to school service after June~~
29 ~~30, 2001, upon termination of the disability annuity, who is~~
30 ~~not a school employee or a State employee on June 30, 2001,~~

1 and July 1, 2001, and who has previous school service, has
2 the five eligibility points required by the definition of
3 "vestee" in sections 8102 (relating to definitions), 8307
4 (relating to eligibility for annuities), 8308 (relating to
5 eligibility for vesting) and 8345 (relating to member's
6 options), only eligibility points earned by performing
7 credited school service as an active member of the system,
8 USERRA leave or credited State service as an active member of
9 the State Employee's Retirement System after June 30, 2001,
10 shall be counted until such member earns one eligibility
11 point by performing credited school service or credited State
12 service after June 30, 2001, at which time all eligibility
13 points as determined under subsection (a) shall be counted.

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

19 Section 209. Section 8307 of Title 24 is amended and the
20 section is amended by adding subsections to read:

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

22 (a) ~~Superannuation annuity. An active or an inactive~~
23 ~~member, other than a Class T I member, who attains~~
24 ~~superannuation age shall be entitled to receive a superannuation~~
25 ~~annuity upon termination of service and filing of a proper~~
26 ~~application. A combined service employee who is an active or~~
27 ~~inactive participant and attains superannuation age in the~~
28 ~~system shall be entitled to receive a superannuation annuity~~
29 ~~upon termination of service and filing of a proper application.~~

30 (b) ~~Withdrawal annuity. A vestee in Class T C or Class T D~~

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

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

18 ~~(d) Class T I members. A Class T I member who terminates~~
19 ~~school service shall, upon filing of a proper application, be~~
20 ~~entitled to receive an annuity.~~

21 ~~(e) Multiple classes of service. A member with more than~~
22 ~~one class of service who vests his retirement benefits in any~~
23 ~~class of service may not receive distributions from other~~
24 ~~classes of service until his effective date of retirement,~~
25 ~~regardless of whether his benefits resulting from such other~~
26 ~~classes of service are vested or he is eligible to receive an~~
27 ~~annuity. A member with service credited in more than one class~~
28 ~~of service may not separately vest those benefits and receive~~
29 ~~annuities from different classes of service with different~~
30 ~~effective dates.~~

1 Section 210. Sections 8308, 8310, 8321, 8322.1(a), 8323(a)
2 and (d), 8324(b), (c) and (d), 8325, 8325.1 and 8326(a) and (c)
3 of Title 24 are amended to read:

4 § 8308. Eligibility for vesting.

5 ~~(a) General rule. Any Class T C or Class T D member who~~
6 ~~terminates school service, or if a multiple service member and~~
7 ~~an active member of the State Employees Retirement System,~~
8 ~~terminates State service, with five or more eligibility points~~
9 ~~shall be entitled to vest his retirement benefits until~~
10 ~~attainment of superannuation age. Any Class T E or Class T F~~
11 ~~member who terminates school service, or if a multiple service~~
12 ~~member and an active member of the State Employees Retirement~~
13 ~~System, terminates State service, with ten or more eligibility~~
14 ~~points shall be entitled to vest his retirement benefits until~~
15 ~~attainment of superannuation age. A Class T I member who~~
16 ~~terminates school service shall be entitled to vest his~~
17 ~~retirement benefits until the member's required beginning date,~~
18 ~~provided the balance of his members' savings account and cash~~
19 ~~balance account exceeds the requirements of a de minimis account~~
20 ~~under section 8349(d) (relating to payment of benefits).~~

21 ~~(b) Multiple classes of service. A member with more than~~
22 ~~one class of service who vests his retirement benefits in any~~
23 ~~class of service may not receive distributions from other~~
24 ~~classes of service until his effective date of retirement,~~
25 ~~regardless of whether his benefits resulting from such other~~
26 ~~classes of service are vested or he is eligible to receive an~~
27 ~~annuity. A member with service credited in more than one class~~
28 ~~of service may not separately vest those benefits and receive~~
29 ~~annuities from different classes of service with different~~
30 ~~effective dates.~~

1 ~~§ 8310. Eligibility for refunds.~~

2 ~~Upon termination of service any active member, regardless of~~
3 ~~eligibility for benefits, may elect to receive his accumulated~~
4 ~~deductions in lieu of any benefit from the system to which he is~~
5 ~~entitled.~~

6 ~~§ 8321. Regular member contributions and cash balance member~~
7 ~~contributions for current service.~~

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

15 ~~(b) Class T E and Class T F shared risk contributions.~~

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

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

18 ~~(2) Notwithstanding paragraph (1), the total member~~
19 ~~contribution rate for Class T D and T E members who are~~
20 ~~currently paying 7.5% on the effective date of this paragraph~~
21 ~~shall not be less than [7.5%] 5.5%, nor more than 9.5%. The~~
22 ~~total member contribution rate for Class T F members shall~~
23 ~~not be less than [10.3%] 8.3%, nor more than 12.3%. The total~~
24 ~~member contribution rate for Class T D members who are~~
25 ~~currently paying 6.5% on the effective date of this paragraph~~
26 ~~shall not be less than 4.5%, nor more than 8.5%.~~

27 ~~(3) Notwithstanding this subsection, if the system's~~
28 ~~actuarial funded status is 100% or more as of the date used~~
29 ~~for the comparison required under this subsection, as~~
30 ~~determined in the current annual actuarial valuation, and the~~

1 ~~total contribution rate of the member is above the basic~~
2 ~~contribution rate, the shared risk contribution rate shall be~~
3 ~~zero.~~

4 ~~(4) In the event that the annual interest rate adopted~~
5 ~~by the board for the calculation of the normal contribution~~
6 ~~rate is changed during the period used to determine the~~
7 ~~shared risk contribution rate, the board, with the advice of~~
8 ~~the actuary, shall determine the applicable rate during the~~
9 ~~entire period, expressed as an annual rate.~~

10 ~~[(1)] (5) Until the system has a ten year period of~~
11 ~~investment rate of return experience following the effective~~
12 ~~date of this subsection, the look back period shall begin not~~
13 ~~earlier than the effective date of this subsection.~~

14 ~~[(2)] (6) For any fiscal year in which the employer~~
15 ~~contribution rate is lower than the final contribution rate~~
16 ~~under section 8328(h) (relating to actuarial cost method),~~
17 ~~the total member contribution rate for Class T-D, T-E and T-F~~
18 ~~members shall be prospectively reset to the basic~~
19 ~~contribution rate.~~

20 ~~[(3)] (7) There shall be no increase in the member~~
21 ~~contribution rate if there has not been an equivalent~~
22 ~~increase to the employer contribution rate over the previous~~
23 ~~three year period.~~

24 ~~§ 8322.1. Pickup contributions.~~

25 ~~(a) Treatment for purposes of IRC § 414(h). All~~
26 ~~contributions required to be made to the fund under sections~~
27 ~~8321 (relating to regular member contributions for current~~
28 ~~service) and 8322 (relating to joint coverage member~~
29 ~~contributions), with respect to current school service rendered~~
30 ~~by an active member on or after January 1, 1983, shall be picked~~

1 ~~up by the employer and shall be treated as the employer's~~
2 ~~contribution for purposes of IRC § 414(h).~~

3 ~~* * *~~

4 ~~§ 8323. Member contributions for creditable school service.~~

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

24 ~~* * *~~

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

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

1 ~~lump sum within 90 days or in the case of an active member or~~
2 ~~an eligible State employee who is an active member of the~~
3 ~~State Employees' Retirement System it may be amortized with~~
4 ~~statutory interest through salary deductions to the system in~~
5 ~~amounts agreed upon by the member and the board. The salary~~
6 ~~deduction amortization plans agreed to by members and the~~
7 ~~board may include a deferral of payment amounts and statutory~~
8 ~~interest until the termination of school service or State~~
9 ~~service as the board in its sole discretion decides to allow.~~
10 ~~The board may limit salary deduction amortization plans to~~
11 ~~such terms as the board in its sole discretion determines. In~~
12 ~~the case of an eligible State employee who is an active~~
13 ~~member of the State Employees' Retirement System, the agreed~~
14 ~~upon salary deductions shall be remitted to the State~~
15 ~~Employees' Retirement Board, which shall certify and transfer~~
16 ~~to the board the amounts paid.~~

17 ~~(2) In the case of activated military service leave~~
18 ~~beginning before the effective date of this paragraph, the~~
19 ~~amount payable may be paid according to this subsection or~~
20 ~~subsection (c.1), but all lump sum payments must be made~~
21 ~~within one year of the termination of activated military~~
22 ~~service leave.~~

23 ~~§ 8324. Contributions for purchase of credit for creditable~~
24 ~~nonschool service and noncreditable school service.~~

25 ~~* * *~~

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

~~1 the time of entry of the member into school service subsequent
2 to such military service to one third of his total compensation
3 received during the first three years of such subsequent
4 credited school service and multiplying the product by the
5 number of years and fractional part of a year of creditable
6 nonintervening military service being purchased together with
7 statutory interest during all periods of subsequent school
8 service as an active member or inactive member and State service
9 as an active member or inactive member on leave without pay to
10 date of purchase. Upon certification of the amount due, payment
11 may be made in a lump sum within 90 days or in the case of an
12 active member or an eligible State employee who is an active
13 member of the State Employees' Retirement System it may be
14 amortized with statutory interest through salary deductions to
15 the system in amounts agreed upon by the member and the board.
16 The salary deduction amortization plans agreed to by members and
17 the board may include a deferral of payment amounts and
18 statutory interest until the termination of school service or
19 State service or becoming a participant and a combined service
20 employee as the board in its sole discretion decides to allow.
21 The board may limit salary deduction amortization plans to such
22 terms as the board in its sole discretion determines. In the
23 case of an eligible State employee who is an active member of
24 the State Employees' Retirement System, the agreed upon salary
25 deductions shall be remitted to the State Employees' Retirement
26 Board, which shall certify and transfer to the board the amounts
27 paid. Application may be filed for all such military service
28 credit upon completion of three years of subsequent credited
29 school service and shall be credited as Class T C service. In
30 the event that a Class T E member makes a purchase of credit for~~

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

5 ~~(c) Intervening military service. Contributions on account~~
6 ~~of credit for intervening military service shall be determined~~
7 ~~by the member's basic contribution rate and compensation at the~~
8 ~~time of entry of the member into active military service,~~
9 ~~together with statutory interest during all periods of~~
10 ~~subsequent school service as an active member or inactive member~~
11 ~~and State service as an active member or inactive member on~~
12 ~~leave without pay to date of purchase. Upon application for such~~
13 ~~credit the amount due shall be certified in the case of each~~
14 ~~member by the board, in accordance with methods approved by the~~
15 ~~actuary, and contributions may be made by one of the following~~
16 ~~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 or~~
26 ~~becoming a participant and a combined service employee as the~~
27 ~~board in its sole discretion decides to allow. The board may~~
28 ~~limit salary deduction amortization plans to such terms as~~
29 ~~the board in its sole discretion determines. In the case of~~
30 ~~an eligible State employee who is an active member of the~~

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

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

7 ~~(1) Contributions on account of Class T C credit for~~
8 ~~creditable nonschool service other than military service~~
9 ~~shall be determined by applying the member's basic~~
10 ~~contribution rate plus the normal contribution rate as~~
11 ~~provided in section 8328 at the time of the member's entry~~
12 ~~into school service subsequent to such creditable nonschool~~
13 ~~service to his total compensation received during the first~~
14 ~~year of subsequent credited school service and multiplying~~
15 ~~the product by the number of years and fractional part of a~~
16 ~~year of creditable nonschool service being purchased together~~
17 ~~with statutory interest during all periods of subsequent~~
18 ~~school service as an active member or inactive member or~~
19 ~~State service as an active member or inactive member on leave~~
20 ~~without pay to the date of purchase, except that in the case~~
21 ~~of purchase of credit for creditable nonschool service as set~~
22 ~~forth in section 8304(b) (5) (relating to creditable nonschool~~
23 ~~service) the member shall pay only the employee's share~~
24 ~~unless otherwise provided by law. Upon certification of the~~
25 ~~amount due, payment may be made in a lump sum within 90 days~~
26 ~~or in the case of an active member or an eligible State~~
27 ~~employee who is an active member of the State Employees'~~
28 ~~Retirement System it may be amortized with statutory interest~~
29 ~~through salary deductions to the system in amounts agreed~~
30 ~~upon by the member and the board. The salary deduction~~

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

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

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

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

29 ~~* * *~~

30 ~~§ 8325. Incomplete payments.~~

1 ~~(a) Right to pay balance due.~~ In the event that a member
2 ~~terminates school service or becomes a participant or a multiple~~
3 ~~service member who is an active member of the State Employees'~~
4 ~~Retirement System terminates State service before any agreed~~
5 ~~upon payments, including USERRA leave, or return of benefits on~~
6 ~~account of returning to school service or entering State service~~
7 ~~and electing multiple service have been completed, the member or~~
8 ~~multiple service member who is an active member of the State~~
9 ~~Employees' Retirement System shall have the right to pay within~~
10 ~~30 days of termination of school service or State service or~~
11 ~~becoming a participant the balance due, including interest, in a~~
12 ~~lump sum, and the annuity shall be calculated including full~~
13 ~~credit for the previous school service, creditable nonschool~~
14 ~~service, or full coverage membership.~~

15 ~~(b) Effect of failure to pay balance due.~~ In the event a
16 ~~member does not pay the balance due within 30 days of~~
17 ~~termination of school service or becoming a participant or in~~
18 ~~the event a member dies in school service or within 30 days of~~
19 ~~termination of school service or in the case of a multiple~~
20 ~~service member who is an active member of the State Employees'~~
21 ~~Retirement System does not pay the balance due within 30 days of~~
22 ~~termination of State service or dies in State service or within~~
23 ~~30 days of termination of State service or becoming a~~
24 ~~participant and before the agreed upon payments have been~~
25 ~~completed, the present value of the benefit otherwise payable~~
26 ~~shall be reduced by the balance due, including interest, and the~~
27 ~~benefit payable shall be calculated as the actuarial equivalent~~
28 ~~of such reduced present value.~~

29 ~~§ 8325.1. Annual compensation limit under IRC § 401(a)(17).~~

30 ~~(a) General rule. In addition to other applicable~~

1 ~~limitations set forth in this part, and notwithstanding any~~
2 ~~provision of this part to the contrary, the annual compensation~~
3 ~~of each noneligible member and each participant taken into~~
4 ~~account for benefit purposes under this subchapter shall not~~
5 ~~exceed the limitation under IRC § 401(a)(17). On and after July~~
6 ~~1, 1996, any reference in this part to the limitation under IRC~~
7 ~~§ 401(a)(17) shall mean the Omnibus Budget Reconciliation Act of~~
8 ~~1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual~~
9 ~~compensation limit set forth in this subsection. The OBRA '93~~
10 ~~annual compensation limit is \$150,000, as adjusted by the~~
11 ~~commissioner for increases in the cost of living in accordance~~
12 ~~with IRC § 401(a)(17)(B). The cost of living adjustment in~~
13 ~~effect for a calendar year applies to any determination period~~
14 ~~which is a period, not exceeding 12 months, over which~~
15 ~~compensation is determined, beginning in such calendar year. If~~
16 ~~a determination period consists of fewer than 12 months, the~~
17 ~~OBRA '93 compensation limit will be multiplied by a fraction,~~
18 ~~the numerator of which is the number of months in the~~
19 ~~determination period and the denominator of which is 12.~~

20 * * *

21 ~~§ 8326. Contributions by the Commonwealth.~~

22 ~~(a) Contributions on behalf of active members and~~
23 ~~participants. The Commonwealth shall make contributions into~~
24 ~~the fund on behalf of all active members and participants,~~
25 ~~including members and participants on activated military service~~
26 ~~leave, in an amount equal to one half the amount certified by~~
27 ~~the board as necessary to provide, together with the members'~~
28 ~~contributions, annuity reserves on account of prospective~~
29 ~~annuities as provided in this part in accordance with section~~
30 ~~8328 (relating to actuarial cost method). In case a school~~

1 ~~employee has elected membership in a retirement program approved~~
2 ~~by the employer, the Commonwealth shall contribute to such~~
3 ~~program on account of his membership an amount no greater than~~
4 ~~the amount it would have contributed had the employee been a~~
5 ~~member of the Public School Employees' Retirement System.~~

6 * * *

7 ~~(c) Contributions after June 30, 1995.~~

8 ~~(1) The Commonwealth shall make contributions into the~~
9 ~~fund on behalf of all active members and participants,~~
10 ~~including members on activated military service leave, for~~
11 ~~service performed after June 30, 1995, in the following~~
12 ~~manner:~~

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

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

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

24 ~~(i) For members and participants who are employees~~
25 ~~of employers who are school entities, no Commonwealth~~
26 ~~contributions shall be made.~~

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

30 * * *

1 ~~Section 211. Section 8327(a), (b) and (c) of Title 24 are~~
2 ~~amended and the section is amended by adding subsections to~~
3 ~~read:~~

4 ~~§ 8327. Payments by employers.~~

5 ~~(a) General rule. [Each]~~

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

27 ~~(2) For payments after June 30, 2016, each employer,~~
28 ~~including the Commonwealth as employer of employees of the~~
29 ~~Department of Education, State owned colleges and~~
30 ~~universities, Thaddeus Stevens College of Technology, Western~~

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

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

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

1 ~~paid to the employer. Such amount shall be credited to the~~
2 ~~appropriate accounts in the fund and the trust.~~

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

24 ~~(c) Payments by employers after June 30, 1995, and before~~
25 ~~July 1, 2016. After June 30, 1995, and before July 1, 2016,~~
26 ~~each employer, including the Commonwealth as employer of~~
27 ~~employees of the Department of Education, State owned colleges~~
28 ~~and universities, Thaddeus Stevens College of Technology,~~
29 ~~Western Pennsylvania School for the Deaf, Scotland School for~~
30 ~~Veterans' Children and The Pennsylvania State University, shall~~

1 ~~make payments to the fund and the trust each quarter in an~~
2 ~~amount computed in the following manner:~~

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

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

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

1 ~~determination or upon application by the employer, be~~
2 ~~returned to the employer with valuation interest.~~

3 ~~(d) Payments by employers after June 30, 2016. After June~~
4 ~~30, 2016, each employer, including the Commonwealth as employer~~
5 ~~of employees of the Department of Education, State owned~~
6 ~~colleges and universities, Thaddeus Stevens College of~~
7 ~~Technology, Western Pennsylvania School for the Deaf, Scotland~~
8 ~~School for Veterans' Children and The Pennsylvania State~~
9 ~~University, shall make payments to the fund and the trust each~~
10 ~~quarter in an amount computed in the following manner:~~

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

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

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

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

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

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

~~(g) Contributions resulting from members reemployed from USERRA leave. When a school employee reemployed from USERRA leave makes the member contributions required to be granted school service credit for the USERRA leave after June 30, 2016, either by actual payment or by actuarial debt under section 8325 (relating to incomplete payments), the employer that employed the school employee when the member contributions are made or the last employer before termination in the case of payment under section 8325 shall make the employer contributions that~~

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

5 Section 212. ~~Section 8328 (a), (b), (c) (4) and (g) are~~
6 ~~amended and subsections (c) and (g) are amended by adding~~
7 ~~paragraphs to read:~~

8 ~~§ 8328. Actuarial cost method.~~

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

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

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

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

10 ~~(2) For fiscal years beginning on or after July 1, 2016,~~
11 ~~the normal contribution rate shall be determined after each~~
12 ~~actuarial valuation. Until all accrued liability~~
13 ~~contributions have been completed, the normal contribution~~
14 ~~rate shall be determined, on the basis of an annual interest~~
15 ~~rate and such mortality and other tables as shall be adopted~~
16 ~~by the board in accordance with generally accepted actuarial~~
17 ~~principles, as a level percentage of the compensation of all~~
18 ~~active members, which percentage, if contributed on the basis~~
19 ~~of the member's prospective compensation through the entire~~
20 ~~period of active school service, would be sufficient to fund~~
21 ~~the liability for any prospective benefit payable to him, in~~
22 ~~excess of that portion funded by his prospective member~~
23 ~~contributions, excluding the shared risk contributions.~~

24 ~~(c) Accrued liability contribution rate.—~~

25 ~~* * *~~

26 ~~(4) For the fiscal year beginning July 1, 2011, the~~
27 ~~accrued liability contribution rate shall be computed as the~~
28 ~~rate of total compensation of all active members which shall~~
29 ~~be certified by the actuary as sufficient to fund as a level~~
30 ~~percentage of compensation over a period of 24 years from~~

1 ~~July 1, 2011, the present value of the liabilities for all~~
2 ~~prospective benefits calculated as of June 30, 2010,~~
3 ~~including the supplemental benefits as provided in sections~~
4 ~~8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and~~
5 ~~8348.7, in excess of the actuarially calculated assets in the~~
6 ~~fund (calculated recognizing all realized and unrealized~~
7 ~~investment gains and losses each year in level annual~~
8 ~~installments over a ten year period). In the event that the~~
9 ~~accrued liability is increased by legislation enacted~~
10 ~~subsequent to June 30, 2010, as a result of an increase in~~
11 ~~benefits determined on a total plan basis, such additional~~
12 ~~liability shall be funded as a level percentage of~~
13 ~~compensation over a period of ten years from the July 1~~
14 ~~second succeeding the date such legislation is enacted.~~

15 ~~(5) For the actuarial valuation for the fiscal years~~
16 ~~ending on or after June 30, 2017, the actuarially calculated~~
17 ~~assets in the fund determined in accordance with paragraph~~
18 ~~(4) shall be no less than 70% and no more than 130% of market~~
19 ~~value.~~

20 * * *

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

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

27 ~~(2) If, for any of the fiscal years beginning July 1,~~
28 ~~2011, July 1, 2012, and on or after July 1, 2013, the~~
29 ~~actuarially required contribution rate, calculated without~~
30 ~~regard for the costs added by legislation, is more than 3%,~~

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

11 ~~(3) For purposes of applying the collared contribution~~
12 ~~rate, compensation for determining the normal contribution~~
13 ~~rate and the accrued liability contribution rate shall be~~
14 ~~defined as the total compensation of all active members and~~
15 ~~active participants.~~

16 * * *

17 Section 213. Section 8330 of Title 24 is amended to read:
18 ~~§ 8330. Appropriations by the Commonwealth.~~

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

26 ~~(b) Appropriation and payment. The General Assembly shall~~
27 ~~make an appropriation sufficient to provide for the separate~~
28 ~~obligations of the Commonwealth to the fund and the trust. Such~~
29 ~~amount shall be paid by the State Treasurer through the~~
30 ~~Department of Revenue into the fund or the trust, as the case~~

1 ~~may be,~~ within 30 days of receipt of the requisition presented
2 each quarter by the board.

3 Section 214. Title 24 is amended by adding a section to
4 read:

5 ~~§ 8331. Employer funding mandate protection.~~

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

7 ~~Beginning on the July 1 after the actuarial valuation in which~~
8 ~~the actuary certifies that final contribution rate is the~~
9 ~~actuarially required contribution, each active member shall have~~
10 ~~a contractual right to the timely payment of the annual~~
11 ~~actuarially required contributions pursuant to section 8328~~
12 ~~(relating to actuarial cost method) and section 8502 (k)~~
13 ~~(relating to administrative duties of the board) by such~~
14 ~~member's employer. The following apply:~~

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

18 ~~(2) Any claim of contract impairment shall be brought~~
19 ~~against the employer of the member for whom contributions~~
20 ~~were not paid and neither the board nor the system or their~~
21 ~~employees or agents shall be a defendant in any such action~~
22 ~~or liable for any payments or damages arising from such~~
23 ~~impairment.~~

24 ~~(b) Jurisdiction of Supreme Court. Notwithstanding 2~~
25 ~~Pa.C.S. (relating to administrative law and procedure), 42~~
26 ~~Pa.C.S. (relating to judiciary and judicial procedure) or any~~
27 ~~other provision of law, the Pennsylvania Supreme Court shall~~
28 ~~have exclusive jurisdiction to do as follows:~~

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

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

4 ~~(3) to find facts or to expedite a final judgment in~~
5 ~~connection with such a challenge or request for declaratory~~
6 ~~relief.~~

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

12 ~~(d) Attorney's fees. A member who prevails in a claim~~
13 ~~brought under this part may be awarded reasonable attorney's~~
14 ~~fees.~~

15 ~~(e) Limitation of contract right. Nothing in this section~~
16 ~~shall be construed to create a contract right or claim of~~
17 ~~contract impairment in any member as to any benefit formula,~~
18 ~~benefit payment option, or any other provision of this part~~
19 ~~other than the funding mandate of the member's employer, or to~~
20 ~~change the jurisdiction of the board or the courts regarding any~~
21 ~~claim other than for payment of the annual actuarially required~~
22 ~~contributions.~~

23 ~~(f) Employer contributions. Nothing in this section shall~~
24 ~~be construed to supersede or conflict with the rights and~~
25 ~~obligations set forth in section 8330 (relating to~~
26 ~~appropriations by the Commonwealth).~~

27 ~~(g) Board action. The board is authorized but not required~~
28 ~~to bring an action under this section on behalf of itself or any~~
29 ~~member; and if the board prevails, it may be awarded reasonable~~
30 ~~attorney's fees.~~

1 ~~Section 215. Sections 8341 and 8342 of Title 24 are amended~~
2 ~~to read:~~

3 ~~§ 8341. Return of accumulated deductions.~~

4 ~~Any member upon termination of service may, in lieu of all~~
5 ~~benefits payable from the system under this chapter to which he~~
6 ~~may be entitled, elect to receive his accumulated deductions.~~

7 ~~§ 8342. Maximum single life annuity.~~

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

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

6 ~~(2) A standard single life annuity multiplied by the~~
7 ~~class of service multiplier and calculated on the basis of~~
8 ~~the number of years of concurrent service other than service~~
9 ~~credited as a member of Class T-I and multiplied by the ratio~~
10 ~~of total compensation received in the school system other~~
11 ~~than service credited as a member of Class T-I or State~~
12 ~~service as a member of Class TBD during the period of~~
13 ~~concurrent service to the total compensation received during~~
14 ~~such period.~~

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

19 ~~(4) A standard single life annuity based on monies~~
20 ~~credited to a Class T-I member, as provided in this part.~~

21 ~~(5) If applicable, a standard single life annuity based~~
22 ~~on monies credited in the member's cash balance account, as~~
23 ~~provided in this part.~~

24 ~~(b) Present value of annuity. The present value of the~~
25 ~~maximum single life annuity as calculated in accordance with~~
26 ~~subsection (a) shall be determined, for all classes other than~~
27 ~~Class T-I, by multiplying the maximum single life annuity by the~~
28 ~~cost of a dollar annuity on the effective date of retirement.~~
29 ~~Such present value for all classes shall be decreased only as~~
30 ~~specifically provided in this part.~~

1 ~~(c) Limitation regarding annual benefit under IRC §~~
2 ~~415(b). Notwithstanding any provision of this part to the~~
3 ~~contrary, no benefit shall be payable to the extent that such~~
4 ~~benefit exceeds any limitation under IRC § 415(b) in effect with~~
5 ~~respect to governmental plans, as such term is defined in IRC §~~
6 ~~414(d), on the date the benefit payment becomes effective.~~

7 ~~(d) Coordination of benefits. The determination and payment~~
8 ~~of the maximum single life annuity under this section shall be~~
9 ~~in addition to any payments a combined service employee may be~~
10 ~~entitled to receive, has received or is receiving as a result of~~
11 ~~being a participant in the plan.~~

12 ~~Section 216. Section 8344(a) and (b) of Title 24 are amended~~
13 ~~and the section is amended by adding a subsection to read:~~
14 ~~§ 8344. Disability annuities.~~

15 ~~(a) Amount of annuity. A member other than a member of~~
16 ~~Class T I who has made application for a disability annuity as~~
17 ~~provided in section 8507(k) (relating to rights and duties of~~
18 ~~school employees [and members], members and participants) and~~
19 ~~has been found to be eligible in accordance with the provisions~~
20 ~~of sections 8307(c) (relating to eligibility for annuities) and~~
21 ~~8505(c)(1) (relating to duties of board regarding applications~~
22 ~~and elections of members) shall receive a disability annuity~~
23 ~~payable from the effective date of disability and continued~~
24 ~~until a subsequent determination by the board that the annuitant~~
25 ~~is no longer entitled to a disability annuity. The disability~~
26 ~~annuity shall be a single life annuity that is equal to a sum of~~
27 ~~the standard single life [annuity] annuities determined~~
28 ~~separately for each class of service if the total number of~~
29 ~~years of credited service is greater than 16.667, otherwise~~
30 ~~[the] each standard single life annuity shall be multiplied by~~

1 ~~the lesser of the following ratios:~~

2 ~~$$Y^*/Y \text{ or } 16.667/Y$$~~

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

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

23 ~~* * *~~

24 ~~(f) Coordination of benefits. The determination and payment~~
25 ~~of a disability annuity under this section shall be in addition~~
26 ~~to any payments a Class T I member is entitled to receive, or to~~
27 ~~any payments a combined service employee may be entitled to~~
28 ~~receive, has received or is receiving as a result of being a~~
29 ~~participant in the plan.~~

30 ~~Section 217. Section 8345(a)(4)(iii), 8346(a), (a.1), (b),~~

1 ~~(b.1), (c) and (d) (1), 8347 and 8349 of Title 24 are amended to~~
2 ~~read:~~

3 ~~§ 8345. Member's options.~~

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

25 ~~* * *~~

26 ~~(4) Option 4. Some other benefit which shall be~~
27 ~~certified by the actuary to be actuarially equivalent to the~~
28 ~~maximum single life annuity, subject to the following~~
29 ~~restrictions:~~

30 ~~* * *~~

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, the term~~
13 ~~"actuarially equivalent," as applied to any lump sum~~
14 ~~withdrawal attributable to contributions credited to the~~
15 ~~member's savings account of Class T C and Class T D~~
16 ~~members on or after July 1, 2016, together with all~~
17 ~~interest thereon, shall mean equal present values,~~
18 ~~computed on the basis of the interest rate and such~~
19 ~~mortality and other tables as adopted by the board~~
20 ~~pursuant to section 8328(b) (relating to actuarial cost~~
21 ~~method) in effect on the effective date of retirement of~~
22 ~~the member. Any partial lump sum withdrawal shall be~~
23 ~~applied first to contributions and interest credited to~~
24 ~~the member's savings account before July 1, 2016.~~

25 * * *

26 ~~§ 8346. Termination of annuities.~~

27 ~~(a) General rule. If an annuitant returns to school service~~
28 ~~or enters or has entered State service and elects multiple~~
29 ~~service membership, any annuity payable to him under this part~~
30 ~~shall cease effective upon the date of his return to school~~

~~1 service or entering State service without regard to whether he
2 is a mandatory, optional or prohibited member of the system or
3 participant in the plan or, if a multiple service member,
4 whether he is a mandatory, optional or prohibited member or
5 participant of the State Employee's Retirement System or State
6 Employee's Defined Contribution Plan and in the case of an
7 annuity other than a disability annuity the present value of
8 such annuity, adjusted for full coverage in the case of a joint
9 coverage member who makes the appropriate back contributions for
10 full coverage, shall be frozen as of the date such annuity
11 ceases. An annuitant who is credited with an additional 10% of
12 membership service as provided in section 8302(b.2) (relating to
13 credited school service) and who returns to school service,
14 except as provided in subsection (b), shall forfeit such
15 credited service and shall have his frozen present value
16 adjusted as if his 10% retirement incentive had not been applied
17 to his account. In the event that the cost of living increase
18 enacted December 18, 1979, occurred during the period of such
19 State or school employment, the frozen present value shall be
20 increased, on or after the member attains superannuation age, by
21 the percent applicable had he not returned to service.~~

~~22 (a.1) Return of benefits. In the event an annuitant whose
23 annuity from the system ceases pursuant to this section receives
24 any annuity payment, including a lump sum payment pursuant to
25 section 8345 (relating to member's options) on or after the date
26 of his return to school service or entering State service, the
27 annuitant shall return to the board the amount so received from
28 the system plus statutory interest. The amount payable shall be
29 certified in each case by the board in accordance with methods
30 approved by the actuary and shall be paid in a lump sum within~~

1 ~~90 days or in the case of an active member or a State employee~~
2 ~~who is an active member of the State Employees' Retirement~~
3 ~~System may be amortized with statutory interest through salary~~
4 ~~deductions to the system in amounts agreed upon by the member~~
5 ~~and the board. The salary deduction amortization plans agreed to~~
6 ~~by the member and the board may include a deferral of payment~~
7 ~~amounts and statutory interest until the termination of school~~
8 ~~service or State service as the board in its sole discretion~~
9 ~~decides to allow. The board may limit salary deduction~~
10 ~~amortization plans to such terms as the board in its sole~~
11 ~~discretion determines. In the case of a State employee who is an~~
12 ~~active member of the State Employees' Retirement System, the~~
13 ~~agreed upon salary deductions shall be remitted to the State~~
14 ~~Employees' Retirement Board, which shall certify and transfer to~~
15 ~~the board the amounts paid.~~

16 * * *

17 ~~(b) Return to school service during emergency. When, in the~~
18 ~~judgment of the employer, an emergency creates an increase in~~
19 ~~the work load such that there is serious impairment of service~~
20 ~~to the public or in the event of a shortage of appropriate~~
21 ~~subject certified teachers or other personnel, an annuitant or~~
22 ~~participant receiving distributions may be returned to school~~
23 ~~service for a period not to extend beyond the school year during~~
24 ~~which the emergency or shortage occurs, without loss of his~~
25 ~~annuity or distributions. The annuitant shall not be entitled to~~
26 ~~earn any credited service, and no contributions may be made by~~
27 ~~the annuitant, the employer or the Commonwealth on account of~~
28 ~~such employment. Such service shall not be subject to member~~
29 ~~contributions or be eligible for qualification as creditable~~
30 ~~school service or for participation in the plan, mandatory~~

1 ~~pickup participant contributions or employer defined~~
2 ~~contributions.~~

3 ~~(b.1) Return to school service in an extracurricular~~
4 ~~position.~~

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

22 * * *

23 ~~(c) Subsequent discontinuance of service. Upon subsequent~~
24 ~~discontinuance of service, such [member] terminating school~~
25 ~~employee other than a former annuitant who had the effect of his~~
26 ~~frozen present value eliminated in accordance with subsection~~
27 ~~(d) or a former disability annuitant shall be entitled to an~~
28 ~~annuity which is actuarially equivalent to [the sum of] the~~
29 ~~present value as determined under subsection (a) [and] to which~~
30 ~~shall be added, if the service after reemployment was as a~~

1 ~~member of the system, the present value of a maximum single life~~
2 ~~annuity based on years of service credited subsequent to reentry~~
3 ~~in the system and his final average salary computed by reference~~
4 ~~to his compensation as a member of the system or as a member of~~
5 ~~the State Employees' Retirement System during his entire period~~
6 ~~of school and State service.~~

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

8 ~~(1) An annuitant who returns to school service as an~~
9 ~~active member of the system and earns three eligibility~~
10 ~~points by performing credited school service or reemployment~~
11 ~~from USERRA leave following the most recent period of receipt~~
12 ~~of an annuity under this part, or an annuitant who enters~~
13 ~~State service other than a participant in the State~~
14 ~~Employees' Defined Contribution Plan and:~~

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

16 ~~(ii) who elects multiple service membership, and~~
17 ~~earns three eligibility points by performing credited State~~
18 ~~service, reemployment from USERRA leave or credited school~~
19 ~~service following the most recent period of receipt of an~~
20 ~~annuity under this part, and who had the present value of his~~
21 ~~annuity frozen in accordance with subsection (a), shall~~
22 ~~qualify to have the effect of the frozen present value~~
23 ~~resulting from all previous periods of retirement eliminated,~~
24 ~~provided that all payments under Option 4 and annuity~~
25 ~~payments payable during previous periods of retirement plus~~
26 ~~interest as set forth in paragraph (3) shall be returned to~~
27 ~~the fund in the form of an actuarial adjustment to his~~
28 ~~subsequent benefits or in such form as the board may~~
29 ~~otherwise direct.~~

30 ~~* * *~~

1 ~~§ 8347. Death benefits.~~

2 ~~(a) Members eligible for annuities. Any member or former~~
3 ~~member on USERRA leave, other than an annuitant, who dies and~~
4 ~~was eligible for an annuity from the system in accordance with~~
5 ~~section 8307(a) or (b) (relating to eligibility for annuities)~~
6 ~~shall be considered as having applied for an annuity to become~~
7 ~~effective the day before his death; and, in the event he has not~~
8 ~~elected an option, it shall be assumed that he elected Option 1~~
9 ~~and assigned as beneficiary that person last designated in~~
10 ~~writing to the board.~~

11 ~~(b) Members ineligible for annuities. In the event of the~~
12 ~~death of any member or former member on USERRA leave, other than~~
13 ~~an annuitant, who is not entitled to a death benefit from the~~
14 ~~system as provided in subsection (a), his designated beneficiary~~
15 ~~shall be paid the full amount of his accumulated deductions.~~

16 ~~(c) Disability annuitants. In the event of the death of a~~
17 ~~disability annuitant who has elected to receive a maximum~~
18 ~~disability annuity from the system before he has received in~~
19 ~~annuity payments an amount equal to the present value, on the~~
20 ~~effective date of disability, of the benefits to which he would~~
21 ~~have been entitled under subsection (a) had he died while in~~
22 ~~school service, the balance of such amount shall be paid to his~~
23 ~~designated beneficiary, except that in the event of the death of~~
24 ~~a disability annuitant who was not entitled to receive benefits~~
25 ~~under subsection (a), his beneficiary shall be paid the~~
26 ~~accumulated deductions standing to his credit on the effective~~
27 ~~date of disability less the total payments received on account~~
28 ~~of his member's annuity.~~

29 ~~(d) Other annuitants. In the event of the death of an~~
30 ~~annuitant who has elected to receive the maximum single life~~

1 ~~annuity from the system~~ before he has received in total annuity
2 ~~payments an amount equal to the full amount of the accumulated~~
3 ~~deductions standing to his credit on the effective date of~~
4 ~~retirement, the difference between the total payments made to~~
5 ~~the date of death and the accumulated deductions shall be paid~~
6 ~~to his designated beneficiary.~~

7 ~~§ 8349. Payment of benefits from the system.~~

8 ~~(a) Annuities. Any annuity granted under the provisions of~~
9 ~~this part and paid from the fund shall be paid in equal monthly~~
10 ~~installments.~~

11 ~~(b) Death benefits. If the amount of a death benefit~~
12 ~~payable from the fund to a beneficiary of a member under section~~
13 ~~8347 (relating to death benefits) or under the provisions of~~
14 ~~Option 1 of section 8345(a)(1) (relating to member's options) is~~
15 ~~\$10,000 or more, such beneficiary may elect to receive payment~~
16 ~~according to one of the following options:~~

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

18 ~~(2) An annuity actuarially equivalent to the amount~~
19 ~~payable.~~

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

23 ~~(c) Death or absence of beneficiary. If the beneficiary~~
24 ~~designated by a member should predecease him or die within 30~~
25 ~~days of his death, or if a valid nomination of a beneficiary is~~
26 ~~not in effect at his death, any money payable to a beneficiary~~
27 ~~shall be paid to the estate of the member.~~

28 ~~(d) De minimis accounts. A member with only Class T I~~
29 ~~service credit as a member of the system who terminates school~~
30 ~~service and whose balance in the members' savings account is~~

1 ~~§5,000 or less as of the date of termination of service (or such~~
2 ~~other higher amount as may be permitted under IRC §411(a)(11) or~~
3 ~~417(c)) shall receive such balance in one lump sum payment as~~
4 ~~provided in IRC §401(a)(31). This balance shall not be eligible~~
5 ~~for installment payments under section 8505.1 (relating to~~
6 ~~installment payments of accumulated deductions), but shall be~~
7 ~~considered a lump sum payment for purposes of section 8505.1(d).~~

8 Section 218. Title 24 is amended by adding a chapter to
9 read:

10 ~~CHAPTER 84~~

11 ~~SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN~~

12 ~~Sec.~~

13 ~~8401. Establishment.~~

14 ~~8402. Plan document.~~

15 ~~8403. Individual investment accounts.~~

16 ~~8404. Participant contributions.~~

17 ~~8405. Mandatory pickup participant contributions.~~

18 ~~8406. Employer defined contributions.~~

19 ~~8407. Eligibility for benefits.~~

20 ~~8408. Death benefits.~~

21 ~~8409. Vesting.~~

22 ~~8410. Termination of distributions.~~

23 ~~8411. Agreements with financial institutions and other~~
24 ~~organizations.~~

25 ~~8411.1. Relation of administrators of School Employees' Defined~~
26 ~~Contribution Plan to providers of 403(b) plans.~~

27 ~~8412. Powers and duties of board.~~

28 ~~8413. Responsibility for investment loss.~~

29 ~~8414. Investments based on participants' investment allocation~~
30 ~~choices.~~

1 ~~8415. Expenses.~~

2 ~~8416. Election by members to be participants.~~

3 ~~8417. Tax qualification.~~

4 ~~§ 8401. Establishment.~~

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

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

26 ~~(c) Assets held in trust. All assets and income in the plan~~
27 ~~that have been or shall be withheld or contributed by the~~
28 ~~participants, the Commonwealth and employers in accordance with~~
29 ~~this part shall be held in trust in any funding vehicle~~
30 ~~permitted by the applicable provisions of the IRC for the~~

~~1 exclusive benefit of the plan's participants and their
2 beneficiaries until such time as the funds are distributed to
3 the participants or their beneficiaries in accordance with the
4 terms of the plan document. The assets of the plan held in trust
5 for the exclusive benefit of the participants and their
6 beneficiaries may be used for the payment of the fees, costs and
7 expenses related to the administration and investment of the
8 plan and the trust.~~

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

~~19 § 8402. Plan document.~~

~~20 The board shall set forth the terms and provisions of the
21 plan and trust in a document containing the terms and conditions
22 of the plan and in a trust declaration that shall be published
23 in the Pennsylvania Bulletin. The creation of the document
24 containing the terms and conditions of the plan and the trust
25 declaration and the establishment of the terms and provisions of
26 the plan and the trust need not be promulgated by regulation or
27 formal rulemaking and shall not be subject to the act of July
28 31, 1968 (P.L.769, No.240), referred to as the Commonwealth
29 Documents Law. A reference in this part or other law to the plan
30 shall include the plan document unless the context clearly~~

1 ~~indicates otherwise.~~

2 ~~§ 8403. Individual investment accounts.~~

3 ~~The board:~~

4 ~~(1) shall establish in the trust an individual~~
5 ~~investment account for each participant in the plan. All~~
6 ~~contributions by a participant or an employer for or on~~
7 ~~behalf of a participant shall be credited to the~~
8 ~~participant's individual investment account, together with~~
9 ~~all interest and investment earnings and losses. Investment~~
10 ~~and administrative fees, costs and expenses shall be charged~~
11 ~~to the participants' individual investment accounts. Employer~~
12 ~~defined contributions shall be recorded and accounted for~~
13 ~~separately from participant contributions, but all interest,~~
14 ~~investment earnings and losses, and investment and~~
15 ~~administrative fees, costs and expenses shall be allocated~~
16 ~~proportionately;~~

17 ~~(2) shall separately track participant contributions,~~
18 ~~including investment gains and losses, and employer~~
19 ~~contributions, including investment gains and losses, but all~~
20 ~~interest, investment gains and losses and administrative~~
21 ~~fees, costs and expenses shall be allocated proportionately;~~
22 ~~and~~

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

28 ~~§ 8404. Participant contributions.~~

29 ~~(a) Mandatory contributions. A participant shall make~~
30 ~~mandatory pickup participant contributions through payroll~~

1 ~~deductions to the participant's individual investment account~~
2 ~~equal to 3% of compensation for current school service. The~~
3 ~~employer shall cause such contributions for current service to~~
4 ~~be made and deducted from each payroll or on such schedule as~~
5 ~~established by the board.~~

6 ~~(b) Voluntary contributions.~~

7 ~~(i) A participant may make voluntary contributions~~
8 ~~up to an additional amount equal to 3% of compensation~~
9 ~~for current school service.~~

10 ~~(ii) Class T-E and Class T-F members may make~~
11 ~~voluntary contributions to the plan in an amount of not~~
12 ~~less than 3% nor more than 6% of compensation that~~
13 ~~exceeds the limit of compensation for such members, as~~
14 ~~set forth in section 8102 (relating to definitions).~~

15 ~~(iii) The employer shall cause the contributions~~
16 ~~made under this section to be made and deducted from each~~
17 ~~payroll or on such schedule as established by the board.~~

18 ~~(iv) Voluntary contributions made under this section~~
19 ~~shall not be picked up.~~

20 ~~(c) Prohibition on contributions. No contributions shall be~~
21 ~~allowed that would cause a violation of the limitations related~~
22 ~~to contributions applicable to governmental plans contained in~~
23 ~~IRC § 415 or in other provisions of law. In the event that any~~
24 ~~disallowed contributions are made, any participant contributions~~
25 ~~in excess of the limitations and investment earnings on those~~
26 ~~contributions shall be refunded to the participant by the board.~~

27 ~~§ 8405. Mandatory pickup participant contributions.~~

28 ~~(a) Treatment for purposes of IRC § 414(h). The~~
29 ~~contributions to the trust required to be made under section~~
30 ~~8404(a) (relating to participant contributions) with respect to~~

1 ~~current school service rendered by an active participant shall~~
2 ~~be picked up by the employer and shall be treated as the~~
3 ~~employer's contribution for purposes of IRC § 414(h). An~~
4 ~~employer employing a participant in the plan shall pick up the~~
5 ~~required mandatory participant contributions by a reduction in~~
6 ~~the compensation of the participant.~~

7 ~~(b) Treatment for other purposes. For all other purposes~~
8 ~~under this part and otherwise, such mandatory pickup participant~~
9 ~~contributions shall be treated as contributions made by a~~
10 ~~participant in the same manner and to the same extent as if the~~
11 ~~contributions were made directly by the participant and not~~
12 ~~picked up.~~

13 ~~§ 8406. Employer defined contributions.~~

14 ~~(a) Contributions for current service. The employer of a~~
15 ~~participant shall make employer defined contributions for~~
16 ~~current service of an active participant that shall be credited~~
17 ~~to the active participant's individual investment account.~~
18 ~~Employer defined contributions shall be recorded and accounted~~
19 ~~for separately from participant contributions.~~

20 ~~(b) Contributions resulting from participants reemployed~~
21 ~~from USERRA leave. When a school employee reemployed from~~
22 ~~USERRA leave makes the mandatory pickup participant~~
23 ~~contributions permitted to be made for the USERRA leave, the~~
24 ~~employer by whom the school employee is employed at the time the~~
25 ~~participant contributions are made shall make whatever employer~~
26 ~~defined contributions would have been made under this section~~
27 ~~had the employee making the participant contributions after~~
28 ~~being reemployed from USERRA leave continued to be employed in~~
29 ~~the employee's school position instead of performing USERRA~~
30 ~~leave. Such employer defined contributions shall be placed in~~

1 ~~the participant's individual investment account as otherwise~~
2 ~~provided by this part.~~

3 ~~(c) Limitations on contributions. No contributions shall be~~
4 ~~allowed that would cause a violation of the limitations related~~
5 ~~to contributions applicable to governmental plans contained in~~
6 ~~IRC § 415 or in other provisions of law. In the event that any~~
7 ~~disallowed contributions are made, any employer defined~~
8 ~~contributions in excess of the limitations and investment~~
9 ~~earnings thereon shall be refunded to the employer by the board.~~
10 ~~§ 8407. Eligibility for benefits.~~

11 ~~(a) Termination of service. A participant who terminates~~
12 ~~school service shall be eligible to withdraw the vested~~
13 ~~accumulated total defined contributions standing to the~~
14 ~~participant's credit in the participant's individual investment~~
15 ~~account or a lesser amount as the participant may request.~~
16 ~~Payment shall be made in a lump sum unless the board has~~
17 ~~established other forms of distribution in the plan document,~~
18 ~~subject to the provisions of subsection (f). A participant who~~
19 ~~withdraws the vested accumulated total defined contributions~~
20 ~~shall no longer be a participant in the plan, notwithstanding~~
21 ~~that the participant may continue to be a member of the system,~~
22 ~~or contract to receive an annuity or other form of payment from~~
23 ~~a provider retained by the board for such purposes.~~

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

30 ~~(c) Combined service employee. A participant who is a~~

1 ~~combined service employee must be terminated from all positions~~
2 ~~that result in either membership in the system or participation~~
3 ~~in the plan to be eligible to receive a distribution.~~

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

8 ~~(e) Small individual investment accounts.~~

9 ~~(1) A participant who terminates school service and~~
10 ~~whose vested accumulated total defined contributions are~~
11 ~~below the threshold established by law as of the date of~~
12 ~~termination of service may be paid the vested accumulated~~
13 ~~total defined contributions in a lump sum as provided in IRC~~
14 ~~§ 401(a)(31).~~

15 ~~(2) The board may also provide in the plan document~~
16 ~~that, notwithstanding subsection (f), a participant whose~~
17 ~~vested accumulated employer defined contributions are below~~
18 ~~the thresholds established by the board may receive the~~
19 ~~distributions of vested accumulated employer defined~~
20 ~~contributions without the obligation to purchase an annuity.~~
21 ~~The threshold may be established as a dollar amount, an~~
22 ~~annuity amount, in some other form individually or in~~
23 ~~combination as the board determines.~~

24 ~~(f) Requirement to purchase annuity. Except as prohibited~~
25 ~~by the IRC or as otherwise provided in this part, a participant~~
26 ~~who is eligible and elects to receive a distribution of vested~~
27 ~~accumulated employer defined contributions shall be required to~~
28 ~~purchase an annuity with the distribution under such conditions~~
29 ~~as provided in the plan document. The conditions may include~~
30 ~~that the board is authorized to make the distribution directly~~

1 ~~to the annuity provider.~~

2 ~~§ 8408. Death benefits.~~

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

9 ~~(b) Death of participant receiving distributions. In the~~
10 ~~event of the death of a participant receiving distributions, the~~
11 ~~board shall pay to the participant's beneficiary the vested~~
12 ~~balance in the participant's individual investment account in a~~
13 ~~lump sum or in such other manner as the board may establish in~~
14 ~~the plan document or, if the board has established alternative~~
15 ~~methods of distribution in the plan document under which the~~
16 ~~participant was receiving distributions, to the participant's~~
17 ~~beneficiary or successor payee as provided in the plan document.~~

18 ~~(c) Contracts. The board may contract with financial~~
19 ~~institutions, insurance companies or other types of third party~~
20 ~~providers to allow participants who receive a lump sum~~
21 ~~distribution to receive payments and death benefits in a form~~
22 ~~and manner as provided by the contract.~~

23 ~~§ 8409. Vesting.~~

24 ~~(a) Participant and voluntary contributions. Subject to the~~
25 ~~forfeiture and attachment provisions of section 8533 (relating~~
26 ~~to taxation, attachment and assignment of funds) or otherwise as~~
27 ~~provided by law, a participant shall be immediately vested with~~
28 ~~respect to all mandatory pickup participant contributions and~~
29 ~~voluntary contributions paid by or on behalf of the participant~~
30 ~~to the trust plus interest and investment earnings on the~~

~~1 participant contributions but minus investment fees and
2 administrative charges.~~

~~3 (b) Employer defined contributions.~~

~~4 (1) Subject to the forfeiture and attachment provisions
5 of section 8533 or otherwise as provided by law, a
6 participant shall be vested with respect to employer defined
7 contributions paid to the participant's individual investment
8 account plus interest and investment earnings by or on behalf
9 of the participant to the trust according to the following
10 schedule:~~

~~11 (i) At and after the first year of school service as
12 a participant in the plan, 25%.~~

~~13 (ii) At and after the second year of school service
14 as a participant in the plan, 50%.~~

~~15 (iii) At and after the third year of school service
16 as a participant in the plan, 75%.~~

~~17 (iv) At and after the fourth year of school service
18 as a participant in the plan, 100%.~~

~~19 (2) For purposes of this section, a participant shall
20 accrue one year of school service for each fiscal year in
21 which the participant makes contributions to the plan.~~

~~22 (3) The board shall establish in the plan document other
23 terms and conditions for the implementation and
24 administration of this section.~~

~~25 (4) Accumulated employer defined contributions that are
26 not vested as of the participant's date of termination of
27 service shall be credited against the next contribution due
28 from the participant's employer for the remaining or future
29 participants of the employer.~~

~~30 (c) USERRA leave and vesting credit. A participant in the~~

~~plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive vesting credit 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 of accumulated employer defined contributions or other distributions that the participant has received and 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. Agreements with financial institutions and other organizations.~~

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

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

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

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

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

~~§ 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 pursuant to section 8411 (relating to agreements with financial institutions and other organizations) may offer or provide services to any plan established or maintained by a school~~

~~1 district under IRC § 403(b) or 457 if the written agreement for
2 the administration of the School Employees' Defined Contribution
3 Plan is not combined with any other written agreement for the
4 administration of a school district's 403(b) plan or 457 plan.
5 Each school district that provides a 403(b) plan shall make
6 available, in the manner provided by subsection (c), to
7 participants, multiple financial institutions or pension
8 management organizations that have not entered into a written
9 agreement pursuant to section 8411 and which provide services to
10 the school district's 403(b) plan or 457 plan.~~

~~11 (b) Plan transparency and administration. A financial
12 institution or pension management organization providing
13 services for any plan established or maintained by a school
14 district under IRC § 403(b) or 457 shall:~~

~~15 (1) enter into an agreement with the school district or
16 the school district's independent compliance administrator
17 that shall require the financial institution or pension
18 management organization to provide in an electronic format
19 all data necessary for the administration of the 403(b) plan
20 or 457 plan as determined by the school district or the
21 school district's compliance administrator; and~~

~~22 (2) provide all data required by the school district or
23 a school district's compliance administrator to facilitate
24 disclosure of all fees, charges, expenses, commissions,
25 compensation and payments to third parties related to
26 investments offered under the 403(b) plan or 457 plan.~~

~~27 (c) Provider selection. A school district that establishes
28 or maintains a plan under IRC § 403(b) or 457 shall select a
29 minimum of four financial institutions or pension management
30 organizations, in addition to the financial institution or~~

~~1 pension management organization that entered into an agreement
2 pursuant to section 8411, to provide services to the 403(b) plan
3 or 457 plan. If fewer than four such additional financial
4 institutions or pension management organizations are determined
5 to be available or able to meet the requirements established in
6 this section, then the school district shall select the number
7 of available providers able to meet the school district's
8 requirements. A financial institution or pension management
9 organization shall be designated a 403(b) plan or 457 plan
10 provider if the financial institution or pension management
11 organization enters into an agreement in accordance with
12 subsection (b).~~

~~13 § 8412. Powers and duties of board.~~

~~14 The board shall have the following powers and duties to
15 establish the plan and trust and to administer the provisions of
16 this part:~~

~~17 (1) The board may commingle or pool assets with the
18 assets of other persons or entities.~~

~~19 (2) The board shall pay all administrative fees, costs
20 and expenses of managing, investing and administering the
21 plan, the trust and the individual investment accounts from
22 the balance of such individual investment accounts, except as
23 the General Assembly otherwise provides through
24 appropriations from the General Fund.~~

~~25 (3) The board may establish investment guidelines and
26 limits on the types of investments that participants may
27 make, consistent with the board's fiduciary obligations.~~

~~28 (4) The board may change the terms of the plan as may be
29 necessary to maintain the tax qualified status of the plan.~~

~~30 (5) The board may establish a process for election to~~

1 ~~participate in the plan by those school employees for whom~~
2 ~~participation is not mandatory.~~

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

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

11 ~~(8) The board may allow a former participant to maintain~~
12 ~~the participant's individual investment account within the~~
13 ~~plan.~~

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

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

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

21 ~~(12) The board may establish procedures for~~
22 ~~distributions of small accounts as required or permitted by~~
23 ~~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 by which eligible participants may~~
29 ~~change 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 by~~
7 ~~the board as part of the plan.~~

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

19 ~~(v) Standards and criteria for disclosing to the~~
20 ~~participants the anticipated and actual income~~
21 ~~attributable to amounts invested, property rights and all~~
22 ~~fees, costs and expenses to be made against amounts~~
23 ~~deferred to cover the costs and expenses of administering~~
24 ~~and managing the plan or trust.~~

25 ~~(vi) Procedures, standards and criteria for the~~
26 ~~making of distributions from the plan upon termination~~
27 ~~from employment or death or in other circumstances~~
28 ~~consistent with the purpose of the plan.~~

29 ~~(14) The board may waive any reporting or information~~
30 ~~requirement contained in this part if the board determines~~

1 ~~that the information is not needed for the administration of~~
2 ~~the plan.~~

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

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

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

14 ~~§ 8413. Responsibility for investment loss.~~

15 ~~The Commonwealth, the board, an employer or a school entity~~
16 ~~or other political subdivision shall not be responsible for any~~
17 ~~investment loss incurred under the plan or for the failure of~~
18 ~~any investment to earn any specific or expected return or to~~
19 ~~earn as much as any other investment opportunity, whether or not~~
20 ~~such other opportunity was offered to participants in the plan.~~

21 ~~§ 8414. Investments based on participant investment allocation~~
22 ~~choices.~~

23 ~~(a) Investment by participant. All contributions, interest~~
24 ~~and investment earnings shall be invested based on a~~
25 ~~participant's investment allocation choices. All investment~~
26 ~~allocation choices shall be credited proportionately between~~
27 ~~contributions from the participant and employer defined~~
28 ~~contributions. Each participant shall be credited individually~~
29 ~~with the amount of contributions, interest and investment~~
30 ~~earnings.~~

1 ~~(b) Investment of contributions made by entities other than~~
2 ~~Commonwealth. Investment of contributions by any corporation,~~
3 ~~institution, insurance company or custodial bank or other entity~~
4 ~~that the board has approved shall not be unreasonably delayed~~
5 ~~and in no case shall the investment of contributions be delayed~~
6 ~~more than 30 days from the date of payroll deduction or~~
7 ~~voluntary contributions are made to the date that funds are~~
8 ~~invested. Any interest earned on the funds pending investment~~
9 ~~shall be allocated to the employers and credited to the~~
10 ~~individual investment accounts of participants who are then~~
11 ~~participating in the plan, unless the interest is used to defray~~
12 ~~administrative costs and fees that would otherwise be required~~
13 ~~to be borne by participants who are then participating in the~~
14 ~~plan.~~

15 ~~§ 8415. Expenses.~~

16 ~~All expenses, fees and costs of administering the plan and~~
17 ~~the trust and investing the assets of the trust shall be borne~~
18 ~~by the participants and paid from assessments against the~~
19 ~~balances of the individual investment accounts as established by~~
20 ~~the board, except that for fiscal years ending before July 1,~~
21 ~~2016, the expenses, fees and costs of establishing and~~
22 ~~administering the plan and trust shall be paid by the~~
23 ~~Commonwealth through annual appropriations from the General~~
24 ~~Fund, made on the basis of estimates from the board.~~

25 ~~§ 8416. Election by Class T E and Class T F members to be~~
26 ~~participants.~~

27 ~~(a) General rule. Any Class T E or Class T F member who is~~
28 ~~an active member or inactive member on or after July 1, 2016,~~
29 ~~who is employed in a position that would otherwise be eligible~~
30 ~~for participation in the plan may elect to become a participant~~

1 ~~in the plan to the extent that such member's compensation~~
2 ~~exceeds the Social Security taxable wage base in effect at the~~
3 ~~beginning of the fiscal year.~~

4 ~~(b) Time for making election. An eligible Class T-E or~~
5 ~~Class T-F member may elect to become a participant and a~~
6 ~~combined service employee at any time before termination of~~
7 ~~school service by filing a written election with the board, as~~
8 ~~provided in the plan document.~~

9 ~~(c) Effect of election. The following apply:~~

10 ~~(1) An election to become a participant shall continue~~
11 ~~until the termination of service. Contributions from~~
12 ~~compensation that exceeds the Social Security taxable wage~~
13 ~~base in effect at the beginning of the fiscal year shall be~~
14 ~~deducted as soon as administratively feasible after receipt~~
15 ~~of a properly filed election and shall be deducted thereafter~~
16 ~~in accordance with section 8412 (relating to powers and~~
17 ~~duties of board) and 8506 (relating to duties of employers).~~

18 ~~(2) A combined service employee shall not be eligible to~~
19 ~~receive an annuity from the system or a withdrawal of~~
20 ~~accumulated deductions until the employee has terminated~~
21 ~~school service.~~

22 ~~(3) A participant shall not be entitled to purchase any~~
23 ~~previous school service or creditable nonschool service.~~

24 ~~(4) The eligibility of a combined service employee for~~
25 ~~an annuity from the system and, if eligible, the amount of~~
26 ~~the annuity shall be as determined under this part.~~

27 ~~§ 8417. Tax qualification.~~

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

1 ~~IRC § 401(a).~~

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

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

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

12 ~~(iii) For the purposes of this paragraph, the term~~
13 ~~"government plans" shall have the same meaning as in IRC~~
14 ~~§ 414(d).~~

15 ~~(2) (i) Except as provided under subparagraph (ii),~~
16 ~~an amendment of this part on or after the effective date~~
17 ~~of this section that increases contributions or benefits~~
18 ~~for active participants, inactive participants or~~
19 ~~participants receiving distributions may not be deemed to~~
20 ~~provide for a contribution or benefit in excess of a~~
21 ~~limitation, adjusted on or after the effective date of~~
22 ~~this section, under IRC § 415 unless specifically~~
23 ~~provided by legislation.~~

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

28 Section 219. Sections 8501(a), (c), (d) and (e) of Title 24
29 are amended and the section is amended by adding a subsection to
30 read:

1 ~~§ 8501. Public School Employees' Retirement Board.~~
2 ~~(a) Status and membership. The board shall be an~~
3 ~~independent administrative board and shall consist of [15] 16~~
4 ~~members: the Secretary of Education, ex officio; the State~~
5 ~~Treasurer, ex officio; the Secretary of Banking and Securities,~~
6 ~~ex officio; two Senators; two members of the House of~~
7 ~~Representatives; the executive secretary of the Pennsylvania~~
8 ~~School Boards Association, ex officio; two to be appointed by~~
9 ~~the Governor, at least one of whom shall not be a school~~
10 ~~employee or an officer or employee of the State; three to be~~
11 ~~elected by the active professional members of the system and~~
12 ~~active professional participants of the plan from among their~~
13 ~~number; one to be elected by annuitants or participants of the~~
14 ~~plan who have terminated school service and are receiving or are~~
15 ~~eligible to receive distributions from among their number; one~~
16 ~~to be elected by the active nonprofessional members of the~~
17 ~~system or active nonprofessional participants of the plan from~~
18 ~~among their number; and one to be elected by members of~~
19 ~~Pennsylvania public school boards from among their number. The~~
20 ~~appointments made by the Governor shall be confirmed by the~~
21 ~~Senate and each election shall be conducted in a manner approved~~
22 ~~by the board. The terms of the appointed and nonlegislative~~
23 ~~elected members shall be three years. The members from the~~
24 ~~Senate shall be appointed by the President pro tempore of the~~
25 ~~Senate and shall consist of one member from the majority and one~~
26 ~~member from the minority. The members from the House of~~
27 ~~Representatives shall be appointed by the Speaker of the House~~
28 ~~of Representatives and shall consist of one member from the~~
29 ~~majority and one member from the minority. The legislative~~
30 ~~members shall serve on the board for the duration of their~~

1 ~~legislative terms and shall continue to serve until 30 days~~
2 ~~after the convening of the next regular session of the General~~
3 ~~Assembly after the expiration of their respective legislative~~
4 ~~terms or until a successor is appointed for the new term,~~
5 ~~whichever occurs first. The chairman of the board shall be~~
6 ~~elected by the board members. No member of the board who~~
7 ~~represents active members or annuitants or is a current member~~
8 ~~of the General Assembly can serve as chairman. Each ex officio~~
9 ~~member of the board and each legislative member of the board may~~
10 ~~appoint a duly authorized designee to act in his stead. In the~~
11 ~~event that a board member, who is designated as an active~~
12 ~~participant or as the participant in the plan who is receiving~~
13 ~~or is eligible to receive distributions, receives a total~~
14 ~~distribution of the board member's interest in the plan, that~~
15 ~~board member may continue to serve on the board for the~~
16 ~~remainder of his term.~~

17 * * *

18 ~~(c) Oath of office. Each member of the board shall take an~~
19 ~~oath of office that he will, so far as it devolves upon him,~~
20 ~~diligently and honestly administer the affairs of said board,~~
21 ~~the system and the plan and that he will not knowingly violate~~
22 ~~or willfully permit to be violated any of the provisions of law~~
23 ~~applicable to this part. Such oath shall be subscribed by the~~
24 ~~member making it and certified by the officer before whom it is~~
25 ~~taken and shall be immediately filed in the office of the~~
26 ~~Secretary of the Commonwealth.~~

27 ~~(d) Compensation and expenses. The members of the board who~~
28 ~~are members of the system or participants in the plan shall~~
29 ~~serve without compensation. Members of the board who are members~~
30 ~~of the system or participants in the plan and who are employed~~

1 by a governmental entity shall not suffer loss of salary or
2 wages through serving on the board. The board, on request of the
3 employer of any member of the board who is an active
4 professional or nonprofessional member of the system or active
5 professional or nonprofessional participant in the plan, may
6 reimburse such employer for the salary or wages of the member or
7 participant, or for the cost of employing a substitute for such
8 member or participant, while the member or participant is
9 necessarily absent from employment to execute the duties of the
10 board. The members of the board who are not members of either
11 the school system or the State Employees' Retirement System may
12 be paid \$100 per day when attending meetings and all board
13 members shall be reimbursed for any necessary expenses. However,
14 when the duties of the board as mandated are not executed, no
15 compensation or reimbursement for expenses of board members
16 shall be paid or payable during the period in which such duties
17 are not executed.

18 (e) ~~Corporate power and legal advisor.~~ For the purposes of
19 this part, the board shall possess the power and privileges of a
20 corporation. [The Attorney General of the Commonwealth shall be
21 the legal advisor of the board.] Legal counsel to the board
22 shall serve independently from the Governor's Office of Chief
23 Counsel, the General Assembly and the Attorney General.

24 (f) Board training. Each member of the board will be
25 required to obtain eight hours of mandatory training in
26 investment strategies, actuarial cost analysis and retirement
27 portfolio management on an annual basis.

28 Section 220. Section 8502(a), (b), (c), (e), (h), (i), (j),
29 (k), (m), (n) and (o) are amended and the section is amended by
30 adding subsections to read:

1 ~~§ 8502. Administrative duties of board.~~

2 ~~(a) Employees.—~~

3 ~~(1) Effective 30 days after the effective date of this~~
4 ~~paragraph, the positions of secretary, assistant secretary~~
5 ~~and investment professional shall be placed under the~~
6 ~~unclassified service provisions of the act of August 5, 1941~~
7 ~~(P.L.752, No.286), known as the Civil Service Act, as those~~
8 ~~positions are vacated. All other positions of the board shall~~
9 ~~be placed in either the classified or unclassified service~~
10 ~~according to the definition of the terms under the Civil~~
11 ~~Service Act.~~

12 ~~(2) Notwithstanding any other provision of law, the~~
13 ~~compensation of investment professionals shall be established~~
14 ~~by the board. The compensation of all other officers and~~
15 ~~employees of the board who are not covered by a collective~~
16 ~~bargaining agreement shall be established by the board~~
17 ~~consistent with the standards of compensation established by~~
18 ~~the Executive Board of the Commonwealth.~~

19 ~~(3) The board may utilize the staff of employees~~
20 ~~provided for under this subsection for both the system and~~
21 ~~the plan, but shall allocate the fees, costs and expenses~~
22 ~~incurred under this subsection between the system and the~~
23 ~~plan as appropriate.~~

24 ~~(b) Professional personnel.—~~

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

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~~
2 ~~incurred under this subsection between the system and the~~
3 ~~plan as 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. The separate budget shall include those expenses~~
10 ~~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, 2017,~~
15 ~~such expenses of the plan as approved by the General Assembly~~
16 ~~through an appropriation shall be paid from the General Fund.~~
17 ~~For fiscal years beginning on or after July 1, 2017, such~~
18 ~~expenses of the plan as approved by the General Assembly~~
19 ~~shall be paid from interest, under section 8414(b) (relating~~
20 ~~to investments based on participant investment allocation~~
21 ~~choices) or assessments on the balances of the participants'~~
22 ~~individual investment accounts.~~

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

1 ~~and for the exclusive benefit of the plan and its~~
2 ~~participants, respectively.~~

3 * * *

4 ~~(e) Records.—~~

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

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

17 ~~(i) in the case of an alternative investment or~~
18 ~~alternative investment vehicle involve the release of~~
19 ~~sensitive investment or financial information relating to~~
20 ~~the alternative investment or alternative investment~~
21 ~~vehicle which the fund or trust was able to obtain only~~
22 ~~upon agreeing to maintain its confidentiality;~~

23 ~~(ii) cause substantial competitive harm to the~~
24 ~~person from whom sensitive investment or financial~~
25 ~~information relating to the investment was received; or~~

26 ~~(iii) have a substantial detrimental impact on the~~
27 ~~value of an investment to be acquired, held or disposed~~
28 ~~of by the fund or trust, or would cause a breach of the~~
29 ~~standard of care or fiduciary duty set forth in this~~
30 ~~part.~~

1 ~~(3) (i) The sensitive investment or financial~~
2 ~~information excluded from [inspection] access under~~
3 ~~paragraph (2) (i), to the extent not otherwise excluded~~
4 ~~from [inspection] access, shall constitute a public~~
5 ~~record subject to public [inspection] access under the~~
6 ~~Right to Know Law once the board is no longer required by~~
7 ~~its agreement to maintain confidentiality.~~

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

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

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

19 ~~whichever is later.~~

20 ~~(iii) The sensitive investment or financial~~
21 ~~information excluded from [inspection] access under~~
22 ~~paragraph (2) (iii), to the extent not otherwise excluded~~
23 ~~from [inspection] access, shall constitute a public~~
24 ~~record subject to public [inspection] access under the~~
25 ~~Right to Know Law once:~~

26 ~~(A) the [inspection] access no longer has a~~
27 ~~substantial detrimental impact on the value of an~~
28 ~~investment of the fund or trust and would not cause a~~
29 ~~breach of the standard of care or fiduciary duty set~~
30 ~~forth in this part; or~~

1 ~~(B) the entity in which the investment was made~~
2 ~~is liquidated;~~
3 ~~whichever is later.~~

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

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

14 ~~(i) The name, address and vintage year of the~~
15 ~~alternative investment vehicle.~~

16 ~~(ii) The identity of the manager of the alternative~~
17 ~~investment vehicle.~~

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

20 ~~(iv) The dollar amount of cash contributions made by~~
21 ~~the system or plan to the alternative investment vehicle~~
22 ~~since inception.~~

23 ~~(v) The dollar amount of cash distributions received~~
24 ~~by the system or plan from the alternative investment~~
25 ~~vehicle since inception.~~

26 ~~(vi) The net internal rate of return of the~~
27 ~~alternative investment vehicle since inception, provided~~
28 ~~that the system or plan shall not be required to disclose~~
29 ~~the net internal rate of return under circumstances in~~
30 ~~which, because of the limited number of portfolio assets~~

1 remaining in the alternative investment vehicle, the
2 disclosure could reveal the values of specifically
3 identifiable remaining portfolio assets to the detriment
4 of the alternative investment.

5 ~~(vii) The aggregate value of the remaining portfolio~~
6 ~~assets attributable to the system's or plan's investment~~
7 ~~in the alternative investment vehicle, provided that the~~
8 ~~system or plan shall not be required to disclose the~~
9 ~~value under circumstances in which, because of the~~
10 ~~limited number of portfolio assets remaining in the~~
11 ~~alternative investment vehicle, the disclosure could~~
12 ~~reveal the values of specifically identifiable remaining~~
13 ~~portfolio assets to the detriment of the alternative~~
14 ~~investment.~~

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

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

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

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

30 ~~(iii) The balance of a participant's individual~~

1 ~~investment account, including the amount distributed to~~
2 ~~the participant, and any investment gains or losses, or~~
3 ~~rates of return.~~

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

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

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

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

13 ~~(ii) This subsection shall apply to a record,~~
14 ~~material or data under this subsection notwithstanding~~
15 ~~whether:~~

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

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

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

27 * * *

28 ~~(h) Regulations and procedures. The board shall, with the~~
29 ~~advice of the Attorney General and the actuary, adopt and~~
30 ~~promulgate rules and regulations for the uniform administration~~

1 ~~of the system. The actuary shall approve in writing all~~
2 ~~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 and published pursuant to subsection (j) as~~
9 ~~necessary for the calculation of annuities and other benefits,~~
10 ~~shall be as effective as if fully set forth in this part. Any~~
11 ~~actuarial assumption specified in or underlying any such rule,~~
12 ~~regulation or computational procedure and utilized as a basis~~
13 ~~for determining any benefit shall be applied in a uniform~~
14 ~~manner.~~

15 ~~(i) Data. The board shall keep in convenient form such data~~
16 ~~as are stipulated by the actuary in order that an annual~~
17 ~~actuarial valuation of the various accounts of the fund can be~~
18 ~~completed within six months of the close of each fiscal year.~~
19 ~~The board shall have final authority over the means by which~~
20 ~~data is collected, maintained and stored and in so doing shall~~
21 ~~protect the rights of its membership as to privacy and~~
22 ~~confidentiality.~~

23 ~~(j) Actuarial investigation and valuation. The board shall~~
24 ~~have the actuary make an annual valuation of the various~~
25 ~~accounts of the fund within six months of the close of each~~
26 ~~fiscal year. In the fiscal year 1975 and in every fifth year~~
27 ~~thereafter, the board shall have the actuary conduct an~~
28 ~~actuarial investigation and evaluation of the system based on~~
29 ~~data including the mortality, service, and compensation~~
30 ~~experience provided by the board annually during the preceding~~

1 ~~five years concerning the members and beneficiaries of the~~
2 ~~system. The board shall by resolution adopt such tables as are~~
3 ~~necessary for the actuarial valuation of the fund and~~
4 ~~calculation of contributions, annuities, and other benefits~~
5 ~~based on the reports and recommendations of the actuary. Within~~
6 ~~30 days of their adoption, the secretary of the board shall~~
7 ~~cause those tables which relate to the calculation of annuities~~
8 ~~and other benefits to be published in the Pennsylvania Bulletin~~
9 ~~in accordance with the provisions of 45 Pa.C.S. § 725(a)~~
10 ~~(relating to additional contents of Pennsylvania Bulletin) and,~~
11 ~~unless the board specifies therein a later effective date, such~~
12 ~~tables shall become effective on such publication. The board~~
13 ~~shall include a report on the significant facts, recommendations~~
14 ~~and data developed in each five year actuarial investigation and~~
15 ~~evaluation of the system in the annual financial statement~~
16 ~~published pursuant to the requirements of subsection (n) for the~~
17 ~~fiscal year in which such investigation and evaluation were~~
18 ~~concluded.~~

19 ~~(k) Certification of employer contributions to the fund.~~
20 ~~The board shall, each year in addition to the itemized budget~~
21 ~~required under section 8330 (relating to appropriations by the~~
22 ~~Commonwealth), certify to the employers and the Commonwealth the~~
23 ~~employer contribution rate expressed as a percentage of members'~~
24 ~~payroll necessary for the funding of prospective annuities for~~
25 ~~active members and the annuities of annuitants, and certify the~~
26 ~~rates and amounts of the normal contributions as determined~~
27 ~~pursuant to section 8328(b) (relating to actuarial cost method),~~
28 ~~accrued liability contributions as determined pursuant to~~
29 ~~section 8328(c), supplemental annuities contribution rate as~~
30 ~~determined pursuant to section 8328(d), the experience~~

1 ~~adjustment factor as determined pursuant to section 8328(e),~~
2 ~~premium assistance contributions as determined pursuant to~~
3 ~~section 8328(f), the costs added by legislation as determined~~
4 ~~pursuant to section 8328(i), the actuarial required contribution~~
5 ~~rate as determined pursuant to section 8328(i), the collared~~
6 ~~contribution rate as determined pursuant to section 8328(g), the~~
7 ~~final contribution rate as determined pursuant to section~~
8 ~~8328(h) and the shared risk contribution rate as determined~~
9 ~~under section 8321(b) (relating to regular member contributions~~
10 ~~for current service), which shall be paid to the fund and~~
11 ~~credited to the appropriate accounts. These certifications shall~~
12 ~~be regarded as final and not subject to modification by the~~
13 ~~Secretary of the Budget.~~

14 ~~* * *~~

15 ~~(m) Member contributions and interest. The board shall~~
16 ~~cause each member's contributions, including payroll deductions,~~
17 ~~pickup contributions, shared risk contributions and all other~~
18 ~~payments, including, but not limited to, amounts collected by~~
19 ~~the State Employees' Retirement System for the reinstatement of~~
20 ~~previous school service or creditable nonschool service and~~
21 ~~amounts paid to return benefits paid after the date of return to~~
22 ~~school service or entering State service representing lump sum~~
23 ~~payments made pursuant to section 8345(a)(4)(iii) (relating to~~
24 ~~member's options) and member's annuity payments, but not~~
25 ~~including other benefits returned pursuant to section 8346(a.1)~~
26 ~~and (a.2) (relating to termination of annuities), to be credited~~
27 ~~to the account of such member and shall pay all such amounts~~
28 ~~into the fund. Such contributions shall be credited with~~
29 ~~statutory interest until date of termination of service, except~~
30 ~~in the case of a vestee, who shall have such interest credited~~

1 ~~until the effective date of retirement or until the return of~~
2 ~~his accumulated deductions, if he so elects; and in the case of~~
3 ~~a multiple service member who shall have such interest credited~~
4 ~~until termination of service in both the school and the State~~
5 ~~systems.~~

6 ~~(m.1) Amounts credited to the members' savings account and~~
7 ~~cash balance account. Subject to the forfeiture and attachment~~
8 ~~provisions of section 8533 (relating to taxation, attachment,~~
9 ~~and assignment of funds), members shall be fully vested with~~
10 ~~respect to all employee contributions. Such monies in the~~
11 ~~accounts shall be credited with interest at the long term~~
12 ~~treasury rate, or its equivalent, in effect on the July 1 of the~~
13 ~~fiscal year in which the member earns compensation, not to~~
14 ~~exceed 4%. Such monies shall also be credited with excess~~
15 ~~interest, if such excess interest is awarded.~~

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

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 subsection (c), certify, as a percentage~~
9 ~~of 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 ~~(r) Excess interest.~~

19 ~~(1) The board may allow excess interest to be credited~~
20 ~~to the members' savings account for active Class T-I members,~~
21 ~~and to the cash balance account for members in other classes~~
22 ~~of service, as provided under section 8523(d) (relating to~~
23 ~~members' savings account and cash balance account).~~

24 ~~(2) The crediting of excess interest shall be made with~~
25 ~~the advice of the actuary employing actuarial assumptions~~
26 ~~that reflect the nature of the liability.~~

27 Section 221. Section 8502.2(a) of Title 24 is amended to
28 read:

29 ~~§ 8502.2. Health insurance.~~

30 ~~(a) Authority. The board may sponsor a participant funded~~

1 ~~group health insurance program for annuitants, participants~~
2 ~~receiving distributions, spouses of annuitants and participants~~
3 ~~receiving distributions, survivor annuitants and their~~
4 ~~dependents. The board may promulgate regulations regarding the~~
5 ~~prudent and efficient operation of the program, including, but~~
6 ~~not limited to:~~

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

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

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

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

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

16 ~~* * *~~

17 ~~Section 222. Section 8503 heading, (a) and (b) of Title 24~~
18 ~~are amended and the section is amended by adding subsections to~~
19 ~~read:~~

20 ~~§ 8503. Duties of board to advise and report to employers~~
21 ~~[and], members and participants.~~

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

1 commissioner's publication with respect thereto, the board shall
2 also advise the employers as to any cost of living adjustment
3 for the succeeding calendar year in the amount of the limitation
4 under IRC § 401(a)(17) and the dollar amounts of the limitations
5 under IRC § ~~[415(b)]~~ 415.

6 ~~(b) Member status statements. The board shall furnish~~
7 ~~annually on or before December 31, a statement to each member~~
8 ~~showing the accumulated deductions standing to the credit of the~~
9 ~~member and the number of years and fractional part of a year of~~
10 ~~service credited in each class of service, as applicable, as of~~
11 ~~June 30 of that year. Each member's statement shall [be mailed~~
12 ~~to his home address and shall] include a request that the member~~
13 ~~make any necessary corrections or revisions regarding his~~
14 ~~designated beneficiary, whose name at the request of the member~~
15 ~~shall remain confidential and not appear on this statement.~~

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

26 ~~(b.2) Cash balance status statements. The board shall have~~
27 ~~furnished annually on or before December 31, a statement to each~~
28 ~~member showing the accumulated total amount in the cash balance~~
29 ~~account standing to the credit of the member. Each member's~~
30 ~~statement shall include a request that the member make any~~

1 ~~necessary corrections or revisions regarding his designated~~
2 ~~beneficiary.~~

3 * * *

4 ~~Section 223. Section 8504(c) of Title 24 is amended to read:~~

5 ~~§ 8504. Duties of board to report to State Employees'~~

6 ~~Retirement Board.~~

7 * * *

8 ~~(c) Applications for benefits for State employees. Upon~~
9 ~~receipt of notification and the required data from the State~~
10 ~~Employees' Retirement Board that a former school employee who~~
11 ~~elected multiple service has applied for a State employee's~~
12 ~~retirement benefit or, in the event of his death, his legally~~
13 ~~constituted representative has applied for such benefit, the~~
14 ~~board shall:~~

15 ~~(1) Certify to the State Employees' Retirement Board:~~

16 ~~(i) The salary history as a member of the Public~~
17 ~~School Employees' Retirement System and the final average~~
18 ~~salary as calculated on the basis of the compensation~~
19 ~~received as a State and school employee.~~

20 ~~(ii) The annuity or benefit which the member or his~~
21 ~~beneficiary is entitled to receive under this part and~~
22 ~~modified according to the option selected.~~

23 ~~(2) Transfer to the State Employees' Retirement Fund the~~
24 ~~accumulated deductions standing to such member's credit and~~
25 ~~the actuarial reserve required on account of the member's~~
26 ~~years of credited service in the school system and his final~~
27 ~~average salary determined on the basis of his compensation as~~
28 ~~a member in both systems.~~

29 ~~Section 224. Sections 8505(a), (b), (c), (f), (g), (h) and~~
30 ~~(i), 8506(a), (d), (e), (g), (h), (i) and (k) and 8507(a), (c),~~

1 ~~(f) and (i) of Title 24 are amended and the sections are amended~~
2 ~~by adding subsections to read:~~

3 ~~§ 8505. Duties of board regarding applications and elections of~~
4 ~~members and participants.~~

5 ~~(a) Statement to new members. As soon as practicable after~~
6 ~~each member shall have joined the system, the board shall issue~~
7 ~~to him a statement as to the aggregate length of total previous~~
8 ~~school service and creditable nonschool service, as applicable,~~
9 ~~for which he may receive credit.~~

10 ~~(b) State employees electing multiple service status. Upon~~
11 ~~receipt of notification from the State Employees' Retirement~~
12 ~~Board that a former school employee has become an active member~~
13 ~~in the State Employees' Retirement System and has elected to~~
14 ~~become a member with multiple service status, the board shall:~~

15 ~~(1) In case of a member who is receiving an annuity from~~
16 ~~the system:~~

17 ~~(i) Discontinue payments, transfer the present value~~
18 ~~of the member's annuity at the time of entering State~~
19 ~~service, plus the amount withdrawn in a lump sum payment,~~
20 ~~on or after the date of entering State service, pursuant~~
21 ~~to section 8345 (relating to member's options), with~~
22 ~~statutory interest to date of transfer, minus the amount~~
23 ~~to be returned to the board on account of return to~~
24 ~~service that the board has determined is to be credited~~
25 ~~in the members' savings account, from the annuity reserve~~
26 ~~account to the members' savings account and resume~~
27 ~~crediting of statutory interest on the amount restored to~~
28 ~~his credit.~~

29 ~~(ii) Transfer the balance of the present value of~~
30 ~~the total annuity, minus the amount to be returned to the~~

1 ~~board on account of return to service that the board has~~
2 ~~determined is to be credited in the State accumulation~~
3 ~~account, from the annuity reserve account to the State~~
4 ~~accumulation account.~~

5 ~~(iii) Certify to the member the amount of lump sum~~
6 ~~and annuity payments with statutory interest the member~~
7 ~~is to return to the board and, of those amounts, which~~
8 ~~amount shall be credited to the members' savings account~~
9 ~~and credited with statutory interest as such payments are~~
10 ~~returned and which amount shall be credited to the State~~
11 ~~accumulation account.~~

12 ~~(2) In case of a member who is not receiving an annuity~~
13 ~~from the system and who has not withdrawn his accumulated~~
14 ~~deductions, continue or resume the crediting of statutory~~
15 ~~interest on his accumulated deductions.~~

16 ~~(3) In case of a member who is not receiving an annuity~~
17 ~~from the system and his accumulated deductions were~~
18 ~~withdrawn, certify to the member the accumulated deductions~~
19 ~~as they would have been at the time of his separation had he~~
20 ~~been a full coverage member together with statutory interest~~
21 ~~for all periods of subsequent State service eligible for~~
22 ~~membership in the State Employees' Retirement System and~~
23 ~~school service eligible for membership in the system to the~~
24 ~~date of repayment. Such amount shall be restored by him and~~
25 ~~shall be credited with statutory interest as such payments~~
26 ~~are restored.~~

27 ~~* * *~~

28 ~~(e) Certification to vestees terminating service. The board~~
29 ~~shall certify to a vestee within one year of termination of~~
30 ~~service of such member:~~

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

3 ~~(2) The number of years and fractional part of a year of~~
4 ~~credit in each class of service, as applicable.~~

5 ~~(3) The maximum single life annuity to which the vestee~~
6 ~~shall become entitled upon the attainment of superannuation~~
7 ~~age, if applicable, and the filing of an application for such~~
8 ~~annuity.~~

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

10 ~~The board shall certify to a participant in writing, within one~~
11 ~~year of termination of service of such participant, of the~~
12 ~~vested 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 ~~(f) Notification to vestees approaching superannuation~~
22 ~~age. The board shall notify each vestee in writing 90 days~~
23 ~~prior to his attainment of superannuation age that he shall~~
24 ~~apply for his annuity within 90 days of attainment of~~
25 ~~superannuation age; that, if he does so apply, his effective~~
26 ~~date of retirement will be the date of attainment of~~
27 ~~superannuation age; that, if he does not so apply but defers his~~
28 ~~application to a later date, his effective date of retirement~~
29 ~~will be the date of filing the application or the date specified~~
30 ~~on the application, whichever is later; and that, if he does not~~

1 ~~file an application within seven years after attaining~~
2 ~~superannuation age, he shall be deemed to have elected to~~
3 ~~receive his accumulated deductions upon attainment of~~
4 ~~superannuation age.~~

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

13 ~~(g) Initial annuity payment and certification. The board~~
14 ~~shall make the first monthly payment to a member who is eligible~~
15 ~~for an annuity within 60 days of the filing of his application~~
16 ~~for an annuity or, in the case of a vestee who has deferred the~~
17 ~~filing of his application to a date later than 90 days following~~
18 ~~attainment of superannuation age, within 60 days of his~~
19 ~~effective date of retirement, and receipt of the required data~~
20 ~~from the employer of the member. Concurrently the board shall~~
21 ~~certify to such member:~~

22 ~~(1) The accumulated deductions standing to his credit~~
23 ~~showing separately the amount contributed by the member, the~~
24 ~~pickup contribution, the shared risk contributions and the~~
25 ~~interest credited to the date of termination of service.~~

26 ~~(2) The number of years and fractional part of a year~~
27 ~~credited in each class of service, as applicable.~~

28 ~~(3) The final average salary on which his annuity is~~
29 ~~based, if applicable, as well as any applicable reduction~~
30 ~~factors due to age or election of an option or both.~~

1 ~~(4) The total annuity payable under the option elected~~
2 ~~and the amount and effective date of any future reduction on~~
3 ~~account of social security old age insurance benefits.~~

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

9 ~~(h) Death benefits. Upon receipt of notification of the~~
10 ~~death of a member, an active participant, an inactive~~
11 ~~participant or former member or participant on USERRA leave, the~~
12 ~~board shall notify the designated beneficiary or survivor~~
13 ~~annuitant of the benefits to which he is entitled and shall make~~
14 ~~the first payment to the beneficiary under the plan elected by~~
15 ~~the beneficiary within 60 days of receipt of certification of~~
16 ~~death and other necessary data. If no beneficiary designation is~~
17 ~~in effect at the date of the member's or participant's death or~~
18 ~~no notice has been filed with the board to pay the amount of~~
19 ~~such benefits to the member's or participant's estate, the board~~
20 ~~is authorized to pay such benefits to the executor,~~
21 ~~administrator, surviving spouse or next of kin of the deceased~~
22 ~~member or participant, and payment pursuant hereto shall fully~~
23 ~~discharge the fund or plan from any further liability to make~~
24 ~~payment of such benefits to any other person. If the surviving~~
25 ~~spouse or next of kin of the deceased member or participant~~
26 ~~cannot be found for the purpose of paying such benefits for a~~
27 ~~period of seven years from the date of death of the member or~~
28 ~~participant, then such benefits shall be escheated to the~~
29 ~~Commonwealth for the benefit of the fund[.] or plan. If no~~
30 ~~beneficiary designation is in effect at the date of a~~

~~1 participant's death or no notice has been filed with the board
2 to pay the amount of the benefits to the participant's estate,
3 the board may pay the benefits to the surviving spouse,
4 executor, administrator or next of kin of the deceased
5 participant, and payment pursuant hereto shall fully discharge
6 the fund from any further liability to make payment of such
7 benefits to any other person.~~

~~8 (i) Medical insurance coverage. Upon receipt of
9 notification from an insurance carrier offering a health
10 insurance program approved by the board that an annuitant of the
11 system or participant in the plan who has attained age 65 has
12 elected medical, major medical, and hospitalization insurance
13 coverage or notification that annuitants of the system or
14 participants in the plan with less than 24 1/2 eligibility
15 points (other than disability annuitants of the system), spouses
16 of annuitants and participants in the plan and survivor
17 annuitants eligible to elect to enroll in the approved health
18 insurance program have elected participation in such health
19 insurance program, the board may deduct from the annuity
20 payments, from payments to a participant receiving
21 distributions, or from a successor payee the appropriate annual
22 charges in equal monthly installments. Such deductions shall be
23 transmitted to the insurance carrier.~~

~~24 * * *~~

~~25 § 8506. Duties of employers.~~

~~26 (a) Status of members and participants. The employer shall,
27 each month, notify the board in a manner prescribed by the board
28 of the salary changes effective during the past month, the date
29 of all removals from the payroll, and the type of leave of any
30 member or participant who has been removed from the payroll for~~

1 ~~any time during that month, and:~~

2 ~~(1) if the removal is due to leave without pay, the~~
3 ~~employer shall furnish the board with the date of beginning~~
4 ~~leave, the date of return to service, and the reason for~~
5 ~~leave;~~

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

10 ~~(3) if the removal is due to termination of school~~
11 ~~service, the employer shall furnish the board with a complete~~
12 ~~school service record including credited or creditable~~
13 ~~nonschool service and in the case of death of the member or~~
14 ~~participant the employer shall so notify the board.~~

15 * * *

16 ~~(c.1) Participant and employer defined contributions. The~~
17 ~~employer shall cause the mandatory pickup participant~~
18 ~~contributions on behalf of a participant to be made and shall~~
19 ~~cause to be deducted any voluntary contributions authorized by a~~
20 ~~participant. The employer shall also cause the employer defined~~
21 ~~contributions on behalf of a participant to be made. The~~
22 ~~employer shall notify the board at times and in a manner~~
23 ~~prescribed by the board of the compensation of any participant~~
24 ~~to whom the limitation under IRC § 401(a)(17) either applies or~~
25 ~~is expected to apply and shall cause the participant's~~
26 ~~contributions to be deducted from payroll to cease at the~~
27 ~~limitation under IRC § 401(a)(17) on the payroll date if and~~
28 ~~when such limit shall be reached. The employer shall certify to~~
29 ~~the board the amounts picked up and deducted and the employer~~
30 ~~defined contributions being made and shall send the total amount~~

1 ~~picked up, deducted and contributed together with a duplicate of~~
2 ~~such voucher to the secretary of the board every pay period or~~
3 ~~on such schedule as established by the board.~~

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

16 ~~(d.1) Cash balance account contributions. The employer~~
17 ~~shall cause the voluntary contributions to the cash balance~~
18 ~~account on behalf of a Class T C, Class T D, Class T E or Class~~
19 ~~T F member to be made and deducted as authorized by the member.~~
20 ~~The employer shall certify to the board the amounts deducted and~~
21 ~~the employer contributions being made and shall send the total~~
22 ~~amount deducted and contributed together with a duplicate of~~
23 ~~such voucher to the secretary of the board every pay period or~~
24 ~~on such schedule as established by the board.~~

25 ~~(e) New employees subject to optional membership or~~
26 ~~participation. The employer shall inform any eligible school~~
27 ~~employee whose membership in the system or participation in the~~
28 ~~plan is not mandatory of his opportunity to become a member of~~
29 ~~the system or participant in the plan provided that he elects to~~
30 ~~purchase credit for all such continuous creditable service. If~~

1 ~~such employee so elects, the employer shall no later than 30-~~
2 ~~days thereafter cause an application for membership which-~~
3 ~~application shall include the employee's home address, birthdate-~~
4 ~~certified by the employer, previous school or State service and-~~
5 ~~any other information requested by the board, and a nomination-~~
6 ~~of beneficiary to be made by him and filed with the board and-~~
7 ~~shall cause proper contributions to be made from the date of-~~
8 ~~election of membership or participation.~~

9 * * *

10 ~~(g) Former State employee contributors.—~~

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

23 ~~(2) Paragraph (1) shall not apply to a school employee-~~
24 ~~who is employed in a position where the school employee is or-~~
25 ~~could be a participant in the plan other than a member who-~~
26 ~~elects to become a participant in the plan.~~

27 ~~(h) Former State employee annuitants.—~~

28 ~~(1) The employer shall, upon the employment of an-~~
29 ~~annuitant of the State Employees' Retirement System who-~~
30 ~~applies for membership in the system, advise such employee-~~

1 ~~that he may elect multiple service membership within 365 days~~
2 ~~of entry into the system and that if he so elects his annuity~~
3 ~~from the State Employees' Retirement System will be~~
4 ~~discontinued effective upon the date of his return to school~~
5 ~~service and, upon termination of school service and~~
6 ~~application for an annuity, the annuity will be adjusted in~~
7 ~~accordance with section 8346 (relating to termination of~~
8 ~~annuities). The employer shall advise the board of such~~
9 ~~election.~~

10 ~~(2) Paragraph (1) shall not apply to a school employee~~
11 ~~who is employed in a position where the school employee is or~~
12 ~~could be a participant in the plan other than a member who~~
13 ~~elects to become a participant in the plan.~~

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

22 ~~(1) An application for the return of accumulated~~
23 ~~deductions.~~

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

29 ~~(3) An application for an immediate annuity, if~~
30 ~~eligible, and, if he is a joint coverage member and so~~

1 ~~desires, an election to become a full coverage member and an~~
2 ~~agreement to pay within 30 days of date of termination of~~
3 ~~service the lump sum required.~~

4 ~~***~~

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

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

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

11 ~~(ii) is granted a leave of absence under 51 Pa.C.S.~~
12 ~~§ 4102 (relating to leaves of absence for certain~~
13 ~~government employees) or a military leave of absence~~
14 ~~under 51 Pa.C.S. § 7302 (relating to granting military~~
15 ~~leaves of absence).~~

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

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

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

22 ~~(1) Differential wage payments and military leave of absence~~
23 ~~payments. Notwithstanding the exclusion of differential wage~~
24 ~~payments as defined in IRC § 414(u) (12) from compensation under~~
25 ~~this part, the employer of any school employee on USERRA leave~~
26 ~~shall report differential wage payments made to the employee to~~
27 ~~the board, and the employer of any school employee on leave of~~
28 ~~absence pursuant to 51 Pa.C.S. § 4102 shall report any payment~~
29 ~~made to the employee, in the form and manner established by the~~
30 ~~board.~~

1 ~~§ 8507. Rights and duties of school employees [and], members~~
2 ~~and participants.~~

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

23 * * *

24 ~~(b.1) Application for participation. On or after July 1,~~
25 ~~2016, in the case of a new employee who is not currently a~~
26 ~~participant in the plan and whose participation is mandatory, or~~
27 ~~in the case of a new employee whose participation is not~~
28 ~~mandatory but is permitted and who desires to become a~~
29 ~~participant in the plan, the new employee shall execute an~~
30 ~~application for participation and a nomination of a beneficiary.~~

1 * * *

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

13 ~~(d.3) Voluntary contributions by a participant. Any~~
14 ~~participant who desires to make voluntary contributions to be~~
15 ~~credited to his individual investment account shall notify the~~
16 ~~board and, upon compliance with the requirements, procedures and~~
17 ~~limitations established by the board in the plan document, may~~
18 ~~do so subject to the limitations under IRC §§ 401(a) and 415 and~~
19 ~~as otherwise provided in this part.~~

20 ~~(d.4) Voluntary contributions to cash balance account by~~
21 ~~member. Any member who desires to make voluntary contributions~~
22 ~~to be credited to his cash balance account shall notify the~~
23 ~~board and, upon compliance with the requirements, procedures and~~
24 ~~limitations established by the board, may do so subject to the~~
25 ~~limitations under IRC §§ 401(a) and 415 and as otherwise~~
26 ~~provided in this part.~~

27 ~~(e) Beneficiary for death benefits from system. Every~~
28 ~~member shall nominate a beneficiary by written designation filed~~
29 ~~with the board to receive the death benefit or the benefit~~
30 ~~payable under the provisions of Option 1. Such nomination may be~~

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

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

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

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

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

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

29 ~~(3) Receive an immediate annuity, if eligible, and may,~~
30 ~~if he is a joint coverage member, elect to become a full~~

1 ~~coverage member and agree to pay within 30 days of date of~~
2 ~~termination of service the lump sum required.~~

3 ~~* * *~~

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

12 ~~(g.2) Deferral of distribution of cash balance account by~~
13 ~~member. If a member terminates school service and does not~~
14 ~~commence receiving a distribution of monies in the cash balance~~
15 ~~account, he shall nominate a beneficiary by written designation~~
16 ~~filed with the board, and he may anytime thereafter, but no~~
17 ~~later than his required beginning date, withdraw the vested~~
18 ~~accumulated contributions standing to his credit or apply for~~
19 ~~another form of distribution required by law or authorized by~~
20 ~~the board.~~

21 ~~* * *~~

22 ~~(i) Failure to apply for annuity. If a member is eligible~~
23 ~~to receive an annuity from the system and does not file a proper~~
24 ~~application within 90 days of termination of service, he shall~~
25 ~~be deemed to have elected to vest, and his annuity will become~~
26 ~~effective as of the date an application is filed with the board~~
27 ~~or the date designated on the application whichever is later.~~

28 ~~* * *~~

29 ~~(l) Eligible roll in. An active Class T I member may~~
30 ~~transfer money received in an eligible rollover distribution to~~

~~1 the members' savings account to purchase USERRA leave, to the
2 extent allowed by IRC §402. Such rollover shall be made in a
3 form and manner as determined by the board, shall be credited to
4 the Class T I member's accumulated deductions, and shall be
5 separately accounted for by the board.~~

6 Section 225. Sections 8521(b), 8522, 8523, 8524, 8525 and
7 8531 of Title 24 are amended to read:

8 ~~§ 8521. Management of fund and accounts.~~

9 * * *

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

27 * * *

28 ~~§ 8522. Public School Employees' Retirement Fund.~~

29 ~~(a) General rule. The fund shall consist of all moneys in
30 the several separate funds in the State Treasury set apart to be~~

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

13 ~~(b) Individual investment accounts and trust. The~~
14 ~~individual investment accounts that are part of the trust are~~
15 ~~not part of the fund. Mandatory pickup participant~~
16 ~~contributions, voluntary contributions and employer defined~~
17 ~~contributions made under this part and any income earned by the~~
18 ~~investment of such contributions shall not be paid or credited~~
19 ~~to the fund but instead shall be paid to the trust and credited~~
20 ~~to the individual investment accounts.~~

21 ~~§ 8523. Members' savings account and cash balance account.~~

22 ~~(a) Credits to members' savings account. The members'~~
23 ~~savings account shall be the ledger account to which shall be~~
24 ~~credited the amounts of the pickup contributions made by the~~
25 ~~employer and contributions or lump sum payments made by active~~
26 ~~members in accordance with the provisions of Chapter 83-~~
27 ~~(relating to membership, contributions and benefits).~~

28 ~~(a.1) Credits to cash balance account. The cash balance~~
29 ~~account shall be the ledger account to which shall be credited~~
30 ~~the amounts of cash balance member contributions made by active~~

1 ~~members, amounts credited by the employer, and contributions or~~
2 ~~lump sum payments made by active members, together with interest~~
3 ~~and excess interest, as applicable, in accordance with the~~
4 ~~provisions of Chapter 83 (relating to membership, contributions~~
5 ~~and benefits).~~

6 ~~(b) Interest and transfers from account. The individual~~
7 ~~member accounts to which interest is payable shall be credited~~
8 ~~with statutory interest. The accumulated deductions credited to~~
9 ~~the account of a member who dies in service or whose application~~
10 ~~for an annuity has been approved shall be transferred from the~~
11 ~~members' savings account or from the cash balance account, as~~
12 ~~applicable, to the annuity reserve account provided for in~~
13 ~~section 8525 (relating to annuity reserve account).~~

14 ~~(c) Charges to account. Upon the election of a member to~~
15 ~~withdraw his accumulated deductions, the payment of such amount~~
16 ~~shall be charged to the members' savings account.~~

17 ~~(d) Excess Interest.~~

18 ~~(1) As part of the annual actuarial valuation performed~~
19 ~~under subsection 8502(j) (relating to administrative duties~~
20 ~~of board) for fiscal year 2017, and for each subsequent~~
21 ~~fiscal year, the board shall determine the amount potentially~~
22 ~~available from that year for distribution as excess interest.~~
23 ~~That amount shall be one half of the investment gains and~~
24 ~~losses, net of investment and administrative fees and costs,~~
25 ~~above or below the actuarially assumed investment return of~~
26 ~~the total assets in the fund multiplied by the ratio of the~~
27 ~~total amount credited in the members' savings account of~~
28 ~~Class T-I members and the cash balance savings account of~~
29 ~~members who have elected to contribute to the cash balance~~
30 ~~account, to the sum of the total amount credited in the~~

~~members' savings account plus the accrued actuarial liability of all benefits derived from all the service of all members in all classes of service other than Class T-I. This product shall be available in equal annual installments over five years.~~

~~(2) After the actuarial valuation made for fiscal year 2019 and after the actuarial valuations for each subsequent fiscal year, the board shall determine if excess interest is to be awarded to those members who have Class T-I service credit, or those members who have contributions in the cash balance savings account, on the date of the applicable actuarial valuation.~~

~~(3) For each determination period, excess interest shall be granted if the sum of the amounts determined under paragraph (1) for all the years of the determination period is positive. If so, then the percentage rate of excess interest shall be determined by dividing this sum by the total amount credited in the members savings account attributable to Class T-I service credit and those members who have contributions in the cash balance savings account, on the last day of the determination period. Each Class T-I member who has monies in the members' savings account, and each member who has monies in the cash balance savings account, on the last day of the determination period and who has monies in such accounts on the next following June 30, shall have excess interest at this rate credited to his total members' savings account balance cash balance savings account, as applicable.~~

~~(4) The determination period for the period ending with the actuarial valuation for fiscal year 2019 shall be fiscal~~

~~years 2016, 2017 and 2018. The determination period for the period ending with the actuarial valuation for fiscal year 2020 shall be fiscal years 2016, 2017, 2018, and 2019. The determination period for the periods ending with fiscal year 2021 and subsequent years shall be the ending fiscal year and the four immediately previous fiscal years.~~

~~§ 8524. State accumulation account.~~

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

~~§ 8525. Annuity reserve account.~~

~~(a) Credits and charges to account. The annuity reserve~~

1 ~~account shall be the ledger account to which shall be credited~~
2 ~~the reserves held for the payment of annuities and death~~
3 ~~benefits resulting from membership in the system on account of~~
4 ~~all annuitants and the contributions from the Commonwealth and~~
5 ~~other employers as determined in accordance with section 8328~~
6 ~~(relating to actuarial cost method) for the payment of the~~
7 ~~supplemental annuities provided in sections 8348 (relating to~~
8 ~~supplemental annuities), 8348.1 (relating to additional~~
9 ~~supplemental annuities), 8348.2 (relating to further additional~~
10 ~~supplemental annuities), 8348.3 (relating to supplemental~~
11 ~~annuities commencing 1994), 8348.4 (relating to special~~
12 ~~supplemental postretirement adjustment), 8348.5 (relating to~~
13 ~~supplemental annuities commencing 1998), 8348.6 (relating to~~
14 ~~supplemental annuities commencing 2002) and 8348.7 (relating to~~
15 ~~supplemental annuities commencing 2003). The annuity reserve~~
16 ~~account shall be credited with valuation interest. After the~~
17 ~~transfers provided in sections 8523 (relating to members'~~
18 ~~savings account) and 8524 (relating to State accumulation~~
19 ~~account), all annuity and death benefit payments shall be~~
20 ~~charged to the annuity reserve account and paid from the fund.~~

21 ~~(b) Transfers from account. Should an annuitant be~~
22 ~~subsequently restored to active service, either as a member of~~
23 ~~the system or participant in the plan, the present value of his~~
24 ~~member's annuity at the time of reentry into school service~~
25 ~~shall be transferred from the annuity reserve account and placed~~
26 ~~to his individual credit in the members' savings account. In~~
27 ~~addition, the actuarial reserve for his annuity less the amount~~
28 ~~transferred to the members' savings account shall be transferred~~
29 ~~from the annuity reserve account to the State accumulation~~
30 ~~account.~~

1 ~~§ 8531. State guarantee regarding the system.~~

2 ~~Statutory interest charges payable, the maintenance of~~
3 ~~reserves in the fund, and the payment of all annuities and other~~
4 ~~benefits granted by the board from the system under the~~
5 ~~provisions of this part relating to the establishment and~~
6 ~~administration of the system are hereby made obligations of the~~
7 ~~Commonwealth. All income, interest, and dividends derived from~~
8 ~~deposits and investments authorized by this part shall be used~~
9 ~~for the payment of the said obligations of the Commonwealth and~~
10 ~~shall not be used for any obligations of the plan or trust.~~

11 ~~Section 226. Section 8533(a), (b) and (d) of Title 24 are~~
12 ~~amended to read:~~

13 ~~§ 8533. Taxation, attachment and assignment of funds.~~

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

24 ~~(a.1) Individual investment accounts and distributions. No~~
25 ~~participant or beneficiary, successor payee, spouse or alternate~~
26 ~~payee of a participant shall have the ability to commute, sell,~~
27 ~~assign, alienate, anticipate, mortgage, pledge, hypothecate,~~
28 ~~commutate or otherwise transfer or convey any benefit or~~
29 ~~interest in an individual investment account or rights to~~
30 ~~receive or direct distributions under this part or under~~

1 ~~agreements entered into under this part except as otherwise~~
2 ~~provided in this part and in the case of either a member or a~~
3 ~~participant.~~

4 ~~(b) Forfeiture.~~

5 ~~(1) Rights under this part shall be subject to~~
6 ~~forfeiture as provided by the act of July 8, 1978 (P.L.752,~~
7 ~~No.140), known as the Public Employee Pension Forfeiture Act.~~
8 ~~Forfeitures under this subsection or under any other~~
9 ~~provision of law may not be applied to increase the benefits~~
10 ~~that any member would otherwise receive under this part.~~

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

~~subsection or other law shall be retained by the board and used for the payment of expenses of the plan.~~

~~* * *~~

~~(d) Direct rollover. 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 subsection, a "distributee" includes a member [and], a participant, a spouse, 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 and a participant's former spouse who is an alternate payee under an approved domestic relations order and anyone else authorized under 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 subsection, the term "eligible rollover distribution" has the meaning given such term by IRC § 402(f)(2)(A) and "eligible retirement plan" has the meaning given such term by IRC § 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it accepts the distributee's eligible rollover distribution; however, in the case of an eligible rollover distribution to a surviving spouse, an eligible retirement plan is an "individual retirement account" or an "individual retirement annuity" as those terms are defined in IRC § 408(a) and (b).~~

~~Section 227. Sections 8533.1, 8533.2, 8533.3 and 8533.4(a) of Title 24 are amended to read:~~

1 ~~§ 8533.1. Approval of domestic relations orders.~~

2 ~~(a) Certification regarding members. A domestic relations~~
3 ~~order pertaining to a member of the system shall be certified as~~
4 ~~an approved domestic relations order by the secretary of the~~
5 ~~board, or his designated representative, only if such order~~
6 ~~meets all of the following:~~

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

10 ~~(2) Requires the system to provide no more than the~~
11 ~~total amount of benefits than the member would otherwise~~
12 ~~receive (determined on the basis of actuarial value) unless~~
13 ~~increased benefits are paid to the member or alternate payee~~
14 ~~based upon cost of living increases or increases based on~~
15 ~~other than actuarial value.~~

16 ~~(3) Specifies the amount or percentage of the member's~~
17 ~~benefits to be paid by the system to each such alternate~~
18 ~~payee or the manner in which the amount or percentage is to~~
19 ~~be determined.~~

20 ~~(4) Specifies the retirement option to be selected by~~
21 ~~the member upon retirement or states that the member may~~
22 ~~select any retirement option offered by this part upon~~
23 ~~retirement.~~

24 ~~(5) Specifies the name and last known mailing address,~~
25 ~~if any, of the member and the name and last known mailing~~
26 ~~address of each alternate payee covered by the order and~~
27 ~~states that it is the responsibility of each alternate payee~~
28 ~~to keep a current mailing address on file with the system.~~

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

1 ~~(7) Requires the member to execute an authorization~~
2 ~~allowing each alternate payee to monitor the member's~~
3 ~~compliance with the terms of the domestic relations order~~
4 ~~through access to information concerning the member~~
5 ~~maintained by the system.~~

6 ~~(a.1) Certification regarding participants. A domestic~~
7 ~~relations order pertaining to a participant shall be certified~~
8 ~~as an approved domestic relations order by the secretary of the~~
9 ~~board, or his designated representative, only if that order~~
10 ~~meets all of the following:~~

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

14 ~~(2) Does not require the segregation of the alternate~~
15 ~~payee's share of the participant's individual investment~~
16 ~~account into a subaccount or newly established individual~~
17 ~~account titled in the name of the alternate payee.~~

18 ~~(3) Does not require the plan to recover or distribute~~
19 ~~any funds which were distributed to the participant or at the~~
20 ~~participant's direction prior to the approval of the domestic~~
21 ~~relations order by the secretary of the board or his~~
22 ~~designated representative.~~

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

30 ~~(5) States that the plan shall not be required to recoup~~

1 ~~or make good for losses in value to the participant's~~
2 ~~individual investment account incurred between the date of~~
3 ~~the valuation of the account used for equitable distribution~~
4 ~~purposes and the date of distribution to the alternate payee.~~

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

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

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

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

1 ~~provision of this part or the plan that would require a~~
2 ~~distribution of accumulated employer defined contributions in~~
3 ~~the form of an annuity or to require the purchase of an~~
4 ~~annuity.~~

5 ~~(10) In the case of participants who have not yet begun~~
6 ~~to receive distributions as of the date the domestic~~
7 ~~relations order is approved by the secretary of the board or~~
8 ~~his designated representative, requires the immediate~~
9 ~~distribution of the alternate payee's share of the~~
10 ~~participant's individual investment account, which may be~~
11 ~~made by direct payment, eligible rollover or trustee to~~
12 ~~trustee transfer to another eligible plan or qualified~~
13 ~~account owned by the alternate payee, notwithstanding any~~
14 ~~other provision of this part or the plan that would otherwise~~
15 ~~require a distribution of accumulated employer defined~~
16 ~~contributions in the form of an annuity or to require the~~
17 ~~purchase of an annuity.~~

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

29 ~~(b) Determination by secretary. Within a reasonable period~~
30 ~~of time after receipt of a domestic relations order, the~~

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

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

1 ~~purchase of an annuity.~~

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

11 ~~§ 8533.2. Irrevocable beneficiary.~~

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

26 ~~§ 8533.3. Irrevocable survivor annuitant.~~

27 ~~Notwithstanding any other provisions of this part, a domestic~~
28 ~~relations order pertaining to a member may provide for an~~
29 ~~irrevocable survivor annuitant. A domestic relations order~~
30 ~~requiring the designation of an irrevocable survivor annuitant~~

1 ~~shall be deemed to be one that requires a member to designate an~~
2 ~~alternate payee as a survivor annuitant and that prohibits the~~
3 ~~removal or change of that survivor annuitant without approval of~~
4 ~~a court of competent jurisdiction, except by operation of law.~~
5 ~~Such a domestic relations order may be certified as an approved~~
6 ~~domestic relations order by the secretary of the board, or his~~
7 ~~designated representative, in which case the irrevocable~~
8 ~~survivor annuitant so ordered by the court cannot be changed by~~
9 ~~the member without approval by the court. A person ineligible to~~
10 ~~be designated as a survivor annuitant may not be designated an~~
11 ~~irrevocable survivor annuitant.~~

12 ~~§ 8533.4. Amendment of approved domestic relations orders.~~

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

19 * * *

20 ~~Section 228. Title 24 is amended by adding a section to~~
21 ~~read:~~

22 ~~§ 8533.5. Irrevocable successor payee.~~

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

28 ~~(b) Determination. A domestic relations order requiring the~~
29 ~~designation of an irrevocable successor payee shall be deemed to~~
30 ~~be one that requires a participant who is receiving payments~~

1 ~~from an annuity or other distribution option to designate an~~
2 ~~alternate payee as a successor payee and that prohibits the~~
3 ~~removal or change of that successor payee without approval of a~~
4 ~~court of competent jurisdiction, except by operation of law.~~

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

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

17 ~~Section 229. Sections 8534 and 8535 of Title 24 are amended~~
18 ~~to read:~~

19 ~~§ 8534. Fraud and adjustment of errors.~~

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

25 ~~(b) Adjustment of errors. Should any change or mistake in~~
26 ~~records result in any member, participant, beneficiary, [or]~~
27 ~~survivor annuitant or successor payee receiving from the system~~
28 ~~or plan more or less than he would have been entitled to receive~~
29 ~~had the records been correct, then regardless of the intentional~~
30 ~~or unintentional nature of the error and upon the discovery of~~

1 ~~such error, the board shall correct the error and if the error~~
2 ~~affects contributions to or payments from the system, then so~~
3 ~~far as practicable shall adjust the payments which may be made~~
4 ~~for and to such person in such a manner that the actuarial~~
5 ~~equivalent of the benefit to which he was correctly entitled~~
6 ~~shall be paid. If the error affects contributions to or payments~~
7 ~~from the plan, the board shall take such action as shall be~~
8 ~~provided for in the plan document.~~

9 ~~§ 8535. Payments to school entities by Commonwealth.~~

10 ~~For each school year beginning with the 1995-1996 school year~~
11 ~~and ending with the 2015-2016 school year, each school entity~~
12 ~~shall be paid by the Commonwealth for contributions based upon~~
13 ~~school service of active members of the system after June 30,~~
14 ~~1995, as follows:~~

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

1 value/income aid ratio as defined in section 2501(14.1) of
2 the Public School Code of 1949 was 0.50.

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

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

23 Section 230. Title 24 is amended by adding sections to read:

24 § 8535.1. Payments to school entities by Commonwealth
25 commencing with the 2016-2017 school year.

26 (a) General rule. For each school year, beginning with the
27 2016-2017 school year, each school entity shall be paid by the
28 Commonwealth for contributions based upon school service of
29 active members of the system and active participants of the plan
30 after June 30, 2016, as follows:

1 ~~(1) The Commonwealth shall pay each school entity for~~
2 ~~contributions made to the fund or the trust based upon school~~
3 ~~service of all active members or active participants,~~
4 ~~including members or participants on activated military~~
5 ~~service leave and USERRA leave, and active participants of~~
6 ~~the plan whose effective dates of employment with their~~
7 ~~school entities are after June 30, 1994, and who also had not~~
8 ~~previously been employed by any school entity within this~~
9 ~~Commonwealth, an amount equal to the amount certified by the~~
10 ~~board as necessary to provide, together with the members' and~~
11 ~~participants' contributions, reserves on account of~~
12 ~~prospective annuities, supplemental annuities and the premium~~
13 ~~assistance program as provided in this part in accordance~~
14 ~~with section 8328 (relating to actuarial cost method),~~
15 ~~multiplied by the market value/income aid ratio of the school~~
16 ~~entity. For no school year shall any school entity receive~~
17 ~~less than the amount that would result if the market~~
18 ~~value/income aid ratio as defined in section 2501(14.1) of~~
19 ~~the Public School Code was 0.50.~~

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

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

~~(4) Employers whose payments to the Public School Employees' Retirement Fund are delinquent shall be charged interest by the Public School Employees' Retirement Fund at the annual interest rate adopted by the board pursuant to section 8328 (relating to actuarial cost method) in effect in the fiscal year in which the payments are required to be paid.~~

~~§ 8537. 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 three appointees of each of the following:~~

- ~~(1) Speaker of the House;~~
- ~~(2) President Pro tempore of the Senate; and~~
- ~~(3) Governor.~~

~~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.~~

~~(4) Publish extensive and detailed findings on line, 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 6 months of its first organizational meeting.~~

~~(c) Quorum. A majority of appointed members shall constitute a quorum for the purpose of conducting business. The members shall select one of their number to be chairperson and another to be the vice chairperson.~~

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

~~(1) The act of February 14, 2008 (P.L.6, No.3), known as~~

1 ~~the Right to Know Law.~~

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

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

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

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

12 ~~(f) Transparency and ethics. The Public Pension Management~~
13 ~~and Asset Investment Review Commission may conduct hearings and~~
14 ~~otherwise gather pertinent information and analysis that it~~
15 ~~considers appropriate.~~

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

20 ~~(h) Reimbursement. The members of the Public Pension~~
21 ~~Management and Asset Investment Review Commission shall be~~
22 ~~reimbursed for reasonable expenses.~~

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

27 Section 231. The definition of "eligible person" in section
28 8702(a) of Title 24 is amended to read:

29 § 8702. Definitions.

30 (a) General rule. Subject to additional definitions

1 ~~contained in subsequent provisions of this part which are~~
2 ~~applicable to specific provisions of this part, the following~~
3 ~~words and phrases when used in this part shall have the meanings~~
4 ~~given to them in this section unless the context clearly~~
5 ~~indicates otherwise:~~

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

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

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

12 ~~* * *~~

13 ~~ARTICLE III~~

14 ~~Section 301. Section 7306(a) introductory paragraph of Title~~
15 ~~51 is amended and the section is amended by adding a subsection~~
16 ~~to read:~~

17 ~~§ 7306. Retirement rights.~~

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

29 ~~* * *~~

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

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

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

15 ARTICLE IV

16 Section 401. Sections 4104(a)(7), 5102 and 5103 of Title 71
17 are amended to read:

18 § 4104. Duties of office.

19 (a) Mandatory. The office shall:

20 * * *

21 (7) Study and analyze the impact of shared risk
22 contributions under 24 Pa.C.S. § 8321(b) (relating to regular
23 member contributions for current service) and section 5501.1
24 (relating to shared risk member contributions and shared gain
25 adjustments for regular member contributions for Class A 3
26 and Class A 4 service).

27 * * *

28 § 5102. Definitions.

29 The following words and phrases as used in this part, unless
30 a different meaning is plainly required by the context, shall

1 have the following meanings:

2 ~~"Academic administrator." A management employee in the field~~
3 ~~of public education whose work is directly related to academic~~
4 ~~instruction, excluding any employee in a position that is~~
5 ~~nonacademic in nature, such as, without limitation, a position~~
6 ~~that relates to admissions, financial aid, counseling,~~
7 ~~secretarial and clerical services, records management, housing,~~
8 ~~food service, maintenance and security.~~

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.~~

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

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

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

1 ~~"Active member." A State employee, or a member on leave~~
2 ~~without pay, for whom pickup contributions or cash balance~~
3 ~~member contributions are being made to the fund or for whom such~~
4 ~~contributions otherwise required for current State service are~~
5 ~~not being made solely by reason of section 5502.1 (relating to~~
6 ~~waiver of regular member contributions and Social Security~~
7 ~~integration member contributions) or any provision of this part~~
8 ~~relating to the limitations under section 401(a)(17) or section~~
9 ~~[415(b)] 415 of the Internal Revenue Code of 1986 (Public Law~~
10 ~~99-514, 26 U.S.C. § 401(a)(17) or [415(b)].) 415) or limitations~~
11 ~~on contributions to the system applicable to a Class A 3 member~~
12 ~~or Class A 4 member who has exceeded the Class A 3 and Class A 4~~
13 ~~compensation limit.~~

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

21 ~~"Actuarial increase factor." A factor calculated at the~~
22 ~~member's birthday by dividing the cost of a dollar annuity based~~
23 ~~on the age of the member on the member's immediately previous~~
24 ~~birthday by the cost of a one year deferred dollar annuity~~
25 ~~calculated at that same age. Unless the member terminates State~~
26 ~~or school service on the member's birthday, the actuarial~~
27 ~~increase factor for the year of termination shall be adjusted~~
28 ~~by:~~

- 29 ~~(1) subtracting one from the calculated factor; then~~
30 ~~(2) dividing the difference by twelve; then~~

1 ~~(3) multiplying the resulting quotient by the number of~~
2 ~~whole months between the member's immediately previous~~
3 ~~birthday and the date of termination of service; then~~

4 ~~(4) adding one to the resulting product.~~

5 ~~"Actuarially equivalent." [Equal] Except when determining~~
6 ~~benefits and present values related to Class CB service, cash~~
7 ~~balance member accumulated deductions or total cash balance~~
8 ~~accumulated deductions, equal present values, computed on the~~
9 ~~basis of statutory interest and the mortality tables adopted by~~
10 ~~the board. When determining benefits and present values related~~
11 ~~to Class CB service, cash balance member accumulated deductions~~
12 ~~or total cash balance accumulated deductions, equal present~~
13 ~~values, computed on the basis of the applicable Federal rate on~~
14 ~~the effective date of the determination and the mortality tables~~
15 ~~adopted by the board.~~

16 ~~"Actuary." The consultant to the board who shall be:~~

17 ~~(1) a member of the American Academy of Actuaries; or~~

18 ~~(2) an individual who has demonstrated to the~~
19 ~~satisfaction of the Insurance Commissioner of Pennsylvania~~
20 ~~that he has the educational background necessary for the~~
21 ~~practice of actuarial science and has had at least seven~~
22 ~~years of actuarial experience; or~~

23 ~~(3) a firm, partnership, or corporation of which at~~
24 ~~least one member meets the requirements of (1) or (2).~~

25 ~~"Additional accumulated deductions." The total of the~~
26 ~~additional member contributions paid into the fund on account of~~
27 ~~current service or previous State or creditable nonstate~~
28 ~~service, together with the statutory interest credited thereon~~
29 ~~until the date of termination of service. In the case of a~~
30 ~~vestee, statutory interest shall be credited until the effective~~

1 ~~date of retirement. A member's account shall not be credited~~
2 ~~with statutory interest for more than two years during a leave~~
3 ~~without pay.~~

4 ~~"Alternative investment." An investment in a private equity~~
5 ~~fund, private debt fund, venture fund, real estate fund, hedge~~
6 ~~fund or absolute return fund.~~

7 ~~"Alternative investment vehicle." A limited partnership,~~
8 ~~limited liability company or any other legal vehicle for~~
9 ~~authorized investments under section 5931(i) (relating to~~
10 ~~management of fund and accounts) through which the system makes~~
11 ~~an alternative investment.~~

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 ~~"Annuitant." Any member on or after the effective date of~~
18 ~~retirement until his annuity is terminated.~~

19 ~~"Applicable Federal rate." Interest at a rate equal to the~~
20 ~~applicable Federal rate prescribed by the Internal Revenue~~
21 ~~Service and published by revenue ruling under IRC § 7520 and~~
22 ~~that is in effect on the operative date of the calculation for~~
23 ~~which such rate is being used, compounded annually.~~

24 ~~"Approved domestic relations order." Any domestic relations~~
25 ~~order which has been determined to be approved in accordance~~
26 ~~with section 5953.1 (relating to approval of domestic relations~~
27 ~~orders).~~

28 ~~"Average noncovered salary." The average of the amounts of~~
29 ~~compensation received each calendar year since January 1, 1956~~
30 ~~exclusive of the amount which was or could have been covered by~~

1 ~~the Federal Social Security Act, 42 U.S.C. § 301 et seq., during~~
2 ~~that portion of the member's service since January 1, 1956 for~~
3 ~~which he has received social security integration credit.~~

4 ~~"Basic contribution rate." Five percent (5%), except that in~~
5 ~~no case shall any member's rate, excluding the rate for social~~
6 ~~security integration credit, be greater than his contribution~~
7 ~~rate on the effective date of this part so long as he does not~~
8 ~~elect additional coverage or membership in another class of~~
9 ~~service.~~

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

18 ~~"Board." The State Employees' Retirement Board or the State~~
19 ~~Employees' Retirement Board.~~

20 ~~"Cash balance member accumulated deductions." The total of~~
21 ~~the cash balance member contributions paid into the fund on~~
22 ~~account of a member's service as a member of Class CB together~~
23 ~~with treasury bond interest and excess interest thereon until~~
24 ~~the date of termination of service. In the case of a vestee,~~
25 ~~treasury bond interest and excess interest shall be credited~~
26 ~~until the effective date of retirement.~~

27 ~~"Cash balance member contributions." The product of the~~
28 ~~basic contribution rate, the class of service multiplier and the~~
29 ~~compensation of the member for service credited as Class CB.~~

30 ~~"Class A 3 and Class A 4 compensation limit." For a Class A~~

~~3 or Class A 4 member for each calendar year starting on or~~
~~after January 1, 2016, the amount of compensation as an active~~
~~member which would not have been subject to Social Security~~
~~integration member contributions under section 5502 had the~~
~~member been eligible to elect to earn Social Security~~
~~integration credits under section 5305 and did so, without~~
~~regard to the calendar year starting after March 1, 1974.~~

8 "Class of service multiplier."

Class of Service	Multiplier
A	1
AA for all purposes— — except— — calculating— — regular member— — contributions on— — compensation— — paid prior to— January 1, 2002	1.25
AA for purposes of— — calculating— — regular member— — contributions— — on compensation— — paid prior to— January 1, 2002	1
A-3 for all purposes— — except the— — calculation of— — regular member— — contributions—	

1 - and-
2 - contributions-
3 - for creditable-
4 - nonstate service ±
5 A-3 for purposes of-
6 - calculating-
7 - regular member-
8 - contributions-
9 - and-
10 - contributions-
11 - for creditable-
12 - nonstate service 1.25
13 A-4 for all purposes-
14 - except the-
15 - calculation of-
16 - regular member-
17 - contributions 1.25
18 A-4 for purposes of-
19 - calculating-
20 - regular member-
21 - contributions 1.86
22 B .625
23 C ±
24 CB for all purposes-
25 except-
26 calculating cash-
27 balance member-
28 contributions ±
29 CB 0.6 unless a-
30 for purposes of- lower-

1		calculating cash multiplier is		
2		balance member elected under		
3		contributions section 5306.5		
4	D		1.25	
5	D-1	prior to January		
6	-	1, 1973	1.875	
7	D-1	on and		
8	-	subsequent to		
9	-	January 1, 1973	1.731	
10	D-2	prior to January		
11	-	1, 1973	2.5	
12	D-2	on and		
13	-	subsequent to		
14	-	January 1, 1973	1.731	
15	D-3	prior to January		
16	-	1, 1973	3.75	
17	D-3	on and		
18	-	subsequent to		
19	-	January 1, 1973	1.731	except prior
20	-			to December 1,
21	-			1974
22	-			as applied to
23	-			any additional
24	-			legislative
25	-			compensation
26	-			as an officer
27	-			of the General
28	-			Assembly
29	-		3.75	
30	D-4	for all purposes		

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

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

1 Retirement Code)

2 ~~"Combined service employee." A current or former State~~
3 ~~employee who is both a member of the system and a participant in~~
4 ~~the plan.~~

5 ~~"Commissioner." The Commissioner of the Internal Revenue~~
6 ~~Service.~~

7 ~~"Compensation." Pickup contributions plus remuneration~~
8 ~~actually received as a State employee excluding refunds for~~
9 ~~expenses, contingency and accountable expense allowances;~~
10 ~~excluding any severance payments or payments for unused vacation~~
11 ~~or sick leave; and excluding payments for military leave and any~~
12 ~~other payments made by an employer while on USERRA leave, leave~~
13 ~~of absence granted under 51 Pa.C.S. § 4102 (relating to leaves~~
14 ~~of absence for certain government employees), military leave of~~
15 ~~absence granted under 51 Pa.C.S. § 7302 (relating to granting~~
16 ~~military leaves of absence) or other types of military leave,~~
17 ~~including other types of leave payments, stipends, differential~~
18 ~~wage payments as defined in IRC § 414(u) (12) and any other~~
19 ~~payments: Provided, however, That compensation received prior to~~
20 ~~January 1, 1973, shall be subject to the limitations for~~
21 ~~retirement purposes in effect December 31, 1972, if any:~~
22 ~~Provided further, That the limitation under section 401(a) (17)~~
23 ~~of the Internal Revenue Code of 1986 (Public Law 99 514, 26~~
24 ~~U.S.C. § 401(a) (17)) taken into account for the purpose of~~
25 ~~member contributions, including any additional member~~
26 ~~contributions in addition to regular or joint coverage member~~
27 ~~contributions and Social Security integration contributions,~~
28 ~~regardless of class of service, shall apply to each member who~~
29 ~~first became a member of the State Employees' Retirement System~~
30 ~~on or after January 1, 1996, and who by reason of such fact is a~~

1 ~~noneligible member subject to the application of the provisions~~
2 ~~of section 5506.1(a) (relating to annual compensation limit~~
3 ~~under IRC § 401(a) (17)) and shall apply to each participant.~~

4 ~~"Concurrent service." Service credited in more than one~~
5 ~~class of service during the same period of time.~~

6 ~~"Correction officer." Any full time employee assigned to the~~
7 ~~Department of Corrections or the Department of Public Welfare~~
8 ~~whose principal duty is the care, custody and control of inmates~~
9 ~~or direct therapeutic treatment, care, custody and control of~~
10 ~~inmates of a penal or correctional institution, community~~
11 ~~treatment center, forensic unit in a State hospital or secure~~
12 ~~unit of a youth development center operated by the Department of~~
13 ~~Corrections or by the Department of Public Welfare.~~

14 ~~"County service." Service credited in a retirement system or~~
15 ~~pension plan established or maintained by a county to provide~~
16 ~~retirement benefits for its employees to the account of county~~
17 ~~employees who are transferred to State employment and become~~
18 ~~State employees pursuant to 42 Pa.C.S. § 1905 (relating to~~
19 ~~county level court administrators) regardless of whether the~~
20 ~~service was performed for the county or another employer or~~
21 ~~allowed to be purchased in the county retirement system or~~
22 ~~pension plan.~~

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

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

26 ~~(2) service converted to State service pursuant to~~
27 ~~section 5303.1 (relating to election to convert county~~
28 ~~service to State service); or~~

29 ~~(3) school service converted to State service pursuant~~
30 ~~to section 5303.2 (relating to election to convert school~~

1 ~~service to State service) [for which an active member may~~
2 ~~obtain credit].~~

3 ~~"Credited service." State or creditable nonstate service for~~
4 ~~which the required contributions have been made to the fund or~~
5 ~~for which the contributions otherwise required for such service~~
6 ~~were not made solely by reason of section 5502.1 (relating to~~
7 ~~waiver of regular member contributions and Social Security~~
8 ~~integration member contributions) or any provision of this part~~
9 ~~relating to the limitations under section 401(a)(17) or [415(b)]~~
10 ~~415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26~~
11 ~~U.S.C. § 401(a)(17) or [415(b)],] 415), or limitations on~~
12 ~~contributions to the system applicable to a Class A 3 member or~~
13 ~~Class A 4 member or for which salary deductions or lump sum~~
14 ~~payments to the system have been agreed upon in writing.~~

15 ~~"Date of termination of service." The latest of the~~
16 ~~following dates:~~

17 ~~(1) the last day of service for which pickup~~
18 ~~contributions are made for an active member or for which the~~
19 ~~contributions otherwise required for such service were not~~
20 ~~made solely by reason of section 5502.1 (relating to waiver~~
21 ~~of regular member contributions and social security~~
22 ~~integration member contributions) or any provision of this~~
23 ~~part relating to the limitations under section 401(a)(17) or~~
24 ~~415 of the Internal Revenue Code of 1986 (Public Law 99-514,~~
25 ~~26 U.S.C. § 401(a)(17) or 415) or limitations on~~
26 ~~contributions to the system applicable to a Class A 3 member~~
27 ~~or Class A 4 member;~~

28 ~~(2) the last day of service for which mandatory~~
29 ~~participant contributions are made for an active participant;~~

30 ~~(3) in the case of an inactive member on leave without~~

1 ~~pay or an inactive participant on leave without pay, the date~~
2 ~~of his resignation or the date his employment is formally~~
3 ~~discontinued by his employer[.]; or~~

4 ~~(4) in the case of a combined service employee, the~~
5 ~~latest of the dates in paragraphs (1), (2) and (3).~~

6 ~~"DC plan exempt employee." Any of the following:~~

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

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

9 ~~(3) A wildlife conservation officer or other~~
10 ~~commissioned law enforcement personnel employed by the~~
11 ~~Pennsylvania Game Commission who has and exercises the same~~
12 ~~law enforcement powers as a wildlife conservation officer.~~

13 ~~The term shall not include a deputy wildlife conservation~~
14 ~~officer.~~

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

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

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

18 ~~(7) A campus police officer employed by a State owned~~
19 ~~educational institution, community college or The~~
20 ~~Pennsylvania State University.~~

21 ~~(8) A police officer employed by Fort Indiantown Gap or~~
22 ~~other designated Commonwealth military installation or~~
23 ~~facility.~~

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

25 ~~"Disability annuitant." A member on and after the effective~~
26 ~~date of disability until his annuity or the portion of his~~
27 ~~annuity payments in excess of any annuity to which he may~~
28 ~~otherwise be entitled is terminated.~~

29 ~~"Distribution." Payment of all or any portion of a person's~~
30 ~~interest in either the State Employees' Retirement Fund or the~~

1 ~~State Employees' Defined Contribution Trust or both which is~~
2 ~~payable under this part.~~

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

16 ~~"Effective date of retirement." The first day following the~~
17 ~~date of termination of service of a member if he has properly~~
18 ~~filed an application for an annuity within 90 days of such date;~~
19 ~~in the case of a vestee or a member who does not apply for an~~
20 ~~annuity within 90 days after termination of service, the date of~~
21 ~~filing an application for an annuity or the date specified on~~
22 ~~the application, whichever is later. In the case of a finding of~~
23 ~~disability, the date certified by the board as the effective~~
24 ~~date of disability.~~

25 ~~"Elected officer." An individual who is elected or reelected~~
26 ~~to a term of office that begins after December 31, 2015, as a~~
27 ~~member of the General Assembly.~~

28 ~~"Eligibility points." Points which are accrued by an active~~
29 ~~member or a multiple service member who is an active member in~~
30 ~~the Public School Employees' Retirement System for credited~~

1 ~~service or a member who has been reemployed from USERRA leave or~~
2 ~~a member who dies while performing USERRA leave and are used in~~
3 ~~the determination of eligibility for benefits.~~

4 ~~"Employer defined contributions."~~

5 ~~(1) Unless paragraph (2) applies, contributions equal to~~
6 ~~4% of an active participant's compensation which are made by~~
7 ~~the Commonwealth or other employer for current service to the~~
8 ~~trust to be credited in the active participant's individual~~
9 ~~investment account.~~

10 ~~(2) For a psychiatric security aide, contributions equal~~
11 ~~to 5.5% of an active participant's compensation which are~~
12 ~~made by the Commonwealth or other employer for current~~
13 ~~service to the trust to be credited in the active~~
14 ~~participant's individual investment account.~~

15 ~~"Enforcement officer."~~

16 ~~(1) Any enforcement officer or investigator of the~~
17 ~~Pennsylvania Liquor Control Board who is a peace officer~~
18 ~~vested with police power and authority throughout the~~
19 ~~Commonwealth and any administrative or supervisory employee~~
20 ~~of the Pennsylvania Liquor Control Board vested with police~~
21 ~~power who is charged with the administration or enforcement~~
22 ~~of the liquor laws of the Commonwealth.~~

23 ~~(2) Special agents, narcotics agents, asset forfeiture~~
24 ~~agents, medicaid fraud agents and senior investigators~~
25 ~~hazardous waste prosecutions unit, classified as such and~~
26 ~~employed by the Office of Attorney General who have within~~
27 ~~the scope of their employment as law enforcement officers the~~
28 ~~power to enforce the law and make arrests under the authority~~
29 ~~of the act of October 15, 1980 (P.L.950, No.164), known as~~
30 ~~the Commonwealth Attorneys Act.~~

1 ~~(3) Parole agents, classified as such by the Executive~~
2 ~~Board and employed by the Pennsylvania Board of Probation and~~
3 ~~Parole.~~

4 ~~(4) Waterways conservation officers and other~~
5 ~~commissioned law enforcement personnel employed by the~~
6 ~~Pennsylvania Fish and Boat Commission who have and exercise~~
7 ~~the same law enforcement powers as waterways conservation~~
8 ~~officers. This paragraph shall not apply to deputy waterways~~
9 ~~conservation officers.~~

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

11 ~~(1) For members with an effective date of retirement~~
12 ~~before January 1, 2016, and for purposes of calculating~~
13 ~~standard single life annuities resulting from credited~~
14 ~~service other than post January 2016 service regardless of~~
15 ~~the effective date of retirement, the highest average~~
16 ~~compensation received as a member during any three~~
17 ~~nonoverlapping periods of four consecutive calendar quarters~~
18 ~~during which the member was a State employee, with the~~
19 ~~compensation for part time service being annualized on the~~
20 ~~basis of the fractional portion of the year for which credit~~
21 ~~is received; except if the employee was not a member for~~
22 ~~three nonoverlapping periods of four consecutive calendar~~
23 ~~quarters, the total compensation received as a member,~~
24 ~~annualized in the case of part time service, divided by the~~
25 ~~number of nonoverlapping periods of four consecutive calendar~~
26 ~~quarters of membership[;].~~

27 ~~(2) For members with an effective date of retirement on~~
28 ~~or after January 1, 2016, for purposes of calculating~~
29 ~~standard single life annuities resulting from post January~~
30 ~~2016 service, the larger of:~~

1 ~~(i) the highest average total compensation received~~
2 ~~as a member of any class of service during any five~~
3 ~~calendar years during which the member was a state~~
4 ~~employee, with the compensation for part time service or~~
5 ~~for any partial year of credit annualized on the basis of~~
6 ~~the fractional portion of the year for which credit is~~
7 ~~received, and subject to any limitation as applied under~~
8 ~~section 5506.2 (relating to application of Class A 3 and~~
9 ~~Class A 4 compensation limit) if the member has Class A 3~~
10 ~~service credit or class A 4 service credit, except if the~~
11 ~~employee was not an active member during five calendar~~
12 ~~years, the average of the number of calendar years during~~
13 ~~which the employee was an active member; or~~

14 ~~(ii) the highest average compensation received as a~~
15 ~~member of any class of service during any three calendar~~
16 ~~years during which the member was a state employee~~
17 ~~excluding remuneration received after December 31, 2015,~~
18 ~~for any overtime service as a member of the system, with~~
19 ~~the compensation of part time service or for any partial~~
20 ~~year of credit annualized on the basis of the fractional~~
21 ~~portion of the year for which credit is received, and~~
22 ~~subject to any limitation as applied under section 5506.2~~
23 ~~if the member has Class A 3 service credit or class A 4~~
24 ~~service credit, except if the employee was not an active~~
25 ~~member during three calendar years, the average of the~~
26 ~~number of calendar years during which the employee was an~~
27 ~~active member.~~

28 ~~(3) For all members and for the calculation of all~~
29 ~~standard single life annuities without regard to class of~~
30 ~~membership and credited service, in the case of a member with~~

1 ~~multiple service, the final average salary shall be~~
2 ~~determined on the basis of the compensation received by him~~
3 ~~as a [State employee] member of the system or as a school~~
4 ~~employee, other than as a participant in the School~~
5 ~~Employees' Defined Contribution Plan, or both; in the case of~~
6 ~~a member with Class A 3 or Class A 4 service and service in~~
7 ~~one or more other classes of service, the final average~~
8 ~~salary shall be determined on the basis of the compensation~~
9 ~~received by him in all classes of State service credited in~~
10 ~~the system other than as a member of Class CB; and, in the~~
11 ~~case of a member who first became a member on or after~~
12 ~~January 1, 1996, the final average salary shall be determined~~
13 ~~as hereinabove provided but subject to the application of the~~
14 ~~provisions of section 5506.1(a) (relating to annual~~
15 ~~compensation limit under IRC § 401(a)(17)). Final average~~
16 ~~salary shall be determined by including in compensation~~
17 ~~payments deemed to have been made to a member reemployed from~~
18 ~~USERRA leave to the extent member contributions have been~~
19 ~~made as provided in section 5302(f)(2) (relating to credited~~
20 ~~State service) and payments made to a member on leave of~~
21 ~~absence under 51 Pa.C.S. § 4102 (relating to leaves of~~
22 ~~absence for certain government employees) as provided in~~
23 ~~section 5302(f)(6).—~~

24 ~~"Full coverage member."— Any member for whom member pickup~~
25 ~~contributions are being picked up or who has paid or has agreed~~
26 ~~to pay to the fund the actuarial equivalent of regular member~~
27 ~~contributions due on account of service prior to January 1,~~
28 ~~1982.~~

29 ~~"Fund."— The State Employees' Retirement Fund.~~

30 ~~"Head of department."— The chief administrative officer of~~

1 ~~the department, the chairman or executive director of the~~
2 ~~agency, authority, or independent board or commission, the Court~~
3 ~~Administrator of Pennsylvania, and the Chief Clerk of the~~
4 ~~Senate, or the Chief Clerk of the House of Representatives.~~

5 ~~"Inactive member." A member for whom no pickup contributions~~
6 ~~or cash balance member contributions are being made to the fund,~~
7 ~~except in the case of an active member for whom such~~
8 ~~contributions otherwise required for current State service are~~
9 ~~not being made solely by reason of section 5502.1 (relating to~~
10 ~~waiver of regular member contributions and Social Security~~
11 ~~integration member contributions) or any provision of this part~~
12 ~~relating to the limitations under section 401(a)(17) or 415(b)~~
13 ~~of the Internal Revenue Code of 1986 (Public Law 99-514, 26~~
14 ~~U.S.C. § 401(a)(17) or 415(b)) or limitations on contributions~~
15 ~~to the system applicable to a Class A 3 member or Class A 4~~
16 ~~member, but who has accumulated deductions or cash balance~~
17 ~~member accumulated deductions standing to his credit in the fund~~
18 ~~and who is not eligible to become or has not elected to become a~~
19 ~~vestee or has not filed an application for an annuity.~~

20 ~~"Inactive member on leave without pay." The term does not~~
21 ~~include a combined service employee who is an inactive~~
22 ~~participant on leave without pay unless the combined service~~
23 ~~employee concurrently is employed in an office or position in~~
24 ~~which the combined service employee is a member of the system.~~

25 ~~"Inactive participant." A participant for whom no mandatory~~
26 ~~participant contributions are being made to the trust, except in~~
27 ~~the case of an active participant for whom such contributions~~
28 ~~otherwise required for current State service are not being made~~
29 ~~solely by reason of any provision of this part relating to~~
30 ~~limitations under section 401(a)(17) or 415 of the Internal~~

1 ~~Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17)~~
2 ~~or 415), but who has vested accumulated total defined~~
3 ~~contributions standing to his credit in the trust and who has~~
4 ~~not filed an application for an annuity.~~

5 ~~"Inactive participant on leave without pay." The term does~~
6 ~~not include a combined service employee who is an inactive~~
7 ~~member on leave without pay unless the combined service employee~~
8 ~~concurrently is employed in an office or position in which the~~
9 ~~combined service employee is a participant in the plan.~~

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

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

23 ~~"IRC." The Internal Revenue Code of 1986, as designated and~~
24 ~~referred to in section 2 of the Tax Reform Act of 1986 (Public~~
25 ~~Law 99-514, 100 Stat. 2085, 2095). A reference in this part to~~
26 ~~"IRC §" shall be deemed to refer to the identically numbered~~
27 ~~section and subsection or other subdivision of such section in~~
28 ~~26 United States Code (relating to Internal Revenue Code).~~

29 ~~"Irrevocable beneficiary." The person or persons permanently~~
30 ~~designated by a member or participant in writing to the State~~

1 ~~Employees' Retirement Board pursuant to an approved domestic~~
2 ~~relations order to receive all or a portion of the accumulated~~
3 ~~deductions, vested accumulated total defined contributions or~~
4 ~~lump sum benefit payable upon the death of such member or~~
5 ~~participant.~~

6 ~~"Irrevocable successor payee." The person permanently~~
7 ~~designated by a participant receiving distributions in writing~~
8 ~~to the board pursuant to an approved domestic relations order to~~
9 ~~receive one or more distributions from the plan upon the death~~
10 ~~of such participant.~~

11 ~~"Irrevocable survivor annuitant." The person permanently~~
12 ~~designated by a member in writing to the State Employees'~~
13 ~~Retirement Board pursuant to an approved domestic relations~~
14 ~~order to receive an annuity upon the death of such member.~~

15 ~~"Joint coverage member." Any member who agreed prior to~~
16 ~~January 1, 1966 to make joint coverage member contributions to~~
17 ~~the fund and has not elected to become a full coverage member.~~

18 ~~"Joint coverage member contributions." Regular member~~
19 ~~contributions reduced for a joint coverage member.~~

20 ~~"Mandatory participant contributions." Contributions equal~~
21 ~~to 3% of compensation that are made by active participants for~~
22 ~~current service.~~

23 ~~"Member." Active member, inactive member, annuitant, vestee~~
24 ~~or special vestee.~~

25 ~~"Member of the judiciary." Any justice of the Supreme Court,~~
26 ~~any judge of the Superior Court, the Commonwealth Court, any~~
27 ~~court of common pleas, the Municipal Court and the Traffic Court~~
28 ~~of Philadelphia, or any community court.~~

29 ~~"Member's annuity." The single life annuity which is~~
30 ~~actuarially equivalent, at the effective date of retirement, to~~

1 ~~the sum of the regular accumulated deductions, shared risk~~
2 ~~accumulated deductions, the additional accumulated deductions,~~
3 ~~cash balance member accumulated deductions and the social~~
4 ~~security integration accumulated deductions standing to the~~
5 ~~member's credit in the members' savings account.~~

6 ~~"Military service." All active military service for which a~~
7 ~~member has received a discharge other than an undesirable, bad~~
8 ~~conduct, or dishonorable discharge.~~

9 ~~"Multiple service." Credited service of a member who has~~
10 ~~elected to combine his credited service in both the State~~
11 ~~Employees' Retirement System and the Public School Employees'~~
12 ~~Retirement System.~~

13 ~~"Noneligible member." For the purposes of section 5506.1~~
14 ~~(relating to annual compensation limit under IRC § 401(a)(17)),~~
15 ~~a member who first became a member on or after January 1, 1996.~~

16 ~~"Nonstudent service." Employment in an educational~~
17 ~~institution that is not contingent on the employee's enrollment~~
18 ~~as a student or maintenance of student status at such~~
19 ~~institution and for which only monetary compensation is~~
20 ~~received, excluding tuition waivers or reimbursement, academic~~
21 ~~credit, housing, meals and other in kind compensation.~~

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 ~~"Pickup contributions." Regular or joint coverage member~~
30 ~~contributions, shared risk member contributions, social security~~

1 ~~integration contributions and additional member contributions~~
2 ~~which are made by the Commonwealth or other employer for active~~
3 ~~members for current service on and after January 1, 1982.~~

4 ~~"Plan." The State 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 5402 (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 ~~"Post January 2016 service." All previously uncredited state~~
12 ~~service and creditable nonstate service that is first credited~~
13 ~~on or after January 1, 2016, and all State service performed on~~
14 ~~or after January 1, 2016, except that any State service credited~~
15 ~~by a member who is reemployed from USERRA leave who has made the~~
16 ~~member contributions under section 5302(f) (relating to credited~~
17 ~~State service) to receive State service credit shall not be~~
18 ~~post January 2016 service if credited for a period of USERRA~~
19 ~~leave performed before January 1, 2016.~~

20 ~~"Previous State service." Service rendered as a State~~
21 ~~employee prior to his most recent entrance in the system[.],~~
22 ~~provided that the State employee was not a participant in the~~
23 ~~plan, was not eligible to be an optional participant in the plan~~
24 ~~under section 5301(b.1) (relating to mandatory and optional~~
25 ~~membership in the system and participation in the plan) or was~~
26 ~~not prohibited from being a participant under section 5301(c.1)~~
27 ~~during such service.~~

28 ~~"Psychiatric security aide." Any employee whose principal~~
29 ~~duty is the care, custody and control of the criminally insane~~
30 ~~inmates of a maximum security institution for the criminally~~

1 ~~insane or detention facility operated by the Department of~~
2 ~~Public Welfare.~~

3 ~~"Public School Employees' Retirement System." The retirement~~
4 ~~system established by the act of July 18, 1917 (P.L.1043,~~
5 ~~No.343), and codified by the act of June 1, 1959 (P.L.350,~~
6 ~~No.77).~~

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

15 ~~"Regular accumulated deductions." The total of the regular~~
16 ~~or joint coverage member contributions paid into the fund on~~
17 ~~account of current service or previous State or creditable~~
18 ~~nonstate service, together with the statutory interest credited~~
19 ~~thereon until the date of termination of service. In the case of~~
20 ~~a vestee or a special vestee, statutory interest shall be~~
21 ~~credited until the effective date of retirement. A member's~~
22 ~~account shall not be credited with statutory interest for more~~
23 ~~than two years during a leave without pay.~~

24 ~~"Regular member contributions." The product of the basic~~
25 ~~contribution rate, the class of service multiplier if greater~~
26 ~~than one and the compensation of the member[.] for service in a~~
27 ~~class other than Class CB, subject to any adjustment under~~
28 ~~section 5501.1(c) (relating to shared risk member contributions~~
29 ~~and shared gain adjustments to regular member contributions for~~
30 ~~Class A 3 and Class A 4 service) or 5501.3 (relating to~~

1 ~~contribution savings program for members of Class AA and Class~~
2 ~~D-4).~~

3 ~~"Required beginning date." The latest date by which~~
4 ~~distributions of a member's interest in the system or a~~
5 ~~participant's interest in his individual investment account must~~
6 ~~commence under section 401(a)(9) of the Internal Revenue Code of~~
7 ~~1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).~~

8 ~~"Retirement counselor." The State Employees' Retirement~~
9 ~~{System} Board employee whose duty it shall be to advise each~~
10 ~~employee of his rights and duties as a member of the system or~~
11 ~~as a participant of the plan.~~

12 ~~"Salary deductions." The amounts certified by the board,~~
13 ~~deducted from the compensation of an active member or active~~
14 ~~participant, or the school service compensation of a multiple~~
15 ~~service member who is an active member of the Public School~~
16 ~~Employees' Retirement System, and paid into the fund.~~

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

20 ~~"School service." Service rendered as a public school~~
21 ~~employee and credited as service in the Public School Employees'~~
22 ~~Retirement System.~~

23 ~~"Service connected disability." A disability resulting from~~
24 ~~an injury arising in the course of State employment, and which~~
25 ~~is compensable under the applicable provisions of the act of~~
26 ~~June 2, 1915 (P.L.736, No.338), known as "The Pennsylvania~~
27 ~~Workmen's Compensation Act," or the act of June 21, 1939~~
28 ~~(P.L.566, No.284), known as "The Pennsylvania Occupational~~
29 ~~Disease Act."~~

30 ~~"Shared risk accumulated deductions." The total of the~~

1 ~~shared risk member contributions paid into the fund on account~~
2 ~~of current service or previous State service or creditable~~
3 ~~nonstate service, together with the statutory interest credited~~
4 ~~on the contributions until the date of termination of service.~~
5 ~~In the case of a vestee, statutory interest shall be credited~~
6 ~~until the effective date of retirement. A member's account shall~~
7 ~~not be credited with statutory interest for more than two years~~
8 ~~during a leave without pay.~~

9 ~~"Shared risk member contributions." The product of the~~
10 ~~applicable shared risk contribution rate and the compensation of~~
11 ~~a member for service credited as Class A 3 or Class A 4 up to~~
12 ~~the Class A 3 and Class A 4 compensation limit.~~

13 ~~"Social security integration accumulated deductions." The~~
14 ~~total of the member contributions paid into the fund on account~~
15 ~~of social security integration credit, together with the~~
16 ~~statutory interest credited thereon until the date of~~
17 ~~termination of service or until the date of withdrawal thereof,~~
18 ~~whichever is earlier. In the case of a vestee statutory interest~~
19 ~~shall be credited until the effective date of retirement. A~~
20 ~~member's account shall not be credited with statutory interest~~
21 ~~for more than two years during a leave without pay.~~

22 ~~"Special vestee." An employee of The Pennsylvania State~~
23 ~~University who is a member of the State Employees' Retirement~~
24 ~~System with five or more but less than ten eligibility points~~
25 ~~and who has a date of termination of service from The~~
26 ~~Pennsylvania State University of June 30, 1997, because of the~~
27 ~~transfer of his job position or duties to a controlled~~
28 ~~organization of the Penn State Geisinger Health System or~~
29 ~~because of the elimination of his job position or duties due to~~
30 ~~the transfer of other job positions or duties to a controlled~~

1 ~~organization of the Penn State Geisinger Health System, provided~~
2 ~~that:~~

3 ~~(1) subsequent to termination of State service as an~~
4 ~~employee of The Pennsylvania State University, the member has~~
5 ~~not returned to State service in any other capacity or~~
6 ~~position as a State employee;~~

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

9 ~~(3) the member files an application to vest the member's~~
10 ~~retirement rights pursuant to section 5907(f) (relating to~~
11 ~~rights and duties of State employees [and], members and~~
12 ~~participants) on or before September 30, 1997; and~~

13 ~~(4) the member elects to leave the member's total~~
14 ~~accumulated deductions in the fund and to defer receipt of an~~
15 ~~annuity until attainment of superannuation age or the~~
16 ~~member's required beginning date.~~

17 ~~"Standard single life annuity." An annuity equal to 2% of~~
18 ~~the final average salary, multiplied by the total number of~~
19 ~~years and fractional part of a year of credited service of a~~
20 ~~member in each class of service other than service credited as a~~
21 ~~member of Class CB.~~

22 ~~"State employee." Any person holding a State office or~~
23 ~~position under the Commonwealth, employed by the State~~
24 ~~Government of the Commonwealth, in any capacity whatsoever,~~
25 ~~except an independent contractor or any person compensated on a~~
26 ~~fee basis or any person paid directly by an entity other than a~~
27 ~~State Employees' Retirement System employer, and shall include~~
28 ~~members of the General Assembly, and any officer or employee of~~
29 ~~the following:~~

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

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

2 ~~(iii) Community colleges.~~

3 ~~(iv) The Pennsylvania State University, except an~~
4 ~~employee in the College of Agriculture who is paid wholly~~
5 ~~from Federal funds or an employee who is participating in~~
6 ~~the Federal Civil Service Retirement System. The~~
7 ~~university shall be totally responsible for all employer~~
8 ~~contributions under section 5507 (relating to~~
9 ~~contributions by the Commonwealth and other employers).~~

10 ~~(2) The Pennsylvania Turnpike Commission, the Delaware~~
11 ~~River Port Authority, the Port Authority Transit Corporation,~~
12 ~~the Philadelphia Regional Port Authority, the Delaware River~~
13 ~~Joint Toll Bridge Commission, the State Public School~~
14 ~~Building Authority, The General State Authority, the State~~
15 ~~Highway and Bridge Authority, the Delaware Valley Regional~~
16 ~~Planning Commission, the Interstate Commission of the~~
17 ~~Delaware River Basin, and the Susquehanna River Basin~~
18 ~~Commission any time subsequent to its creation, provided the~~
19 ~~commission or authority agrees to contribute and does~~
20 ~~contribute to the fund or trust, from time to time, the~~
21 ~~moneys required to build up the reserves necessary for the~~
22 ~~payment of the annuities or other benefits of such officers~~
23 ~~and employees without any liability on the part of the~~
24 ~~Commonwealth to make appropriations for such purposes, and~~
25 ~~provided in the case of employees of the Interstate~~
26 ~~Commission of the Delaware River Basin, that the employee~~
27 ~~shall have been a member of the system for at least ten years~~
28 ~~prior to January 1, 1963.~~

29 ~~(3) Any separate independent public corporation created~~
30 ~~by statute, not including any municipal or quasi municipal~~

1 ~~corporation, so long as he remains an officer or employee of~~
2 ~~such public corporation, and provided that such officer or~~
3 ~~employee of such public corporation was an employee of the~~
4 ~~Commonwealth immediately prior to his employment by such~~
5 ~~corporation, and further provided such public corporation~~
6 ~~shall agree to contribute and contributes to the fund or~~
7 ~~trust, from time to time, the moneys required to build up the~~
8 ~~reserves necessary for the payment of the annuities or other~~
9 ~~benefits of such officers and employees without any liability~~
10 ~~on the part of the Commonwealth to make appropriations for~~
11 ~~such purposes.~~

12 ~~"State police officer." Any officer or member of the~~
13 ~~Pennsylvania State Police who, on or after July 1, 1989, shall~~
14 ~~have been subject to the terms of a collective bargaining~~
15 ~~agreement or binding interest arbitration award established~~
16 ~~pursuant to the act of June 24, 1968 (P.L.237, No.111) ,~~
17 ~~referred to as the Policemen and Firemen Collective Bargaining~~
18 ~~Act.~~

19 ~~"State service." Service converted from county service~~
20 ~~pursuant to section 5303.1 (relating to election to convert~~
21 ~~county service to State service), converted from school service~~
22 ~~pursuant to section 5303.2 (relating to election to convert~~
23 ~~school service to State service) or rendered as a State~~
24 ~~employee.~~

25 ~~"Statutory interest." Interest at 4% per annum, compounded~~
26 ~~annually.~~

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

1 ~~"Superannuation age." For classes of service in the system~~
2 ~~other than Class A 3 [and], Class A 4 and Class CB, any age upon~~
3 ~~accrual of 35 eligibility points or age 60, except for a member~~
4 ~~of the General Assembly, an enforcement officer, a correction~~
5 ~~officer, a psychiatric security aide, a Delaware River Port~~
6 ~~Authority policeman or an officer of the Pennsylvania State~~
7 ~~Police, age 50, and, except for a member with Class G, Class H,~~
8 ~~Class I, Class J, Class K, Class L, Class M or Class N service,~~
9 ~~age 55 upon accrual of 20 eligibility points. For Class A 3 and~~
10 ~~Class A 4 service, any age upon attainment of a superannuation~~
11 ~~score of 92, provided the member has accrued 35 eligibility~~
12 ~~points, or age 65, or for park rangers or capitol police~~
13 ~~officers, age 55 with 20 years of service as a park ranger or~~
14 ~~capitol police officer, except for a member of the General~~
15 ~~Assembly, an enforcement officer, a correction officer, a~~
16 ~~psychiatric security aide, a Delaware River Port Authority~~
17 ~~policeman or an officer of the Pennsylvania State Police, age~~
18 ~~55. A vestee with Class A 3 or Class A 4 service credit attains~~
19 ~~superannuation age on the birthday the vestee attains the age~~
20 ~~resulting in a superannuation score of 92, provided that the~~
21 ~~vestee has at least 35 eligibility points, or attains another~~
22 ~~applicable superannuation age, whichever occurs first.~~

23 ~~"Superannuation annuitant." An annuitant whose annuity first~~
24 ~~became payable on or after the attainment of superannuation age~~
25 ~~and who is not a disability annuitant.~~

26 ~~"Superannuation score." The sum of the member's age in whole~~
27 ~~years on his last birthday and the amount of the member's total~~
28 ~~eligibility points on the member's effective date of retirement,~~
29 ~~expressed in whole years and whole eligibility points and~~
30 ~~disregarding fractions of a year and fractions of total~~

1 ~~eligibility points.~~

2 ~~"Survivor annuitant." The person or persons last designated~~
3 ~~by a member under a joint and survivor annuity option to receive~~
4 ~~an annuity upon the death of such member.~~

5 ~~"Sworn police officer." A State police officer who is~~
6 ~~employed and serving as an officer of the Pennsylvania State~~
7 ~~Police.~~

8 ~~"System." The State Employees' Retirement System of~~
9 ~~Pennsylvania as established by the act of June 27, 1923~~
10 ~~(P.L.858, No.331), and codified by the act of June 1, 1959~~
11 ~~(P.L.392, No.78) and the provisions of this part.~~

12 ~~"Total accumulated deductions." The sum of the regular~~
13 ~~accumulated deductions, additional accumulated deductions, the~~
14 ~~social security integration accumulated deductions, shared risk~~
15 ~~member contributions and all other contributions other than cash~~
16 ~~balance member contributions and other amounts credited to the~~
17 ~~cash balance savings account paid into the fund for the~~
18 ~~purchase, transfer or conversion of credit for service or other~~
19 ~~coverage together with all statutory interest credited thereon~~
20 ~~until the date of termination of service. In the case of a~~
21 ~~vestee or a special vestee, statutory interest shall be credited~~
22 ~~until the effective date of retirement. A member's account shall~~
23 ~~not be credited with statutory interest for more than two years~~
24 ~~during a leave without pay.~~

25 ~~"Total cash balance accumulated deductions." The sum of the~~
26 ~~cash balance member accumulated deductions and amounts credited~~
27 ~~by the board as provided by section 5902(p) (relating to~~
28 ~~administrative duties of the board) together with all treasury~~
29 ~~bond interest and excess interest thereon credited to a member's~~
30 ~~cash balance savings account until the date of termination of~~

1 ~~service. In the case of a vestee, treasury bond interest and~~
2 ~~excess interest shall be credited until the effective date of~~
3 ~~retirement.~~

4 ~~"Treasury bond interest." For each calendar year, interest~~
5 ~~at the Constant Maturity Treasury rate of the 30 year Treasury~~
6 ~~Bond in effect on the immediately prior December 31 as published~~
7 ~~by the United States Department of Treasury, provided however,~~
8 ~~that such rate shall not be greater than 4%, compounded~~
9 ~~annually. If no such rate was in effect as of the immediately~~
10 ~~prior December 31, then the board shall establish an alternate~~
11 ~~rate based upon the Constant Maturity Treasury rate of the~~
12 ~~closest maturing bond issued by the United States Treasury as of~~
13 ~~that date as published by the United States Department of~~
14 ~~Treasury, provided however, that such rate shall not be greater~~
15 ~~than 4%, compounded annually.~~

16 ~~"Trust." The State Employees' Defined Contribution Trust~~
17 ~~established under Chapter 54 (relating to State Employees'~~
18 ~~Defined Contribution Plan).~~

19 ~~"USERRA leave." Any period of time for service in the~~
20 ~~uniformed services as defined in 38 U.S.C. Ch. 43 (relating to~~
21 ~~employment and reemployment rights of members of the uniformed~~
22 ~~services) by a State employee or former State employee who~~
23 ~~terminated State service to perform such service in the~~
24 ~~uniformed services, if the current or former State employee is~~
25 ~~entitled to reemployment rights under 38 U.S.C. Ch. 43 with~~
26 ~~respect to the uniformed service.~~

27 ~~"Valuation interest." Interest at 5 1/2% per annum~~
28 ~~compounded annually and applied to all accounts of the fund~~
29 ~~other than the members' savings account and the cash balance~~
30 ~~savings account.~~

1 ~~"Vestee." A member with five or more eligibility points in a~~
2 ~~class of service other than Class A 3 or Class A 4 or Class T E~~
3 ~~or Class T F in the Public School Employees' Retirement System,~~
4 ~~a member with Class G, Class H, Class I, Class J, Class K, Class~~
5 ~~L, Class M or Class N service with five or more eligibility~~
6 ~~points, or a member with Class A 3 or Class A 4 service with ten~~
7 ~~or more eligibility points, or a member with Class CB service,~~
8 ~~who has terminated State service and has elected to leave his~~
9 ~~total accumulated deductions and cash balance member accumulated~~
10 ~~deductions in the fund and to defer 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 participant~~
14 ~~contributions, either by salary deductions paid through the~~
15 ~~Commonwealth or other employer, or by an eligible rollover or~~
16 ~~direct trustee to trustee transfer.~~

17 ~~§ 5103. Notice to members and participants.~~

18 ~~Notice by publication, including, without being limited to,~~
19 ~~newsletters, newspapers, forms, first class mail, letters,~~
20 ~~manuals and, to the extent authorized by a policy adopted by the~~
21 ~~board, electronically, including, without being limited to, e-~~
22 ~~mail or [World Wide Web sites] Internet websites, distributed or~~
23 ~~made available to members and participants in a manner~~
24 ~~reasonably calculated to give actual notice of [those sections~~
25 ~~of the State Employees' Retirement Code] the provisions of this~~
26 ~~part that require notice to members or participants shall be~~
27 ~~deemed sufficient notice for all purposes.~~

28 ~~Section 402. Title 71 is amended by adding a section to~~
29 ~~read:~~

30 ~~§ 5104. Reference to State Employees' Retirement System.~~

1 ~~(a) Construction. As of the effective date of this section,~~
2 ~~unless the context clearly indicates otherwise, any reference to~~
3 ~~the State Employees' Retirement System in a statutory provision~~
4 ~~other than this part and 24 Pa.C.S. Pt. IV (relating to~~
5 ~~retirement for school employees) shall include a reference to~~
6 ~~the State Employees' Defined Contribution Plan and any reference~~
7 ~~to the State Employees' Retirement Fund shall include a~~
8 ~~reference to the State Employees' Defined Contribution Trust.~~

9 ~~(b) Agreement. The agreement of an employer listed in the~~
10 ~~definition of "State employee" or any other law to make~~
11 ~~contributions to the fund or to enroll its employees as members~~
12 ~~in the system shall be deemed to be an agreement to make~~
13 ~~contributions to the trust or to enroll its employees in the~~
14 ~~plan.~~

15 Section 403. Section 5301(a), (b), (c) and (d) of Title 71
16 are amended and the section is amended by adding subsections to
17 read:

18 § 5301. ~~Mandatory and optional membership in the system and~~
19 ~~participation in the plan.~~

20 (a) ~~Mandatory membership. Membership in the system for all~~
21 ~~classes of service other than Class CB shall be mandatory as of~~
22 ~~the effective date of employment for all State employees except~~
23 ~~the following and shall be determined without regard to current~~
24 ~~or former membership in Class CB:~~

25 (1) ~~Governor.~~

26 (2) ~~Lieutenant Governor.~~

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

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

29 (5) ~~Members of any independent administrative board or~~
30 ~~commission.~~

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

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

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

4 ~~(9) Budget Secretary.~~

5 ~~(10) Legislative employees.~~

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

8 ~~(12) School employees who have elected membership in an~~
9 ~~independent retirement program approved by the employer,~~
10 ~~provided that in no case, except as hereinafter provided,~~
11 ~~shall the employer contribute on account of such elected~~
12 ~~membership at a rate greater than the employer normal~~
13 ~~contribution rate as determined in section 5508(b) (relating~~
14 ~~to actuarial cost method). For the fiscal year 1986 1987 an~~
15 ~~employer may contribute on account of such elected membership~~
16 ~~at a rate which is the greater of 7% or the employer normal~~
17 ~~contribution rate as determined in section 5508(b) and for~~
18 ~~the fiscal year 1992 1993 and all fiscal years after that at~~
19 ~~a rate of 9.29%.~~

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

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

27 ~~(15) Employees of the Philadelphia Regional Port~~
28 ~~Authority who have elected to retain membership in the~~
29 ~~pension plan or retirement system in which they were enrolled~~
30 ~~as employees of the predecessor Philadelphia Port Corporation~~

1 ~~prior to the creation of the Philadelphia Regional Port~~
2 ~~Authority.~~

3 ~~(16) Employees of the Juvenile Court Judges' Commission~~
4 ~~who, before the effective date of this paragraph, were~~
5 ~~transferred from the State System of Higher Education to the~~
6 ~~Juvenile Court Judges' Commission as a result of an~~
7 ~~interagency transfer of staff approved by the Office of~~
8 ~~Administration and who, while employees of the State System~~
9 ~~of Higher Education, had elected membership in an independent~~
10 ~~retirement program approved by the employer.~~

11 ~~(17) State employees who are not DC plan exempt~~
12 ~~employees and who were not previously a member of the system~~
13 ~~and whose most recent period of State service starts on or~~
14 ~~after January 1, 2016.~~

15 ~~(18) Elected officers.~~

16 ~~(a.1) Mandatory participation in the plan.~~

17 ~~(1) State employees listed in subsection (a) (17) who are~~
18 ~~not listed in subsection (a) (1) through (13) shall be~~
19 ~~mandatory participants as of the most recent effective date~~
20 ~~of State service except for service performed as a DC plan~~
21 ~~exempt employee.~~

22 ~~(2) (Reserved).~~

23 ~~(3) An elected officer who is a member of the system or~~
24 ~~a participant in the plan, shall be a mandatory participant~~
25 ~~for his or her service as an elected officer as of the start~~
26 ~~of the first term of office beginning after December 31,~~
27 ~~2015, notwithstanding that either immediately or at any time~~
28 ~~prior to the start of that term he or she was an active~~
29 ~~member of the system or an inactive member on leave without~~
30 ~~pay.~~

1 ~~(4) A State employee who is a mandatory participant in~~
2 ~~the plan shall be a participant for all State service until~~
3 ~~the termination of State service.~~

4 ~~(b) Optional membership in the system.~~

5 ~~(1) The State employees listed in subsection (a)(1)~~
6 ~~through [(11)] (10) shall have the right to elect membership~~
7 ~~in the system before January 1, 2016; once such election is~~
8 ~~exercised, membership shall be effective from the effective~~
9 ~~date of employment and shall continue until the termination~~
10 ~~of State service[.] or the State employee is required to be a~~
11 ~~participant in the plan as an elected officer.~~

12 ~~(2) The State employees listed under subsection (a)(11)~~
13 ~~shall have the right to elect membership in the system~~
14 ~~instead of membership in the Public School Employees'~~
15 ~~Retirement System. Once the election to be in the system is~~
16 ~~exercised, membership shall continue until the termination of~~
17 ~~State service.~~

18 ~~(3) This subsection shall be applied without regard to~~
19 ~~current or former membership in Class CB or eligibility for~~
20 ~~future active membership in Class CB and shall not authorize~~
21 ~~an election of membership in only Class CB.~~

22 ~~(b.1) Optional participation in the plan.~~

23 ~~(1) Individuals who become elected officers who are not~~
24 ~~mandatory participants in the plan, State employees listed in~~
25 ~~subsection (b)(1) who are not DC plan exempt employees and~~
26 ~~who do not elect membership in the system before January 1,~~
27 ~~2016, and State employees listed in subsection (a)(17) who~~
28 ~~also are listed in subsection (a)(1) through (10) and who are~~
29 ~~not DC plan exempt employees or who also are employees of the~~
30 ~~Pennsylvania State University, the State system of Higher~~

~~Education, State owned educational institutions or community colleges and who are not members of the system in a class of service other than Class CB or participants in the plan and who are not DC plan exempt employees shall have the right to elect participation in the plan; once such election is exercised, participation shall be effective as of the date of election for all State service except for service performed as a DC plan exempt employee and shall continue until the termination of State service.~~

~~(2) Active members of Class A 3 or Class A 4 whose compensation in a calendar year exceeds Class A 3 and Class A 4 compensation limits may be active participants in the plan as provided in section 5416 (relating to participation in the plan by members of Class A 3 or Class A 4).~~

~~(c) Prohibited membership in the system. The State employees listed in subsection (a) (12), (13), (14) [and] (15), (17) and (18) shall not have the right to elect membership in the system. Elected officers who are members of the system prior to January 1, 2016, shall have any active membership in the system other than membership in Class CB terminated and shall not be eligible for active membership in a class of service other than Class CB after December 31, 2016, for service as an elected officer. Upon cessation of service as an elected officer, an individual who remains or becomes a State employee shall be a mandatory, optional or prohibited member of the system and participant in the plan as provided in this part.~~

~~(c.1) Prohibited participation in the plan. The State employees listed in subsection (a) (17) who also are listed in subsection (a) (13) and (15) shall not be eligible to participate in the plan. An active member of the system in a class of~~

1 ~~service other than Class CB, and other than an active member of~~
2 ~~Class A 3 or Class A 4 who has exceeded the Class A 3 and Class~~
3 ~~A 4 compensation limit, shall not be eligible to be an active~~
4 ~~participant in the plan. A DC plan exempt employee shall not be~~
5 ~~eligible to participate in the plan for service performed as a~~
6 ~~DC plan exempt employee.~~

7 ~~(c.2) Class CB membership.~~

8 ~~(1) An active participant in the plan shall also be an~~
9 ~~active member of Class CB, effective with the effective date~~
10 ~~of active participation.~~

11 ~~(2) An active member of the system in a class of service~~
12 ~~other than Class CB may elect to be an active member of Class~~
13 ~~CB as provided in section 5306.5 (relating to election to~~
14 ~~become a member of Class CB).~~

15 ~~(3) A State employee cannot be an active member of Class~~
16 ~~CB without also concurrently being an active member of a~~
17 ~~Class of service other than Class CB or an active participant~~
18 ~~in the plan.~~

19 ~~(d) Return to service.~~

20 ~~(1) An annuitant who first became a member of the system~~
21 ~~in a class of service before January 1, 2016, returns to~~
22 ~~service as a State employee other than as an elected officer,~~
23 ~~or an annuitant who returns to State service as a DC plan~~
24 ~~exempt employee after December 31, 2015, shall resume active~~
25 ~~membership in the system as of the effective date of~~
26 ~~employment, except as otherwise provided in section 5706(a)~~
27 ~~(relating to termination of annuities), regardless of the~~
28 ~~optional membership category of the position.~~

29 ~~(2) An annuitant who never had service other than Class~~
30 ~~CB credited in the system, an inactive participant or a~~

~~participant receiving distributions who returns to service as a State employee on or after January 1, 2016, other than as a DC plan exempt employee shall be an active participant in the plan as of the effective date of employment, except as otherwise provided in section 5706(a), regardless of the optional participation category of the position.~~

~~* * *~~

~~Section 404. Section 5302(a), (b), (c) and (f) of Title 71 are amended to read:~~

~~§ 5302. Credited State service.~~

~~(a) Computation of credited service. In computing credited State service of a member for the determination of benefits, a full time salaried State employee, including any member of the General Assembly, shall receive credit for service in each period for which contributions as required are made to the fund, or for which contributions otherwise required for such service were not made to the fund 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 IRC § 401(a)(17) or 415(b), or limitations on contributions applicable to a Class A 3 member or Class A 4 member but in no case shall he receive more than one year's credit for any 12 consecutive months or 26 consecutive biweekly pay periods. A per diem or hourly State employee shall receive one year of credited service for each nonoverlapping period of 12 consecutive months or 26 consecutive biweekly pay periods in which he is employed and for which contributions are made to the fund or would have been made to the fund but for such waiver under section 5502.1 or limitations under the IRC or limitations on contributions applicable to a~~

1 ~~Class A 3 member or Class A 4 member for at least 220 days or~~
2 ~~1,650 hours of employment. If the member was employed and~~
3 ~~contributions were made to the fund for less than 220 days or~~
4 ~~1,650 hours, he shall be credited with a fractional portion of a~~
5 ~~year determined by the ratio of the number of days or hours of~~
6 ~~service actually rendered to 220 days or 1,650 hours, as the~~
7 ~~case may be. A part time salaried employee shall be credited~~
8 ~~with the fractional portion of the year which corresponds to the~~
9 ~~number of hours or days of service actually rendered and for~~
10 ~~which contributions are or would have been made to the fund~~
11 ~~except for the waiver under section 5502.1 or limitations under~~
12 ~~the IRC or limitations on contributions applicable to a Class A~~
13 ~~3 member or Class A 4 member in relation to 1,650 hours or 220~~
14 ~~days, as the case may be. In no case shall a member who has~~
15 ~~elected multiple service receive an aggregate in the two systems~~
16 ~~of more than one year of credited service for any 12 consecutive~~
17 ~~months.~~

18 ~~(b) Creditable leaves of absence.~~

19 ~~(1) A member on leave without pay who is studying under~~
20 ~~a Federal grant approved by the head of his department or who~~
21 ~~is engaged up to a maximum of two years of temporary service~~
22 ~~with the United States Government, another state or a local~~
23 ~~government under the Intergovernmental Personnel Act of 1970~~
24 ~~(5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) shall~~
25 ~~be eligible for credit for such service: Provided, That~~
26 ~~contributions are made in accordance with sections 5501~~
27 ~~(relating to regular member contributions and cash balance~~
28 ~~member contributions for current service), 5501.1 (relating~~
29 ~~to shared risk member contributions [for Class A 3 and Class~~
30 ~~A 4 service] and shared gain adjustments to regular member~~

1 ~~contributions for Class A 3 and Class A 4 service), 5505.1-~~
2 ~~(relating to additional member contributions) and 5507-~~
3 ~~(relating to contributions to the system by the Commonwealth-~~
4 ~~and other employers), the member returns from leave without-~~
5 ~~pay to active State service as a member of the system for a-~~
6 ~~period of at least one year, and he is not entitled to-~~
7 ~~retirement benefits for such service under a retirement-~~
8 ~~system administered by any other governmental agency.~~

9 ~~(2) An active member or active participant on paid leave-~~
10 ~~granted by an employer for purposes of serving as an elected-~~
11 ~~full time officer for a Statewide employee organization which-~~
12 ~~is a collective bargaining representative under the act of-~~
13 ~~June 24, 1968 (P.L.237, No.111), referred to as the Policemen-~~
14 ~~and Firemen Collective Bargaining Act, or the act of July 23,~~
15 ~~1970 (P.L.563, No.195), known as the Public Employe Relations-~~
16 ~~Act, and up to 14 full time business agents appointed by an-~~
17 ~~employee organization that represents correction officers-~~
18 ~~employed at State correctional institutions: Provided, That-~~
19 ~~for elected full time officers such leave shall not be for-~~
20 ~~more than three consecutive terms of the same office and for-~~
21 ~~up to 14 full time business agents appointed by an employee-~~
22 ~~organization that represents correction officers employed at-~~
23 ~~State correctional institutions no more than three-~~
24 ~~consecutive terms of the same office; that the employer shall-~~
25 ~~fully compensate the member or active participant, including,~~
26 ~~but not limited to, salary, wages, pension and retirement-~~
27 ~~contributions and benefits, other benefits and seniority, as-~~
28 ~~if he were in full time active service; and that the-~~
29 ~~Statewide employee organization shall fully reimburse the-~~
30 ~~employer for all expenses and costs of such paid leave,~~

1 ~~including, but not limited to, contributions and payment in~~
2 ~~accordance with sections 5404 (relating to participant~~
3 ~~contributions), 5501, 5501.1, 5505.1 and 5507, if the~~
4 ~~employee organization either directly pays, or reimburses the~~
5 ~~Commonwealth or other employer for, contributions made in~~
6 ~~accordance with [section] sections 5404, 5406 and 5507.~~

7 * * *

8 ~~(e) Cancellation of credited service.—~~

9 ~~(1) All credited service in the system shall be~~
10 ~~cancelled if a member withdraws his total accumulated~~
11 ~~deductions and cash balance member accumulated deductions,~~
12 ~~except that:~~

13 ~~(i) a member with Class A 3 or Class A 4 service~~
14 ~~credit and one or more other classes of service credit~~
15 ~~shall not have his service credit as a member of any~~
16 ~~classes of service other than as a member of Class A 3 or~~
17 ~~Class A 4 cancelled when the member receives a lump sum~~
18 ~~payment of accumulated deductions resulting from Class A~~
19 ~~3 or Class A 4 service pursuant to section [5705.1]~~
20 ~~5705.1(a) (relating to payment of accumulated deductions~~
21 ~~resulting from [Class A 3 and Class A 4] more than one~~
22 ~~class of service)[.];~~

23 ~~(ii) a member with Class CB service credit and one~~
24 ~~or more other classes of service credit shall not have~~
25 ~~his service credit as a member of Class CB canceled when~~
26 ~~the member receives a lump sum payment of total~~
27 ~~accumulated deductions resulting from the other classes~~
28 ~~of service pursuant to section 5705.1(b) (relating to~~
29 ~~payment of accumulated deductions resulting from more~~
30 ~~than one class of service).~~

1 ~~(2) A partial or total distribution of accumulated total~~
2 ~~defined contributions to a participant who is a combined~~
3 ~~service member shall not cancel service credited in the~~
4 ~~system.~~

5 ~~(f) Credit for military service. A State employee who has~~
6 ~~performed USERRA leave may receive credit in the system or~~
7 ~~participate in the plan as follows:~~

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

19 ~~(1.1) State employees may not receive service credit in~~
20 ~~the system or exercise the options under 51 Pa.C.S. § 7306~~
21 ~~(relating to retirement rights) for military leaves that~~
22 ~~begin on or after the effective date of this subsection,~~
23 ~~except as otherwise provided by this subsection.~~

24 ~~(1.2) State employees may not participate in the plan or~~
25 ~~exercise the options under 51 Pa.C.S. § 7306 (relating to~~
26 ~~retirement rights) for military leaves that begin on or after~~
27 ~~the effective date of this paragraph, except as otherwise~~
28 ~~provided by this subsection.~~

29 ~~(2) A State employee who has performed USERRA leave may~~
30 ~~receive credit in the system as provided by this paragraph.~~

1 ~~The following shall apply:~~

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

29 ~~(ii) For purposes of determining whether a State~~
30 ~~employee has made the required employee contributions for~~

1 ~~State service credit for USERRA leave, if an employee who~~
2 ~~is reemployed from USERRA leave as an active member of~~
3 ~~the system terminates State service or dies in State~~
4 ~~service before the expiration of the allowed payment~~
5 ~~period, then State service credit for the USERRA leave~~
6 ~~will be granted as if the required member contributions~~
7 ~~were paid the day before termination or death. The amount~~
8 ~~of the required member contributions will be treated as~~
9 ~~an incomplete payment subject to the provisions of~~
10 ~~section 5506 (relating to incomplete payments). Upon a~~
11 ~~subsequent return to State service or to school service~~
12 ~~as a multiple service member, the required member~~
13 ~~contributions treated as incomplete payments shall be~~
14 ~~treated as member contributions that were either~~
15 ~~withdrawn in a lump sum at termination or paid as a lump~~
16 ~~sum pursuant to section 5705(a)(4) or (a.1) (relating to~~
17 ~~member's options), as the case may be.~~

18 ~~(iii) A State employee who is reemployed from USERRA~~
19 ~~leave as an active member of the system who does not make~~
20 ~~the required member contributions or makes only part of~~
21 ~~the required member contributions within the allowed~~
22 ~~payment period shall not be granted credited service for~~
23 ~~the period of USERRA leave for which the required member~~
24 ~~contributions were not timely made, shall not be eligible~~
25 ~~to subsequently make contributions and shall not be~~
26 ~~granted either State service credit or nonstate service~~
27 ~~credit for the period of USERRA leave for which the~~
28 ~~required member contributions were not timely made.~~

29 ~~(2.1) (i) A participant who is reemployed from USERRA~~
30 ~~leave shall be treated as not having incurred a break in~~

~~State service by reason of the USERRA leave and shall be granted eligibility points as if the participant had not been on USERRA leave. If a participant who is reemployed from USERRA leave subsequently makes mandatory participant contributions in the amounts and in the time periods required by 38 U.S.C. Ch. 43 and IRC § 414(u) as if the participant had continued in his State office or employment and performed State service and been compensated during the period of USERRA leave, the participant's employer shall make the corresponding employer defined contributions. The employee shall have his contributions, benefits, rights and obligations determined under this part as if he were an active participant who performed State service during the USERRA leave in the job position that he would have held had he not been on USERRA leave and received the compensation on which the mandatory participant contributions to receive State service credit for the USERRA leave were determined.~~

~~(ii) A participant who is reemployed from USERRA leave who does not make the mandatory participant contributions or makes only part of the mandatory participant contributions within the allowed payment period shall not be eligible to make mandatory participant contributions at a later date for the period of USERRA leave for which the mandatory participant contributions were not timely made.~~

~~(3) A State employee who is a member of the system and performs USERRA leave from which the employee could have been reemployed from USERRA leave had the State employee returned~~

1 ~~to State service in the time frames required by 38 U.S.C. Ch.~~
2 ~~43 for reemployment rights, but did not do so, shall be able~~
3 ~~to receive creditable nonstate service as nonintervening~~
4 ~~military service for the period of USERRA leave should the~~
5 ~~employee later return to State service as an active member of~~
6 ~~the system and is otherwise eligible to purchase the service~~
7 ~~as nonintervening military service.~~

8 ~~(3.1) A State employee who is a participant in the plan~~
9 ~~and performs USERRA leave from which the employee could have~~
10 ~~been reemployed from USERRA leave had the employee returned~~
11 ~~to State service in the time frames required by 38 U.S.C. Ch.~~
12 ~~43 for reemployment rights, but did not do so, shall not be~~
13 ~~eligible to make mandatory participant contributions or~~
14 ~~voluntary contributions for the period of USERRA leave should~~
15 ~~the employee later return to State service and be a~~
16 ~~participant in the plan.~~

17 ~~(4) [A State employee] An active member or inactive~~
18 ~~member on leave without pay who on or after the effective~~
19 ~~date of this subsection is granted a leave of absence under~~
20 ~~51 Pa.C.S. § 4102 (relating to leaves of absence for certain~~
21 ~~government employees) or a military leave under 51 Pa.C.S.~~
22 ~~Ch. 73, that is not USERRA leave shall be able to receive~~
23 ~~creditable nonstate service as nonintervening military~~
24 ~~service should the employee return to State service as an~~
25 ~~active member of the system and is otherwise eligible to~~
26 ~~purchase the service as nonintervening military service.~~

27 ~~(4.1) An active participant or inactive participant on~~
28 ~~leave without pay who on or after the effective date of this~~
29 ~~paragraph is granted a leave of absence under 51 Pa.C.S. §~~
30 ~~4102 or a military leave under 51 Pa.C.S. Ch. 73 that is not~~

~~1 USERRA leave shall not be able to make mandatory participant
2 contributions or voluntary contributions during or for the
3 leave of absence or military leave and shall not have
4 employer defined contributions made during such leave,
5 without regard to whether or not the State employee received
6 salary, wages, stipends, differential wage payments or other
7 payments from his employer during the leave, notwithstanding
8 any provision to the contrary under 51 Pa.C.S. § 4102 or 51-
9 Pa.C.S. Ch. 73.~~

~~10 (5) If a member dies while performing USERRA leave, then
11 the beneficiaries or survivor annuitants, as the case may be,
12 of the deceased member are entitled to any additional
13 benefits, including eligibility points, other than benefit
14 accruals relating to the period of qualified military
15 service, provided under this part had the member resumed and
16 then terminated employment on account of death.~~

~~17 (5.1) If a participant dies while performing USERRA
18 leave, 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 (6) A State employee who is on a leave of absence from
25 his duties as a State employee for which 51 Pa.C.S. § 4102-
26 provides that he is not to suffer a loss of pay, time or
27 efficiency rating shall not be an active member, receive
28 service credit or make member contributions for the leave of
29 absence, except as provided for in this part. Notwithstanding
30 this paragraph, any pay the member receives pursuant to 51-~~

1 Pa.C.S. § 4102 shall be included in the determination of
2 final average salary and other calculations in the system
3 utilizing compensation as if the payments were compensation
4 under this part.

5 Section 405. Section 5303(b), (d) and (e) of Title 71 is
6 amended and the section is amended by adding a subsection to
7 read:

8 § 5303. Retention and reinstatement of service credits.

9 * * *

10 ~~(b) Eligibility points for prospective credited service.~~

11 ~~(1) [Every] Subject to the limitations in subsection~~
12 ~~(i), an active member of the system or a multiple service~~
13 ~~member who is a school employee and a member of the Public~~
14 ~~School Employees' Retirement System on or after the effective~~
15 ~~date of this part shall receive eligibility points in~~
16 ~~accordance with section 5307 for current State service,~~
17 ~~previous State service, or creditable nonstate service upon~~
18 ~~compliance with sections 5501 (relating to regular member~~
19 ~~contributions and cash balance member contributions for~~
20 ~~current service), 5501.1 (relating to shared risk~~
21 ~~contributions [for Class A 3 and Class A 4] and shared gain~~
22 ~~adjustments to regular member contributions for Class A 3 and~~
23 ~~Class A 4 service), 5504 (relating to member contributions~~
24 ~~for the purchase of credit for previous State service or to~~
25 ~~become a full coverage member), 5505 (relating to~~
26 ~~contributions for the purchase of credit for creditable~~
27 ~~nonstate service), 5505.1 (relating to additional member~~
28 ~~contributions) or 5506 (relating to incomplete payments).~~
29 ~~Subject to the limitations in subsection (i) and sections~~
30 ~~5306.1 (relating to election to become a Class AA member) and~~

1 ~~5306.2 (relating to elections by members of the General~~
2 ~~Assembly), the class or classes of service in which the~~
3 ~~member may be credited for previous State service prior to~~
4 ~~the effective date of this part shall be the class or classes~~
5 ~~in which he was or could have at any time elected to be~~
6 ~~credited for such service, except that a State employee who~~
7 ~~first becomes a member of the system on or after January 1,~~
8 ~~2011, or on or after December 1, 2010, as a member of the~~
9 ~~General Assembly and:~~

10 ~~(i) is credited with Class A 3 service for such~~
11 ~~membership, shall be credited only with Class A 3 service~~
12 ~~for previous State service performed before January 1,~~
13 ~~2011, that was not previously credited in the system; or~~

14 ~~(ii) is credited with Class A 4 service for such~~
15 ~~membership, shall be credited only with Class A 4 service~~
16 ~~for previous State service performed before January 1,~~
17 ~~2011, that was not previously credited in the system.~~

18 ~~The class of service in which a member shall be credited for~~
19 ~~service subsequent to the effective date of this part shall~~
20 ~~be determined in accordance with subsection (i) and section~~
21 ~~5306 (relating to classes of service).~~

22 ~~(1.1) Every active member of the system who elects to~~
23 ~~convert county service to State service pursuant to section~~
24 ~~5303.1 (relating to election to convert county service to~~
25 ~~State service) shall receive eligibility points in accordance~~
26 ~~with section 5307 for converted county service upon~~
27 ~~compliance with section 5303.1(b). The class or classes of~~
28 ~~service in which the member may be credited for converted~~
29 ~~county service shall be determined in accordance with section~~
30 ~~5306(c).~~

1 ~~(1.2) Every member of the system who elects to convert~~
2 ~~school service to State service pursuant to section 5303.2~~
3 ~~(relating to election to convert school service to State~~
4 ~~service) shall receive eligibility points in accordance with~~
5 ~~section 5307 for converted school service. The class or~~
6 ~~classes of service in which the member may be credited for~~
7 ~~converted school service shall be determined in accordance~~
8 ~~with section 5306(d).~~

9 ~~(1.3) A member of the system who is reemployed from~~
10 ~~USERRA leave or who dies while performing USERRA leave shall~~
11 ~~receive eligibility points in accordance with section 5307~~
12 ~~for the State service that would have been performed had the~~
13 ~~member not performed USERRA leave.~~

14 ~~(2) A special vestee or person otherwise eligible to be~~
15 ~~a special vestee who returns to State service or withdraws~~
16 ~~his accumulated deductions pursuant to section 5311 (relating~~
17 ~~to eligibility for refunds) or 5701 (relating to return of~~
18 ~~total accumulated deductions and cash balance member~~
19 ~~accumulated deductions) shall receive or retain eligibility~~
20 ~~points in accordance with paragraph (1) but upon subsequent~~
21 ~~termination of State service shall only be eligible to be an~~
22 ~~annuitant vestee or inactive member without regard to~~
23 ~~previous status as a special vestee and without regard to the~~
24 ~~provisions of this part providing for special vestees.~~

25 ~~(3) A special vestee or person otherwise eligible to be~~
26 ~~a special vestee who becomes an active member of the Public~~
27 ~~School Employees' Retirement System and elects multiple~~
28 ~~service shall receive or retain eligibility points as~~
29 ~~otherwise provided for in this part and 24 Pa.C.S. Pt. IV~~
30 ~~(relating to retirement for school employees) but upon~~

1 ~~subsequent termination of school service shall only be~~
2 ~~eligible to be an annuitant, vestee or inactive member as~~
3 ~~otherwise eligible as a multiple service member without~~
4 ~~regard to previous status as a special vestee and without~~
5 ~~regard to the provisions of this part providing for special~~
6 ~~vestees.~~

7 ~~* * *~~

8 ~~(d) Transfer of certain pension service credit.~~

9 ~~(1) Any person who was an employee of any county in this~~
10 ~~Commonwealth on the personal staff of an appellate court~~
11 ~~judge prior to September 9, 1985, and who had that employment~~
12 ~~transferred to the Commonwealth pursuant to 42 Pa.C.S. § 3703~~
13 ~~(relating to local chamber facilities) shall be a member of~~
14 ~~the system for all service rendered as an employee of the~~
15 ~~Commonwealth on the personal staff of an appellate court~~
16 ~~judge subsequent to the date of the transfer unless~~
17 ~~specifically prohibited pursuant to section 5301(c) (relating~~
18 ~~to mandatory and optional membership in the system and~~
19 ~~participation in the plan). The employee shall be entitled to~~
20 ~~have any prior service credit in that county or other~~
21 ~~municipal pension plan or retirement system transferred to~~
22 ~~the system and deemed to be State service for all purposes~~
23 ~~under this part. However, for those employees who were in~~
24 ~~continuous county employment which commenced prior to July~~
25 ~~22, 1983, section 5505.1 shall not apply. The transfer of~~
26 ~~prior service credit to the system shall occur upon the~~
27 ~~transfer, by the member, county or other municipal pension~~
28 ~~plan or retirement system, to the system of the amount of~~
29 ~~accumulated member contributions, pick up contributions and~~
30 ~~credited interest standing in the employee's county or~~

1 ~~municipal pension plan or retirement system account as of the~~
2 ~~date that these funds are transferred to the system. In the~~
3 ~~event that these funds have been refunded to the member, the~~
4 ~~transfer of service credit shall occur when the member~~
5 ~~transfers an amount equal to either the refund which the~~
6 ~~member received from the county or municipal pension plan or~~
7 ~~retirement system or the amount due under section 5504, if~~
8 ~~less. In the case of a transfer by the member, the transfer~~
9 ~~shall occur by December 31, 1987, in order for the member to~~
10 ~~receive credit for the prior service. In the case of a~~
11 ~~transfer by the county or other municipal pension plan or~~
12 ~~retirement system, the transfer shall also occur by December~~
13 ~~31, 1987. If the amount transferred to the system by the~~
14 ~~member of a county or municipal pension plan or retirement~~
15 ~~system is greater than the amount that would have accumulated~~
16 ~~in the member's account if the employee had been a member of~~
17 ~~the system, all excess funds shall be returned to the~~
18 ~~employee within 90 days of the date on which such funds are~~
19 ~~credited to the member's account in the system. Within 60~~
20 ~~days of receipt of written notice that an employee has~~
21 ~~elected to transfer credits under the provisions of this~~
22 ~~subsection, the county or other municipal pension plans or~~
23 ~~retirement systems shall be required to transfer to the~~
24 ~~system an amount, excluding contributions due under section~~
25 ~~5504(a), equal to the liability of the prior service in~~
26 ~~accordance with county or other municipal pension plan or~~
27 ~~retirement system benefit provisions, multiplied by the ratio~~
28 ~~of system actuarial value of assets for active members to the~~
29 ~~system actuarial accrued liability for active members. The~~
30 ~~Public Employee Retirement Study Commission shall determine~~

1 ~~the appropriate amount of employer contributions to be~~
2 ~~transferred to the system by the county or other municipal~~
3 ~~pension plans or retirement systems.~~

4 ~~(2) If the member died prior to the effective date of~~
5 ~~this subsection, the personal representative for the estate~~
6 ~~of the member may make any transfer or request that the~~
7 ~~county or other municipal pension or retirement system make~~
8 ~~any transfer necessary to receive credit for the prior~~
9 ~~service authorized in paragraph (1). In order to receive~~
10 ~~credit for the prior service, the transfer must be made by~~
11 ~~December 31, 1987. If the member dies on or after the~~
12 ~~effective date of this subsection and before January 1, 1988,~~
13 ~~without making the transfer or requesting the transfer~~
14 ~~necessary to receive credit for the prior service authorized~~
15 ~~in paragraph (1), the personal representative for the estate~~
16 ~~of the member may make any transfer or request that the~~
17 ~~county or other municipal pension or retirement system make~~
18 ~~any transfer necessary to receive credit for the prior~~
19 ~~service. In order to receive credit for the prior service,~~
20 ~~the transfer must be made by March 31, 1988. If the member~~
21 ~~dies after December 31, 1987, without making the transfer or~~
22 ~~requesting the transfer necessary to receive credit for the~~
23 ~~prior service authorized in paragraph (1), neither the member~~
24 ~~or his estate shall receive credit for the prior service.~~

25 ~~(e) Transfer and purchase of certain pension service credit;~~
26 ~~Philadelphia Regional Port Authority.~~

27 ~~(1) Any employee of the Philadelphia Regional Port~~
28 ~~Authority who becomes a State employee, as defined in section~~
29 ~~5102 (relating to definitions), and an active member of the~~
30 ~~system in a class of service other than Class CB shall be~~

1 ~~eligible to obtain retirement credit for prior uncredited~~
2 ~~service with the Philadelphia Port Corporation, a~~
3 ~~Pennsylvania not for profit corporation ("predecessor~~
4 ~~corporation"), provided that the Commonwealth does not incur~~
5 ~~any liability for the funding of the annuities attributable~~
6 ~~to the prior, uncredited "predecessor corporation" service,~~
7 ~~the cost of which shall be determined according to paragraph~~
8 ~~(2).~~

9 ~~(2) The employee shall be entitled to have any prior~~
10 ~~service in the "predecessor corporation" transferred to the~~
11 ~~system and deemed to be State service for all purposes under~~
12 ~~this part. However, for those employees who were in~~
13 ~~continuous employment which commenced prior to July 22, 1983,~~
14 ~~the provisions of section 5505.1 shall not apply. The~~
15 ~~transfer of prior service credit to the system shall occur~~
16 ~~upon the transfer by the member or the "predecessor~~
17 ~~corporation" to the system of the amount of accumulated~~
18 ~~member contributions, pick up contributions and credited~~
19 ~~interest standing in the employee's pension plan or~~
20 ~~retirement system account as of the date that these funds are~~
21 ~~transferred to the system. In the event that these funds have~~
22 ~~been refunded to the member, the transfer of service credit~~
23 ~~shall occur when the member transfers an amount equal to~~
24 ~~either the refund which the member received from the member's~~
25 ~~pension plan or retirement system or the amount due under~~
26 ~~section 5504, if less. In the case of a transfer by the~~
27 ~~member, the transfer shall occur by June 30, 1992, in order~~
28 ~~for the member to receive credit for the prior service. In~~
29 ~~the case of a transfer by the "predecessor corporation"~~
30 ~~pension plan or retirement system, the transfer shall also~~

1 ~~occur by June 30, 1992. Notwithstanding the provisions of~~
2 ~~section 5504, the Philadelphia Regional Port Authority shall~~
3 ~~pay as pick up contributions the difference between the~~
4 ~~amount credited to the member's account and the amount~~
5 ~~otherwise due under section 5504. Such additional~~
6 ~~contributions paid by the Philadelphia Regional Port~~
7 ~~Authority shall not be considered compensation for the~~
8 ~~purposes of this part. If the amount transferred to the~~
9 ~~system by the member is greater than the amount that would~~
10 ~~have accumulated in the member's account if the employee had~~
11 ~~been a member of the system, all excess funds shall be~~
12 ~~returned to the employee within 90 days of the date on which~~
13 ~~such funds are credited to the member's account in the~~
14 ~~system. Within 60 days of receipt of written notice that an~~
15 ~~employee has elected to transfer credits under the provisions~~
16 ~~of this subsection, the pension plan or retirement system in~~
17 ~~which the employee was enrolled prior to the creation of the~~
18 ~~Philadelphia Regional Port Authority shall be required to~~
19 ~~transfer to the system an amount, excluding contributions due~~
20 ~~under section 5504(a), equal to the liability of the prior~~
21 ~~service multiplied by the ratio of system actuarial value of~~
22 ~~assets for active members to the system actuarial accrued~~
23 ~~liability for active members so long as the amount to be~~
24 ~~transferred is equal to or less than the total employer~~
25 ~~contributions made on behalf of the employee. In the event~~
26 ~~that the amount required to be transferred is greater than~~
27 ~~the total employer contributions made on behalf of the~~
28 ~~employee, the total employer contributions made on behalf of~~
29 ~~the employee shall be transferred to the system, and the~~
30 ~~Philadelphia Regional Port Authority shall be required to~~

1 ~~transfer to the system the additional funds needed to satisfy~~
2 ~~the requirements of the calculation in this paragraph. If the~~
3 ~~amount required to be transferred is less than the total~~
4 ~~employer contributions made on behalf of the employee, the~~
5 ~~pension plan or retirement system in which the employee was~~
6 ~~enrolled prior to the creation of the Philadelphia Regional~~
7 ~~Port Authority may retain the amount not needed for transfer.~~

8 ~~(3) If the member dies on or after the effective date of~~
9 ~~this subsection and before July 1, 1992, without making the~~
10 ~~transfer or requesting the transfer necessary to receive~~
11 ~~credit for the prior service authorized in paragraph (2), the~~
12 ~~personal representative for the estate of the member may make~~
13 ~~any transfer or may request that the Philadelphia Regional~~
14 ~~Port Authority make any transfer necessary to receive credit~~
15 ~~for the prior service. In order to receive credit for the~~
16 ~~prior service, the transfer must be made by September 30,~~
17 ~~1992. If the member dies after June 30, 1992, without making~~
18 ~~the transfer or without requesting the transfer necessary to~~
19 ~~receive credit for the prior service authorized in paragraph~~
20 ~~(2), neither the member nor his estate shall receive credit~~
21 ~~for the prior service.~~

22 ~~(4) Any person who became employed by the Philadelphia~~
23 ~~Regional Port Authority between July 10, 1989, and passage of~~
24 ~~this act and who becomes a State employee, as defined in~~
25 ~~section 5102, and an active member of the system in a class~~
26 ~~of service other than Class CB, shall be eligible to obtain~~
27 ~~retirement credit for service from the date of employment~~
28 ~~with the Philadelphia Regional Port Authority, provided that~~
29 ~~the contributions are made in accordance with sections 5501,~~
30 ~~5504, 5505.1 and 5506.~~

1 * * *

2 ~~(i) Ineligibility to purchase previous State service~~
3 ~~credit. A State employee who is active member only of Class CB~~
4 ~~or a multiple service member who is an active member only of~~
5 ~~Class T I in the Public School Employees' Retirement System~~
6 ~~shall not be eligible to purchase service credit for previous~~
7 ~~State service, except to the extent that any other provision of~~
8 ~~law requires or allows the crediting of any period of leave to~~
9 ~~be purchased as State service after the member returns from the~~
10 ~~leave to State service as an active member, and shall not be~~
11 ~~eligible to purchase creditable nonstate service. An active~~
12 ~~member of Class CB who concurrently is performing service in a~~
13 ~~class of service other than Class CB may purchase State service~~
14 ~~previously credited in a class of service other than Class CB,~~
15 ~~previously uncredited State service if it is eligible to be~~
16 ~~credited in a class of service other than Class CB and~~
17 ~~creditable nonstate service as otherwise provided in this part.~~

18 Section 406. Sections 5303.2(a) and 5304(a) and (b) of Title
19 71 are amended to read:

20 § 5303.2. Election to convert school service to State service.

21 (a) Eligibility. An active member or inactive member on
22 leave without pay who was an employee transferred from the
23 Department of Education to the Department of Corrections
24 pursuant to section 908 B of the act of April 9, 1929 (P.L.177,
25 No.175), known as The Administrative Code of 1929, and who on
26 the effective date of that transfer did not participate in an
27 independent retirement program approved by the Department of
28 Education under 24 Pa.C.S. § 8301(a)(1) (relating to mandatory
29 and optional membership) or section 5301(a)(12) (relating to
30 mandatory and optional membership in the system and

1 ~~participation in the plan), notwithstanding any other provision~~
2 ~~of law or any collective bargaining agreement, arbitration~~
3 ~~award, contract or term or conditions of any retirement system~~
4 ~~or pension plan, may make a one time election to convert all~~
5 ~~service credited in the Public School Employees' Retirement~~
6 ~~System as of June 30, 1999, and transfer to the system all~~
7 ~~accumulated member contributions and statutory interest credited~~
8 ~~in the members' savings account in the Public School Employees'~~
9 ~~Retirement System as of June 30, 1999, plus statutory interest~~
10 ~~on that amount credited by the Public School Employees'~~
11 ~~Retirement System from July 1, 1999, to the date of transfer to~~
12 ~~the system.~~

13 ~~***~~

14 ~~§ 5304. Creditable nonstate service.~~

15 ~~(a) Eligibility.~~

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

1 ~~school employee and an active member of the Public School~~
2 ~~Employees' Retirement System shall not be eligible to~~
3 ~~purchase service credit for creditable nonstate service set~~
4 ~~forth in subsection (c) (5).~~

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

25 ~~(3) Notwithstanding paragraph (2) and subsection (b), an~~
26 ~~active member of a class of service other than Class CB who~~
27 ~~has service credited in Class CB, shall be eligible for~~
28 ~~credit for nonstate service as provided in this part to the~~
29 ~~extent that the member would be otherwise eligible based~~
30 ~~solely on the member's service in classes other than Class~~

1 ~~CB.~~

2 ~~* * *~~

3 ~~(b) Limitations on eligibility. An active member who is an~~
4 ~~active member of a class of service other than Class CB or a~~
5 ~~multiple service member who is a school employee and an active~~
6 ~~member of the Public School Employees' Retirement System and is~~
7 ~~an active member of a class of service other than Class T I~~
8 ~~shall be eligible as provided under subsection (a) to receive~~
9 ~~credit for nonstate service provided that he does not have~~
10 ~~credit for such service in the system or in the [school system]~~
11 ~~Public School Employees' Retirement System and is not entitled~~
12 ~~to receive, eligible to receive now or in the future, or is~~
13 ~~receiving retirement benefits for such service in the system or~~
14 ~~under a retirement system administered and wholly or partially~~
15 ~~paid for by any other governmental agency or by any private~~
16 ~~employer, or a retirement program approved by the employer in~~
17 ~~accordance with section 5301(a)(12) (relating to mandatory and~~
18 ~~optional membership in the system and participation in the~~
19 ~~plan), and further provided, that such service is certified by~~
20 ~~the previous employer and contributions are agreed upon and made~~
21 ~~in accordance with section 5505 (relating to contributions for~~
22 ~~the purchase of credit for creditable nonstate service).~~

23 ~~* * *~~

24 ~~Section 407. Section 5305(b) of Title 71 is amended and the~~
25 ~~section is amended by adding a subsection to read:~~

26 ~~§ 5305. Social security integration credits.~~

27 ~~* * *~~

28 ~~(b) Accrual of subsequent credits. Any active member who~~
29 ~~has social security integration accumulated deductions to his~~
30 ~~credit or is receiving a benefit on account of social security~~

1 ~~integration credits may accrue one social security integration~~
2 ~~credit for each year of service as a State employee on or~~
3 ~~subsequent to March 1, 1974 and a fractional credit for a~~
4 ~~corresponding fractional year of service provided that~~
5 ~~contributions are made to the fund, or would have been made to~~
6 ~~the fund but for section 5502.1 (relating to waiver of regular~~
7 ~~member contributions and Social Security integration member~~
8 ~~contributions) or the limitations under IRC § 401(a)(17) or~~
9 ~~415(b) or limitations on contributions to the system applicable~~
10 ~~to a Class A 3 member or Class A 4 member, in accordance with~~
11 ~~section 5502 (relating to Social Security integration member~~
12 ~~contributions), and he:~~

13 ~~(1) continues subsequent to March 1, 1974 as an active~~
14 ~~member in either the [State or school system;] system in a~~
15 ~~class of service other than Class CB or, if a multiple~~
16 ~~service member, as an active member in the Public School~~
17 ~~Employees' Retirement System in a class of service other than~~
18 ~~Class T-I;~~

19 ~~(2) terminates such continuous service in the [State or~~
20 ~~school] system or the Public School Employees' Retirement~~
21 ~~System and returns to active membership in the [State] system~~
22 ~~in a class of service other than Class CB within six months;~~
23 ~~or~~

24 ~~(3) terminates his status as a vestee or an annuitant~~
25 ~~and returns to State service as an active member of the~~
26 ~~system in a class of service other than Class CB.~~

27 ~~* * *~~

28 ~~(e) Class CB service ineligible for credit. No social~~
29 ~~security integration credits shall accrue for any service~~
30 ~~performed or credited in the system solely as Class CB service.~~

1 Section 408. Section 5305.1 of Title 71 is amended to read:

2 ~~§ 5305.1. Eligibility for actuarial increase factor.~~

3 ~~A person who has credit for a class of service other than~~
4 ~~Class CB and is:~~

5 ~~(1) an active member;~~

6 ~~(2) an inactive member on leave without pay; [or]~~

7 ~~(3) a multiple service member who is a school employee~~
8 ~~and an active member of the Public School Employees'~~
9 ~~Retirement System; or~~

10 ~~(4) a combined service employee who is an active~~
11 ~~participant or inactive participant on leave without pay;~~

12 ~~who terminates State service or school service, as the case may~~
13 ~~be, after attaining age 70 and who applies for a superannuation~~
14 ~~annuity with an effective date of retirement the day after the~~
15 ~~date of termination of State service or school service shall~~
16 ~~have that person's maximum single life annuity calculated~~
17 ~~pursuant to section 5702(a.1) (relating to maximum single life~~
18 ~~annuity).~~

19 Section 409. Section 5306(a), (a.1), (a.2), (a.3) and (b) of
20 Title 71 are amended and the section is amended by adding
21 subsections to read:

22 ~~§ 5306. Classes of service.~~

23 ~~(a) Class A and Class A 3 membership.~~

24 ~~(1) A State employee who is a member of Class A on the~~
25 ~~effective date of this part or who first becomes a member of~~
26 ~~the system subsequent to the effective date of this part and~~
27 ~~before January 1, 2011, or before December 1, 2010, as a~~
28 ~~member of the General Assembly, shall be classified as a~~
29 ~~Class A member and receive credit for Class A service upon~~
30 ~~payment of regular and additional member contributions for~~

1 ~~Class A service, provided that the State employee does not~~
2 ~~become a member of Class AA pursuant to subsection (a.1) or a~~
3 ~~member of Class D 4 pursuant to subsection (a.2)[.] or a~~
4 ~~participant in the plan. A State employee who is a member of~~
5 ~~Class A on December 31, 2015, shall not be eligible to later~~
6 ~~become a member of Class AA or Class D 4.~~

7 ~~(2) A State employee who first becomes a member of the~~
8 ~~system other than as a member of Class CB on or after January~~
9 ~~1, 2011, or on or after December 1, 2010, as a member of the~~
10 ~~General Assembly, and, unless a DC plan exempt employee,~~
11 ~~before January 1, 2016, shall be classified as a Class A 3-~~
12 ~~member and receive credit for Class A 3 service upon payment~~
13 ~~of regular member contributions and shared risk member-~~
14 ~~contributions for Class A 3 service provided that the State~~
15 ~~employee does not become a member of Class A 4 pursuant to~~
16 ~~subsection (a.3), except that a member of the judiciary shall~~
17 ~~be classified as a member of such other class of service for~~
18 ~~which the member of the judiciary is eligible, shall elect~~
19 ~~and make regular member contributions[.] and further provided~~
20 ~~that the State employee does not become a participant in the~~
21 ~~plan or is not eligible to be an optional participant of the~~
22 ~~plan under section 5301 (relating to mandatory and optional~~
23 ~~membership in the system and participation in the plan).~~

24 ~~(a.1) Class AA membership.—~~

25 ~~(1) A person who becomes a State employee and an active~~
26 ~~member of the system after June 30, 2001, and who first~~
27 ~~became an active member before January 1, 2011, or before~~
28 ~~December 1, 2010, as a member of the General Assembly, and~~
29 ~~who is not a State police officer and not employed in a~~
30 ~~position for which a class of service other than Class A or~~

~~Class CB is credited or could be elected shall be classified as a Class AA member and receive credit for Class AA State service upon payment of regular member contributions for Class AA service and, subject to the limitations contained in paragraph (7) and section 5303(i) (relating to retention and reinstatement of service credits), if previously a member of Class A or previously employed in a position for which Class A service could have been earned, shall have all Class A State service (other than State service performed as a State police officer or for which a class of service other than Class A was earned or could have been elected) classified as Class AA service.~~

~~(2) A person who is a State employee on June 30, 2001, and July 1, 2001, but is not an active member of the system because membership in the system is optional or prohibited pursuant to section 5301 (relating to mandatory and optional membership in the system and participation in the plan) and who first becomes an active member after June 30, 2001, and before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, and who is not a State police officer and not employed in a position for which a class of service other than Class A or Class CB is credited or could be elected shall be classified as a Class AA member and receive credit for Class AA State service upon payment of regular member contributions for Class AA service and, subject to the limitations contained in paragraph (7) and section 5303(i), if previously a member of Class A or previously employed in a position for which Class A service could have been earned, shall have all Class A State service (other than State service performed as a State Police officer~~

1 ~~or for which a class of service other than Class A was earned~~
2 ~~or could have been elected) classified as Class AA service.~~

3 ~~(3) Provided that an election to become a Class AA~~
4 ~~member is made pursuant to section 5306.1 (relating to~~
5 ~~election to become a Class AA member), a State employee,~~
6 ~~other than a State employee who is a State police officer on~~
7 ~~or after July 1, 1989, who on June 30, 2001, and July 1,~~
8 ~~2001, is:~~

9 ~~(i) a member of Class A, other than a member of~~
10 ~~Class A who could have elected membership in a Class C,~~
11 ~~Class D 3, Class E 1 or Class E 2; or~~

12 ~~(ii) an inactive member on a leave without pay from~~
13 ~~a position in which the State employee would be a Class A~~
14 ~~active member if the employee was not on leave without~~
15 ~~pay, other than a position in which the State employee~~
16 ~~could elect membership in Class C, Class D 3, Class E 1~~
17 ~~or Class E 2;~~

18 ~~shall be classified as a Class AA member and receive credit~~
19 ~~for Class AA State service performed after June 30, 2001,~~
20 ~~upon payment of regular member contributions for Class AA~~
21 ~~service and, subject to the limitations contained in~~
22 ~~paragraph (7) and section 5303(i), shall receive Class AA~~
23 ~~service credit for all Class A State service, other than~~
24 ~~State service performed as a State police officer or as a~~
25 ~~State employee in a position for which the member could have~~
26 ~~elected membership in Class C, Class D 3, Class E 1 or Class~~
27 ~~E 2, performed before July 1, 2001.~~

28 ~~(4) Provided that an election to become a Class AA~~
29 ~~member is made pursuant to section 5306.1, a former State~~
30 ~~employee, other than a former State employee who was a State~~

1 ~~police officer on or after July 1, 1989, who on June 30,~~
2 ~~2001, and July 1, 2001, is a multiple service member and a~~
3 ~~school employee and a member of the Public School Employees'~~
4 ~~Retirement System, subject to the limitations contained in~~
5 ~~paragraph (7) and section 5303(i), shall receive Class AA~~
6 ~~service credit for all Class A State service, other than~~
7 ~~State service performed as a State police officer or as a~~
8 ~~State employee in a position in which the former State~~
9 ~~employee could have elected a class of service other than~~
10 ~~Class A, performed before July 1, 2001.~~

11 ~~(5) A former State employee who first becomes a member~~
12 ~~before January 1, 2011, or before December 1, 2010, as a~~
13 ~~member of the General Assembly, other than a former State~~
14 ~~employee who was a State police officer on or after July 1,~~
15 ~~1989, who is a school employee and who on or after July 1,~~
16 ~~2001, becomes a multiple service member, subject to the~~
17 ~~limitations contained in paragraph (7) and section 5303(i),~~
18 ~~shall receive Class AA service credit for all Class A State~~
19 ~~service other than State service performed as a State~~
20 ~~employee in a position in which the former State employee~~
21 ~~could have elected a class of service other than Class A.~~

22 ~~(6) A State employee who after June 30, 2001, becomes a~~
23 ~~State police officer or who is employed in a position in~~
24 ~~which the member could elect membership in the system in a~~
25 ~~class of service other than Class CB, Class AA or Class D 4~~
26 ~~shall retain any Class AA service credited prior to becoming~~
27 ~~a State police officer or being so employed but shall be~~
28 ~~ineligible to receive Class AA credit thereafter and instead~~
29 ~~shall receive Class A credit for service as a member of the~~
30 ~~judiciary if such judicial service begins before January 1,~~

1 ~~2016, or if he first became a member before January 1, 2011,~~
2 ~~or December 1, 2010, as a member of the General Assembly, or~~
3 ~~Class A 3 credit for service other than as a member of the~~
4 ~~judiciary if the nonjudicial service is as a DC plan exempt~~
5 ~~employee or begins before January 1, 2016, and is not service~~
6 ~~as an elected officer, and he first became a member on or~~
7 ~~after January 1, 2011, or December 1, 2010, as a member of~~
8 ~~the General Assembly, unless a class of membership other than~~
9 ~~Class A is elected.~~

10 ~~(7) (i) State service performed as Class A service~~
11 ~~before July 1, 2001, and State service for which Class A~~
12 ~~service could have been credited but was not credited~~
13 ~~because membership in the system was optional or~~
14 ~~prohibited pursuant to section 5301 shall be credited as~~
15 ~~Class AA service only upon the completion of all acts~~
16 ~~necessary for the State service to be credited as Class A~~
17 ~~service had this subsection not been enacted and upon~~
18 ~~payment of required Class AA member contributions as~~
19 ~~provided in section 5504 (relating to member~~
20 ~~contributions for the purchase of credit for previous~~
21 ~~State service or to become a full coverage member).~~

22 ~~(ii) A person who is not a State employee or a~~
23 ~~school employee on June 30, 2001, and July 1, 2001, and~~
24 ~~who has previous State service (except a disability~~
25 ~~annuitant who returns to State service after June 30,~~
26 ~~2001, upon termination of the disability annuity) shall~~
27 ~~not receive Class AA service credit for State service~~
28 ~~performed before July 1, 2001, until and unless such~~
29 ~~person becomes an active member, or an active member of~~
30 ~~the Public School Employees' Retirement System and a~~

1 ~~multiple service member, before January 1, 2016, and~~
2 ~~earns three eligibility points by performing credited~~
3 ~~State service in a class of service other than Class CB~~
4 ~~or credited school service in a class of service other~~
5 ~~than Class T I after June 30, 2001.~~

6 ~~(iii) Nothing in this paragraph shall be construed~~
7 ~~to authorize a member of Class CB or a multiple service~~
8 ~~member who is a member of Class T I in the Public School~~
9 ~~Employees' Retirement System to reinstate or purchase~~
10 ~~credit for previously credited or uncredited State~~
11 ~~service other than as allowed under section 5303(i).~~

12 ~~(a.2) Class of membership for members of the General~~
13 ~~Assembly.~~

14 ~~(1) A person who:~~

15 ~~(i) becomes a member of the General Assembly and an~~
16 ~~active member of the system after June 30, 2001, and~~
17 ~~before December 1, 2010; or~~

18 ~~(ii) is a member of the General Assembly on July 1,~~
19 ~~2001, but is not an active member of the system because~~
20 ~~membership in the system is optional pursuant to section~~
21 ~~5301 and who becomes an active member after June 30,~~
22 ~~2001, and before December 1, 2010;~~

23 ~~and who was not a State police officer on or after July 1,~~
24 ~~1989, shall be classified as a Class D 4 member and unless he~~
25 ~~later becomes a participant in the plan and a member of Class~~
26 ~~CB receive credit as a Class D 4 member for all State service~~
27 ~~as a member of the system performed as a member of the~~
28 ~~General Assembly upon payment of regular member contributions~~
29 ~~for Class D 4 service and, subject to the limitations~~
30 ~~contained in subsection (a.1)(7) and section 5303(i), if~~

1 ~~previously a member of Class A or employed in a position for~~
2 ~~which Class A service could have been earned, shall receive~~
3 ~~Class AA service credit for all Class A State service, other~~
4 ~~than State service performed as a State police officer or for~~
5 ~~which a class of service other than Class A or Class D 4 was~~
6 ~~or could have been elected or credited.~~

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

25 ~~(3) A member of the General Assembly who after June 30,~~
26 ~~2001, becomes a State police officer shall retain any Class~~
27 ~~AA service or Class D 4 service credited prior to becoming a~~
28 ~~State police officer or being so employed but shall be~~
29 ~~ineligible to receive Class AA or Class D 4 credit thereafter~~
30 ~~and instead shall receive Class A credit or Class A 3 credit~~

1 ~~if he first becomes a member of the system on or after~~
2 ~~January 1, 2011, and before January 1, 2016, or as a DC plan~~
3 ~~exempt employee.~~

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

17 ~~(a.3) Class A 4 membership. Provided that an election to~~
18 ~~become a Class A 4 member is made pursuant to section 5306.3~~
19 ~~(relating to election to become a Class A 4 member), a State~~
20 ~~employee who first becomes a member before January 1, 2016, or~~
21 ~~is a DC plan exempt employee who otherwise would be a member of~~
22 ~~Class A 3 shall be classified as a Class A 4 member and unless~~
23 ~~he later becomes a participant in the plan and a member of Class~~
24 ~~CB receive Class A 4 credit for all creditable State service~~
25 ~~performed as a member of the system after the effective date of~~
26 ~~membership in the system, except as a member of the judiciary,~~
27 ~~upon payment of regular member contributions and shared risk~~
28 ~~member contributions for Class A 4 service.~~

29 ~~(a.4) Class CB membership.~~

30 ~~(1) A State employee who is an active participant in the~~

~~plan shall be an active member of Class CB concurrently and shall receive credit for Class CB service upon payment of cash balance member contributions for Class CB service.~~

~~(2) A State employee who is an active member of a class of service other than Class CB who elects under section 5306.5 to be an active member of Class CB concurrently shall receive credit for Class CB service upon payment of cash balance member contributions concurrently with service in other classes other than service as a member of Class A 3 or Class A 4 where Class A 3 or Class A 4 contributions are not being made due to or any provision of this part relating to the limitations on contributions to the system applicable to a Class A 3 member or Class A 4 member who have exceeded the Class A 3 and Class A 4 compensation limit.~~

~~(b) Other class membership.~~

~~(1) A State employee who is a member of a class of service other than Class A on the effective date of this part shall retain his membership in that class until such service is discontinued or until the member becomes a participant in the plan; any service as a member of the system thereafter shall be credited as Class A service, Class AA service [or], Class D 4 service or Class CB service as provided for in this section.~~

~~(2) Notwithstanding any other provision of this section, a State employee who is appointed [bail commissioner] arraignment court magistrate of the Philadelphia Municipal Court under 42 Pa.C.S. § 1123(a)(5) (relating to jurisdiction and venue) before January 1, 2016, may, within 30 days of the effective date of this sentence or within 30 days of his initial appointment as [a bail commissioner] an arraignment~~

1 ~~court magistrate, whichever is later, elect Class E-2 service~~
2 ~~credit for service performed as [a bail commissioner] an~~
3 ~~arraignment court magistrate. This class of service~~
4 ~~multiplier for E-2 service as [a bail commissioner] an~~
5 ~~arraignment court magistrate shall be 1.5.~~

6 * * *

7 ~~(c) Ineligibility for active membership and classes of~~
8 ~~service. An individual who is an elected officer or who is a~~
9 ~~State employee on January 1, 2016, but is not a member of the~~
10 ~~system or who first becomes a State employee on or after January~~
11 ~~1, 2016, shall be ineligible for active membership in the system~~
12 ~~other than as a member of Class CB if a participant in the plan,~~
13 ~~or the several classes of State service other than for service~~
14 ~~performed as a DC plan exempt employee as otherwise provided for~~
15 ~~under this section. Any such State employee, if eligible, may be~~
16 ~~a participant in the plan and a member of Class CB as a result~~
17 ~~of such State service.~~

18 ~~Section 410. Sections 5306.1(c), 5306.2(b) and 5306.3(c) and~~
19 ~~(d) of Title 71 are amended to read:~~

20 ~~§ 5306.1. Election to become a Class AA member.~~

21 * * *

22 ~~(c) Effect of election. An election to become a Class AA~~
23 ~~member shall become effective the later of July 1, 2001, or the~~
24 ~~date when the election is filed with the board and shall remain~~
25 ~~in effect until the termination of employment or becoming a~~
26 ~~participant in the plan. Upon termination and a subsequent~~
27 ~~reemployment that occurs before January 1, 2016, the member's~~
28 ~~class of service shall be credited in the class of service~~
29 ~~otherwise provided for in this part. If the reemployment occurs~~
30 ~~on or after January 1, 2016, the State employee's eligibility~~

1 ~~for membership in the system or participation in the plan shall~~
2 ~~be as provided in this part.~~

3 * * *

4 ~~§ 5306.2. Elections by members of the General Assembly.~~

5 * * *

6 ~~(b) Effect of election. Membership as a Class D 4 member~~
7 ~~shall become effective on July 1, 2001, and shall remain in~~
8 ~~effect until the termination of service as a member of the~~
9 ~~General Assembly or becoming a participant in the plan. Upon~~
10 ~~termination and a subsequent reemployment that occurs before~~
11 ~~January 1, 2016, the member's class of service shall be credited~~
12 ~~in the class of service otherwise provided for in this part. If~~
13 ~~the reemployment occurs on or after January 1, 2016, the State~~
14 ~~employee's eligibility for membership in the system or~~
15 ~~participation in the plan shall be as provided in this part.~~

16 * * *

17 ~~§ 5306.3. Election to become a Class A 4 member.~~

18 * * *

19 ~~(c) Effect of election. An election to become a Class A 4~~
20 ~~member shall be irrevocable and shall become effective on the~~
21 ~~effective date of membership in the system and shall remain in~~
22 ~~effect for all future [creditable] State service creditable in~~
23 ~~the system, other than service performed as a member of the~~
24 ~~judiciary, but shall not apply to service performed after~~
25 ~~December 31, 2015, as an elected officer. Payment of regular~~
26 ~~member contributions for Class A 4 State service performed prior~~
27 ~~to the election of Class A 4 membership shall be made in a form,~~
28 ~~manner and time determined by the board. Upon termination of~~
29 ~~State service and a subsequent reemployment, a member who~~
30 ~~elected Class A 4 membership shall be credited as a Class A 4~~

1 ~~member for creditable State service performed after reemployment~~
2 ~~unless the reemployment is as an elected officer and, except as~~
3 ~~a member of the judiciary, regardless of termination of~~
4 ~~employment, termination of membership by withdrawal of~~
5 ~~accumulated deductions or status as an annuitant, vestee or~~
6 ~~inactive member after the termination of service.~~

7 ~~(d) Effect of failure to make election. Failure to elect to~~
8 ~~become a Class A 4 member within the election period set forth~~
9 ~~in subsection (b) shall result in all of the member's State~~
10 ~~service, other than service performed as a member of the~~
11 ~~judiciary, being credited as Class A 3 service, unless the State~~
12 ~~employee is required to be a participant in the plan, and not~~
13 ~~subject to further election or crediting as Class A 4 service.~~
14 ~~Upon termination and subsequent employment, a member who failed~~
15 ~~to elect to become a Class A 4 member shall not be eligible to~~
16 ~~make another election to become a Class A 4 member for either~~
17 ~~past or future State service.~~

18 ~~Section 411. Title 71 is amended by adding sections to read:~~

19 ~~§ 5306.4. (Reserved).~~

20 ~~§ 5306.5. Election to become a member of Class CB.~~

21 ~~(a) General rule. An active member or an inactive member on~~
22 ~~leave without pay in any class of service other than solely a~~
23 ~~member of Class CB may elect to become a member of Class CB in~~
24 ~~addition to being a member of their current class of service.~~

25 ~~(b) Time for making election. The election to become a~~
26 ~~member of Class CB must be made by the member filing written~~
27 ~~notice with the board in a form and manner determined by the~~
28 ~~board during periodic enrollment periods established by the~~
29 ~~board after the effective date of this section.~~

30 ~~(c) Effect of election. An election under this section~~

~~1 shall be revocable by the member during periodic enrollment
2 periods established by the board after the effective date of
3 this section. The Class CB class of service multiplier to
4 determine cash balance member contributions for a State employee
5 who makes an election under this section shall be 0.6 unless a
6 lower class of service multiplier is elected by the member for
7 their Class CB service. An election to become a Class CB member
8 and the class of service multiplier elected shall be effective
9 for all service as an active member after the effective date of
10 such election and shall remain effective until the election is
11 revoked or modified by the member during any subsequent
12 enrollment period.~~

13 Section 412. Sections 5307, 5308, 5308.1 introductory
14 paragraph and (1), 5309, 5309.1 and 5311 of Title 71 are amended
15 to read:

16 § 5307. Eligibility points.

17 (a) General rule. An active member of the system shall
18 accrue one eligibility point for each year of credited service
19 as a member of the [State or] system and if a multiple service
20 member as a member of the Public School Employees' Retirement
21 System. A member shall accrue an additional two thirds of an
22 eligibility point for each year of Class D 3 credited service.
23 In the case of a fractional part of a year of credited service,
24 a member shall accrue the corresponding fractional portion of
25 eligibility points to which the class of service entitles him.

26 (a.1) USERRA leave. A member of the system or participant
27 in the plan who is reemployed from USERRA leave or who dies
28 while performing USERRA leave shall be granted the eligibility
29 points that he would have accrued had he continued in his State
30 office or employment instead of performing USERRA leave. In the

1 ~~event that a State employee who is reemployed from USERRA leave~~
2 ~~makes the member contributions or mandatory participant~~
3 ~~contributions to be granted State service credit for the USERRA~~
4 ~~leave, no additional eligibility points will be granted.~~

5 ~~(b) Transitional rule.~~

6 ~~(1) In determining whether a member who is not a State~~
7 ~~employee or school employee on June 30, 2001, and July 1,~~
8 ~~2001, and who has previous State service (except a disability~~
9 ~~annuitant who returns to State service after June 30, 2001,~~
10 ~~upon termination of the disability annuity) has the five~~
11 ~~eligibility points required by sections 5102 (relating to~~
12 ~~definitions), 5308(b) (relating to eligibility for~~
13 ~~annuities), 5309 (relating to eligibility for vesting),~~
14 ~~5704(b) (relating to disability annuities) and 5705(a)~~
15 ~~(relating to member's options), only eligibility points~~
16 ~~earned by performing credited State service as an active~~
17 ~~member of the system, USERRA leave or credited school service~~
18 ~~as an active member of the Public School Employees'~~
19 ~~Retirement System after June 30, 2001, shall be counted until~~
20 ~~such member earns one eligibility point by performing~~
21 ~~credited State service or credited school service after June~~
22 ~~30, 2001, at which time all eligibility points as determined~~
23 ~~pursuant to subsection (a) shall be counted.~~

24 ~~(2) Any member to whom paragraph (1) applies shall be~~
25 ~~considered to have satisfied any requirement for five~~
26 ~~eligibility points contained in this part if the member:~~

27 ~~(i) has ten or more eligibility points as determined~~
28 ~~pursuant to subsection (a); or~~

29 ~~(ii) has Class G, Class H, Class I, Class J, Class~~
30 ~~L, Class M or Class N service and has eight or more~~

1 ~~eligibility points as determined pursuant to subsection~~
2 ~~(a).~~

3 ~~(c) Class CB concurrent service. An active member who is~~
4 ~~earning Class CB service concurrently with service in another~~
5 ~~class of service shall receive service credit and eligibility~~
6 ~~points only for the other class of service. No additional~~
7 ~~service credit or eligibility points will be earned for the~~
8 ~~concurrent Class CB service.~~

9 § 5308. Eligibility for annuities.

10 ~~(a) Superannuation annuity. Attainment of superannuation~~
11 ~~age by an active member [or], an inactive member on leave~~
12 ~~without pay or combined service employee who is an active~~
13 ~~participant or inactive participant on leave without pay with~~
14 ~~three or more eligibility points other than eligibility points~~
15 ~~resulting from nonstate service or nonschool service shall~~
16 ~~entitle him to receive a superannuation annuity upon termination~~
17 ~~of State service and compliance with section 5907(f) (relating~~
18 ~~to rights and duties of State employees [and], members and~~
19 ~~participants).~~

20 ~~(b) Withdrawal annuity.~~

21 ~~(1) Any vestee or any active member [or], inactive~~
22 ~~member on leave without pay or combined service employee who~~
23 ~~is an active participant or inactive participant on leave~~
24 ~~without pay who terminates State service having five or more~~
25 ~~eligibility points and who does not have Class A 3 or Class~~
26 ~~A 4 service credit or, if a multiple service member, Class T~~
27 ~~E or Class T F service credit in the Public School Employees'~~
28 ~~Retirement System, or who has Class G, Class H, Class I,~~
29 ~~Class J, Class K, Class L, Class M or Class N service and~~
30 ~~terminates State service having five or more eligibility~~

1 ~~points, upon compliance with section 5907(f), (g) or (h)~~
2 ~~shall be entitled to receive an annuity.~~

3 ~~(2) Any vestee, active member [or], inactive member on~~
4 ~~leave without pay or combined service employee who is an~~
5 ~~active participant or inactive participant on leave without~~
6 ~~pay who has Class A 3 or Class A 4 service credit or, if a~~
7 ~~multiple service member, Class T E or Class T F service~~
8 ~~credit in the Public School Employees' Retirement System who~~
9 ~~terminates State service having ten or more eligibility~~
10 ~~points, upon compliance with section 5907(f), (g) or (h),~~
11 ~~shall be entitled to receive an annuity.~~

12 ~~(3) Any vestee, active member [or], inactive member on~~
13 ~~leave without pay or combined service employee who is an~~
14 ~~active participant or inactive participant on leave without~~
15 ~~pay who has either Class A 3 or Class A 4 service credit or,~~
16 ~~if a multiple service member, Class T E or Class T F service~~
17 ~~credit in the Public School Employees' Retirement System and~~
18 ~~also has service credited in the system in one or more other~~
19 ~~classes of service who has five or more, but fewer than ten,~~
20 ~~eligibility points, upon compliance with section 5907(f), (g)~~
21 ~~or (h), shall be eligible to receive an annuity calculated on~~
22 ~~his service credited in classes of service other than Class~~
23 ~~A 3 or Class A 4, provided that the member has five or more~~
24 ~~eligibility points resulting from service in classes other~~
25 ~~than Class A 3 or Class A 4 or Class T E or Class T F service~~
26 ~~in the Public School Employees' Retirement System.~~

27 ~~(c) Disability annuity. An active member or inactive member~~
28 ~~on leave without pay who has five or more eligibility points~~
29 ~~other than eligibility points resulting from membership in the~~
30 ~~Public School Employees' Retirement System or any active member~~

1 ~~or inactive member on leave without pay who is an officer of the~~
2 ~~Pennsylvania State Police or an enforcement officer shall, upon~~
3 ~~compliance with section 5907(k), be entitled to a disability~~
4 ~~annuity if he becomes mentally or physically incapable of~~
5 ~~continuing to perform the duties for which he is employed and~~
6 ~~qualifies in accordance with the provisions of section 5905(c)~~
7 ~~(1) (relating to duties of the board regarding applications and~~
8 ~~elections of members and participants) [.]~~; ~~provided, that no~~
9 ~~disability annuity shall be paid to a combined service employee~~
10 ~~who is an active participant.~~

11 ~~(d) Eligibility of employees with Class CB service for~~
12 ~~annuities and benefits. Subject to the limitation on~~
13 ~~eligibility points for a member who is performing concurrent~~
14 ~~service in Class CB and in another class of service under~~
15 ~~section 5307 (relating to eligibility points), eligibility~~
16 ~~points earned as a result of credited service in Class CB shall~~
17 ~~be included in determining if a member who has Class CB service~~
18 ~~credit and service credit in one or more other classes of~~
19 ~~service is eligible for an annuity under this section or~~
20 ~~eligibility for other rights and benefits under this part,~~
21 ~~unless provided otherwise. Eligibility points earned by a~~
22 ~~multiple service member as a result of Class T I credited~~
23 ~~service in the Public School Employees' Retirement System~~
24 ~~similarly shall be included if eligibility points for school~~
25 ~~service in the Public School Employees' Retirement System are~~
26 ~~used to determine eligibility. Nothing in this subsection amends~~
27 ~~or waives any other requirement to be eligible for an annuity or~~
28 ~~other benefit. Upon termination of State service and compliance~~
29 ~~with section 5907(f) a member with Class CB service credit is~~
30 ~~eligible for an annuity as calculated under section 5702(a)(7)~~

1 ~~(relating to maximum single life annuity).~~

2 ~~(e) Required beginning date. Members eligible for an~~
3 ~~annuity must commence receiving the annuity by the member's~~
4 ~~required beginning date.~~

5 ~~§ 5308.1. Eligibility for special early retirement.~~

6 ~~Notwithstanding any provisions of this title to the contrary,~~
7 ~~the following special early retirement provisions shall be~~
8 ~~applicable to specified eligible members [as follows]:~~

9 ~~(1) During the period of July 1, 1985, to September 30,~~
10 ~~1991, an active member who has attained the age of at least~~
11 ~~53 years and has accrued at least 30 eligibility points shall~~
12 ~~be entitled, upon termination of State service and compliance~~
13 ~~with section 5907(f) (relating to rights and duties of State~~
14 ~~employees [and], members and participants), to receive a~~
15 ~~maximum single life annuity calculated under section 5702~~
16 ~~(relating to maximum single life annuity) without a reduction~~
17 ~~by virtue of an effective date of retirement which is under~~
18 ~~the superannuation age.~~

19 ~~* * *~~

20 ~~§ 5309. Eligibility for vesting.~~

21 ~~Any member who:~~

22 ~~(1) Does not have Class A 3 [or], Class A 4 or Class CB~~
23 ~~service credit or, if a multiple service member, Class T E or~~
24 ~~Class T F service credit in the Public School Employees'~~
25 ~~Retirement System and terminates State service, or if a~~
26 ~~multiple service member and an active member of the Public~~
27 ~~School Employees' Retirement System terminates school~~
28 ~~service, with five or more eligibility points, or any member~~
29 ~~with Class G, Class H, Class I, Class J, Class K, Class L,~~
30 ~~Class M or Class N service with five or more eligibility~~

1 ~~points, shall be eligible until [attainment of superannuation~~
2 ~~age] required beginning date to vest his retirement benefits.~~

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

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

28 ~~(4) Has only Class CB service credit and terminates~~
29 ~~State service shall be eligible to vest his retirement~~
30 ~~benefits based on Class CB service except that a member who~~

1 ~~has a small cash balance account subject to distribution as~~
2 ~~provided in section 5709(d) (relating to payment of benefits)~~
3 ~~shall not be permitted to vest until his required beginning~~
4 ~~date unless otherwise required under the IRC.~~

5 ~~(5) Has Class CB service credit and service credited in~~
6 ~~one or more other classes or service and terminates State~~
7 ~~service, or if a multiple service member and an active member~~
8 ~~of the Public School Employees' Retirement System terminates~~
9 ~~school service, shall be eligible to vest his retirement~~
10 ~~benefits based on Class CB service and, if he has five or~~
11 ~~more eligibility points, to vest his retirement benefits on~~
12 ~~all other classes of service other than Class A 3 or Class A~~
13 ~~4 until the attainment of the applicable superannuation age~~
14 ~~and if he has 10 or more eligibility points to vest his~~
15 ~~retirement benefits on all classes of service until~~
16 ~~superannuation age. Any such member shall be credited with~~
17 ~~statutory interest on his total accumulated deductions and~~
18 ~~treasury bond interest, but not excess interest on his total~~
19 ~~cash balance accumulated deductions until the effective date~~
20 ~~of retirement.~~

21 ~~(6) A member with more than one class of credited~~
22 ~~service who vests his retirement benefits in any class of~~
23 ~~service may not receive distributions from other classes of~~
24 ~~service until his effective date of retirement, regardless of~~
25 ~~whether his benefits resulting from such other classes of~~
26 ~~service are vested or he is eligible to receive an annuity. A~~
27 ~~member with service credited in more than one class of~~
28 ~~service may not separately vest those benefits and receive~~
29 ~~annuities from different classes of service with different~~
30 ~~effective dates.~~

1 ~~§ 5309.1. Eligibility for special vesting.~~

2 ~~Any employee of The Pennsylvania State University who is a~~
3 ~~member of the system with five or more but less than ten~~
4 ~~eligibility points and who has a date of termination of service~~
5 ~~from The Pennsylvania State University of June 30, 1997, because~~
6 ~~of the transfer of his job position or duties to a controlled~~
7 ~~organization of the Penn State Geisinger Health System or~~
8 ~~because of the elimination of his job position or duties due to~~
9 ~~the transfer of other job positions or duties to a controlled~~
10 ~~organization of the Penn State Geisinger Health System shall be~~
11 ~~eligible until the attainment of superannuation age or his~~
12 ~~required beginning date to vest his retirement benefits~~
13 ~~according to the terms and conditions of this part.~~

14 ~~§ 5311. Eligibility for refunds.~~

15 ~~(a) Total accumulated deductions. Any active member,~~
16 ~~regardless of eligibility for benefits, may elect to receive his~~
17 ~~total accumulated deductions and his cash balance member~~
18 ~~accumulated deductions by the required beginning date upon~~
19 ~~termination of service in lieu of any benefit from the system to~~
20 ~~which he is entitled.~~

21 ~~(b) Social security integration accumulated deductions. Any~~
22 ~~active member at any time may elect to receive his social~~
23 ~~security integration accumulated deductions and thereby to have~~
24 ~~all his social security integration credits and benefits~~
25 ~~therefor cancelled, and shall not be entitled to accrue any~~
26 ~~further social security integration credits or benefits; except~~
27 ~~that a disability annuitant who returns to State service in a~~
28 ~~class of service other than Class CB shall have the right to~~
29 ~~reinstate his social security integration accumulated deductions~~
30 ~~and credits therefor.~~

~~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 or other applicable law and~~
~~5 shall provide for the plan's administration.~~

~~6 (b) State Employees' Defined Contribution Trust. The State~~
~~7 Employees' Defined Contribution Trust is established as part of~~
~~8 the plan. The trust shall be comprised of the individual~~
~~9 investment accounts and all assets and money in those accounts.~~
~~10 The members of the board shall be the trustees of the trust,~~
~~11 which shall be administered exclusively for the benefit of those~~
~~12 State employees who participate in the plan and their~~
~~13 beneficiaries within the meaning of and in conformity with IRC §~~
~~14 401(a). The board shall determine the terms and provisions of~~
~~15 the trust not inconsistent with this part, IRC or other~~
~~16 applicable law and shall provide for the investment and~~
~~17 administration of the trust.~~

~~18 (c) Assets held in trust. All assets and income in the plan~~
~~19 that have been or shall be withheld or contributed by the~~
~~20 participants, the Commonwealth and other employers in accordance~~
~~21 with this part shall be held in trust in any funding vehicle~~
~~22 permitted by the applicable provisions of the IRC for the~~
~~23 exclusive benefit of the participants and their beneficiaries~~
~~24 until such time as the funds are distributed to the participants~~
~~25 or their beneficiaries in accordance with the terms of the plan~~
~~26 document. The assets of the plan held in trust for the exclusive~~
~~27 benefit of the participants and their beneficiaries may be used~~
~~28 for the payment of the fees, costs and expenses related to the~~
~~29 administration and investment of the plan and the trust.~~

~~30 (d) Name for transacting business. All of the business of~~

1 ~~the plan shall be transacted, the trust invested, all~~
2 ~~requisitions for money drawn and payments made and all of its~~
3 ~~cash and securities and other property shall be held by the name~~
4 ~~of the "State Employees' Defined Contribution Plan."~~
5 ~~Notwithstanding any other law to the contrary, the board may~~
6 ~~establish a nominee registration procedure for the purpose of~~
7 ~~registering securities in order to facilitate the purchase, sale~~
8 ~~or other disposition of securities under the provisions of this~~
9 ~~part.~~

10 ~~§ 5402. Plan document.~~

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

23 ~~§ 5403. Individual investment accounts.~~

24 ~~The board shall establish in the trust an individual~~
25 ~~investment account for each participant in the plan. All~~
26 ~~contributions by a participant or an employer for or on behalf~~
27 ~~of a participant shall be credited to the participant's~~
28 ~~individual investment account, together with all interest and~~
29 ~~investment earnings and losses. Investment and administrative~~
30 ~~fees, costs and expenses shall be charged to the participants'~~

~~1 individual investment accounts. Employer defined contributions
2 shall be recorded and accounted for separately from participant
3 contributions, but all interest, investment earnings and losses,
4 and investment and administrative fees, costs and expenses shall
5 be allocated proportionately.~~

~~6 § 5404. Participant contributions.~~

~~7 (a) Mandatory contributions. A participant shall make
8 mandatory participant contributions through payroll deductions
9 to the participant's individual investment account equal to
10 3.00% of compensation for current State service. The employer
11 shall cause those contributions for current service to be made
12 and deducted from each payroll or on such schedule as
13 established by the board.~~

~~14 (b) Voluntary contributions. A participant may make
15 voluntary contributions through payroll deductions or through
16 direct trustee to trustee transfers or through transfers of
17 money received in an eligible rollover into the trust to the
18 extent allowed by IRC § 402. The rollovers shall be made in a
19 form and manner as determined by the board, shall be credited to
20 the participant's individual investment account and shall be
21 separately accounted for by the board.~~

~~22 (c) Prohibited contributions. No contributions may be
23 allowed that would cause a violation of the limitations related
24 to contributions applicable to governmental plans contained in
25 IRC § 415 or in other provisions of law. In the event that any
26 disallowed contributions are made, any participant contributions
27 in excess of the limitations and investment earnings on those
28 contributions shall be refunded to the participant by the board.~~

~~29 § 5405. Mandatory pickup participant contributions.~~

~~30 (a) Treatment for purposes of IRC § 414(h). The~~

1 ~~contributions to the trust required to be made under section~~
2 ~~5404 (relating to participant contributions) with respect to~~
3 ~~current State service rendered by an active participant shall be~~
4 ~~picked up by the employer and shall be treated as the employer's~~
5 ~~contribution for purposes of IRC § 414(h). An employer employing~~
6 ~~a participant in the plan shall pick up the required mandatory~~
7 ~~participant contributions by a reduction in the compensation of~~
8 ~~the participant.~~

9 ~~(b) Treatment for other purposes. For all other purposes~~
10 ~~under this part and otherwise, such mandatory pickup participant~~
11 ~~contributions shall be treated as contributions made by a~~
12 ~~participant in the same manner and to the same extent as if the~~
13 ~~contributions were made directly by the participant and not~~
14 ~~picked up.~~

15 ~~§ 5406. Employer defined contributions.~~

16 ~~(a) Contributions for current service. The Commonwealth or~~
17 ~~other employer of an active participant shall make employer~~
18 ~~defined contributions for current service of an active~~
19 ~~participant that shall be credited to the active participant's~~
20 ~~individual investment account. Employer defined contributions~~
21 ~~shall be recorded and accounted for separately from participant~~
22 ~~contributions.~~

23 ~~(b) Contributions resulting from participants reemployed~~
24 ~~from USERRA leave. When a State employee reemployed from USERRA~~
25 ~~leave makes the mandatory participant contributions permitted to~~
26 ~~be made for the USERRA leave, the Commonwealth or other employer~~
27 ~~by whom the State employee is employed at the time the~~
28 ~~participant contributions are made shall make whatever defined~~
29 ~~contributions would have been made under this section had the~~
30 ~~employee making the participant contributions continued to be~~

1 ~~employed in the participant's State office or position instead~~
2 ~~of performing USERRA leave. The employer defined contributions~~
3 ~~shall be placed in the participant's individual investment~~
4 ~~account as otherwise provided by this part.~~

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

13 ~~§ 5407. Eligibility for benefits.~~

14 ~~(a) Termination of service. A participant who terminates~~
15 ~~State service shall be eligible to withdraw the vested~~
16 ~~accumulated total defined contributions standing to the~~
17 ~~participant's credit in the participant's individual investment~~
18 ~~account or a lesser amount as the participant may request.~~
19 ~~Payment shall be made in a lump sum unless the board has~~
20 ~~established other forms of distribution in the plan document,~~
21 ~~subject to the provisions of subsection (g). A participant who~~
22 ~~withdraws his vested accumulated total defined contributions~~
23 ~~shall no longer be a participant in the plan, notwithstanding~~
24 ~~that the former State employee may continue to be a member of~~
25 ~~the system or may have contracted to receive an annuity or other~~
26 ~~form of payment from a provider retained by the board for such~~
27 ~~purposes.~~

28 ~~(b) Required distributions. All payments under this section~~
29 ~~shall start and be made in compliance with the minimum~~
30 ~~distribution requirements and incidental death benefit rules of~~

1 ~~IRC § 401(a)(9). The board shall take any action and make any~~
2 ~~distributions it may determine are necessary to comply with~~
3 ~~those requirements.~~

4 ~~(c) (Reserved).~~

5 ~~(d) Prohibited distributions. A State employee must be~~
6 ~~terminated from all positions that result in either membership~~
7 ~~in the system or participation in the plan to be eligible to~~
8 ~~receive a distribution.~~

9 ~~(e) Loans. Loans or other distributions, including hardship~~
10 ~~or unforeseeable emergency distributions, from the plan to State~~
11 ~~employees who have not terminated State service are not~~
12 ~~permitted, except as required by law.~~

13 ~~(f) Small individual investment accounts.~~

14 ~~(1) A participant who terminates State service and whose~~
15 ~~vested accumulated total defined contributions are below the~~
16 ~~threshold established by law as of the date of termination of~~
17 ~~service may be paid the vested accumulated total defined~~
18 ~~contributions in a lump sum as provided in IRC § 401(a)(31).~~

19 ~~(2) The board may also provide in the plan document~~
20 ~~that, notwithstanding subsection (g), a participant whose~~
21 ~~vested accumulated employer defined contributions are below~~
22 ~~the thresholds established by the board may receive those~~
23 ~~distributions without the obligation to purchase an annuity.~~
24 ~~The threshold may be established as a dollar amount, an~~
25 ~~annuity amount, in some other form individually or in~~
26 ~~combination as the board determines.~~

27 ~~(g) Requirement to purchase annuity. Except as prohibited~~
28 ~~by the IRC or as otherwise provided in this part, a participant~~
29 ~~who is eligible and elects to receive a distribution of vested~~
30 ~~accumulated employer defined contributions shall be required to~~

~~1 purchase an annuity with that distribution from an annuity
2 provider contracted by the board under section 5409(c) (relating
3 to death benefits) and under such conditions as provided in the
4 plan document. The conditions may include that the board is
5 authorized to make the distribution directly to the annuity
6 provider.~~

~~7 § 5408. 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 the case may be, as provided
23 in the plan document.~~

~~24 (c) Contracts. The board may contract with financial
25 institutions, insurance companies or other types of third party
26 providers to allow participants who receive a lump sum
27 distribution to receive payments and death benefits in a form
28 and manner as provided by the contract.~~

~~29 § 5409. 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 immediately vested with~~
4 ~~respect to all mandatory participant contributions and voluntary~~
5 ~~contributions paid by or on behalf of the participant to the~~
6 ~~trust in addition to interest and investment gains or losses on~~
7 ~~the participant contributions but not including investment fees~~
8 ~~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 not including investment fees and~~
17 ~~administrative charges according to the following schedule:~~

18 ~~(i) Until such time as a participant has earned two~~
19 ~~eligibility points as a member of the system, 0%.~~

20 ~~(ii) Upon the attainment of two eligibility points~~
21 ~~as a member of the system, 50%.~~

22 ~~(iii) Upon the attainment of three eligibility~~
23 ~~points as a member of the system, 75%.~~

24 ~~(iv) At and after the attainment of four eligibility~~
25 ~~points as a member of the system, 100%.~~

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

~~(3) Nonvested employer defined contributions and the interest and investment gains and losses on the nonvested employer defined contributions that are forfeited when a participant terminates State service before accruing four eligibility points are credited to the participant's most recent employer's future obligation assessed under section 5509 (relating to appropriations and assessments by the Commonwealth).~~

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

~~§ 5410. 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 a distribution of accumulated employer defined contributions or other distributions that the participant has received and 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 payments or annuity from the plan during the USERRA leave, the employee shall return to the~~

1 ~~board the amount so received plus interest as provided in the~~
2 ~~plan document.~~

3 ~~(2) The amount payable shall be certified in each case~~
4 ~~by the board in accordance with methods approved by the~~
5 ~~actuary and shall be paid in a lump sum within 30 days or in~~
6 ~~the case of an active participant may be amortized with~~
7 ~~interest as provided in the plan document through salary~~
8 ~~deductions to the trust in amounts agreed upon by the active~~
9 ~~participant and the board, but for not longer than a period~~
10 ~~that starts with the date of reemployment and continues for~~
11 ~~up to three times the length of the active participant's~~
12 ~~immediate past period of USERRA leave. The repayment period~~
13 ~~shall not exceed five years.~~

14 ~~§ 5411. Agreements with financial institutions and other~~
15 ~~organizations.~~

16 ~~(a) Written agreement. To establish and administer the~~
17 ~~plan, the board shall enter into a written agreement with one or~~
18 ~~more financial institutions or other organizations to administer~~
19 ~~the plan and the investment of funds held under the plan. The~~
20 ~~administrator shall be selected in accordance with the~~
21 ~~following:~~

22 ~~(1) The board shall solicit proposals from financial~~
23 ~~institutions and other organizations.~~

24 ~~(2) The board shall publish the solicitation in the~~
25 ~~Pennsylvania Bulletin.~~

26 ~~(3) Proposals received shall be evaluated based on~~
27 ~~specific criteria adopted by the board. The criteria shall~~
28 ~~include experience, customer service history and other~~
29 ~~criteria.~~

30 ~~(b) Rebid. A contract to administer the plan under~~

1 ~~subsection (a) shall be rebid at least once every ten years.~~

2 ~~§ 5412. Powers and duties of board.~~

3 ~~The board shall have the following powers and duties to~~
4 ~~establish the plan and trust and administer the provisions of~~
5 ~~this chapter and part:~~

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

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

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

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

20 ~~(5) The board may establish a process for election to~~
21 ~~participate in the plan by those State employees eligible to~~
22 ~~do so for whom participation is not mandatory.~~

23 ~~(6) The board may perform an annual or more frequent~~
24 ~~review of any qualified fund manager for the purpose of~~
25 ~~assuring that the fund manager continues to meet all~~
26 ~~standards and criteria established.~~

27 ~~(7) The board may allow for eligible rollovers and~~
28 ~~direct trustee to trustee transfers into the trust from~~
29 ~~qualified plans of other employers, regardless of whether the~~
30 ~~employers are a private employer or a public employer.~~

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

4 ~~(9) The board shall administer or ensure the~~
5 ~~administration of the plan in compliance with the~~
6 ~~qualifications and other rules of the IRC.~~

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

9 ~~(11) The board shall determine what constitutes a~~
10 ~~termination of State service.~~

11 ~~(12) The board may establish procedures for~~
12 ~~distributions of small accounts as required or permitted by~~
13 ~~the IRC.~~

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

18 ~~(i) Procedures for eligible participants to change~~
19 ~~voluntary contribution amounts or their investment~~
20 ~~choices on a periodic basis or make other elections~~
21 ~~regarding their participation in the plan.~~

22 ~~(ii) Procedures for deducting mandatory participant~~
23 ~~contributions and voluntary contributions from a~~
24 ~~participant's compensation.~~

25 ~~(iii) Procedures for rollovers and trustee to~~
26 ~~trustee transfers allowed under the IRC and permitted as~~
27 ~~part of the plan.~~

28 ~~(iv) Standards and criteria for providing not less~~
29 ~~than 10 options in accordance with three or more~~
30 ~~providers of investment options to eligible individuals~~

1 ~~regarding investments of amounts deferred under the plan.~~
2 ~~The standards and criteria must provide for a variety of~~
3 ~~investment options and shall be reviewed in accordance~~
4 ~~with criteria established by the board. One of the~~
5 ~~available options must serve as the default option for~~
6 ~~participants who do not make a timely election and, to~~
7 ~~the extent commercially available, one option must have~~
8 ~~an annuity.~~

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

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

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

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

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

~~§ 5413. Responsibility for investment loss.~~

~~The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan.~~

~~§ 5414. Investments based on participant's investment allocation choices.~~

~~(a) Investment by participant. All contributions, interest and investment earnings shall be invested based on a participant's investment allocation choices. All investment allocation choices shall be credited proportionally between participant contributions and employer defined contributions. Each participant shall be credited individually with the amount of contributions, interest and investment earnings.~~

~~(b) Investment of contributions made by entities other than the Commonwealth. Investment of contributions by any corporation, institution, insurance company, custodial bank or other entity that the board has approved shall not be unreasonably delayed and in no case may the investment of contributions be delayed more than 30 days from the date of payroll deduction or the date voluntary contributions are made to the date that funds are invested. Any interest earned on the funds pending investment shall be allocated to the Commonwealth and credited to the individual investment accounts of participants who re then participating in the plan unless~~

1 ~~notwithstanding sections 5412(2) (relating to powers and duties~~
2 ~~of board), 5415 (relating to expenses) and 5902(c) (relating to~~
3 ~~administrative duties of the board), the interest is used to~~
4 ~~defray administrative costs and fees that would otherwise be~~
5 ~~required to be borne by participants who are then participating~~
6 ~~in the plan.~~

7 ~~§ 5415. Expenses.~~

8 ~~All fees, costs and expenses of administering the plan and~~
9 ~~the trust and investing the assets of the trust shall be borne~~
10 ~~by the participants and paid from assessments against the~~
11 ~~balances of the individual investment accounts as established by~~
12 ~~the board, except that for fiscal years ending before July 1,~~
13 ~~2016, the fees, costs and expenses of establishing and~~
14 ~~administering the plan and the trust shall be paid by the~~
15 ~~Commonwealth through annual appropriations from the General~~
16 ~~Fund, made on the basis of estimates from the board.~~

17 ~~§ 5416. Participation in the plan by members of Class A 3 or~~
18 ~~Class A 4.~~

19 ~~(a) General rule. For any calendar year in which the~~
20 ~~compensation of a member of Class A 3 or Class A 4 exceeds the~~
21 ~~Class A 3 and Class A 4 compensation limit, the member shall~~
22 ~~cease making contributions to the fund and, unless the plan~~
23 ~~provides otherwise, shall become an active participant of the~~
24 ~~plan and a member of Class CB unless the member elects not to be~~
25 ~~a participant in the plan and a member of Class CB.~~

26 ~~(b) Time for making the election. An eligible member of~~
27 ~~Class a 3 or Class A 4 may elect not to become a participant in~~
28 ~~the plan and a member of Class CB by filing a written notice~~
29 ~~with the board in a form and manner determined by the board~~
30 ~~during periodic election periods established by the board or the~~

1 ~~plan after the effective date of this section.~~

2 ~~(c) Effect of election. An election not to become a~~
3 ~~participant and a member of Class CB shall be effective until~~
4 ~~the end of the calendar year for which the election is made,~~
5 ~~unless the plan provides otherwise. The effective date of active~~
6 ~~participation in the plan shall be as established in the plan. A~~
7 ~~state employee who does not elect out of participation in the~~
8 ~~plan and membership in Class CB shall make mandatory participant~~
9 ~~contributions to the plan, and unless the State employee elects~~
10 ~~otherwise, will make voluntary contributions of 3.25%, if a~~
11 ~~Class A 3 member, or voluntary contributions of 6.3%, if a Class~~
12 ~~A 4 member. The Class CB class of service multiplier to~~
13 ~~determine cash balance member contributions for a member of~~
14 ~~Class CB who elects to be a participant in the plan shall be 0.6~~
15 ~~while an active participant of the plan. A State employee cannot~~
16 ~~elect to not be an active participant and remain an active~~
17 ~~member of Class CB and cannot elect to not be an active member~~
18 ~~of Class CB while remaining an active participant in the plan.~~
19 ~~§ 5417. Tax qualification.~~

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

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

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

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

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

7 ~~(2) (i) Except as provided under subparagraph (ii), an~~
8 ~~amendment of this part on or after the effective date of~~
9 ~~this section that increases contributions or benefits for~~
10 ~~active participants, inactive participants or~~
11 ~~participants receiving distributions shall not be deemed~~
12 ~~to provide for a contribution or benefit in excess of any~~
13 ~~limitation, adjusted on or after the effective date of~~
14 ~~this section, under IRC § 415 unless specifically~~
15 ~~provided by legislation.~~

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

20 Section 414. Sections 5501 and 5501.1 of Title 71 are
21 amended to read:

22 § 5501. Regular member contributions and cash balance member
23 contributions for current service.

24 Regular member contributions or cash balance member
25 contributions shall be made to the fund on behalf of each active
26 member for current service except for any period of current
27 service in which the making of such contributions has ceased
28 solely by reason of section 5502.1 (relating to waiver of
29 regular member contributions and Social Security integration
30 member contributions) or any provision of this part relating to

1 ~~the limitations under IRC § 401(a)(17) or [415(b)] 415 or~~
2 ~~limitations on contributions to the system applicable to a Class~~
3 ~~A 3 member or Class A 4 member.~~

4 ~~§ 5501.1. Shared risk member contributions [for Class A 3 and~~
5 ~~Class A 4 service] and shared gain adjustments to~~
6 ~~regular member contributions for Class A 3 and Class~~
7 ~~A 4 service.~~

8 ~~(a) General. Shared risk member contributions shall be made~~
9 ~~to the fund on behalf of each member of Class A 3 or Class A 4~~
10 ~~for current service credited as Class A 3 or Class A 4 as~~
11 ~~provided under this section, except for any period of current~~
12 ~~service in which the making of the contributions has ceased~~
13 ~~solely by reason of any provision of this part relating to the~~
14 ~~limitations under IRC § 401(a)(17) or 415. Shared risk member~~
15 ~~contributions shall be credited to the members' savings account.~~
16 ~~A shared gain adjustment to regular member contributions for~~
17 ~~Class A 3 and Class A 4 service shall be made as provided under~~
18 ~~this section.~~

19 ~~(b) Determination of shared risk contribution rate.~~

20 ~~(1) For the period from the effective date of this~~
21 ~~section until June 30, 2014, the shared risk contribution~~
22 ~~rate for Class A 3 and Class A 4 service shall be zero.~~

23 ~~* * *~~

24 ~~(7) For any fiscal year in which the actual~~
25 ~~contributions by the Commonwealth or an employer are lower~~
26 ~~than those required to be made under section 5507(d)~~
27 ~~(relating to contributions to the system by the Commonwealth~~
28 ~~and other employers), the prospective shared risk~~
29 ~~contribution rate for those employees whose employers are not~~
30 ~~making the contributions required by section 5507(d) shall be~~

1 ~~zero and shall not subsequently be increased, except as~~
2 ~~otherwise provided in this section.~~

3 * * *

4 ~~(c) Determination of shared gain adjustment to regular~~
5 ~~member contributions for Class A 3 or Class A 4 service. The~~
6 ~~regular member contributions for Class A 3 or Class A 4 service~~
7 ~~shall be determined as follows:~~

8 ~~(1) For the period from the effective date of this~~
9 ~~section until June 30, 2017, the regular member contributions~~
10 ~~for Class A 3 or Class A 4 service shall be determined as~~
11 ~~otherwise provided in this part.~~

12 ~~(2) For the period from July 1, 2017, to June 30, 2020,~~
13 ~~if the shared risk contribution rate is zero and annual~~
14 ~~interest rate adopted by the board for use during the period~~
15 ~~from January 1, 2011, to December 31, 2016, for the~~
16 ~~calculation of the normal contribution rate is more than 1%~~
17 ~~lower than the actual rate of return, net of fees, of the~~
18 ~~investments of the fund based on market value over the~~
19 ~~period, then the regular member contribution rate of each~~
20 ~~member for Class A 3 or Class A 4 service shall be reduced by~~
21 ~~0.5%. In all other situations, the regular member~~
22 ~~contributions shall be determined as otherwise provided in~~
23 ~~this part.~~

24 ~~(3) For each subsequent three year period, the regular~~
25 ~~member contribution rate shall be decreased by 0.5% if the~~
26 ~~annual interest rate adopted by the board for use during the~~
27 ~~previous ten year period for the calculation of the normal~~
28 ~~contribution rate is more than 1% lower than the actual rate~~
29 ~~of return, net of fees, of the investments of the fund based~~
30 ~~on market value over the period. The regular member~~

~~1 contribution rate shall be increased by 0.5% if the annual
2 interest rate adopted by the board for use during the
3 previous ten year period for the calculation of the normal
4 contribution rate is equal to or greater than the actual rate
5 of return, net of fees, of the investments of the fund based
6 on market value over that period.~~

~~7 (4) Notwithstanding paragraphs (2) and (3), the regular
8 member contribution rate may not be greater than the product
9 of the basic contribution rate and the class of service
10 multiplier; and the amount of the adjustment to a lower
11 regular member contribution rate may not be greater than the
12 reduction in the actuarially required contribution rate by
13 the experience adjustment factor resulting from investment
14 gains or losses in effect on the first day when the new rate
15 would be applied, expressed as a percentage of member
16 compensation. In no event may the adjustment to the regular
17 member contribution rate be more than 2%. For the
18 determination of the regular member contribution rate to be
19 effective July 1, 2020, the determination period shall be
20 January 1, 2011, through December 31, 2019.~~

~~21 (5) The shared gain adjustment to the regular member
22 contribution rate and the factors entering into its
23 calculation must be certified by the actuary as part of the
24 annual valuations and the actuarial investigation and
25 evaluation of the system conducted every five years under
26 section 5902(j) (relating to administrative duties of the
27 board).~~

~~28 (6) If the annual interest rate adopted by the board for
29 the calculation is changed during the period used to
30 determine the shared gain adjustment to the regular member~~

~~1 contribution rate, the board, with the advice of the actuary,
2 shall determine the applicable rate during the entire period,
3 expressed as an annual rate.~~

~~4 (d) Calculation of regular member contribution rate. For
5 purposes of this subsection, the regular member contribution
6 rate for each member is the product of the basic contribution
7 rate and the class of service multiplier used to determine the
8 regular member contributions for each member.~~

~~9 Section 415. Title 71 is amended by adding sections to read:
10 § 5501.3. Contribution savings program for members of Class AA
11 and Class D-4.~~

~~12 The regular member contributions for Class AA and Class D-4
13 service of members shall be determined as follows:~~

~~14 (1) For the period from the effective date of this
15 section until June 30, 2019, the regular member contributions
16 for Class AA and Class D-4 service of members shall be
17 determined as otherwise provided in this part.~~

~~18 (2) For the period from July 1, 2019, to June 30, 2022,
19 if the annual interest rate adopted by the board for use
20 during the period from January 1, 2016, to December 31, 2019,
21 for the calculation of the normal contribution rate is 1% or
22 more lower than the actual rate of return, net of fees, of
23 the investments of the fund based on market value over the
24 period, then the regular member contribution rate for Class
25 AA and Class D-4 service of members shall be reduced by 0.5%
26 for each percentage point that the annual interest rate is
27 lower than the actual rate of return. For the three fiscal
28 years starting July 1, 2022, and each subsequent period of
29 three fiscal years, the following apply:~~

~~30 (i) Except as set forth in subparagraph (ii), the~~

1 ~~regular member contribution rate shall be as otherwise~~
2 ~~provided in this part.~~

3 ~~(ii) If the annual interest rate adopted by the~~
4 ~~board for use during the prior three calendar years for~~
5 ~~the calculation of the normal contribution rate is 1% or~~
6 ~~more lower than the actual rate of return, net of fees,~~
7 ~~of the investments of the fund based on market value over~~
8 ~~the three calendar year period, then the regular member~~
9 ~~contribution rate for Class AA and Class D 4 service of~~
10 ~~members shall be reduced by 0.5% for each percentage~~
11 ~~point that the annual interest rate is lower than the~~
12 ~~actual rate of return.~~

13 ~~(3) Notwithstanding paragraph (2), the regular member~~
14 ~~contribution rate may not be greater than the product of the~~
15 ~~basic contribution rate and the class of service multiplier;~~
16 ~~and in no event may the amount of the adjustment to the~~
17 ~~regular member contribution rate be more than 5%.~~

18 ~~(4) The contribution savings program adjustment to the~~
19 ~~regular member contribution rate and the factors entering~~
20 ~~into its calculation must be certified by the actuary as part~~
21 ~~of the annual valuations and the actuarial investigation and~~
22 ~~evaluation of the system conducted every five years under~~
23 ~~section 5902(j) (relating to administrative duties of the~~
24 ~~board).~~

25 ~~(5) If the annual interest rate adopted by the board for~~
26 ~~the calculation is changed during the period used to~~
27 ~~determine the contribution savings program adjustment to the~~
28 ~~regular member contribution rate, the board, with the advice~~
29 ~~of the actuary, shall determine the applicable rate during~~
30 ~~the entire period, expressed as an annual rate.~~

1 ~~Section 416. Sections 5502.1, 5503.1(a) and 5504 of Title 71~~
2 ~~are amended to read:~~

3 ~~§ 5502.1. Waiver of regular member contributions and Social~~
4 ~~Security integration member contributions.~~

5 ~~(a) General rule. Notwithstanding the provisions of~~
6 ~~sections 5501 (relating to regular member contributions and cash~~
7 ~~balance member contributions for current service) and 5502~~
8 ~~(relating to Social Security integration member contributions),~~
9 ~~no regular member contributions or Social Security integration~~
10 ~~member contributions shall be made by an active member for the~~
11 ~~period from July 1 to the following June 30 if the maximum~~
12 ~~single life annuity to which the member would have been entitled~~
13 ~~to receive had the member retired with an effective date of~~
14 ~~retirement on the preceding January 1 is greater than 110% of~~
15 ~~the highest calendar year compensation of the member, provided~~
16 ~~the member files a written election as prescribed by the board.~~

17 ~~(b) Applicability. This section shall not apply to any~~
18 ~~member who has Class A 3 [or], Class A 4 or Class CB service~~
19 ~~credit.~~

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 and cash balance member contributions), 5501.1 (relating~~
25 ~~to shared risk member contributions [for Class A 3 and Class A 4~~
26 ~~service] and shared gain adjustments to regular member~~
27 ~~contributions for Class A 3 and Class A 4 service), 5502~~
28 ~~(relating to Social Security integration member contributions),~~
29 ~~5503 (relating to joint coverage member contributions) and~~
30 ~~section 5505.1 (relating to additional member contributions),~~

1 with respect to current State service rendered by an active
2 member on or after January 1, 1982, shall be picked up by the
3 Commonwealth or other employer and shall be treated as the
4 employer's contribution for purposes of IRC § 414(h).

5 * * *

6 § 5504. Member contributions for the purchase of credit for
7 previous State service or to become a full coverage
8 member.

9 (a) Amount of contributions for service in other than Class
10 G through N and Class CB.

11 (1) The contributions to be paid by an active member or
12 eligible school employee for credit [for] in the system for
13 the portion of total previous State service other than
14 service in Class G, Class H, Class I, Class J, Class K, Class
15 L, Class M and Class N and Class CB that a member is eligible
16 to have credited or to become a full coverage member shall be
17 sufficient to provide an amount equal to the regular and
18 additional accumulated deductions which would have been
19 standing to the credit of the member for such service had
20 regular and additional member contributions been made with
21 full coverage in the class of service and at the rate of
22 contribution applicable during such period of previous
23 service and had his regular and additional accumulated
24 deductions been credited with statutory interest during all
25 periods of subsequent State service as an active member or
26 inactive member on leave without pay and school service as an
27 active member or inactive member on leave without pay of the
28 Public School Employees' Retirement System up to the date of
29 purchase. A State employee who is an active member of the
30 system as a result of concurrently performing service in more

~~1 than one position or office at the time previously uncredited
2 State service is credited shall elect which position or
3 office is used for the determination of required
4 contributions and crediting and classification of the
5 previously uncredited service.~~

~~6 (2) Notwithstanding paragraph (1), active members [with]
7 who perform State service credited as Class A 3 [State]
8 service shall make contributions and receive credit for
9 previously uncredited State service as if the previous State
10 service was Class A 3 service, and active members [with] who
11 perform State service credited as Class A 4 [State] service
12 shall make contributions and receive credit as if the
13 previous State service was Class A 4 service, even if it
14 would have been credited as a different class of service had
15 the State employee been a member of the system at the time
16 the service was performed unless it was mandatory that the
17 State employee be an active member of the system and the
18 previous State service is being credited as the result of a
19 mandatory active membership requirement.~~

~~20 (3) (Reserved).~~

~~21 (4) Notwithstanding paragraph (1), if a member is
22 purchasing credit for previously uncredited State service
23 that is first credited after December 31, 2015, the regular
24 member contributions shall be calculated without regard to
25 any adjustments that would have been applicable under
26 sections 5501.1(c) (relating to shared risk member
27 contributions and shared gain adjustments to regular member
28 contributions for Class A 3 and Class A 4 service) or 5501.3
29 (relating to contribution savings program for members of
30 Class AA and Class D 4) had regular member contributions been~~

1 ~~made during such period of previous 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 by an active member~~
7 ~~of a class of service other than Class CB required to restore~~
8 ~~credit in the system for all other previous State service other~~
9 ~~than Class CB service.~~

10 ~~(b) Certification and method of payment. The amount payable~~
11 ~~shall be certified in each case by the board in accordance with~~
12 ~~methods approved by the actuary and shall be paid in a lump sum~~
13 ~~within 30 days or in the case of an active member or eligible~~
14 ~~school employee who is an active member of the Public School~~
15 ~~Employees' Retirement System may be amortized with statutory~~
16 ~~interest through salary deductions to the system in amounts~~
17 ~~agreed upon by the member and the board. The salary deduction~~
18 ~~amortization plans agreed to by members and the board may~~
19 ~~include a deferral of payment amounts and statutory interest~~
20 ~~until the termination of school service or State service or~~
21 ~~beginning service as a participant without concurrently being an~~
22 ~~active member or inactive member on leave without pay as the~~
23 ~~board in its sole discretion decides to allow. The board may~~
24 ~~limit the salary deduction amortization plans to such terms as~~
25 ~~the board in its sole discretion determines. In the case of an~~
26 ~~eligible school employee who is an active member of the Public~~
27 ~~School Employees' Retirement System, the agreed upon salary~~
28 ~~deductions shall be remitted to the Public School Employees'~~
29 ~~Retirement Board, which shall certify and transfer to the board~~
30 ~~the amounts paid.~~

1 ~~Section 417. Section 5505 (b), (c), (d) and (i) (4) of Title~~
2 ~~71 are amended and the section is amended by adding subsections~~
3 ~~to read:~~

4 ~~§ 5505. Contributions for the purchase of credit for creditable~~
5 ~~nonstate service.~~

6 ~~* * *~~

7 ~~(b) Nonintervening military service.~~

8 ~~(1) The amount due for the purchase of credit for~~
9 ~~military service other than intervening military service~~
10 ~~shall be determined by applying the member's basic~~
11 ~~contribution rate, the additional contribution rate plus the~~
12 ~~Commonwealth normal contribution rate for active members at~~
13 ~~the time of entry, subsequent to such military service, of~~
14 ~~the member into State service to his average annual rate of~~
15 ~~compensation over the first three years of such subsequent~~
16 ~~State service, excluding any compensation for Class A 3~~
17 ~~service or Class A 4 service in excess of the Class A 3 and~~
18 ~~Class A 4 compensation limit, and multiplying the result by~~
19 ~~the number of years and fractional part of a year of~~
20 ~~creditable nonintervening military service being purchased~~
21 ~~together with statutory interest during all periods of~~
22 ~~subsequent State service as an active member or inactive~~
23 ~~member on leave without pay and school service as an active~~
24 ~~member or inactive member on leave without pay of the Public~~
25 ~~School Employees' Retirement System to date of purchase. Upon~~
26 ~~application for credit for such service, payment shall be~~
27 ~~made in a lump sum within 30 days or in the case of an active~~
28 ~~member or eligible school employee who is an active member of~~
29 ~~the Public School Employees' Retirement System it may be~~
30 ~~amortized with statutory interest through salary deductions~~

1 ~~to the system in amounts agreed upon by the member and the~~
2 ~~board. The salary deduction amortization plans agreed to by~~
3 ~~members and the board may include a deferral of payment~~
4 ~~amounts and statutory interest until the termination of~~
5 ~~school service or State service or beginning service as a~~
6 ~~participant without concurrently being an active member or~~
7 ~~inactive member on leave without pay as the board in its sole~~
8 ~~discretion decides to allow. The board may limit salary~~
9 ~~deduction amortization plans to such terms as the board in~~
10 ~~its sole discretion determines. In the case of an eligible~~
11 ~~school employee who is an active member of the Public School~~
12 ~~Employees' Retirement System, the agreed upon salary~~
13 ~~deductions shall be remitted to the Public School Employees'~~
14 ~~Retirement Board, which shall certify and transfer to the~~
15 ~~board the amounts paid. Application may be filed for all such~~
16 ~~military service credit upon completion of three years of~~
17 ~~subsequent State service and shall be credited as Class A~~
18 ~~service.~~

19 ~~(2) Applicants may purchase credit as follows:~~

20 ~~(i) one purchase of the total amount of creditable~~
21 ~~nonintervening military service; or~~

22 ~~(ii) one purchase per 12 month period of a portion~~
23 ~~of creditable nonintervening military service.~~

24 ~~The amount of each purchase shall be not less than one year~~
25 ~~of creditable nonintervening military service.~~

26 ~~(c) Intervening military service. Contributions on account~~
27 ~~of credit for intervening military service shall be determined~~
28 ~~by the member's regular contribution rate, shared risk~~
29 ~~contribution rate, Social Security integration contribution~~
30 ~~rate, the additional contribution rate which shall be applied~~

1 ~~only to those members who began service on or after the~~
2 ~~effective date of this amendatory act and compensation at the~~
3 ~~time of entry of the member into active military service,~~
4 ~~excluding any compensation for Class A 3 service or Class A 4~~
5 ~~service in excess of the Class A 3 and Class A 4 compensation~~
6 ~~limit, together with statutory interest during all periods of~~
7 ~~subsequent State service as an active member or inactive member~~
8 ~~on leave without pay and school service as an active member or~~
9 ~~inactive member on leave without pay of the Public School~~
10 ~~Employees' Retirement System to date of purchase. Upon~~
11 ~~application for such credit the amount due shall be certified in~~
12 ~~the case of each member by the board in accordance with methods~~
13 ~~approved by the actuary, and contributions may be made by:~~

14 ~~(1) regular monthly payments during active military~~
15 ~~service; or~~

16 ~~(2) a lump sum payment within 30 days of certification;~~
17 ~~or~~

18 ~~(3) salary deductions to the system in amounts agreed~~
19 ~~upon by the member or eligible school employee who is an~~
20 ~~active member of the Public School Employees' Retirement~~
21 ~~System and the board.~~

22 ~~The salary deduction amortization plans agreed to by members and~~
23 ~~the board may include a deferral of payment amounts and~~
24 ~~statutory interest until the termination of school service or~~
25 ~~State service or beginning service as a participant without~~
26 ~~concurrently being an active member or inactive member on leave~~
27 ~~without pay as the board in its sole discretion decides to~~
28 ~~allow. The board may limit salary deduction amortization plans~~
29 ~~to such terms as the board in its sole discretion determines. In~~
30 ~~the case of an eligible school employee who is an active member~~

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

5 ~~(d) Nonmilitary and nonmagisterial service. Contributions~~
6 ~~on account of credit for creditable nonstate service other than~~
7 ~~military and magisterial service by State employees who first~~
8 ~~become members of the system before January 1, 2011, or before~~
9 ~~December 1, 2010, as a member of the General Assembly shall be~~
10 ~~determined by applying the member's basic contribution rate, the~~
11 ~~additional contribution rate plus the Commonwealth normal~~
12 ~~contribution rate for active members at the time of entry~~
13 ~~subsequent to such creditable nonstate service of the member~~
14 ~~into State service to his compensation at the time of entry into~~
15 ~~State service as a member of the system and excluding any~~
16 ~~compensation for Class A 3 service or Class A 4 service in~~
17 ~~excess of the Class A 3 and Class A 4 compensation limit and~~
18 ~~multiplying the result by the number of years and fractional~~
19 ~~part of a year of creditable nonstate service being purchased~~
20 ~~together with statutory interest during all periods of~~
21 ~~subsequent State service as an active member or inactive member~~
22 ~~on leave without pay and school service as an active member or~~
23 ~~inactive member on leave without pay of the Public School~~
24 ~~Employees' Retirement System to the date of purchase. Upon~~
25 ~~application for credit for such service payment shall be made in~~
26 ~~a lump sum within 30 days or in the case of an active member or~~
27 ~~eligible school employee who is an active member of the Public~~
28 ~~School Employees' Retirement System it may be amortized with~~
29 ~~statutory interest through salary deductions to the system in~~
30 ~~amounts agreed upon by the member and the board. The salary~~

1 ~~deduction amortization plans agreed to by members and the board~~
2 ~~may include a deferral of payment amounts and statutory interest~~
3 ~~until the termination of school service or State service or~~
4 ~~beginning service as a participant without concurrently being an~~
5 ~~active member or inactive member on leave without pay as the~~
6 ~~board in its sole discretion decides to allow. The board may~~
7 ~~limit salary deduction amortization plans to such terms as the~~
8 ~~board in its sole discretion determines. In the case of an~~
9 ~~eligible school employee who is an active member of the Public~~
10 ~~School Employees' Retirement System, the agreed upon salary~~
11 ~~deduction shall be remitted to the Public School Employees'~~
12 ~~Retirement Board, which shall certify and transfer to the board~~
13 ~~the amounts paid.~~

14 * * *

15 ~~(i) Purchases of nonstate service credit by State employees~~
16 ~~who first became members of the system on or after December 1,~~
17 ~~2010.—~~

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 or beginning service as a participant~~

1 ~~without concurrently being an active member or inactive~~
2 ~~member on leave without pay as the board in its sole~~
3 ~~discretion decides to allow. The board may limit the salary~~
4 ~~deduction amortization plans to such terms as the board in~~
5 ~~its sole discretion determines. In the case of an eligible~~
6 ~~school employee who is an active member of the Public School~~
7 ~~Employees' Retirement System, the agreed upon salary~~
8 ~~deductions shall be remitted to the Public School Employees'~~
9 ~~Retirement Board, which shall certify and transfer to the~~
10 ~~board the amounts paid.~~

11 ~~(j) Inapplicability of adjustments. If a member is~~
12 ~~purchasing creditable nonstate service that is first credited on~~
13 ~~or after January 1, 2016, the regular member contributions~~
14 ~~necessary to purchase such credit shall be determined without~~
15 ~~regard to any adjustments applicable under sections 5501.1(c)~~
16 ~~(relating to shared risk member contributions and shared gain~~
17 ~~adjustments to regular member contributions for Class A 3 and~~
18 ~~Class A 4 service) or 5501.3 (relating to contribution savings~~
19 ~~program for members of Class AA and Class D 4).~~

20 ~~(k) Calculation of employee contributions after December 31,~~
21 ~~2015. If employee contributions for the payment of creditable~~
22 ~~nonstate service purchased under this subsection are determined~~
23 ~~all or in part by the Commonwealth normal contribution rate~~
24 ~~after December 31, 2015, the Commonwealth normal contribution~~
25 ~~for that purpose shall be the higher of the applicable actual~~
26 ~~employer normal contribution rate determined under section~~
27 ~~5508(b) (relating to actuarial cost method), or the employer~~
28 ~~normal contribution rate determined as part of the actuarial~~
29 ~~valuation for December 31, 2014.~~

30 Section 418. Sections 5506 and 5506.1(a) of Title 71 are

1 ~~amended to read:~~

2 ~~§ 5506. Incomplete payments.~~

3 ~~In the event that a member terminates State service or begins~~
4 ~~service as a participant without concurrently being an active~~
5 ~~member or inactive member on leave without pay or a multiple~~
6 ~~service member who is an active member of the Public School~~
7 ~~Employees' Retirement System terminates school service before~~
8 ~~the agreed upon payments for credit for previous State service,~~
9 ~~USERRA leave, creditable nonstate service, social security~~
10 ~~integration, full coverage membership or return of benefits on~~
11 ~~account of returning to State service or entering school service~~
12 ~~and electing multiple service have been completed, the member or~~
13 ~~multiple service member who is an active member of the Public~~
14 ~~School Employees' Retirement System shall have the right to pay~~
15 ~~within 30 days of termination of State service or school service~~
16 ~~or beginning service as a participant the balance due, including~~
17 ~~interest, in a lump sum and the annuity shall be calculated~~
18 ~~including full credit for the previous State service, creditable~~
19 ~~nonstate service, social security integration, or full coverage~~
20 ~~membership. In the event a member does not pay the balance due~~
21 ~~within 30 days of termination of State service or beginning~~
22 ~~service as a participant or in the event a member dies in State~~
23 ~~service or within 30 days of termination of State service or~~
24 ~~beginning service as a participant or in the case of a multiple~~
25 ~~service member who is an active member of the Public School~~
26 ~~Employees' Retirement System does not pay the balance due within~~
27 ~~30 days of termination of school service or dies in school~~
28 ~~service or within 30 days of termination of school service and~~
29 ~~before the agreed upon payments have been completed, the present~~
30 ~~value of the benefit otherwise payable shall be reduced by the~~

1 ~~balance due, including interest, and the benefit payable shall~~
2 ~~be calculated as the actuarial equivalent of such reduced~~
3 ~~present value.~~

4 ~~§ 5506.1. Annual compensation limit under IRC § 401(a)(17).~~

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

25 ~~* * *~~

26 ~~Section 419. Title 71 is amended by adding a section to~~
27 ~~read:~~

28 ~~§ 5506.2. Application of Class A 3 and Class A 4 compensation~~
29 ~~limit.~~

30 ~~(a) General rule. The Class A 3 and Class A 4 compensation~~

1 ~~limit shall be applied to the total compensation received each~~
2 ~~calendar year for service as a member of Class A 3 or Class A 4~~
3 ~~and, if a multiple service member, for service in Class T E and~~
4 ~~Class T F in the Public School Employees' Retirement System.~~

5 ~~(b) Final average salary adjustment required. For purposes~~
6 ~~of calculating final average salary for the determination of~~
7 ~~standard single life annuities and other benefits resulting from~~
8 ~~post January 2016 service as a member of Class A 3 or Class A 4,~~
9 ~~the total compensation received, and the compensation received~~
10 ~~excluding remuneration received for any overtime service as a~~
11 ~~member of the system, each calendar year for Class A 3 service~~
12 ~~and Class A 4 service and, if a multiple service member, as a~~
13 ~~school employee for service as a Class T E member and Class T F~~
14 ~~member of the Public School Employees' Retirement System, shall~~
15 ~~be adjusted first by annualizing the compensation received for~~
16 ~~any part time service or for any partial year of credit on the~~
17 ~~basis of the fractional portion of the year for which credit is~~
18 ~~received. After annualization, the amount of compensation in any~~
19 ~~calendar year resulting from Class A 3 service or Class A 4~~
20 ~~service shall be further adjusted downward so as to not exceed~~
21 ~~the Class A 3 and Class A 4 compensation limit for that year.~~

22 ~~(c) Member contribution limits. For purposes of determining~~
23 ~~regular member contributions and shared risk member~~
24 ~~contributions resulting from post January 2016 service as a~~
25 ~~member of Class A 3 or Class A 4 service, the compensation each~~
26 ~~year is limited to the Class A 3 and Class A 4 compensation~~
27 ~~limit for that year.~~

28 ~~Section 420. Sections 5507 heading and (a) and (b), 5508(a),~~
29 ~~(b), (c), (f), (h) and (i) and 5509 of Title 71 are amended to~~
30 ~~read:~~

1 ~~§ 5507. Contributions to the system by the Commonwealth and~~
2 ~~other employers.~~

3 ~~(a) Contributions on behalf of active members. The~~
4 ~~Commonwealth and other employers whose employees are members of~~
5 ~~the system shall make contributions to the fund on behalf of all~~
6 ~~active members in such amounts as shall be certified by the~~
7 ~~board as necessary to provide, together with the members' total~~
8 ~~accumulated deductions and cash balance member accumulated~~
9 ~~deductions, annuity reserves on account of prospective annuities~~
10 ~~other than those provided in sections 5708 (relating to~~
11 ~~supplemental annuities), 5708.1 (relating to additional~~
12 ~~supplemental annuities), 5708.2 (relating to further additional~~
13 ~~supplemental annuities), 5708.3 (relating to supplemental~~
14 ~~annuities commencing 1994), 5708.4 (relating to special~~
15 ~~supplemental postretirement adjustment), 5708.5 (relating to~~
16 ~~supplemental annuities commencing 1998), 5708.6 (relating to~~
17 ~~supplemental annuities commencing 2002), 5708.7 (relating to~~
18 ~~supplemental annuities commencing 2003) and 5708.8 (relating to~~
19 ~~special supplemental postretirement adjustment of 2002), in~~
20 ~~accordance with the actuarial cost method provided in section~~
21 ~~5508(a), (b), (c), (d) and (f) (relating to actuarial cost~~
22 ~~method).~~

23 ~~(b) Contributions on behalf of annuitants. The Commonwealth~~
24 ~~and other employers whose employees are members of the system~~
25 ~~shall make contributions on behalf of annuitants in such amounts~~
26 ~~as shall be certified by the board as necessary to fund the~~
27 ~~liabilities for supplemental annuities in accordance with the~~
28 ~~actuarial cost method provided in section 5508(e) [(relating to~~
29 ~~actuarial cost method)].~~

30 ~~* * *~~

1 ~~§ 5508. Actuarial cost method.~~

2 ~~(a) Employer contribution rate on behalf of active~~
3 ~~members. [The] For each fiscal year, the amount of the~~
4 ~~Commonwealth and other employer contributions on behalf of all~~
5 ~~active members shall be computed by the actuary as a percentage~~
6 ~~of the total compensation of all active members during the~~
7 ~~period for which the amount is determined and shall be so~~
8 ~~certified by the board. The actuarially required contribution~~
9 ~~rate on behalf of all active members shall consist of the~~
10 ~~employer normal contribution rate, as defined in subsection (b),~~
11 ~~and the accrued liability contribution rate as defined in~~
12 ~~subsection (c). The actuarially required contribution rate on~~
13 ~~behalf of all active members shall be modified by the experience~~
14 ~~adjustment factor as calculated in subsection (f).~~

15 ~~(b) Employer normal contribution rate. The employer normal~~
16 ~~contribution rate shall be determined after each actuarial~~
17 ~~valuation on the basis of an annual interest rate and such~~
18 ~~mortality and other tables as shall be adopted by the board in~~
19 ~~accordance with generally accepted actuarial principles. The~~
20 ~~employer normal contribution rate shall be determined as a level~~
21 ~~percentage of the compensation of the average new active member,~~
22 ~~which percentage, if contributed on the basis of his prospective~~
23 ~~compensation through his entire period of active State service,~~
24 ~~would be sufficient to fund the liability for any prospective~~
25 ~~benefit payable to him in excess of that portion funded by his~~
26 ~~prospective member contributions, excluding shared risk member~~
27 ~~contributions. In no case shall the employer normal contribution~~
28 ~~rate be less than zero.~~

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

30 ~~(1) For the fiscal years beginning July 1, 2002, and~~

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

1 ~~a period of ten years from the first day of July, coincident~~
2 ~~with or next following the effective date of the increase.~~
3 ~~The amount of each annual accrued liability contribution for~~
4 ~~such additional legislative liabilities shall be equal to the~~
5 ~~amount of such contribution for the first annual payment.~~

6 ~~(2) Notwithstanding any other provision of law,~~
7 ~~beginning July 1, 2004, and ending June 30, 2010, the~~
8 ~~outstanding balance of the increase in accrued liability due~~
9 ~~to the change in benefits enacted in 2001 shall be amortized~~
10 ~~in equal dollar annual contributions over a period that ends~~
11 ~~30 years after July 1, 2002, and the outstanding balance of~~
12 ~~the net actuarial loss incurred in calendar year 2002 shall~~
13 ~~be amortized in equal dollar annual contributions over a~~
14 ~~period that ends 30 years after July 1, 2003. For fiscal~~
15 ~~years beginning on or after July 1, 2004, and ending June 30,~~
16 ~~2010, if the accrued liability is increased by legislation~~
17 ~~enacted subsequent to June 30, 2003, but before January 1,~~
18 ~~2009, such additional liability shall be funded in equal~~
19 ~~dollar annual contributions over a period of ten years from~~
20 ~~the first day of July coincident with or next following the~~
21 ~~effective date of the increase.~~

22 ~~(3) For the fiscal year beginning July 1, 2010, the~~
23 ~~accrued liability contribution rate shall be computed as the~~
24 ~~rate of total compensation of all active members which shall~~
25 ~~be certified by the actuary as sufficient to fund in equal~~
26 ~~dollar installments over a period of 30 years from July 1,~~
27 ~~2010, the present value of the liabilities for all~~
28 ~~prospective benefits calculated as of the immediately prior~~
29 ~~valuation date, including the supplemental benefits as~~
30 ~~provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4,~~

1 ~~5708.5, 5708.6, 5708.7 and 5708.8, but excluding the benefits~~
2 ~~payable from the retirement benefit plan established pursuant~~
3 ~~to section 5941 (relating to benefits completion plan), in~~
4 ~~excess of the actuarially calculated assets in the fund~~
5 ~~(calculated recognizing all realized and unrealized~~
6 ~~investment gains and losses each year in level annual~~
7 ~~installments over five years), including the balance in the~~
8 ~~supplemental annuity account, and the present value of~~
9 ~~employer normal contributions and of member contributions~~
10 ~~payable with respect to all active members, inactive members~~
11 ~~on leave without pay, vestees and special vestees on December~~
12 ~~31, 2009. If the accrued liability is changed by legislation~~
13 ~~enacted subsequent to December 31, 2009, such change in~~
14 ~~liability shall be funded in equal dollar installments as a~~
15 ~~percentage of compensation of all active members over a~~
16 ~~period of ten years from the first day of July following the~~
17 ~~valuation date coincident with or next following the date~~
18 ~~such legislation is enacted.~~

19 ~~* * *~~

20 ~~(f) Experience adjustment factor.—~~

21 ~~(1) For each fiscal year after the establishment of the~~
22 ~~accrued liability contribution rate and the supplemental~~
23 ~~annuity contribution rate for the fiscal year beginning July~~
24 ~~1, 2010, any increase or decrease in the unfunded accrued~~
25 ~~liability and any increase or decrease in the liabilities and~~
26 ~~funding for supplemental annuities, due to actual experience~~
27 ~~differing from assumed experience (recognizing all realized~~
28 ~~and unrealized investment gains and losses over a five year~~
29 ~~period), changes in contributions caused by the final~~
30 ~~contribution rate being different from the actuarially~~

1 ~~required contribution rate, State employees making shared~~
2 ~~risk member contributions, adjustments to the regular member~~
3 ~~contributions under sections 5501.1 (relating to shared risk~~
4 ~~member contributions and shared gain adjustments to regular~~
5 ~~member contributions for Class A 3 and Class A 4 service) and~~
6 ~~5501.3 (relating to contribution savings program for members~~
7 ~~of Class AA and Class D 4),~~ changes in actuarial assumptions
8 or changes in the terms and conditions of the benefits
9 provided by the system by judicial, administrative or other
10 processes other than legislation, including, but not limited
11 to, reinterpretation of the provisions of this part, shall be
12 amortized in equal dollar annual contributions as a
13 percentage of compensation of all active members over a
14 period of 30 years beginning with the July 1 succeeding the
15 actuarial valuation determining said increases or decreases.

16 (2) ~~The actuarially required contribution rate shall be~~
17 ~~the sum of the normal contribution rate, the accrued~~
18 ~~liability contribution rate and the supplemental annuity~~
19 ~~contribution rate, modified by the experience adjustment~~
20 ~~factor as calculated in paragraph (1).~~

21 * * *

22 (h) ~~Temporary application of collared contribution rate.~~
23 ~~The collared contribution rate for each fiscal year shall be~~
24 ~~determined by comparing the actuarially required contribution~~
25 ~~rate calculated without regard for costs added by legislation to~~
26 ~~the prior year's final contribution rate. If, for any of the~~
27 ~~fiscal years beginning July 1, 2011, July 1, 2012, and on or~~
28 ~~after July 1, 2013, the actuarially required contribution rate~~
29 ~~calculated without regard for costs added by legislation is more~~
30 ~~than 3%, 3.5% and 4.5%, respectively, of the total compensation~~

1 ~~of all active members greater than the prior year's final~~
2 ~~contribution rate, then the collared contribution rate shall be~~
3 ~~applied and be equal to the prior year's final contribution rate~~
4 ~~increased by the respective percentage above of total~~
5 ~~compensation of all active members. Otherwise, and for all~~
6 ~~subsequent fiscal years, the collared contribution rate shall~~
7 ~~not [be applicable] apply. In no case shall the collared~~
8 ~~contribution rate be less than 4% of total compensation of all~~
9 ~~active members.~~

10 ~~(i) Final contribution rate. For the fiscal year beginning~~
11 ~~July 1, 2010, the final contribution rate shall be 5% of total~~
12 ~~compensation of all active members. For each subsequent fiscal~~
13 ~~year for which the collared contribution rate is applicable, the~~
14 ~~final contribution rate shall be the collared contribution rate~~
15 ~~plus the costs added by legislation. For all other fiscal years,~~
16 ~~the final contribution rate shall be the actuarially required~~
17 ~~contribution rate, provided that the final contribution rate~~
18 ~~shall not be less than the employer normal contribution rate, as~~
19 ~~defined in subsection (b).~~

20 ~~§ 5509. Appropriations and assessments by the Commonwealth.~~

21 ~~(a) Annual submission of budget. The board shall prepare~~
22 ~~and submit annually an itemized budget consisting of the amounts~~
23 ~~necessary to be appropriated by the Commonwealth out of the~~
24 ~~General Fund and special operating funds and the amounts to be~~
25 ~~assessed the other employers required to meet the separate~~
26 ~~obligations to the fund and the trust accruing during the fiscal~~
27 ~~period beginning the first day of July of the following year.~~

28 ~~(b) Appropriation and payment. The General Assembly shall~~
29 ~~make an appropriation sufficient to provide for the separate~~
30 ~~obligations of the Commonwealth to the fund and the trust. Such~~

1 ~~amount shall be paid by the State Treasurer through the~~
2 ~~Department of Revenue into the fund or trust, as the case may~~
3 ~~be, in accordance with requisitions presented by the board. The~~
4 ~~contributions to the system by the Commonwealth on behalf of~~
5 ~~active members who are officers of the Pennsylvania State Police~~
6 ~~shall be charged to the General Fund and to the Motor License~~
7 ~~Fund in the same ratios as used to apportion the appropriations~~
8 ~~for salaries of members of the Pennsylvania State Police. The~~
9 ~~contributions to the system by the Commonwealth on behalf of~~
10 ~~active members who are enforcement officers and investigators of~~
11 ~~the Pennsylvania Liquor Control Board shall be charged to the~~
12 ~~General Fund and to the State Stores Fund.~~

13 ~~(c) Contributions from funds other than General Fund. The~~
14 ~~amounts assessed other employers who are required to make the~~
15 ~~necessary separate contributions to the fund and the trust out~~
16 ~~of funds other than the General Fund shall be paid by such~~
17 ~~employers into the fund or trust, as the case may be, in~~
18 ~~accordance with requisitions presented by the board. The General~~
19 ~~Fund of the Commonwealth shall not be held liable to appropriate~~
20 ~~the moneys required to build up the reserves in the fund~~
21 ~~necessary for the payment of benefits from the system to~~
22 ~~employees or to make the employer defined contributions for~~
23 ~~employees of such other employers. In case any such other~~
24 ~~employer shall fail to provide to the fund the moneys necessary~~
25 ~~for such purpose, then the service of such members of the system~~
26 ~~for such period for which money is not so provided shall be~~
27 ~~credited and pickup contributions and cash balance member~~
28 ~~contributions with respect to such members shall continue to be~~
29 ~~credited to the members' savings account and the cash balance~~
30 ~~savings account. The annuity to which such member is entitled~~

1 shall be determined as actuarially equivalent to the present
2 value of the maximum single life annuity of each such member
3 reduced by the amount of employer contributions to the system
4 payable on account and attributable to his compensation during
5 such service, except that no reduction shall be made as a result
6 of the failure of an employer to make contributions required for
7 a period of USERRA leave.

8 Section 421. Title 71 is amended by adding a section to
9 read:

10 § 5510. Employer funding mandate protection.

11 (a) Limited expansion of contractual right to funding.
12 Commencing on the July 1 following the actuarial valuation in
13 which the actuary certifies that the final contribution rate is
14 the actuarially required contribution, each active member of
15 shall have a contractual right to the timely payment of the
16 annual actuarially required contributions pursuant to section
17 5508 (relating to actuarial cost method) and section 5902(k)
18 (relating to administrative duties of the board) by such
19 member's employer. The following apply:

20 (1) The failure of a member's employer to make the
21 annually required contribution to the fund will be deemed to
22 be an impairment of the contractual right of such member.

23 (2) Any claim of contract impairment shall be brought
24 against the employer of the member for whom contributions
25 were not paid, and neither the board nor the system or their
26 employees or agents shall be a defendant in any such action
27 or liable for any payments or damages arising from such
28 impairment.

29 (b) Jurisdiction of Supreme Court. Notwithstanding any
30 provision of 2 Pa.C.S. (relating to administrative law and

1 ~~procedure), 42 Pa.C.S. (relating to judiciary and judicial~~
2 ~~procedure) or any other provision of law, the Pennsylvania~~
3 ~~Supreme Court shall have exclusive jurisdiction to do as~~
4 ~~follows:~~

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

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

10 ~~(3) find facts or expedite a final judgment in~~
11 ~~connection with such a challenge or request for declaratory~~
12 ~~relief.~~

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

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

20 ~~(e) Limitation of contract right. Nothing in this section~~
21 ~~shall be construed to create a contract right or claim of~~
22 ~~contract impairment in any member as to any benefit formula,~~
23 ~~benefit payment option, or any other provision of this part~~
24 ~~other than the funding mandate of the member's employer, or to~~
25 ~~change the jurisdiction of the board or the courts regarding any~~
26 ~~claim other than for payment of the annual actuarially required~~
27 ~~contributions.~~

28 ~~(f) Employer contributions. Nothing in this section shall~~
29 ~~be deemed to supersede or conflict with the rights and~~
30 ~~obligations set forth in section 5509 (relating to~~

1 ~~appropriations and assessments by the Commonwealth).~~

2 ~~(g) Board action. The board is authorized but not required~~
3 ~~to bring an action under this section on behalf of itself or any~~
4 ~~member, and, if the board prevails, it may be awarded reasonable~~
5 ~~attorney fees.~~

6 Section 422. Sections 5701 and 5701.1 of Title 71 are
7 amended to read:

8 ~~§ 5701. Return of total accumulated deductions and cash balance~~
9 ~~member 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 total accumulated
13 deductions ~~and his cash balance member accumulated deductions by~~
14 ~~his required beginning date.~~

15 ~~§ 5701.1. Transfer of accumulated deductions.~~

16 When an employee of the Juvenile Court Judges' Commission
17 elects membership in an independent retirement program pursuant
18 to section 5301(f) (relating to mandatory and optional
19 membership ~~in the system and participation in the plan~~), the
20 board shall transfer directly to the trustee or administrator of
21 the independent retirement program all accumulated deductions
22 resulting from service credited while an employee of the
23 Juvenile Court Judges' Commission.

24 Section 423. Sections 5702(a), (a.1) and (b) and 5704(a),
25 (c), (e) and (f) of Title 71 are amended and the sections are
26 amended by adding subsections to read:

27 ~~§ 5702. Maximum single life annuity.~~

28 (a) General rule. Any full coverage member who is eligible
29 to receive an annuity pursuant to the provisions of section
30 5308(a) or (b) (relating to eligibility for annuities) who

1 ~~terminates State service, or if a multiple service member who is~~
2 ~~a school employee who is an active member of the Public School~~
3 ~~Employees' Retirement System who terminates school service,~~
4 ~~before attaining age 70 shall be entitled to receive a maximum~~
5 ~~single life annuity attributable to his credited service and~~
6 ~~equal to the sum of the following single life annuities~~
7 ~~beginning at the effective date of retirement:~~

8 ~~(1) A single life annuity that is the sum of the~~
9 ~~standard single life [annuity multiplied by the sum of the~~
10 ~~products,] annuities determined separately for each class of~~
11 ~~service, [obtained by multiplying] multiplied by the~~
12 ~~appropriate class of service multiplier [by the ratio of~~
13 ~~years of service credited in that class to the total credited~~
14 ~~service] applicable to each standard single life annuity. In~~
15 ~~case the member on the effective date of retirement is under~~
16 ~~superannuation age for any service, a reduction factor~~
17 ~~calculated to provide benefits actuarially equivalent to an~~
18 ~~annuity starting at superannuation age shall be applied to~~
19 ~~the product determined for that service. The class of service~~
20 ~~multiplier for any period of concurrent service determined~~
21 ~~without regard to service in Class CB shall be multiplied by~~
22 ~~the proportion of total State and school compensation during~~
23 ~~such period attributable to State service as a member of the~~
24 ~~system. In the event a member has two multipliers for one~~
25 ~~class of service [the class of service multiplier to be used~~
26 ~~for calculating benefits for that class shall be the average~~
27 ~~of the two multipliers weighted by the proportion of~~
28 ~~compensation attributable to each multiplier during the three~~
29 ~~years of highest annual compensation in that class of~~
30 ~~service: Provided, That in the case of a member of Class E 1,~~

1 ~~a portion but not all of whose three years of highest annual~~
2 ~~judicial compensation is prior to January 1, 1973, two class~~
3 ~~of service multipliers shall be calculated on the basis of~~
4 ~~his entire judicial service, the one applying the judicial~~
5 ~~class of service multipliers effective prior to January 1,~~
6 ~~1973 and the second applying the class of service multipliers~~
7 ~~effective subsequent to January 1, 1973. The average class of~~
8 ~~service multiplier to be used for calculating benefits for~~
9 ~~his judicial service shall be the average of the two~~
10 ~~calculated multipliers weighted by the proportion of~~
11 ~~compensation attributable to each of the calculated~~
12 ~~multipliers during the three years of highest annual~~
13 ~~compensation in that class of service.], separate standard~~
14 ~~single life annuities shall be calculated for the portion of~~
15 ~~service in such class applicable to each class of service~~
16 ~~multiplier.~~

17 ~~(2) If eligible, a single life annuity of 2% of his~~
18 ~~average noncovered salary for each year of social security~~
19 ~~integration credit as provided for in section 5305 (relating~~
20 ~~to social security integration credits) multiplied, if on the~~
21 ~~effective date of retirement the member is under~~
22 ~~superannuation age for any service, by the actuarially~~
23 ~~determined reduction factor for that service.~~

24 ~~(3) If eligible, a single life annuity which is~~
25 ~~actuarially equivalent to the regular and additional~~
26 ~~accumulated deductions attributable to contributions as a~~
27 ~~member of Class C, but not less than such annuity determined~~
28 ~~as if the member were age 60 on the effective date of~~
29 ~~retirement, actuarially reduced in the event the member is~~
30 ~~under superannuation age on the effective date of retirement.~~

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 C are~~
5 ~~greater than one half of the actuarially equivalent value on~~
6 ~~the effective date of retirement of the annuity as provided~~
7 ~~in paragraph (1) attributable to service other than Class C~~
8 ~~for which regular or joint coverage member contributions were~~
9 ~~made. This paragraph shall not apply to any member with State~~
10 ~~service credited as Class A 3 or Class A 4.~~

11 ~~(5) If eligible, a single life annuity which is~~
12 ~~actuarially equivalent to the amount by which his social~~
13 ~~security integration accumulated deductions are greater than~~
14 ~~one half of the actuarially equivalent value on the effective~~
15 ~~date of retirement of the annuity provided for under~~
16 ~~paragraph (2).~~

17 ~~(6) If eligible, a single life annuity sufficient~~
18 ~~together with the annuity provided for in paragraph (1) as a~~
19 ~~Class A, Class AA, Class A 3 and Class A 4 member and the~~
20 ~~highest annuity provided for in paragraph (2) to which he is~~
21 ~~entitled, or at his option could have been entitled, to~~
22 ~~produce that percentage of [a] the sums of the standard~~
23 ~~single life [annuity] annuities adjusted by the application~~
24 ~~of the class of service multiplier for Class A, Class AA,~~
25 ~~Class A 3 or Class A 4 as set forth in paragraph (1) in the~~
26 ~~case where any service is credited as a member of Class A,~~
27 ~~Class AA, Class A 3 or Class A 4 on the effective date of~~
28 ~~retirement as determined by his total years of credited~~
29 ~~service as a member of Class A, Class AA, Class A 3 and Class~~
30 ~~A 4 and by the following table:~~

1	Total Years of	Percentage of Sums of
2	Credited Service	Standard
3	as a Member of	Single Life
4	Class A,	[Annuity] Annuities Adjusted for
5	Class AA, Class A 3	Class A, Class AA,
6	and Class A 4	Class A 3 and Class A 4
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 ~~(7) If eligible, a single life annuity which is~~
16 ~~actuarially equivalent to the total cash balance accumulated~~
17 ~~deductions credited to the member's individual cash balance~~
18 ~~savings account.~~

19 ~~(a.1) Rule for terminations after attaining age 70.~~

20 ~~(1) Any full coverage member who is eligible to receive~~
21 ~~an annuity pursuant to the provisions of section 5308(a) who~~
22 ~~terminates State service, or if a multiple service member who~~
23 ~~is a school employee and an active member of the Public~~
24 ~~School Employees' Retirement System who terminates school~~
25 ~~service, on or after attaining age 70 and who applies for a~~
26 ~~superannuation annuity to be effective the day after the~~
27 ~~termination of State service or school service, as the case~~
28 ~~may be, shall be entitled to receive a maximum single life~~
29 ~~annuity as of a determination date that is equal to the~~
30 ~~greater of subparagraph (i) or (ii), plus any annuity the~~

1 ~~member may be eligible to receive under subsection (a) (7):~~

2 ~~(i) the sum of the annuities provided in subsection~~
3 ~~(a) (1) through (6) calculated as of the determination~~
4 ~~date; and~~

5 ~~(ii) the greater of [clause (A) or (B)]:~~

6 ~~(A) the sum of the annuities provided in~~
7 ~~subsection (a) (1), (3), (4) and (6) as of the~~
8 ~~preceding determination date adjusted by the~~
9 ~~actuarial increase factor, plus the annuities~~
10 ~~provided in subsection (a) (2) and (5) as of the~~
11 ~~determination date; [and] or~~

12 ~~(B) the maximum single life annuity calculated~~
13 ~~without including any annuity payable under~~
14 ~~subsection (a) (7) as of the preceding determination~~
15 ~~date adjusted by the actuarial increase factor.~~

16 ~~The maximum single life annuity calculated without including~~
17 ~~any annuity payable under subsection (a) (7) shall be~~
18 ~~calculated for each determination date.~~

19 ~~(2) For purposes of this subsection, the determination~~
20 ~~date shall be:~~

21 ~~(i) the member's birthday, provided that as of such~~
22 ~~date the member qualifies for a maximum single life~~
23 ~~annuity under this subsection, determined excluding~~
24 ~~eligibility for annuity payable under subsection (a) (7);~~
25 ~~or~~

26 ~~(ii) if the member's maximum single life annuity is~~
27 ~~being determined as of the member's effective date of~~
28 ~~retirement, then the determination date shall be the~~
29 ~~member's effective date of retirement.~~

30 ~~(3) In the event an active member, an inactive member on~~

1 ~~leave without pay or a multiple service member who is a~~
2 ~~school employee and an active member of the Public School~~
3 ~~Employees' Retirement System has attained age 70 before the~~
4 ~~effective date of this subsection, or enters State service or~~
5 ~~school service, as the case may be, after attaining age 70,~~
6 ~~then section 5305.1 (relating to eligibility for actuarial~~
7 ~~increase factor) and subsections (a) and (a.1) shall be~~
8 ~~effective prospectively with respect to such member at the~~
9 ~~member's next birthday after the effective date of this~~
10 ~~subsection, entry into State service, or school service.~~
11 ~~Nothing in this subsection shall be construed to provide an~~
12 ~~actuarial increase factor for any period of service prior to the~~
13 ~~effective date of this subsection.~~

14 ~~(b) Present value of annuity. The present value of the~~
15 ~~maximum single life annuity as calculated in accordance with~~
16 ~~subsection (a) of this section shall be the sum of the products~~
17 ~~determined by:~~

18 ~~(1) multiplying the maximum single life annuity~~
19 ~~calculated without including any annuity payable under~~
20 ~~subsection (a) (7) by the cost of a dollar annuity applicable~~
21 ~~to subsection (a) (1), (2), (3), (4), (5) and (6) on the~~
22 ~~effective date of retirement[.]; and~~

23 ~~(2) multiplying the annuity, if any, payable under~~
24 ~~section (a) (7) by the cost of a dollar annuity applicable to~~
25 ~~subsection (a) (7).~~

26 ~~Such present value shall be decreased only as required under the~~
27 ~~provisions of section 5506 (relating to incomplete payments),~~
28 ~~5509(c) (relating to appropriations and assessments by the~~
29 ~~Commonwealth) or 5703 (relating to reduction of annuities on~~
30 ~~account of social security old age insurance benefits).~~

1 * * *

2 ~~(e) Coordination of benefits. The determination and payment~~
3 ~~of the maximum single life annuity under this section shall be~~
4 ~~in addition to any payments a combined service employee, as a~~
5 ~~result of being a participant in the plan, may be entitled to~~
6 ~~receive, has received or is receiving.~~

7 ~~§ 5704. Disability annuities.~~

8 ~~(a) Amount of annuity.—~~

9 ~~(1) A member who has credit in one or more classes of~~
10 ~~service other than Class CB and who has made application for~~
11 ~~a disability annuity and has been found to be eligible in~~
12 ~~accordance with the provisions of section 5905(c)(1)—~~
13 ~~(relating to duties of the board regarding applications and~~
14 ~~elections of members) shall receive a disability annuity~~
15 ~~payable from the effective date of disability as determined~~
16 ~~by the board and continued until a subsequent determination~~
17 ~~by the board that the annuitant is no longer entitled to a~~
18 ~~disability annuity. The disability annuity shall be a single~~
19 ~~life annuity that is equal to [a] the sum of the standard~~
20 ~~single life [annuity] annuities determined separately for~~
21 ~~each class of service other than Class CB multiplied by the~~
22 ~~appropriate class of service multiplier applicable to the~~
23 ~~class of service at the time of disability if the [product~~
24 ~~of] sums of the products of each such class of service~~
25 ~~multiplier and the [total] number of years and fractional~~
26 ~~part of a year of credited service in each class, plus the~~
27 ~~number of years and fractional part of a year of service~~
28 ~~credited in Class CB, if any, is greater than 16.667[,];~~
29 ~~otherwise [the] each standard single life annuity shall be~~
30 ~~multiplied by the lesser of the following ratios:~~

1 MY*/Y or 16.667/Y

2 ~~{where} Where Y = total number of years of credited service[,];~~
3 ~~Y* = total years of credited service if the member were to~~
4 ~~continue as a State employee until attaining superannuation age~~
5 ~~for each class of service other than Class CB as applicable at~~
6 ~~the time of disability, or if the member has attained~~
7 ~~superannuation age for a class of service other than Class CB,~~
8 ~~as applicable at the time of disability, then the number of~~
9 ~~years of credited service; and M = the class of service~~
10 ~~multiplier as applicable to that class of service at the~~
11 ~~effective date of disability. A member of Class C shall receive,~~
12 ~~in addition, any annuity to which he may be eligible under~~
13 ~~section 5702(a) (3) (relating to maximum single life annuity).~~
14 ~~{The member shall be entitled to the election of a joint and~~
15 ~~survivor annuity on that portion of the disability annuity to~~
16 ~~which he is entitled under section 5702.}~~

17 ~~(2) In addition to the amount of disability annuity~~
18 ~~payable under paragraph (1), a member who has Class CB~~
19 ~~service credit shall be entitled to a separate annuity~~
20 ~~calculated under section 5702(a) (7) on the effective date of~~
21 ~~disability.~~

22 ~~(3) The member shall be entitled to the election of a~~
23 ~~joint and survivor annuity on that portion of the disability~~
24 ~~annuity to which he is entitled under section 5702.~~

25 * * *

26 ~~(c) Reduction on account of earned income. Subsequent to~~
27 ~~January 1, 1972, payments on account of disability shall be~~
28 ~~reduced by that amount by which the earned income of the~~
29 ~~annuitant, as reported in accordance with section 5908(b)~~
30 ~~(relating to rights and duties of annuitants), for the preceding~~

1 ~~calendar year together with the disability annuity payments~~
2 ~~provided in this section other than subsection (b), for the~~
3 ~~year, exceeds the product of:~~

4 ~~[(i)] (1) the last year's salary of the annuitant as a~~
5 ~~[State employee] member of the system; and~~

6 ~~[(ii)] (2) the ratio of the current monthly payment to~~
7 ~~the monthly payment at the effective date of disability;~~

8 ~~Provided, That the annuitant shall not receive less than his~~
9 ~~member's annuity or the amount to which he may be entitled under~~
10 ~~section 5702 whichever is greater.~~

11 ~~* * *~~

12 ~~(e) Termination of State service. Upon termination of~~
13 ~~disability annuity payments in excess of an annuity calculated~~
14 ~~in accordance with section 5702, a disability annuitant who:~~

15 ~~(1) does not have Class A 3 or Class A 4 service credit;~~

16 ~~or~~

17 ~~(2) has Class A 3 or Class A 4 service credit and fewer~~
18 ~~than ten eligibility points;~~

19 ~~and who does not return to State service may file an application~~
20 ~~with the board for an amount equal to the excess, if any, of the~~
21 ~~sum of the shared risk accumulated deductions plus the regular~~
22 ~~and additional accumulated deductions and cash balance member~~
23 ~~accumulated deductions standing to his credit at the effective~~
24 ~~date of disability over one third of the total disability~~
25 ~~annuity payments received. If the annuitant on the date of~~
26 ~~termination of service was eligible for an annuity as provided~~
27 ~~in section 5308(a) or (b) (relating to eligibility for~~
28 ~~annuities), he may file an application with the board for an~~
29 ~~election of an optional modification of his annuity.~~

30 ~~(f) Supplement for service connected disability.~~

1 ~~(1) If a member has been found to be eligible for a~~
2 ~~disability annuity and if the disability has been found to be~~
3 ~~a service connected disability and if the member is receiving~~
4 ~~workers' compensation payments for other than medical~~
5 ~~benefits, such member shall receive a supplement equal to~~
6 ~~[70% of his final average salary] the amount determined under~~
7 ~~paragraph (2) less the sum of the annuity as determined under~~
8 ~~subsection (a) and any payments paid or payable on account of~~
9 ~~such disability under the act of June 2, 1915 (P.L.736,~~
10 ~~No.338), known as the Workers' Compensation Act, the act of~~
11 ~~June 21, 1939 (P.L.566, No.284), known as The Pennsylvania~~
12 ~~Occupational Disease Act, and the Social Security Act (49~~
13 ~~Stat. 620, 42 U.S.C. § 301 et seq.). Such supplement shall~~
14 ~~continue as long as he is determined to be disabled and is~~
15 ~~receiving workers' compensation payments for other than~~
16 ~~medical benefits on account of his service connected~~
17 ~~disability in accordance with the Workers' Compensation Act~~
18 ~~or The Pennsylvania Occupational Disease Act. If the member~~
19 ~~has received a lump sum workers' compensation payment in lieu~~
20 ~~of future weekly compensation payments, the length in weeks~~
21 ~~and calculation of the service connected disability~~
22 ~~supplement shall be determined by dividing the lump sum~~
23 ~~payment by the average weekly wage as determined by the~~
24 ~~Workers' Compensation Board.~~

25 ~~(2) For a member who does not have post January 2016~~
26 ~~service, the amount to be used to determine eligibility for~~
27 ~~the supplement under paragraph (1) shall be 70% of the~~
28 ~~member's final average salary. For a member who has post~~
29 ~~January 2016 service, the amount to be used to determine~~
30 ~~eligibility for the supplement under paragraph (1) shall be~~

1 ~~calculated according to the following formula:~~

$$2 \quad A = .7[(Y^W \text{ multiplied by } FAS^W) + (Y^{XYZ} \text{ multiplied by } \\ 3 \quad FAS^{XYZ})] \\ 4 \quad \frac{\quad}{Y^T} \frac{\quad}{Y^T}$$

5 ~~(3) The following apply to the formula in paragraph (2):~~

6 ~~(i) A equals the amount used to determine the~~
7 ~~supplement;~~

8 ~~(ii) Y^T equals total years of credited service;~~

9 ~~(iii) Y^W equals years of credited service that are~~
10 ~~not post January 2016 service;~~

11 ~~(iv) FAS^W equals final average salary calculated for~~
12 ~~credited service other than post January 2016 service;~~

13 ~~(v) Y^{XYZ} equals years of service credited as post~~
14 ~~January 2016 service; and~~

15 ~~(vi) FAS^{XYZ} equals final average salary calculated~~
16 ~~for service credited as post January 2016 service.~~

17 * * *

18 ~~(h) Coordination of benefits. The determination and payment~~
19 ~~of a disability annuity under this section is in addition to any~~
20 ~~payments a combined service employee, as a result of being a~~
21 ~~participant in the plan, may be entitled to receive, has~~
22 ~~received or is receiving. A disability annuity may not be paid~~
23 ~~to a combined service employee who is an active participant.~~

24 Section 424. Sections 5705, 5705.1, 5706(a), (a.1), (a.2),
25 (b) and (c) and 5707 of Title 71 are amended to read:

26 § 5705. Member's options.

27 (a) General rule. Any special vestee [who has attained
28 superannuation age, any vestee who does not have Class A 3 or
29 Class A 4 service credit having five or more eligibility points
30 for service other than Class T E or Class T F service in the

1 ~~Public School Employees' Retirement System, or vestee who has~~
2 ~~Class A 3 or Class A 4 service credit having ten or more~~
3 ~~eligibility points, any member with Class G, Class H, Class I,~~
4 ~~Class J, Class K, Class L, Class M or Class N service having~~
5 ~~five or more eligibility points or any other eligible member~~
6 ~~upon termination of State service who has not withdrawn his~~
7 ~~total accumulated deductions as provided in section 5701~~
8 ~~(relating to return of total accumulated deductions)], vestee or~~
9 ~~other member upon termination of State service who is eligible~~
10 ~~to receive an annuity as provided in section 5308(a) or (b)~~
11 ~~(relating to eligibility for annuities) may apply for and elect~~
12 ~~to receive either a maximum single life annuity, as calculated~~
13 ~~in accordance with the provisions of section 5702 (relating to~~
14 ~~maximum single life annuity), or a reduced annuity certified by~~
15 ~~the actuary to be actuarially equivalent to the maximum single~~
16 ~~life annuity payable after reduction under subsection (a.1) and~~
17 ~~in accordance with one of the following options; except that no~~
18 ~~member shall elect an annuity payable to one or more survivor~~
19 ~~annuitants other than his spouse or alternate payee of such a~~
20 ~~magnitude that the present value of the annuity payable to him~~
21 ~~for life plus any lump sum payment under this subsection and~~
22 ~~subsection (a.1) he may have elected to receive is less than 50%~~
23 ~~of the present value of his maximum single life annuity[:]; and~~
24 ~~no member may elect a payment option that would provide benefits~~
25 ~~that do not satisfy the minimum distribution requirements or~~
26 ~~would violate the incidental death benefit rules of IRC 401(a)~~
27 ~~(9):~~

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

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

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

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

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

16 ~~(i) any annuity shall be payable without reduction~~
17 ~~during the lifetime of the member;~~

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

22 ~~(iii) a portion of the benefit may be payable as a~~
23 ~~lump sum, except that such lump sum payment shall not~~
24 ~~exceed an amount equal to the total accumulated~~
25 ~~deductions standing to the credit of the member that are~~
26 ~~not the result of contributions and statutory interest~~
27 ~~made or credited as a result of Class A 3 or Class A 4~~
28 ~~service. The balance of the present value of the maximum~~
29 ~~single life annuity adjusted in accordance with section~~
30 ~~5702(b) shall be paid in the form of an annuity with a~~

~~guaranteed total payment, a single life annuity, or a joint and survivor annuity or any combination thereof but subject to the restrictions of subparagraphs (i) and (ii) under this option. If a member's effective date of retirement is on or after January 1, 2016, then the portion of the benefit payable under this subparagraph shall be further limited to the total accumulated deductions standing to the credit of the member on December 31, 2015, that are not the result of contributions and statutory interest made or credited as a result of Class A 3 or Class A 4 service, plus any statutory interest credited on those accumulated deductions before the effective date of retirement.~~

~~(a.1) Additional lump sum withdrawal. The following shall~~
15 ~~apply:~~

16 ~~(1) After December 31, 2015, if a member has elected to~~
17 ~~have the full amount allowed under subsection (a) (4) (iii)~~
18 ~~paid in lump sum, then the member may elect to receive an~~
19 ~~additional amount payable in a lump sum at the same time as~~
20 ~~the payment elected under subsection (a) (4) (iii).~~

21 ~~(2) The additional amount payable in a lump sum may not~~
22 ~~exceed the sum of:~~

23 ~~(i) an amount equal to the excess of the total~~
24 ~~accumulated deductions standing to the credit of the~~
25 ~~member on the effective date of retirement that are not~~
26 ~~the result of contributions and statutory interest made~~
27 ~~or credited as a result of Class A 3 or Class A 4 service~~
28 ~~over the amount payable under subsection (a) (4) (iii); and~~

29 ~~(ii) an amount equal to the cash balance member~~
30 ~~accumulated deductions standing to the credit of the~~

1 member.

2 ~~(3) If a member elects to be paid an additional lump sum~~
3 ~~amount under this subsection, then the maximum single life~~
4 ~~annuity calculated under section 5702 and payable under~~
5 ~~subsection (a) shall be reduced by the additional amount~~
6 ~~withdrawn divided by the cost of a dollar annuity on the~~
7 ~~effective date of retirement computed on the basis of the~~
8 ~~annual interest rate adopted for that fiscal year by the~~
9 ~~board for the calculation of the employer normal contribution~~
10 ~~rate under section 5508(b) (relating to actuarial cost~~
11 ~~method) and the mortality tables adopted by the board for the~~
12 ~~determination of actuarially equivalent benefits under this~~
13 ~~part. The reduction in the maximum single life annuity under~~
14 ~~this paragraph shall apply before the election and~~
15 ~~calculation of any reduced annuities payable under subsection~~
16 ~~(a).~~

17 ~~(b) Present value of joint coverage annuity. In calculating~~
18 ~~an annuity payable to a member of the joint coverage group, the~~
19 ~~present value of such adjusted annuity shall be determined by~~
20 ~~taking into account prospectively the reduction applicable upon~~
21 ~~the attainment of the age at which full social security benefits~~
22 ~~are payable.~~

23 ~~§ 5705.1. Payment of accumulated deductions resulting from~~
24 ~~[Class A 3 and Class A 4] more than one class of~~
25 ~~service.~~

26 ~~(a) Payment of accumulated deduction resulting from Class A~~
27 ~~3 and Class A 4 service. Any superannuation or withdrawal~~
28 ~~annuitant who:~~

29 ~~(1) has Class A 3 or Class A 4 service credit;~~

30 ~~(2) has service credited in one or more classes of~~

1 service; and

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

5 ~~shall receive in a lump sum at the time of his retirement, in~~
6 ~~addition to any other annuity or lump sum payment which he may~~
7 ~~elect, his accumulated deductions resulting from his Class A 3~~
8 ~~or Class A 4 service credit. Payment of these accumulated~~
9 ~~deductions resulting from Class A 3 or Class A 4 service credit~~
10 ~~shall not be eligible for installment payments pursuant to~~
11 ~~section 5905.1 (relating to installment payments of accumulated~~
12 ~~deductions) but shall be considered a lump sum payment for~~
13 ~~purposes of section 5905.1(d).~~

14 ~~(b) Payment of cash balance member accumulated deductions~~
15 ~~resulting from Class CB service. Any annuitant who is a member~~
16 ~~with Class CB service credit and one or more other classes of~~
17 ~~service credit and who is receiving an annuity based on his~~
18 ~~Class CB service but is not eligible to receive an annuity based~~
19 ~~on his service credited in one or more of his other classes of~~
20 ~~service shall receive in a lump sum at the time of his~~
21 ~~retirement, in addition to any other annuity which he may elect~~
22 ~~for his Class CB service, his accumulated deductions resulting~~
23 ~~from his service credit in classes of service other than Class~~
24 ~~CB for which he is not eligible to receive an annuity. Payment~~
25 ~~of these accumulated deductions resulting from service credit in~~
26 ~~classes of service other than Class CB shall not be eligible for~~
27 ~~installment payments under section 5905.1, but shall be~~
28 ~~considered a lump sum payment for purposes of section 5905.1(d).~~

29 ~~§ 5706. Termination of annuities.~~

30 ~~(a) General rule. If the annuitant returns to State service~~

~~1 or enters or has entered school service and elects multiple
2 service membership, any annuity payable to him under this part
3 shall cease effective upon the date of his return to State
4 service or entering school service, without regard to whether he
5 is a mandatory, optional or prohibited member of the system or
6 participant in the plan or, if a multiple service member,
7 without regard to whether he is a mandatory, optional or
8 prohibited member or participant of the Public School Employees'
9 Retirement System or School Employees' Defined Contribution
10 Plan; and, in the case of an annuity other than a disability
11 annuity the present value of such annuity, other than the
12 portion of the annuity that is being paid under section 5702(a)
13 (7) (relating to maximum single life annuity), adjusted for full
14 coverage in the case of a joint coverage member who makes the
15 appropriate back contributions for full coverage, shall be
16 frozen as of the date such annuity ceases[.] and the present
17 value of the portion of the annuity that is being paid under
18 section 5702(a) (7) shall be placed in the member's individual
19 cash balance saving account. An annuitant who is credited with
20 an additional 10% of Class A and Class C service as provided in
21 section 5302(c) (relating to credited State service) and who
22 returns to State service shall forfeit such credited service and
23 shall have his frozen present value adjusted as if his 10%
24 retirement incentive had not been applied to his account. In the
25 event that the cost of living increase enacted December 18, 1979
26 occurred during the period of such State or school employment,
27 the frozen present value shall be increased, on or after the
28 member attains superannuation age, by the percent applicable had
29 he not returned to service. This subsection shall not apply in
30 the case of any annuitant who may render services to the~~

1 ~~Commonwealth in the capacity of an independent contractor or as~~
2 ~~a member of an independent board or commission or as a member of~~
3 ~~a departmental administrative or advisory board or commission~~
4 ~~when such members of independent or departmental boards or~~
5 ~~commissions are compensated on a per diem basis for not more~~
6 ~~than 150 days per calendar year or as a member of an independent~~
7 ~~board or commission requiring appointment by the Governor, with~~
8 ~~advice and consent of the Senate, where the annual salary~~
9 ~~payable to the member does not exceed \$35,000 and where the~~
10 ~~member has been an annuitant for at least six months immediately~~
11 ~~preceding the appointment. Such service shall not be subject to~~
12 ~~member contributions [or]; not, result in additions, interest or~~
13 ~~excess interest to the member's individual cash balance saving~~
14 ~~account; and not be eligible for qualification as creditable~~
15 ~~State service or for participation in the plan, mandatory~~
16 ~~participant contributions or employer defined contributions.~~

17 ~~(a.1) Return to State service during emergency. When, in~~
18 ~~the judgment of the employer, an emergency creates an increase~~
19 ~~in the work load such that there is serious impairment of~~
20 ~~service to the public, an annuitant may be returned to State~~
21 ~~service for a period not to exceed 95 days in any calendar year~~
22 ~~without loss of his annuity. In computing the number of days an~~
23 ~~annuitant has returned to State service, any amount of time less~~
24 ~~than one half of a day shall be counted as one half of a day.~~
25 ~~For agencies, boards and commissions under the Governor's~~
26 ~~jurisdiction, the approval of the Governor that an emergency~~
27 ~~exists shall be required before an annuitant may be returned to~~
28 ~~State service. This service shall not be subject to member~~
29 ~~contributions; not result in additions, interest or excess~~
30 ~~interest to the member's individual cash balance savings~~

1 ~~account; and not be eligible for qualification as creditable~~
2 ~~State service or for participation in the plan, mandatory~~
3 ~~participant contributions or employer defined contributions.~~

4 ~~(a.2) 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 5705 (relating to member's options) on or after the date~~
8 ~~of his return to State service or entering school 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 ~~30 days or in the case of an active member or school employee~~
14 ~~who is an active member of the Public School Employees' Retirement~~
15 ~~System may be amortized with statutory interest~~
16 ~~through salary deductions to the system in amounts agreed upon~~
17 ~~by the member and the board. The salary deduction amortization~~
18 ~~plans agreed to by the member and the board may include a~~
19 ~~deferral of payment amounts and statutory interest until the~~
20 ~~termination of school service or State service or beginning of~~
21 ~~service as a participant without concurrently being an active~~
22 ~~member or inactive member on leave without pay 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 ~~(b) Subsequent discontinuance of service. Upon subsequent~~
2 ~~discontinuance of service, such [member] terminating State~~
3 ~~employee other than a former annuitant who had the effect of his~~
4 ~~frozen present value eliminated in accordance with subsection~~
5 ~~(c) or a former disability annuitant shall be entitled to an~~
6 ~~annuity which is actuarially equivalent to the sum of:~~

7 ~~(1) the frozen present value as determined under~~
8 ~~subsection (a) [and];~~

9 ~~(2) if the service after reemployment was a member of~~
10 ~~the system, the present value of a maximum single life~~
11 ~~annuity, calculated excluding any annuity payable under~~
12 ~~section 5702(a) (7), based on years of service credited~~
13 ~~subsequent to reentry in the system and his final average~~
14 ~~salary computed by reference to his compensation as a member~~
15 ~~of the system or as a member of the Public School Employees'~~
16 ~~Retirement System during his entire period of State and~~
17 ~~school service[.], including only compensation received for~~
18 ~~service performed as a member of a class of service other~~
19 ~~than Class CB or Class T-I in the Public School Employees'~~
20 ~~Retirement System; and~~

21 ~~(3) if eligible, an annuity payable under section~~
22 ~~5702(a) (7) based on the total cash balance accumulated~~
23 ~~deductions credited to the former annuitant in the cash~~
24 ~~balance savings account.~~

25 ~~(c) Elimination of the effect of frozen present value.~~

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

1 ~~enters school service other than as a participant in the~~
2 ~~School Employees' Defined Contribution Plan or as member of~~
3 ~~Class T I and:~~

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

5 ~~(ii) who elects multiple service membership, and~~
6 ~~earns three eligibility points in classes of service other~~
7 ~~than Class CB or Class T I by performing credited State~~
8 ~~service or credited school service following the most recent~~
9 ~~period of receipt of an annuity under this part, and who had~~
10 ~~the present value of his annuity frozen in accordance with~~
11 ~~subsection (a), shall qualify to have the effect of the~~
12 ~~frozen present value resulting from all previous periods of~~
13 ~~retirement eliminated, provided that all lump sum payments~~
14 ~~under Option 4 or under section 5705(a.1) and annuity~~
15 ~~payments, except those made under section 5702(a)(7), payable~~
16 ~~during previous periods of retirement plus interest as set~~
17 ~~forth in paragraph (3) shall be returned to the fund in the~~
18 ~~form of an actuarial adjustment to his subsequent benefits or~~
19 ~~in such form as the board may otherwise direct.~~

20 ~~(2) Upon subsequent discontinuance of service and the~~
21 ~~filing of an application for an annuity, a former annuitant~~
22 ~~who qualifies to have the effect of a frozen present value~~
23 ~~eliminated under this subsection shall be entitled to receive~~
24 ~~the higher of either:~~

25 ~~(i) an annuity (prior to optional modification)~~
26 ~~calculated as if the freezing of the former annuitant's~~
27 ~~account pursuant to subsection (a) had not occurred,~~
28 ~~adjusted by crediting Class A State service as Class AA~~
29 ~~service as provided for in section 5306(a.1) (relating to~~
30 ~~classes of service) and further adjusted according to~~

1 paragraph (3), provided that a former annuitant of the
2 system or a former annuitant of the Public School
3 Employees' Retirement System who retired under a
4 provision of law granting additional service credit if
5 termination of State or school service or retirement
6 occurred during a specific period of time shall not be
7 permitted to retain the additional service credit under
8 the prior law when the annuity is computed for his most
9 recent retirement; or

10 (ii) an annuity (prior to optional modification)
11 calculated as if the former annuitant did not qualify to
12 have the effect of the frozen present value eliminated,
13 unless the former annuitant notifies the board in writing
14 by the later of the date the application for annuity is filed
15 or the effective date of retirement that the former annuitant
16 wishes to receive the lower annuity.

17 (3) In addition to any other adjustment to the present
18 value of the maximum single life annuity that a member may be
19 entitled to receive that occurs as a result of any other
20 provision of law, the present value of the maximum single
21 life annuity shall be reduced by all amounts paid or payable
22 to him during all previous periods of retirement, except
23 those made under section 5702(a)(7), plus interest on these
24 amounts until the date of subsequent retirement. The interest
25 for each year shall be calculated based upon the annual
26 interest rate adopted for that fiscal year by the board for
27 the calculation of the normal contribution rate pursuant to
28 section 5508(b) (relating to actuarial cost method).

29 ~~§ 5707. Death benefits.~~

30 (a) ~~Members without Class CB service eligible for~~

1 annuities. ~~Any active member, inactive member on leave without~~
2 ~~pay, combined service employee who is an active participant or~~
3 ~~inactive participant on leave without pay, vestee or current or~~
4 ~~former State employee performing USERRA leave who dies and does~~
5 ~~not have Class CB service credit and was eligible for an annuity~~
6 ~~in accordance with section 5308(a) or (b) (relating to~~
7 ~~eligibility for annuities) or special vestee who has attained~~
8 ~~superannuation age and dies before applying for a superannuation~~
9 ~~annuity shall be considered as having applied for an annuity to~~
10 ~~become effective the day before his death and in the event he~~
11 ~~has not elected an option or such election has not been approved~~
12 ~~prior to his death, it shall be assumed that he elected Option~~
13 ~~1.~~

14 (b) ~~Members without Class CB service ineligible for~~
15 ~~annuities. In the event of the death of a special vestee, an~~
16 ~~active member, an inactive member on leave without pay, a~~
17 ~~combined service employee who is an active participant or an~~
18 ~~inactive participant on leave without pay or a current or former~~
19 ~~State employee performing USERRA leave who does not have Class~~
20 ~~CB service credit and who is not entitled to a death benefit as~~
21 ~~provided in subsection (a), his designated beneficiary shall be~~
22 ~~paid the full amount of his total accumulated deductions.~~

23 (c) ~~Disability annuitants eligible for withdrawal annuity.~~
24 ~~In the event of the death of a disability annuitant who has~~
25 ~~elected to receive a maximum disability annuity before he has~~
26 ~~received in annuity payments, excluding any disability annuity~~
27 ~~payments under section 5704(a)(2) (relating to disability~~
28 ~~annuities), an amount equal to the present value, on the~~
29 ~~effective date of disability, of the benefits to which he would~~
30 ~~have been entitled under subsection (a) had he died while in~~

1 ~~State service, the balance of such amount shall be paid to his~~
2 ~~designated beneficiary. In addition, if the disability annuitant~~
3 ~~was receiving disability annuity payments under section 5704(a)~~
4 ~~(2), he may receive, if eligible, the total cash balance~~
5 ~~accumulated deductions credited to his individual cash balance~~
6 ~~savings account on the effective date of disability over one~~
7 ~~third of the disability payments received under section 5704(a)~~
8 ~~(2). For purposes of this subsection, the determination of~~
9 ~~benefits to which the disability annuitant would have been~~
10 ~~entitled under subsection (a) shall be made even though the~~
11 ~~disability annuitant may have Class CB service.~~

12 ~~(d) Disability annuitants ineligible for withdrawal~~
13 ~~annuity. In the event of the death of a disability annuitant~~
14 ~~who was not entitled to receive benefits under subsection (a),~~
15 ~~except for the reason of having Class CB service credit, his~~
16 ~~beneficiary shall be paid the excess of the sum of the regular~~
17 ~~and additional accumulated deductions standing to his credit on~~
18 ~~the effective date of disability over one third of the total~~
19 ~~disability payments received[.], excluding any disability~~
20 ~~annuity payments under section 5704(a)(2). In addition, if he~~
21 ~~was receiving disability annuity payments under section 5704(a)~~
22 ~~(2), he may receive, if eligible, the total cash balance~~
23 ~~accumulated deductions credited to his individual cash balance~~
24 ~~savings account on the effective date of disability over one~~
25 ~~third of the disability payments received under section 5704(a)~~
26 ~~(2).~~

27 ~~(e) Annuitants electing maximum single life annuity. In the~~
28 ~~event of the death of an annuitant who has elected to receive~~
29 ~~the maximum single life annuity before he has received in~~
30 ~~annuity payments the full amount of the total accumulated~~

1 ~~deductions and, if he was eligible for an annuity under section~~
2 ~~5702(a)(7) (relating to maximum single life annuity), the total~~
3 ~~cash balance accumulated deductions standing to his credit on~~
4 ~~the effective date of retirement, the balance shall be paid to~~
5 ~~his designated beneficiary.~~

6 ~~(f) Members subject to limitations under section 5702(c).—~~
7 ~~Subject to the limitations contained in section 401(a)(9) of the~~
8 ~~Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §~~
9 ~~401(a)(9)), the present value of any annuity in excess of that~~
10 ~~payable under section 5702 [(relating to maximum single life~~
11 ~~annuity)] that is not subject to the limitations under section~~
12 ~~415(b) of the Internal Revenue Code of 1986 shall be paid in a~~
13 ~~lump sum to the beneficiary designated by the member after the~~
14 ~~death of the member. A beneficiary receiving a benefit under~~
15 ~~this subsection shall not be able to elect a payment method~~
16 ~~otherwise allowed under section 5709(b)(2) and (3) (relating to~~
17 ~~payment of benefits from the system).~~

18 ~~(g) Members with Class CB service. An active member,~~
19 ~~inactive member on leave without pay or vestee who has Class CB~~
20 ~~service credit who dies shall be paid the total cash balance~~
21 ~~accumulated deductions credited to him in addition to any other~~
22 ~~payments he would be eligible to receive under subsection (a) or~~
23 ~~(b) calculated without regard to any annuity payable under~~
24 ~~section 5702(a)(7).~~

25 ~~(h) Required distributions.— All payments under this section~~
26 ~~shall start and be made in compliance with the minimum~~
27 ~~distribution requirements and incidental death benefit rules of~~
28 ~~IRC § 401(a)(9).~~

29 ~~Section 425. Section 5709(a) and (b) of Title 71 are amended~~
30 ~~and the section is amended by adding subsections to read:~~

1 ~~§ 5709. Payment of benefits from the system.~~

2 ~~(a) Annuities. Any annuity granted under the provisions of~~
3 ~~this part and paid from the fund shall be paid in equal monthly~~
4 ~~installments.~~

5 ~~(b) Death benefits. If the amount of a death benefit~~
6 ~~payable from the fund to a beneficiary of a member under section~~
7 ~~5707 (relating to death benefits) or under the provisions of~~
8 ~~Option 1 of section 5705(a)(1) (relating to member's options) is~~
9 ~~\$10,000 or more, such beneficiary may elect to receive payment~~
10 ~~according to one of the following options:~~

11 ~~(1) a lump sum payment;~~

12 ~~(2) an annuity actuarially equivalent to the amount~~
13 ~~payable; or~~

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

17 ~~* * *~~

18 ~~(d) Small cash balance accounts. A member with only Class~~
19 ~~CB service who terminates State service and whose total cash~~
20 ~~balance accumulated deductions are equal to or less than the~~
21 ~~amount established under IRC §401(a)(31) as of the date of~~
22 ~~termination of service shall be paid his accumulated deductions~~
23 ~~in a lump sum as provided in IRC § 401(a)(31) and have all Class~~
24 ~~CB service credit canceled. This payment of total cash balance~~
25 ~~accumulated deductions shall not be eligible for installment~~
26 ~~payments under section 5905.1 (relating to installment payments~~
27 ~~of accumulated deductions) but shall be considered a lump sum~~
28 ~~payment for purposes of section 5905.1(d).~~

29 ~~(e) Required distributions. All payments under this section~~
30 ~~shall start and be made in compliance with the required~~

1 ~~beginning date, minimum distribution requirements and incidental~~
2 ~~death benefit rules of IRC § 401(a)(9).~~

3 Section 426. Section 5901(a), (c), (d) and (e) of Title 71
4 are amended and the section is amended by adding a subsection to
5 read:

6 § 5901. The State Employees' Retirement Board.

7 (a) ~~Status and membership.~~ The board shall be an
8 independent administrative board and consist of [11] 12 members:
9 ~~the State Treasurer, ex officio, the Secretary of Banking and~~
10 ~~Securities, ex officio, two Senators, two members of the House~~
11 ~~of Representatives and six members appointed by the Governor,~~
12 ~~one of whom shall be an annuitant of the system or a participant~~
13 ~~in the plan who has terminated State service and is receiving or~~
14 ~~is eligible to receive distributions, for terms of four years,~~
15 ~~subject to confirmation by the Senate. At least five board~~
16 ~~members shall be active members of the system or active~~
17 ~~participants in the plan, and at least two shall have ten or~~
18 ~~more years of credited State service[.] or shall have been~~
19 ~~active participants in the plan for ten calendar years or have a~~
20 ~~combination of years of credited State service in the system and~~
21 ~~calendar years as active participants in the plan equal to ten~~
22 ~~or more years. The chairman of the board shall be designated by~~
23 ~~the Governor from among the members of the board. No member of~~
24 ~~the board who represents active members or annuitants or is a~~
25 ~~current member of the General Assembly can serve as chairman.~~
26 Each member of the board who is a member of the General Assembly
27 may appoint a duly authorized designee to act in his stead. ~~In~~
28 ~~the event that a board member, who is designated as an active~~
29 ~~participant or as a participant in the plan who is receiving or~~
30 ~~is eligible to receive distributions, receives a total~~

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

3 * * *

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

13 ~~(d) Compensation and expenses. The members of the board who~~
14 ~~are members of the system or participants in the plan shall~~
15 ~~serve without compensation but shall not suffer loss of salary~~
16 ~~or wages through serving on the board. The members of the board~~
17 ~~who are not members of the system or participants in the plan~~
18 ~~shall receive \$100 per day when attending meetings and all board~~
19 ~~members shall be reimbursed for any necessary expenses. However,~~
20 ~~when the duties of the board as mandated are not executed, no~~
21 ~~compensation or reimbursement for expenses of board members~~
22 ~~shall be paid or payable during the period in which such duties~~
23 ~~are not executed.~~

24 ~~(e) Corporate power and legal advisor. For the purposes of~~
25 ~~this part, the board shall possess the power and privileges of a~~
26 ~~corporation. [The Attorney General of the Commonwealth shall be~~
27 ~~the legal advisor of the board.] Legal counsel to the board~~
28 ~~shall serve independently from the Governor's Office of Chief~~
29 ~~Counsel, the General Assembly and the Attorney General.~~

30 ~~(f) Board training. Each member of the board will be~~

1 ~~required to obtain eight hours of mandatory training in~~
2 ~~investment strategies, actuarial cost analysis and retirement~~
3 ~~portfolio management on an annual basis.~~

4 Section 427. Section 5902(a.1), (b), (c), (e), (h), (i),
5 (j), (k), (l), (m) and (n) of Title 71 are amended and the
6 section is amended by adding subsections to read:

7 § 5902. Administrative duties of the board.

8 * * *

9 (a.1) Secretary. The secretary shall act as chief
10 administrative officer for the board with respect to both the
11 system and the plan. In addition to other powers and duties
12 conferred upon and delegated to the secretary by the board, the
13 secretary shall:

14 (1) Serve as the administrative agent of the board.

15 (2) Serve as liaison between the board and applicable
16 legislative committees, the Treasury Department, the
17 Department of the Auditor General, and between the board and
18 the investment counsel and the mortgage supervisor in
19 arranging for investments to secure maximum returns to the
20 fund.

21 (3) Review and analyze proposed legislation and
22 legislative developments affecting the system or the plan and
23 present findings to the board, legislative committees, and
24 other interested groups or individuals.

25 (4) Direct the maintenance of files and records and
26 preparation of periodic reports required for actuarial
27 evaluation studies.

28 (5) Receive inquiries and requests for information
29 concerning the system or the plan from the press,
30 Commonwealth officials, State employees, the general public,

1 ~~research organizations, and officials and organizations from~~
2 ~~other states, and provide information as authorized by the~~
3 ~~board.~~

4 ~~(6) Supervise a staff of administrative, technical, and~~
5 ~~clerical employees engaged in record keeping and clerical~~
6 ~~processing activities for both the system and the plan in~~
7 ~~maintaining files of members and participants, accounting for~~
8 ~~contributions, processing payments to annuitants and~~
9 ~~terminated participants, preparing required reports, and~~
10 ~~retirement counseling. The board may utilize the staff of~~
11 ~~employees provided for under this paragraph for both the~~
12 ~~system and the plan but shall allocate the fees, costs and~~
13 ~~expenses incurred under this paragraph between the system and~~
14 ~~the plan as appropriate.~~

15 ~~(b) Professional personnel. The board shall contract for~~
16 ~~the services of a chief medical examiner, an actuary, investment~~
17 ~~advisors and counselors, and such other professional personnel~~
18 ~~as it deems advisable. The board may, with the approval of the~~
19 ~~Attorney General, contract for legal services. The board may~~
20 ~~utilize the same individuals and firms contracted under this~~
21 ~~subsection for both the system and the plan but shall allocate~~
22 ~~the fees, costs and expenses incurred under this subsection~~
23 ~~between the system and the plan as appropriate.~~

24 ~~(c) Expenses.—~~

25 ~~(1) The board shall, through the Governor, submit to the~~
26 ~~General Assembly annually a budget covering the~~
27 ~~administrative expenses of [this part.] the system and a~~
28 ~~separate budget covering the administrative expenses of the~~
29 ~~plan. Budgets under this paragraph shall include those~~
30 ~~expenses necessary to establish the plan and trust.~~

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

4 ~~(3) For fiscal years ending before July 1, 2016, such~~
5 ~~expenses of the plan as approved by the General Assembly in~~
6 ~~an appropriation bill shall be paid from the General Fund.~~
7 ~~For fiscal years beginning after June 30, 2016, such expenses~~
8 ~~of the plan as approved by the General Assembly shall be paid~~
9 ~~from interest, under section 5414(b) (relating to investments~~
10 ~~based on participants' investment allocation choices),~~
11 ~~assessments on the balances of the participants' individual~~
12 ~~investment accounts or as otherwise provided in this part.~~

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

22 * * *

23 ~~(e) Records.—~~

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

27 ~~(2) Any record, material or data received, prepared,~~
28 ~~used or retained by the board or its employees, investment~~
29 ~~professionals or agents relating to an investment shall not~~
30 ~~constitute a public record subject to public [inspection]~~

1 ~~access under the act of [June 21, 1957 (P.L.390, No.212),~~
2 ~~referred to as the Right to Know Law,] February 14, 2008~~
3 ~~(P.L.6, No.3), known as the Right to Know Law, if, in the~~
4 ~~reasonable judgment of the board, the [inspection] access~~
5 ~~would:~~

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

12 ~~(ii) cause substantial competitive harm to the~~
13 ~~person from whom sensitive investment or financial~~
14 ~~information relating to the investment was received; or~~

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

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

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

28 ~~(ii) The sensitive investment or financial~~
29 ~~information excluded from [inspection] access under~~
30 ~~paragraph (2) (ii), to the extent not otherwise excluded~~

1 ~~from [inspection] access, shall constitute a public~~
2 ~~record subject to public [inspection] access under the~~
3 ~~Right to Know Law once:~~

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

7 ~~(B) the entity in which the investment was made~~
8 ~~is liquidated;~~

9 ~~whichever is later.~~

10 ~~(iii) The sensitive investment or financial~~
11 ~~information excluded from [inspection] access under~~
12 ~~paragraph (2) (iii), 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:~~

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

21 ~~(B) the entity in which the investment was made~~
22 ~~is liquidated;~~

23 ~~whichever is later.~~

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

30 ~~(5) Any record, material or data received, prepared,~~

~~used or retained by the board or its employees, or agents relating to the contributions, account value or benefits 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 or trustee to trustee transfers, of any participant.~~

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

~~(iii) The balance of a participant's individual investment account, including the amount distributed to the participant, 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.~~

~~(6) Nothing in this subsection shall be construed to designate any record, material or data received, prepared, used or retained by the board or its employees, or agents relating to the contributions, account value or benefits payable to or on account of a participant as a public record subject to public access under the Right to Know Law.~~

~~(7) The following apply:~~

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

1 fiduciary duties.

2 (ii) This subsection shall apply to a record,
3 material or data under this subsection, notwithstanding
4 any of the following:

5 (A) Whether the record, material or data was
6 created, generated or stored before the effective
7 date of this paragraph.

8 (B) Whether the record, material or data was
9 previously released or made public.

10 (C) Whether a request for the record, material
11 or data was made or is pending final response under
12 the Right to Know Law.

13 * * *

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

30 ~~(i) Data. The board shall keep in convenient form such data~~

1 ~~as are stipulated by the actuary in order that an annual~~
2 ~~actuarial valuation of the various accounts of the fund can be~~
3 ~~completed within six months of the close of each calendar year.~~

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

30 ~~(k) Certification of employer contributions to the fund.~~

~~1 The board shall, each year in addition to the itemized budget
2 required under section 5509 (relating to appropriations and
3 assessments by the Commonwealth), certify, as a percentage of
4 the members' payroll, the shared risk contribution rate, the
5 employers' contributions as determined pursuant to section 5508
6 (relating to actuarial cost method) necessary for the funding of
7 prospective annuities for active members and the annuities of
8 annuitants and certify the rates and amounts of the employers'
9 normal contributions as determined pursuant to section 5508(b),
10 accrued liability contributions as determined pursuant to
11 section 5508(c), supplemental annuities contribution rate as
12 determined pursuant to section 5508(e), the experience
13 adjustment factor as determined pursuant to section 5508(f), the
14 collared contribution rate pursuant to section 5508(h) and the
15 final contribution rate pursuant to section 5508(i), which shall
16 be paid to the fund and credited to the appropriate accounts.
17 The board may allocate the final contribution rate and certify
18 various employer contribution rates and amounts based upon the
19 different benefit eligibility, class of service multiplier,
20 superannuation age, final average salary calculation,
21 compensation limits and other benefit differences resulting from
22 State service credited for individual members even though such
23 allocated employer contribution rate on behalf of any given
24 member may be more or less than 5% of the member's compensation
25 for the period from July 1, 2010, to June 30, 2011, or may
26 differ from the prior year's contribution for that member by
27 more or less than the percentages used to calculate the collared
28 contribution rate for that year and may be below any minimum
29 contribution rate established for the collared contribution rate
30 or final contribution rate. These certifications shall be~~

1 ~~regarded as final and not subject to modification by the~~
2 ~~Secretary of the Budget.~~

3 ~~(l) Member contributions. The board shall cause all pickup~~
4 ~~contributions and cash balance member contributions made on~~
5 ~~behalf of a member to be credited to the account of the member~~
6 ~~and credit to his account any other payment made by such member,~~
7 ~~including, but not limited to, amounts collected by the Public~~
8 ~~School Employees' Retirement System for the reinstatement of~~
9 ~~previous State service or creditable nonstate service and~~
10 ~~amounts paid to return benefits paid after the date of return to~~
11 ~~State service or entering school service representing lump sum~~
12 ~~payments made pursuant to section 5705(a)(4)(iii) or (a.1)~~
13 ~~(relating to member's options) and member's annuity payments,~~
14 ~~but not including other benefits returned pursuant to section~~
15 ~~5706(a.2) or (a.3) (relating to termination of annuities), and~~
16 ~~shall pay all such amounts into the fund.~~

17 ~~(m) Annual financial statement. The board shall prepare and~~
18 ~~have published, on or before July 1 of each year, [a financial~~
19 ~~statement] financial statements as of the calendar year ending~~
20 ~~December 31 of the previous year showing the condition of the~~
21 ~~fund, the trust and the various accounts, including, but not~~
22 ~~limited to, the board's accrual and expenditure of directed~~
23 ~~commissions, and setting forth such other facts,~~
24 ~~recommendations, and data as may be of use in the advancement of~~
25 ~~knowledge concerning annuities and other benefits provided by~~
26 ~~this part. The board shall submit said financial [statement]~~
27 ~~statements to the Governor and shall file copies with the head~~
28 ~~of each department for the use of the State employees and the~~
29 ~~public.~~

30 ~~(n) Independent [audit] audits. The board shall provide for~~

1 ~~{an annual audit} annual audits of the system and the plan by~~
2 ~~{an} independent certified public {accountant, which audit}~~
3 ~~accountants. The audits shall include the board's accrual and~~
4 ~~expenditure of directed commissions. The board may use the same~~
5 ~~independent certified public accountant for the audits of both~~
6 ~~the system and the plan.~~

7 * * *

8 ~~(p) Additional amounts credited to the members' cash balance~~
9 ~~savings accounts. In addition to cash balance member~~
10 ~~contributions and treasury bond interest on the contributions,~~
11 ~~the board shall credit to the individual members' cash balance~~
12 ~~savings accounts 0% of their compensation. The credited amounts~~
13 ~~shall be credited with treasury bond interest. The board shall~~
14 ~~further credit to the members' individual savings accounts~~
15 ~~excess interest, if any is determined to be creditable, as~~
16 ~~determined under subsection (g), allocated proportionally~~
17 ~~between the cash balance member accumulated deductions and the~~
18 ~~percentages of compensation credited under this section, plus~~
19 ~~past treasury bond interest and excess interest.~~

20 ~~(g) Determination of excess interest.~~

21 ~~(1) As part of the actuarial valuation made under~~
22 ~~subsection (j) for calendar year 2016, and for each~~
23 ~~subsequent calendar year, the board shall determine the~~
24 ~~amount potentially available from that year for distribution~~
25 ~~as excess interest as follows:~~

26 ~~(i) The amount shall be the product of:~~

27 ~~(A) one half of the investment gains and losses,~~
28 ~~net of investment and administrative fees and costs,~~
29 ~~above or below a rate of return of the annual~~
30 ~~interest rate adopted by the board for the~~

~~calculation of the normal contribution rate of the
total assets in the fund; and~~

~~(B) the ratio of:~~

~~(I) the total amount credited in the cash
balance savings account; to~~

~~(II) the sum of:~~

~~(a) the total amount credited in the
cash balance savings account; and~~

~~(b) the accrued actuarial liability of
all benefits derived from all the service of
all members in all classes of service other
than Class CB.~~

~~(ii) The product under subparagraph (i) shall be
available in equal annual installments over five years.~~

~~(2) After the actuarial valuation made for calendar year
2018 and after the actuarial valuations for each subsequent
calendar year, the board shall determine if excess interest
is to be awarded to those active members, inactive members on
leave without pay, and vestees who have Class CB service
credit on the date of the applicable actuarial valuation.~~

~~(3) For each determination period, excess interest shall
be granted if the sum of the amounts determined under
paragraph (1) for all the years of the determination period
is positive. If the sum is positive, then the percentage rate
of excess interest shall be determined by dividing this sum
by the total amount credited in the cash balance savings
account on the last day of the determination period. Each
member or inactive member on leave without pay who is not a
Class CB exempt employee and who has Class CB cash balance
member accumulated deductions on the last day of the~~

~~determination period and who is an active member, inactive member on leave without pay or vestee on the next following December 31 shall have excess interest at this rate credited to his total cash balance accumulated deductions, which shall be credited proportionally between the cash balance member accumulated deductions and other amounts credited to his individual cash balance savings account.~~

~~(4) The determination period for the period ending with the actuarial valuation for calendar year 2018 shall be calendar years 2016, 2017 and 2018. The determination period for the period ending with the actuarial valuation for calendar year 2019 shall be calendar years 2016, 2017, 2018 and 2019. The determination period for the periods ending with calendar year 2020 and subsequent years shall be the ending year and the four immediately previous calendar years.~~

~~(r) Participant and employer contributions to the trust. The board shall, each year in addition to any fees and itemized budget required under section 5509, certify, as a percentage of each participant's compensation, the employer defined contributions, which shall be paid to the trust and credited to each participant's individual investment account. Certifications under this subsection shall be regarded as final and not subject to modification by the Secretary of the Budget. The board shall cause all mandatory participant contributions made on behalf of a participant and all voluntary contributions made by a participant to be credited to the participant's individual investment account.~~

~~Section 428. Section 5903(a) and (b) of Title 71 are amended and the section is amended by adding a subsection to read:
§ 5903. Duties of the board to advise and report to heads of~~

1 ~~departments [and], members and participants.~~

2 ~~(a) Manual of regulations. The board shall, with the advice~~
3 ~~of the Attorney General and the actuary, prepare and provide,~~
4 ~~within 90 days of the effective date of this part, a manual~~
5 ~~incorporating rules and regulations consistent with the~~
6 ~~provisions of this part to the heads of departments who shall~~
7 ~~make the information contained therein available to the general~~
8 ~~membership. The board shall thereafter advise the heads of~~
9 ~~departments within 90 days of any changes in such rules and~~
10 ~~regulations due to changes in the law or due to changes in~~
11 ~~administrative policies. As soon as practicable after the~~
12 ~~commissioner's announcement with respect thereto, the board~~
13 ~~shall also advise the heads of departments as to any cost of~~
14 ~~living adjustment for the succeeding calendar year in the amount~~
15 ~~of the limitation under IRC § 401(a)(17) and the dollar amounts~~
16 ~~of the limitations under IRC § [415(b)] 415. As soon as~~
17 ~~practicable after January 1 of each year, the board shall also~~
18 ~~advise the heads of departments of the employees for whom,~~
19 ~~pursuant to section 5502.1 (relating to waiver of regular member~~
20 ~~contributions and Social Security integration member~~
21 ~~contributions), pickup contributions are not to be made.~~

22 ~~(b) Member status statements and certifications. The board~~
23 ~~shall furnish annually to the head of each department on or~~
24 ~~before April 1, a statement for each member employed in such~~
25 ~~department showing the total accumulated deductions and total~~
26 ~~cash balance accumulated deductions standing to his credit as of~~
27 ~~December 31 of the previous year and requesting the member to~~
28 ~~make any necessary corrections or revisions regarding his~~
29 ~~designated beneficiary. In addition, for each member employed in~~
30 ~~any department and for whom the department has furnished the~~

1 necessary information, the board shall certify the number of
2 years and fractional part of a year of credited service
3 attributable to each class of service, the number of years and
4 fractional part of a year attributable to social security
5 integration credits in each class of service and, in the case of
6 a member eligible to receive an annuity, the benefit to which he
7 is entitled upon the attainment of superannuation age.

8 ~~(b.1) Participant status statements. The board shall~~
9 ~~furnish annually to each participant, by April 1 and more~~
10 ~~frequently as the board may agree or as required by law, a~~
11 ~~statement for each participant in the plan showing the~~
12 ~~accumulated total defined contributions credited to the~~
13 ~~participant's individual investment account, the nature and type~~
14 ~~of investments and the investment allocation of future~~
15 ~~contributions as of December 31 of the previous year and shall~~
16 ~~request the participant to make any necessary correction or~~
17 ~~revision regarding the designated beneficiary.~~

18 * * *

19 Section 429. Section 5904(c) of Title 71 is amended to read:
20 § 5904. Duties of the board to report to the Public School
21 Employees' Retirement Board.

22 * * *

23 (c) Applications for benefits for school employees. Upon
24 receipt of notification and the required data from the Public
25 School Employees' Retirement Board that a former State employee
26 who elected multiple service has applied for a public school
27 employees' retirement benefit or, in the event of his death, his
28 legally constituted representative has applied for such benefit,
29 the board shall:

30 (1) certify to the Public School Employees' Retirement

1 Board;

2 ~~(i) the salary history as a member of the State~~
3 ~~Employees' Retirement System and the final average salary~~
4 ~~as calculated on the basis of the compensation received~~
5 ~~as a State and school employee; and~~

6 ~~(ii) the annuity or benefit to which the member or~~
7 ~~his beneficiary is entitled as modified according to the~~
8 ~~option selected; and~~

9 ~~(2) transfer to the Public School Employees' Retirement~~
10 ~~Fund the total accumulated deductions and cash balance member~~
11 ~~accumulated deductions standing to such member's credit and~~
12 ~~the actuarial reserve required on account of years of~~
13 ~~credited service in the State system, final average salary~~
14 ~~determined on the basis of his compensation as a member in~~
15 ~~both systems and the average noncovered salary to be charged~~
16 ~~to the State accumulation account, the State Police benefit~~
17 ~~account or the enforcement officers' benefit account, as each~~
18 ~~case may require.~~

19 * * *

20 Section 430. Section 5905(b), (c.1), (e), (e.1), (f) and (g)
21 of Title 71 are amended and the section is amended by adding
22 subsections to read:

23 § 5905. Duties of the board regarding applications and
24 elections of members.

25 * * *

26 ~~(b) School employees electing multiple service status. Upon~~
27 ~~receipt of notification from the Public School Employees'~~
28 ~~Retirement Board that a former State employee has become an~~
29 ~~active member in the Public School Employees' Retirement System~~
30 ~~and has elected to become a member with multiple service status~~

1 ~~the board shall:~~

2 ~~(1) in case of a member receiving an annuity from the~~
3 ~~system:~~

4 ~~(i) discontinue payments, transfer the present value~~
5 ~~of the member's annuity other than any portion of the~~
6 ~~member's annuity derived from cash balance member~~
7 ~~accumulated deductions at the time of entering school~~
8 ~~service, plus the amount withdrawn in a lump sum payment,~~
9 ~~on or after the date of entering school service, pursuant~~
10 ~~to section 5705 (relating to member's options), with~~
11 ~~statutory interest to date of transfer, minus the amount~~
12 ~~to be returned to the board on account of return to~~
13 ~~service, that the board has determined is to be credited~~
14 ~~in the members' savings account, from the annuity reserve~~
15 ~~account to the members' savings account and resume~~
16 ~~crediting of statutory interest on the amount restored to~~
17 ~~his credit[;] and make a similar transfer of the present~~
18 ~~value of any portion of the member's annuity derived from~~
19 ~~cash balance member accumulated deductions from the~~
20 ~~annuity reserve account to the cash balance savings~~
21 ~~account and resume crediting of treasury bond interest on~~
22 ~~the amount so restored;~~

23 ~~(ii) transfer the balance of the present value of~~
24 ~~the total annuity, minus the amount to be returned to the~~
25 ~~board on account of return to service that the board has~~
26 ~~determined is to be credited in the State accumulation~~
27 ~~account and the cash balance savings account, from the~~
28 ~~annuity reserve account to the State accumulation~~
29 ~~account; and~~

30 ~~(iii) certify to the member the amount of lump sum~~

1 ~~and annuity payments with statutory interest the member~~
2 ~~is to return to the board and, of those amounts, which~~
3 ~~amount shall be credited to the members' savings account~~
4 ~~or the cash balance savings account and credited with~~
5 ~~statutory interest or treasury bond interest as such~~
6 ~~payments are returned and which amount shall be credited~~
7 ~~to the State accumulation account; or~~

8 ~~(2) in case of a member who is not receiving an annuity~~
9 ~~and has not withdrawn his total accumulated deductions and~~
10 ~~cash balance member accumulated deductions, continue or~~
11 ~~resume the crediting of statutory interest on his total~~
12 ~~accumulated deductions and treasury bond interest on his~~
13 ~~total cash balance accumulated deductions during the period~~
14 ~~his total accumulated deductions and cash balance member~~
15 ~~accumulated deductions remain in the fund; or~~

16 ~~(3) in case of a former State employee who is not~~
17 ~~receiving an annuity from the system and his total~~
18 ~~accumulated deductions were withdrawn, certify to the former~~
19 ~~State employee the accumulated deductions as they would have~~
20 ~~been at the time of his separation had he been a full~~
21 ~~coverage member together with statutory interest for all~~
22 ~~periods of subsequent State service eligible for membership~~
23 ~~in the system and school service as a member of the Public~~
24 ~~School Employees' Retirement System to the date of repayment.~~
25 ~~Such amount shall be restored by him and shall be credited~~
26 ~~with statutory interest as such payments are restored.~~

27 * * *

28 ~~(c.1) Termination of service by a member. In the case of~~
29 ~~any member terminating State service who is entitled to an~~
30 ~~annuity and who is not then a disability annuitant, the board~~

1 ~~shall advise such member in writing of any benefits from the~~
2 ~~system to which he may be entitled under the provisions of this~~
3 ~~part and shall have the member prepare, on or before the date of~~
4 ~~termination of State service, one of the following three forms,~~
5 ~~a copy of which shall be given to the member and the original of~~
6 ~~which shall be filed with the board:~~

7 ~~(1) an application for the return of total accumulated~~
8 ~~deductions and cash balance member accumulated deductions;~~

9 ~~(2) if eligible, an election to vest his retirement~~
10 ~~rights and, if he is a joint coverage member and so desires,~~
11 ~~elect to become a full coverage member and agree to pay~~
12 ~~within 30 days of the date of termination of service the lump~~
13 ~~sum required; or~~

14 ~~(3) if eligible, an application for an immediate annuity~~
15 ~~and, if he desires:~~

16 ~~(i) an election to convert his medical, major~~
17 ~~medical and hospitalization insurance coverage to the~~
18 ~~plan for State annuitants; and~~

19 ~~(ii) if he is a joint coverage member, an election~~
20 ~~to become a full coverage member and an agreement to pay~~
21 ~~within 30 days of date of termination of service the lump~~
22 ~~sum required.~~

23 ~~(c.2) Termination of service by a participant. In the case~~
24 ~~of a participant terminating State service, the board shall~~
25 ~~advise the participant in writing, of the vested accumulated~~
26 ~~total defined contributions credited to the participant's~~
27 ~~individual investment account as of the date stated in the~~
28 ~~writing, any notices regarding rollover or other matters~~
29 ~~required by IRC or other law, the obligation of the participant~~
30 ~~to commence distributions from the plan by the participant's~~

1 ~~required beginning date and the ability to receive all or part~~
2 ~~of the vested balance in the participant's individual investment~~
3 ~~account in a lump sum or in such other form as the board may~~
4 ~~authorize or as required by law.~~

5 ~~(e) Certification to vestees and special vestees terminating~~
6 ~~service. The board shall certify to a vestee or to a special~~
7 ~~vestee within one year of termination of State service of such~~
8 ~~member:~~

9 ~~(1) the total accumulated deductions and total cash~~
10 ~~balance accumulated deductions standing to his credit at the~~
11 ~~date of termination of service;~~

12 ~~(2) the number of years and fractional part of a year of~~
13 ~~credit in each class of service; and~~

14 ~~(3) the maximum single life annuity to which the vestee~~
15 ~~or special vestee shall become entitled upon the attainment~~
16 ~~of superannuation age and the filing of an application for~~
17 ~~such annuity.~~

18 ~~(4) the obligation of the member to commence~~
19 ~~distribution by the member's required beginning date.~~

20 ~~(e.1) Notification to vestees and special vestees~~
21 ~~approaching superannuation age. The board shall notify each~~
22 ~~vestee and special vestee who is not an active participant or~~
23 ~~inactive participant on leave without pay in writing 90 days~~
24 ~~prior to his attainment of superannuation age that he shall~~
25 ~~apply for his annuity within 90 days of attainment of~~
26 ~~superannuation age; that, if he does so apply, his effective~~
27 ~~date of retirement will be the date of attainment of~~
28 ~~superannuation age; that, if he does not so apply but defers his~~
29 ~~application to a later date, then he has an obligation to apply~~
30 ~~by his required beginning date and that his effective date of~~

1 ~~retirement will be the later of the date of filing such~~
2 ~~application or the date specified on the application[, whichever~~
3 ~~is later; and that, if he does not file an application within~~
4 ~~seven years after attaining superannuation age, he shall be~~
5 ~~deemed to have elected to receive his total accumulated~~
6 ~~deductions upon attainment of superannuation age.] which shall~~
7 ~~not be later than his required beginning date.~~

8 ~~(e.2) Notification to inactive participants approaching~~
9 ~~required beginning date. The board shall notify in writing each~~
10 ~~inactive participant who has terminated State service and has~~
11 ~~not commenced distribution by 90 days before the participant's~~
12 ~~required beginning date, that the inactive participant has an~~
13 ~~obligation to commence distributions by the required beginning~~
14 ~~date in a form and manner required by IRC § 401(a)(9) and other~~
15 ~~applicable provisions of the IRC.~~

16 ~~(f) Initial annuity payment and certification. The board~~
17 ~~shall make the first monthly payment to a member who is eligible~~
18 ~~for an annuity within 60 days of the filing of his application~~
19 ~~for an annuity or, in the case of a vestee or special vestee who~~
20 ~~has deferred the filing of his application to a date later than~~
21 ~~90 days following attainment of superannuation age, within 60~~
22 ~~days of the effective date of retirement, and receipt of the~~
23 ~~required data from the head of the department and, if the member~~
24 ~~has Class G, Class H, Class I, Class J, Class K, Class L, Class~~
25 ~~M or Class N service, any data required from the county~~
26 ~~retirement system or pension plan to which the member was a~~
27 ~~contributor before being a State employee. Concurrently, the~~
28 ~~board shall certify to such member:~~

29 ~~(1) the total accumulated deductions and total cash~~
30 ~~balance accumulated deductions standing to his credit showing~~

1 ~~separately the amount contributed by the member, the pickup~~
2 ~~contribution and the interest credited to the date of~~
3 ~~termination of service;~~

4 ~~(2) the number of years and fractional part of a year~~
5 ~~credited in each class of service;~~

6 ~~(3) the final average salary on which his annuity is~~
7 ~~based as well as any applicable reduction factors due to age~~
8 ~~and/or election of an option; and~~

9 ~~(4) the total annuity payable under the option elected~~
10 ~~and the amount and effective date of any future reduction~~
11 ~~under section 5703 (relating to reduction of annuities on~~
12 ~~account of social security old age insurance benefits).~~

13 ~~(f.1) Initial payment to participants. The board shall make~~
14 ~~the initial payment to a participant who has applied for a~~
15 ~~distribution within 60 days of the receipt of all information~~
16 ~~necessary to process the application for a distribution.~~

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

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

15 * * *

16 Section 431. Section 5905.1(a), (b) and (d) of Title 71 are
17 amended to read:

18 § 5905.1. Installment payments of accumulated deductions.

19 (a) General rule. Notwithstanding any other provision of
20 this part, whenever a member elects to withdraw his total
21 accumulated deductions and cash balance member accumulated
22 deductions pursuant to section 5311(a) (relating to eligibility
23 for refunds) or 5701 (relating to return of total accumulated
24 deductions and cash balance member accumulated deductions) or
25 elects to receive a portion of his benefit payable as a lump sum
26 pursuant to section 5705(a)(4)(iii) or (a.1) (relating to
27 member's options), the member may elect to receive the amount in
28 not more than four installments.

29 (b) Payment of first installment. The payment of the first
30 installment shall be made in the amount and within seven days of

1 ~~the date specified by the member, except as follows:~~

2 ~~(1) Upon receipt of a member's application to withdraw~~
3 ~~his total accumulated deductions and cash balance member~~
4 ~~accumulated deductions as provided in section 5311(a) or 5701-~~
5 ~~and upon receipt of all required data from the head of the~~
6 ~~department and, if the member has Class G, Class H, Class I,~~
7 ~~Class J, Class K, Class L, Class M or Class N service, any~~
8 ~~data required from the county retirement system or pension~~
9 ~~plan to which the member was a contributor before being~~
10 ~~transferred to State employment, the board shall not be~~
11 ~~required to pay the first installment prior to 45 days after~~
12 ~~the filing of the application and the receipt of the data or~~
13 ~~the date of termination of service, whichever is later.~~

14 ~~(2) In the case of an election as provided in section~~
15 ~~5705(a)(4)(iii) or (a.1) by a member terminating service~~
16 ~~within 60 days prior to the end of a calendar year and upon~~
17 ~~receipt of all required data from the head of the department~~
18 ~~and, if the member has Class G, Class H, Class I, Class J,~~
19 ~~Class K, Class L, Class M or Class N service, any data~~
20 ~~required from the county retirement system or pension plan to~~
21 ~~which the member was a contributor before being transferred~~
22 ~~to State employment, the board shall not be required to pay~~
23 ~~the first installment prior to 21 days after the later of the~~
24 ~~filing of the application and the receipt of the data or the~~
25 ~~date of termination of service, but, unless otherwise~~
26 ~~directed by the member, the payment shall be made no later~~
27 ~~than 45 days after the filing of the application and the~~
28 ~~receipt of the data or the date of termination of service,~~
29 ~~whichever is later.~~

30 ~~(3) In the case of an election as provided in section~~

1 ~~5705(a)(4)(iii) or (a.1) by a member who is not terminating~~
2 ~~service within 60 days prior to the end of a calendar year~~
3 ~~and upon receipt of all required data from the head of the~~
4 ~~department and, if the member has Class G, Class H, Class I,~~
5 ~~Class J, Class K, Class L, Class M or Class N service, any~~
6 ~~data required from the county retirement system or pension~~
7 ~~plan to which the member was a contributor before being~~
8 ~~transferred to State employment, the board shall not be~~
9 ~~required to pay the first installment prior to 45 days after~~
10 ~~the filing of the application and the receipt of the data or~~
11 ~~the date of termination of service, whichever is later.~~

12 * * *

13 ~~(d) [Statutory interest] Interest. Any lump sum, including~~
14 ~~a lump sum payable pursuant to section 5705.1 (relating to~~
15 ~~payment of accumulated deductions resulting from [Class A 3 and~~
16 ~~Class A 4] more than one class of service), or installment~~
17 ~~payable shall include statutory interest credited to the date of~~
18 ~~payment on all amounts other than payment of cash balance member~~
19 ~~accumulated deductions which shall include treasury bond~~
20 ~~interest credited to the date of payment, except in the case of~~
21 ~~a member, other than a vestee or special vestee, who has not~~
22 ~~filed his application prior to 90 days following his termination~~
23 ~~of service.~~

24 ~~Section 432. Sections 5906(a), (b), (c), (d), (e), (g), (h),~~
25 ~~(i), (j) and (l) and 5907(a), (c), (d), (e), (f), (g), (h) and~~
26 ~~(i) of Title 71 are amended and the sections are amended by~~
27 ~~adding subsections to read:~~

28 ~~§ 5906. Duties of heads of departments.~~

29 ~~(a) Status of members and participants. The head of~~
30 ~~department shall, at the end of each pay period, notify the~~

1 ~~board in a manner prescribed by the board of salary changes~~
2 ~~effective during that period for any members and participants of~~
3 ~~the department, the date of all removals from the payroll, and~~
4 ~~the type of leave of any members and participants of the~~
5 ~~department who have been removed from the payroll for any time~~
6 ~~during that period, and:~~

7 ~~* * *~~

8 ~~(i) in the case of death of the member or~~
9 ~~participant the head of the department shall so notify~~
10 ~~the board;~~

11 ~~(ii) in the case of a service connected disability~~
12 ~~of a member the head of department shall, to the best of~~
13 ~~his ability, investigate the circumstances surrounding~~
14 ~~the disablement of the member and submit in writing to~~
15 ~~the board information which shall include but not~~
16 ~~necessarily be limited to the following: date, place and~~
17 ~~time of disablement to the extent ascertainable; nature~~
18 ~~of duties being performed at such time; and whether or~~
19 ~~not the duties being performed were authorized and~~
20 ~~included among the member's regular duties. In addition,~~
21 ~~the head of department shall furnish in writing to the~~
22 ~~board all such other information as may be related to the~~
23 ~~member's disablement;~~

24 ~~* * *~~

25 ~~(b) Records and information. At any time at the request of~~
26 ~~the board and at termination of service of a member or a~~
27 ~~participant, the head of department shall furnish service and~~
28 ~~compensation records and such other information as the board may~~
29 ~~require and shall maintain and preserve such records as the~~
30 ~~board may direct for the expeditious discharge of its duties.~~

1 ~~(c) Member contributions. The head of department shall~~
2 ~~cause the required pickup contributions and cash balance member~~
3 ~~contributions for current service to be made and shall cause to~~
4 ~~be deducted any other required member contributions, including,~~
5 ~~but not limited to, contributions owed by an active member with~~
6 ~~multiple service membership for school service and creditable~~
7 ~~nonschool service in the Public School Employees' Retirement~~
8 ~~System and amounts certified by the Public School Employees'~~
9 ~~Retirement Board as due and owing on account of termination of~~
10 ~~annuities, from each payroll. The head of department shall~~
11 ~~notify the board at times and in a manner prescribed by the~~
12 ~~board of the compensation of any noneligible member to whom the~~
13 ~~limitation under IRC § 401(a) (17) either applies or is expected~~
14 ~~to apply and shall cause such member's contributions deducted~~
15 ~~from payroll to cease at the limitation under IRC § 401(a) (17)~~
16 ~~on the payroll date if and when such limit shall be reached. The~~
17 ~~head of department shall certify to the State Treasurer the~~
18 ~~amounts picked up and deducted amounts of cash balance member~~
19 ~~contributions deducted and shall send the total amount picked up~~
20 ~~{and} or deducted together with a duplicate of such voucher to~~
21 ~~the secretary of the board every pay period. The head of~~
22 ~~department shall pay pickup contributions and cash balance~~
23 ~~member contributions from the same source of funds which is used~~
24 ~~to pay other compensation to the employee. On or before January~~
25 ~~31, 1997, and on or before January 31 of each year thereafter,~~
26 ~~the head of department shall, at the time when the income and~~
27 ~~withholding information required by law is furnished to each~~
28 ~~member, also furnish the amount of pickup contributions and cash~~
29 ~~balance member contributions made on his behalf and notify the~~
30 ~~board, if it has not been previously notified, of any~~

1 ~~noneligible member whose compensation in the preceding year~~
2 ~~exceeded the annual compensation limit under IRC § 401(a)(17).~~
3 ~~If the board shall determine that the member's savings account~~
4 ~~or cash balance savings account shall have been credited with~~
5 ~~pickup contributions or cash balance member contributions for a~~
6 ~~noneligible member in the preceding year which are attributable~~
7 ~~to compensation in excess of the limitation under IRC § 401(a)~~
8 ~~(17), or with total member contributions including contributions~~
9 ~~as a result of Class CB service for such member which would~~
10 ~~cause such member's contributions or benefits to exceed any~~
11 ~~applicable limitation under IRC § 401(a)(17) or 415(b), the~~
12 ~~board shall as soon as practicable refund to the member from his~~
13 ~~individual member account such amount, together with the~~
14 ~~statutory interest or treasury bond interest thereon, as will~~
15 ~~cause the member's total member contributions including~~
16 ~~contributions as a result of Class CB service in the preceding~~
17 ~~year not to exceed the applicable limit. The payment of any such~~
18 ~~refund to the member shall be charged to the member's savings~~
19 ~~account or the member's individual cash balance savings account,~~
20 ~~as the case may be.~~

21 ~~(c.1) Participant and employer defined contributions. The~~
22 ~~head of the department shall:~~

23 ~~(1) Cause the mandatory participant contributions on~~
24 ~~behalf of a participant to be made and cause to be deducted~~
25 ~~any voluntary contributions authorized by a participant.~~

26 ~~(2) Cause the employer defined contributions on behalf~~
27 ~~of a participant to be made.~~

28 ~~(3) Notify the board at times and in a manner prescribed~~
29 ~~by the board of the compensation of any participant to whom~~
30 ~~the limitation under IRC § 401(a)(17) either applies or is~~

1 ~~expected to apply and cause the participant's contributions~~
2 ~~to be deducted from payroll to cease at the limitation under~~
3 ~~IRC § 401(a)(17) on the payroll date if and when such limit~~
4 ~~shall be reached.~~

5 ~~(4) Certify to the State Treasurer the amounts deducted~~
6 ~~and the employer defined contributions being made and send~~
7 ~~the total amount picked up, deducted and contributed together~~
8 ~~with a duplicate of the voucher to the secretary of the board~~
9 ~~every pay period or on such schedule as established by the~~
10 ~~board.~~

11 ~~(d) New employees subject to mandatory membership or~~
12 ~~participation. Upon the assumption of duties of each new State~~
13 ~~employee whose membership in the system or plan is mandatory,~~
14 ~~the head of department shall cause an application for membership~~
15 ~~or participation and a nomination of beneficiary to be made by~~
16 ~~such employee and filed with the board and shall make pickup~~
17 ~~contributions, cash balance member contributions or mandatory~~
18 ~~participant contributions from the effective date of State~~
19 ~~employment.~~

20 ~~(e) New employees subject to optional membership or~~
21 ~~participation. The head of department shall, upon the~~
22 ~~employment or entering into office of any State employee whose~~
23 ~~membership in the system or participation in the plan is not~~
24 ~~mandatory, inform such employee of his opportunity to become a~~
25 ~~member of the system or participant in the plan. If such~~
26 ~~employee so elects, the head of department shall cause an~~
27 ~~application for membership or participation and a nomination of~~
28 ~~beneficiary to be made by him and filed with the board and shall~~
29 ~~cause proper contributions to be made from the effective date of~~
30 ~~membership or participation.~~

1 ~~* * *~~

2 ~~(g) Former school employee contributors.—~~

3 ~~(1) The head of department shall, upon the employment of~~
4 ~~a former contributor to the Public School Employees'~~
5 ~~Retirement System who is not an annuitant of the Public~~
6 ~~School Employees' Retirement System, advise such employee of~~
7 ~~his right to elect within 365 days of entry into the system~~
8 ~~to become a multiple service member, and in the case of any~~
9 ~~such employee who so elects and has withdrawn his accumulated~~
10 ~~deductions, require him to reinstate his credit in the Public~~
11 ~~School Employees' Retirement System. The head of the~~
12 ~~department shall advise the board of such election.~~

13 ~~(2) Paragraph (1) shall not apply to a State employee~~
14 ~~who has only Class CB service credit in the system or who has~~
15 ~~only Class T I credit in the Public School Employees'~~
16 ~~Retirement System.~~

17 ~~(h) Former school employee annuitants.—~~

18 ~~(1) The head of department shall, upon the employment of~~
19 ~~an annuitant of the Public School Employees' Retirement~~
20 ~~System who applies for membership in the system, advise such~~
21 ~~employee that he may elect multiple service membership within~~
22 ~~365 days of entry into the system and if he so elects his~~
23 ~~public school employee's annuity will be discontinued~~
24 ~~effective upon the date of his return to State service and,~~
25 ~~upon termination of State service and application for an~~
26 ~~annuity, the annuity will be adjusted in accordance with~~
27 ~~section 5706 (relating to termination of annuities). The head~~
28 ~~of department shall advise the board of such election.~~

29 ~~(2) Paragraph (1) shall not apply to a State employee~~
30 ~~who has only Class CB service credit in the system or who has~~

~~only Class T-I credit in the Public School Employees' Retirement System.~~

~~(i) Annual statement to members. Annually, upon receipt from the board, the head of department shall furnish to each member the statement specified in section 5903(b) (relating to duties of the board to advise and report to heads of departments [and] members and participants).~~

~~(j) Termination of service. The head of department shall, in the case of any member who does not have Class CB service, who is terminating State service and who is ineligible for an annuity before attainment of superannuation age, advise such member in writing of any benefits to which he may be entitled under the provisions of this part and shall have the member prepare, on or before the date of termination of State service, an application for the return of total accumulated deductions or, on or before September 30, 1997, an application to be vested as a special vestee, if eligible.~~

~~* * *~~

~~(l) State employees performing USERRA or military related leave of absence. The head of department shall report to the board any State employee who ceases to be an active member or active participant to perform USERRA service, or who is granted a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) or a military leave of absence under 51 Pa.C.S. § 7302 (relating to granting military leaves of absence), the date on which the USERRA service, leave of absence or military leave of absence began, the date on which the State employee is reemployed from USERRA leave or returns after the leave of absence or military leave of absence, if the event occurs, and any other information the~~

1 ~~board may require or direct.~~

2 ~~* * *~~

3 ~~§ 5907. Rights and duties of State employees and members.~~

4 ~~(a) Information on new employees. Upon his assumption of~~
5 ~~duties or becoming a participant each new State employee or~~
6 ~~participant shall furnish the head of department with a complete~~
7 ~~record of his previous State service, his school service or~~
8 ~~creditable nonstate service, and proof of his date of birth and~~
9 ~~current status in the system and the plan and in the Public~~
10 ~~School Employees' Retirement System and the School Employees'~~
11 ~~Defined Contribution Plan. Willful failure to provide the~~
12 ~~information required by this subsection to the extent available~~
13 ~~upon entrance into the system shall result in the forfeiture of~~
14 ~~the right of the member to subsequently assert any right to~~
15 ~~benefits based on any of the required information which he~~
16 ~~failed to provide. In any case in which the board finds that a~~
17 ~~member is receiving an annuity based on false information, the~~
18 ~~total amount received predicated on such false information~~
19 ~~together with statutory interest doubled and compounded shall be~~
20 ~~deducted from the present value of any remaining benefits to~~
21 ~~which the member is legally entitled.~~

22 ~~* * *~~

23 ~~(b.1) Application for participation. On or after January 1,~~
24 ~~2016, in the case of an employee who is not currently a~~
25 ~~participant in the plan and whose participation is mandatory, or~~
26 ~~in the case of an employee whose participation is not mandatory~~
27 ~~but is permitted and who desires to become a participant in the~~
28 ~~plan, the employee shall execute an application for~~
29 ~~participation and a nomination of a beneficiary.~~

30 ~~(c) Multiple service membership. [Any active member] Any~~

~~1 State employee who is an active member in a class of service
2 other than Class CB and who was formerly an active member in the
3 Public School Employees' Retirement System in a class of service
4 other than Class T-I may elect to become a multiple service
5 member. Such election shall occur no later than 365 days after
6 becoming an active member in this system. A State employee who
7 is eligible to elect to become a multiple service member who
8 begins USERRA leave during the election period without having
9 elected multiple service membership may make the election within
10 365 days after being reemployed from USERRA leave.~~

~~11 (d) Credit for previous service or change in membership
12 status. Any active member or eligible school employee who
13 desires to receive credit for the portion of his total previous
14 State service or creditable nonstate service to which he is
15 entitled, or a joint coverage member who desires to become a
16 full coverage member, shall so notify the board and upon written
17 agreement by the member and the board as to the manner of
18 payment of the amount due, the member shall receive credit for
19 such service as of the date of such agreement.~~

~~20 * * *~~

~~21 (d.2) Contributions for USERRA leave. Any active
22 participant or inactive participant on leave without pay or
23 former participant who was reemployed from USERRA leave who
24 desires to make mandatory participant contributions and
25 voluntary contributions for his USERRA leave shall so notify the
26 board within the time period required under 38 U.S.C. Ch. 43
27 (relating to employment and reemployment rights of members of
28 the uniformed services) and IRC § 414(u) of his desire to make
29 such contributions. Upon making the permitted mandatory
30 participant contributions within the allowed time period, the~~

1 ~~head of the department 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 as provided in section 5906(d) or (e) (relating~~
13 ~~to duties of heads of departments) to receive the death benefit~~
14 ~~payable under section 5707 (relating to death benefits) or the~~
15 ~~benefit payable under the provisions of Option 1 of section~~
16 ~~5705(a)(1) (relating to member's options). Such nomination may~~
17 ~~be changed at any time by the member by written designation~~
18 ~~filed with the board. A member may also nominate a contingent~~
19 ~~beneficiary or beneficiaries to receive the death benefit~~
20 ~~provided under section 5707 or the benefit payable under the~~
21 ~~provisions of Option 1 of section 5705(a)(1).~~

22 ~~(e.1) Beneficiary for death benefits from the plan. Every~~
23 ~~participant shall nominate a beneficiary by written designation~~
24 ~~filed with the board as provided in section 5906(d) or (e) to~~
25 ~~receive the death benefit payable under section 5408 (relating~~
26 ~~to death benefits). A participant may also nominate a contingent~~
27 ~~beneficiary or beneficiaries to receive the death benefit~~
28 ~~provided under section 5408. Such nomination may be changed at~~
29 ~~any time by the participant by written designation filed with~~
30 ~~the board.~~

1 ~~(e.2) Beneficiary for combined service employee. A combined~~
2 ~~service employee may designate or nominate different persons to~~
3 ~~be beneficiaries, survivor annuitants and successor payees for~~
4 ~~his benefits from the system and the plan.~~

5 ~~(f) Termination of service by members. Each member who~~
6 ~~terminates State service and who is not then a disability~~
7 ~~annuitant shall execute on or before the date of termination of~~
8 ~~service the appropriate application, duly attested by the member~~
9 ~~or his legally constituted representative, electing to:~~

10 ~~(1) withdraw his total accumulated deductions and cash~~
11 ~~balance member accumulated deductions; or~~

12 ~~* * *~~

13 ~~(g) Vesting of retirement rights. If a member elects to~~
14 ~~vest his retirement rights he shall nominate a beneficiary by~~
15 ~~written designation filed with the board and, if the member is~~
16 ~~not an active participant or inactive participant on leave~~
17 ~~without pay, he may anytime thereafter but no later than his~~
18 ~~required beginning date, withdraw the total accumulated~~
19 ~~deductions and cash balance member accumulated deductions~~
20 ~~standing to his credit or apply for an annuity.~~

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

28 ~~(h) Vestees and special vestees attaining superannuation~~
29 ~~age. Upon attainment of superannuation age a vestee or special~~
30 ~~vestee who is not an active participant or inactive participant~~

1 ~~on leave without pay shall execute and file an application for~~
2 ~~an annuity. Any such application filed within 90 days after~~
3 ~~attaining superannuation age shall be effective as of the date~~
4 ~~of attainment of superannuation age. Any application filed after~~
5 ~~such period shall be filed by the member's required beginning~~
6 ~~date and shall be effective as of the date it is filed with the~~
7 ~~board, subject to the provisions of section 5905(f) (relating to~~
8 ~~duties of the board regarding applications and elections of~~
9 ~~members and participants). If a vestee or special vestee who is~~
10 ~~not an active participant or inactive participant on leave~~
11 ~~without pay does not file an application within seven years~~
12 ~~after attaining superannuation age, he shall be deemed to have~~
13 ~~elected to receive his total accumulated deductions upon~~
14 ~~attainment of superannuation age.~~

15 ~~(i) Failure to apply for annuity. If a member is eligible~~
16 ~~to receive an annuity and does not file a proper application~~
17 ~~within 90 days of termination of service, his annuity will~~
18 ~~become effective as of the later of the date the application is~~
19 ~~filed with the board or the date designated on the application~~
20 ~~[whichever is later] which shall not be later than his required~~
21 ~~beginning date.~~

22 ~~* * *~~

23 ~~Section 433. Sections 5931(b), 5932, 5933(a), 5934, 5935,~~
24 ~~5936, 5937, 5938 and 5939 of Title 71 are amended to read:~~
25 ~~§ 5931. Management of fund and accounts.~~

26 ~~* * *~~

27 ~~(b) Crediting of interest. The board, annually, shall allow~~
28 ~~the required interest on the mean amount for the preceding year~~
29 ~~to the credit of each of the accounts other than the individual~~
30 ~~investment accounts and except excess interest credited to the~~

1 ~~cash balance savings account. The amount so allowed shall be~~
2 ~~credited thereto by the board and transferred from the interest~~
3 ~~reserve account. Excess interest, if any, shall be credited to~~
4 ~~the cash balance savings account as set forth in section 5902(g)~~
5 ~~(relating to administrative duties of the board).~~

6 * * *

7 ~~§ 5932. State Employees' Retirement Fund.~~

8 ~~(a) General rule. The fund shall consist of all balances in~~
9 ~~the several separate accounts set apart to be used under the~~
10 ~~direction of the board for the benefit of members of the system;~~
11 ~~and the Treasury Department shall credit to the fund all moneys~~
12 ~~received from the Department of Revenue arising from the~~
13 ~~contributions relating to or on behalf of members of the system~~
14 ~~required under the provisions of Chapter 55 (relating to~~
15 ~~contributions), and any income earned by the investments or~~
16 ~~moneys of said fund. There shall be established and maintained~~
17 ~~by the board the several ledger accounts specified in sections~~
18 ~~5933 (relating to members' savings account), 5934 (relating to~~
19 ~~State accumulation account), 5935 (relating to annuity reserve~~
20 ~~account), 5936 (relating to State Police benefit account), 5937~~
21 ~~(relating to enforcement officers' benefit account), 5938~~
22 ~~(relating to supplemental annuity account) and 5939 (relating to~~
23 ~~interest reserve account) and 5942 (relating to cash balance~~
24 ~~savings account).~~

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

1 ~~shall be paid to the trust and credited to the individual~~
2 ~~investment accounts.~~

3 ~~§ 5933. Members' savings account.~~

4 ~~(a) Credits to account. The members' savings account shall~~
5 ~~be the ledger account to which shall be credited the amounts of~~
6 ~~the pickup contributions made by the Commonwealth or other~~
7 ~~employer and contributions or lump sum payments made by active~~
8 ~~members, other than for Class CB service, in accordance with the~~
9 ~~provisions of sections 5501 (relating to regular member~~
10 ~~contributions and cash balance member contributions for current~~
11 ~~service), 5501.1 (relating to shared risk member contributions~~
12 ~~{for Class A 3 and Class A 4 service} and shared gain~~
13 ~~adjustments to regular member contributions for Class A 3 and~~
14 ~~Class A 4 service), 5502 (relating to social security~~
15 ~~integration member contributions), 5503 (relating to joint~~
16 ~~coverage member contributions), 5504 (relating to member~~
17 ~~contributions for the purchase of credit for previous State~~
18 ~~service or to become a full coverage member), 5505.1 (relating~~
19 ~~to additional member contributions) and 5505 (relating to~~
20 ~~contributions for the purchase of credit for creditable nonstate~~
21 ~~service) and transferred from the members' savings account of~~
22 ~~the Public School Employees' Retirement System in accordance~~
23 ~~with the provisions of section 5303.2 (relating to election to~~
24 ~~convert school service to State service).~~

25 ~~* * *~~

26 ~~§ 5934. State accumulation account.~~

27 ~~The State accumulation account shall be the ledger account to~~
28 ~~which shall be credited all contributions of the Commonwealth or~~
29 ~~other employers whose employees are members of the system and~~
30 ~~made in accordance with the provisions of section 5507(a) or (d)~~

1 ~~(relating to contributions to the system by the Commonwealth and~~
2 ~~other employers) except that the amounts received under the~~
3 ~~provisions of the act of May 12, 1943 (P.L.259, No.120), and the~~
4 ~~amounts received under the provisions of the Liquor Code, act of~~
5 ~~April 12, 1951 (P.L.90, No.21), shall be credited to the State~~
6 ~~Police benefit account or the enforcement officers' benefit~~
7 ~~account as the case may be. All amounts transferred to the fund~~
8 ~~by county retirement systems or pension plans in accordance with~~
9 ~~the provisions of section 5507(c) also shall be credited to the~~
10 ~~State accumulation account. All amounts transferred to the fund~~
11 ~~by the Public School Employees' Retirement System in accordance~~
12 ~~with section 5303.2(e) (relating to election to convert school~~
13 ~~service to State service), except amounts credited to the~~
14 ~~members' savings account, and all amounts paid by the Department~~
15 ~~of Corrections in accordance with section 5303.2(f) also shall~~
16 ~~be credited to the State accumulation account. The State~~
17 ~~accumulation account shall be credited with valuation interest.~~
18 ~~The reserves necessary for the payment of annuities and death~~
19 ~~benefits resulting from membership in the system as approved by~~
20 ~~the board and as provided in Chapter 57 (relating to benefits),~~
21 ~~other than annuities and benefits resulting from Class CB~~
22 ~~service, shall be transferred from the State accumulation~~
23 ~~account to the annuity reserve account provided for in section~~
24 ~~5935 (relating to annuity reserve account), except that the~~
25 ~~reserves necessary on account of a member who is an officer of~~
26 ~~the Pennsylvania State Police or an enforcement officer shall be~~
27 ~~transferred from the State accumulation account to the State~~
28 ~~Police benefit account provided for in section 5936 (relating to~~
29 ~~State Police benefit account) or to the enforcement officers'~~
30 ~~benefit account as provided for in section 5937 (relating to~~

1 ~~enforcement officers' benefit account) as the case may be. The~~
2 ~~reserves necessary for the payment of supplemental annuities in~~
3 ~~excess of those reserves credited to the supplemental annuity~~
4 ~~account on June 30, 2010, shall be transferred from the State~~
5 ~~accumulation account to the supplemental annuity account. In the~~
6 ~~event that supplemental annuities are increased by legislation~~
7 ~~enacted after December 31, 2009, the necessary reserves shall be~~
8 ~~transferred from the State accumulation account to the~~
9 ~~supplemental annuity account. The amounts credited to the~~
10 ~~members' individual cash balance savings accounts as provided~~
11 ~~for in section 5902(p) shall be transferred from the State~~
12 ~~accumulation account.~~

13 ~~§ 5935. Annuity reserve account.~~

14 ~~(a) Credits and charges to account. The annuity reserve~~
15 ~~account shall be the ledger account to which shall be credited~~
16 ~~the reserves held for payment of annuities and death benefits on~~
17 ~~account of all annuitants except in the case of members who are~~
18 ~~officers of the Pennsylvania State Police or enforcement~~
19 ~~officers. The annuity reserve account shall be credited with~~
20 ~~valuation interest. After the transfers provided in sections~~
21 ~~5933 (relating to members' savings account), 5934 (relating to~~
22 ~~State accumulation account) [and], 5938 (relating to~~
23 ~~supplemental annuity account) and 5942 (relating to cash balance~~
24 ~~savings account), all annuity and death benefit payments~~
25 ~~resulting from membership in the system except those payable to~~
26 ~~any member who retires as an officer of the Pennsylvania State~~
27 ~~Police or an enforcement officer shall be charged to the annuity~~
28 ~~reserve account and paid from the fund.~~

29 ~~(b) Transfers from account. Should an annuitant other than~~
30 ~~a member who was retired as an officer of the Pennsylvania State~~

1 ~~Police or an enforcement officer be subsequently restored to~~
2 ~~active service as a member of the system or as a participant in~~
3 ~~the plan, the present value of his member's annuity at the time~~
4 ~~of reentry into State service shall be transferred from the~~
5 ~~annuity reserve account and placed to his individual credit in~~
6 ~~the members' savings account or individual cash balance savings~~
7 ~~account, as appropriate. In addition, the actuarial reserve for~~
8 ~~his annuity based on all classes of credited service other than~~
9 ~~Class CB less the amount transferred to the members' savings~~
10 ~~account shall be transferred from the annuity reserve account to~~
11 ~~the State accumulation account. The present value of the annuity~~
12 ~~provided by section 5702(a)(7) (relating to maximum single life~~
13 ~~annuity) at the time of reentry in State service shall be~~
14 ~~transferred from the annuity reserve account and placed to the~~
15 ~~member's individual credit in the cash balance savings account.~~
16 ~~§ 5936. State Police benefit account.~~

17 ~~(a) Credits and charges to account. The State Police~~
18 ~~benefit account shall be the ledger account to which shall be~~
19 ~~credited all contributions received under the provisions of the~~
20 ~~act of May 12, 1943 (P.L.259, No.120), referred to as the~~
21 ~~Foreign Casualty Insurance Premium Tax Allocation Law, and any~~
22 ~~additional Commonwealth or other employer contributions provided~~
23 ~~for in section 5507 (relating to contributions to the system by~~
24 ~~the Commonwealth and other employers) which are creditable to~~
25 ~~the State Police benefit account. The State Police benefit~~
26 ~~account shall be credited with the required interest. In~~
27 ~~addition, upon the filing of an application for an annuity by a~~
28 ~~member who is an officer of the Pennsylvania State Police, the~~
29 ~~total accumulated deductions standing to the credit of the~~
30 ~~member in the members' savings account, the total cash balance~~

1 ~~accumulated deductions standing to the credit of the member in~~
2 ~~the cash balance savings account and the necessary reserves from~~
3 ~~the State accumulation account shall be transferred to the State~~
4 ~~Police benefit account. Thereafter, the total annuity of such~~
5 ~~annuitant shall be charged to the State Police benefit account~~
6 ~~and paid from the fund.~~

7 ~~(b) Transfers from account. Should the said annuitant be~~
8 ~~subsequently restored to active service as a member of the~~
9 ~~system or as a participant in the plan, the present value of the~~
10 ~~member's annuity at the time of reentry into State service shall~~
11 ~~be transferred from the State Police benefit account and placed~~
12 ~~to his individual credit in the members' savings account or~~
13 ~~individual cash balance savings account, as appropriate. In~~
14 ~~addition, the actuarial reserve for his annuity, based on all~~
15 ~~classes of credited service other than Class CB, calculated as~~
16 ~~if he had been a member of Class A if he has Class A or Class C~~
17 ~~service credited; as if he had been a member of Class A 3 if the~~
18 ~~annuitant has Class A 3 State service credited; or as if he had~~
19 ~~been a member of Class A 4 if the annuitant has Class A 4~~
20 ~~service credited, less the amount transferred to the members'~~
21 ~~savings account shall be transferred from the State Police~~
22 ~~benefit account to the State accumulation account. The present~~
23 ~~value of the annuity provided by section 5702(a)(7) (relating to~~
24 ~~maximum single life annuity) at the time of reentry into State~~
25 ~~service shall be transferred from the State Police benefit~~
26 ~~account and placed to his individual credit in the cash balance~~
27 ~~savings account. Upon subsequent retirement other than as an~~
28 ~~officer of the Pennsylvania State Police the actuarial reserve~~
29 ~~remaining in the State Police benefit account shall be~~
30 ~~transferred to the appropriate reserve account.~~

1 ~~§ 5937. Enforcement officers' benefit account.~~

2 ~~(a) Credits and charges to account. The enforcement~~
3 ~~officers' benefit account shall be the ledger account to which~~
4 ~~shall be credited moneys transferred from the enforcement~~
5 ~~officers' retirement account in the State Stores Fund according~~
6 ~~to the provisions of the act of April 12, 1951 (P.L.90, No.21),~~
7 ~~known as the Liquor Code, and any additional Commonwealth or~~
8 ~~other employer contributions provided for in section 5507~~
9 ~~(relating to contributions to the system by the Commonwealth and~~
10 ~~other employers) which are creditable to the enforcement~~
11 ~~officers' benefit account. The enforcement officers' benefit~~
12 ~~account shall be credited with the required interest. In~~
13 ~~addition, upon the filing of an application for an annuity by a~~
14 ~~member who is an enforcement officer of the Pennsylvania Liquor~~
15 ~~Control Board, the total accumulated deductions standing to the~~
16 ~~credit of the member in the members' savings account, the total~~
17 ~~cash balance accumulated deductions standing to the credit of~~
18 ~~the member in the cash balance savings account and the necessary~~
19 ~~reserves from the State accumulation account shall be~~
20 ~~transferred to the enforcement officers' benefit account.~~
21 ~~Thereafter, the total annuity of such annuitant shall be charged~~
22 ~~to the enforcement officers' benefit account and paid from the~~
23 ~~fund.~~

24 ~~(b) Transfers from account. Should the said annuitant be~~
25 ~~subsequently restored to active service as a member of the~~
26 ~~system or as a participant in the plan, the present value of the~~
27 ~~member's annuity at the time of reentry into State service shall~~
28 ~~be transferred from the enforcement officers' benefit account~~
29 ~~and placed to his individual credit in the members' savings~~
30 ~~account or individual cash balance savings account, as~~

1 ~~appropriate. In addition, the actuarial reserve for his annuity,~~
2 ~~based on all classes of credited service other than Class CB,~~
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. The present value of the annuity provided~~
13 ~~by section 5702(a)(7) (relating to maximum single life annuity)~~
14 ~~at the time of reentry into State service shall be transferred~~
15 ~~from the enforcement officers' benefit account and placed to his~~
16 ~~individual credit in the cash balance savings account. Upon~~
17 ~~subsequent retirement other than as an enforcement officer the~~
18 ~~actuarial reserve remaining in the enforcement officers' benefit~~
19 ~~account shall be transferred to the appropriate reserve account.~~
20 ~~§ 5938. Supplemental annuity account.~~

21 ~~The supplemental annuity account shall be the ledger account~~
22 ~~to which shall be credited all contributions from the~~
23 ~~Commonwealth and other employers in accordance with section~~
24 ~~5507(b) (relating to contributions to the system by the~~
25 ~~Commonwealth and other employers) for the payment of the~~
26 ~~supplemental annuities provided in sections 5708 (relating to~~
27 ~~supplemental annuities), 5708.1 (relating to additional~~
28 ~~supplemental annuities), 5708.2 (relating to further additional~~
29 ~~supplemental annuities), 5708.3 (relating to supplemental~~
30 ~~annuities commencing 1994), 5708.4 (relating to special~~

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

18 ~~§ 5939. Interest reserve account.~~

19 ~~The interest reserve account shall be the ledger account to~~
20 ~~which shall be credited all income earned by the fund and to~~
21 ~~which shall be charged all administrative and investment~~
22 ~~expenses incurred by the fund. At the end of each year the~~
23 ~~required interest shall be transferred from the interest reserve~~
24 ~~account to the credit of each of the accounts of the fund in~~
25 ~~accordance with the provisions of this subchapter. In addition,~~
26 ~~at the end of each accounting period, the interest reserve~~
27 ~~account shall be credited or charged with all recognized changes~~
28 ~~in the market valuation of the investments of the fund. The~~
29 ~~administrative and investment expenses of the board relating to~~
30 ~~the administration of the system and investments of the fund~~

1 shall be paid from the fund out of earnings. Any surplus or
2 deficit in the interest reserve account at the end of each year
3 shall be transferred to the State accumulation account.

4 Section 434. Title 71 is amended by adding a section to
5 read:

6 ~~§ 5942. Cash balance savings account.~~

7 ~~(a) Credits to account. The cash balance savings account~~
8 ~~shall be the ledger account to which shall be credited the~~
9 ~~amounts of the cash balance member contributions made by the~~
10 ~~Commonwealth or other employers on behalf of members of Class CB~~
11 ~~and additional amounts credited to the individual members' cash~~
12 ~~balance savings accounts in accordance with the provisions of~~
13 ~~section 5501 (relating to regular member contributions and cash~~
14 ~~balance member contributions for current service) and 5902(p)~~
15 ~~(relating to administrative duties of the board).~~

16 ~~(b) Interest and transfers from account. The cash balance~~
17 ~~savings account in total and the individual member accounts~~
18 ~~shall be credited with treasury bond interest, and if applicable~~
19 ~~excess interest. The total cash balance accumulated deductions~~
20 ~~credited to a member whose application for an annuity has been~~
21 ~~approved shall be transferred from the cash balance savings~~
22 ~~account to the annuity reserve account provided for under~~
23 ~~section 5935 (relating to annuity reserve account), except in~~
24 ~~the case of a member who is an officer of the Pennsylvania State~~
25 ~~Police or an enforcement officer the total cash balance~~
26 ~~accumulated deductions to his credit shall be transferred from~~
27 ~~the cash balance savings account to the State Police benefit~~
28 ~~account provided for under section 5936 (relating to State~~
29 ~~Police benefit account) or to the enforcement officers' benefit~~
30 ~~account provided for under section 5937 (relating to enforcement~~

1 ~~officers' benefit account), as the case may be.~~

2 ~~(c) Charges to account. Upon the election of a member to~~
3 ~~withdraw his cash balance member accumulated deductions without~~
4 ~~receiving a benefit or upon payment of a small cash balance~~
5 ~~account in a lump sum as provided for under section 5709(d)~~
6 ~~(relating to payment of benefits), the payment of such amount~~
7 ~~shall be charged to the individual member's cash balance savings~~
8 ~~account. Any amounts remaining in an individual member's cash~~
9 ~~balance savings account after these charges shall be transferred~~
10 ~~to the State accumulation account.~~

11 ~~Section 435. Sections 5951, 5953, 5953.1, 5953.2, 5953.3 and~~
12 ~~5953.4(a) of Title 71 are amended to read:~~

13 ~~§ 5951. State guarantee regarding the State Employees'~~
14 ~~Retirement System.~~

15 ~~The required 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 ~~§ 5953. Taxation, attachment and assignment of funds.~~

26 ~~(a) General rule.—~~

27 ~~(1) Except as provided in paragraphs (2), (3) and (4),~~
28 ~~the right of a person to any benefit or right accrued or~~
29 ~~accruing under the provisions of this part and the moneys in~~
30 ~~the fund and the trust are hereby exempt from any State or~~

1 ~~municipal tax, levy and sale, garnishment, attachment,~~
2 ~~spouse's election, the provisions of Article XIII.1 of the~~
3 ~~act of April 9, 1929 (P.L.343, No.176), known as The Fiscal~~
4 ~~Code, or any other process whatsoever, and no participant or~~
5 ~~beneficiary, successor payee, or alternate payee of a~~
6 ~~participant shall have the ability to commute, sell, assign,~~
7 ~~alienate, anticipate, mortgage, pledge, hypothecate,~~
8 ~~commutate or otherwise transfer or convey any benefit or~~
9 ~~interest in an individual investment account or rights to~~
10 ~~receive or direct distributions under this part or under~~
11 ~~agreements entered into under this part except as otherwise~~
12 ~~provided in this part and in the case of either a member or a~~
13 ~~participant except for a set off by the Commonwealth in the~~
14 ~~case provided in subparagraph (i), and shall be unassignable~~
15 ~~except:~~

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

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

1 ~~(2) (i) Rights under this part shall be subject to~~
2 ~~forfeiture as provided by the act of July 8, 1978~~
3 ~~(P.L.752, No.140), known as the Public Employee Pension~~
4 ~~Forfeiture Act, and by or pursuant to section 16(b) of~~
5 ~~Article V of the Constitution of Pennsylvania.~~

6 ~~Forfeitures under this subsection or under any other~~
7 ~~provision of law may not be applied to increase the~~
8 ~~benefits that any member would otherwise receive under~~
9 ~~this part.~~

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

~~by the board and notwithstanding sections 5812(2) (relating to powers and duties of board), 5815 (relating to expenses) and 5902(c) (relating to administrative duties of the board) used for the payment of expenses of the plan.~~

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

~~(4) Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this paragraph, a "distributee" includes a member [and], a participant, a member's surviving spouse [and], a participant's surviving spouse, a member's former spouse who is an alternate payee under an approved domestic relations order[.], a participant's former spouse who is an alternate payee under an approved domestic relations order and anyone else authorized under the IRC and the plan terms approved by the board to have an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this paragraph, the term "eligible rollover distribution" has the meaning given such term by IRC § 402(f)(2)(A), and "eligible retirement plan" has the meaning given such term by IRC § 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it accepts the distributee's eligible rollover distribution; however, in the case of an eligible rollover~~

1 ~~distribution to a surviving spouse, an eligible retirement~~
2 ~~plan is an "individual retirement account" or an "individual~~
3 ~~retirement annuity" as those terms are defined in IRC §~~
4 ~~408(a) and (b).~~

5 ~~(b) Authorized payments from fund and trust. The board~~
6 ~~shall be authorized to pay from the fund and the trust:~~

7 ~~(1) In the case of a member or participant who is~~
8 ~~terminating service, the amount determined after~~
9 ~~certification by the head of the department that the member~~
10 ~~or participant is so obligated, and after review and approval~~
11 ~~by the department or agency's legal representative or upon~~
12 ~~receipt of an assignment from the member or participant in~~
13 ~~the amount so certified[.], except that no payment shall be~~
14 ~~made from the individual investment account of a participant~~
15 ~~until the participant otherwise applies for and receives a~~
16 ~~distribution and shall not exceed the amount of the~~
17 ~~distribution.~~

18 ~~(2) In the case of a loan to a member the amount of the~~
19 ~~loan and any fine or interest due thereon to the credit union~~
20 ~~except 5% of the total amount due which is to be retained in~~
21 ~~the fund as a collection fee:~~

22 ~~(i) if the member obtaining the loan shall have been~~
23 ~~in default in required payments for a period of not less~~
24 ~~than two years; or~~

25 ~~(ii) at such time as the Department of Banking shall~~
26 ~~require the credit union to charge the amount of the loan~~
27 ~~against the reserve fund of such credit union.~~

28 ~~Any member who shall have pledged such rights as~~
29 ~~security for a loan from a credit union and, on whose~~
30 ~~behalf the board shall have made any payment by reason of~~

1 ~~that member's default, may not thereafter pledge or~~
2 ~~assign such rights to a credit union.~~

3 ~~(3) In the case of a participant whose former spouse is~~
4 ~~an alternate payee of an equitable distribution of marital~~
5 ~~assets under an approved domestic relations order, a lump sum~~
6 ~~of the alternate payee's interest in the participant's~~
7 ~~accumulated total defined contributions. This paragraph shall~~
8 ~~apply without regard to whether the participant has not~~
9 ~~terminated, is terminating or has terminated State service.~~

10 § 5953.1. ~~Approval of domestic relations orders.~~

11 ~~(a) Certification regarding members. A domestic relations~~
12 ~~order pertaining to a member of the system shall be certified as~~
13 ~~an approved domestic relations order by the secretary of the~~
14 ~~board, or his designated representative, only if that order~~
15 ~~meets all of the following:~~

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

19 ~~(2) Requires the system to provide no more than the~~
20 ~~total amount of benefits than the member would otherwise~~
21 ~~receive (determined on the basis of actuarial value) unless~~
22 ~~increased benefits are paid to the member or alternate payee~~
23 ~~based upon cost of living increases or increases based on~~
24 ~~other than actuarial value.~~

25 ~~(3) Specifies the amount or percentage of the member's~~
26 ~~benefits to be paid by the system to each such alternate~~
27 ~~payee or the manner in which such amount or percentage is to~~
28 ~~be determined.~~

29 ~~(4) Specifies the retirement option to be selected by~~
30 ~~the member upon retirement or states that the member may~~

1 ~~select any retirement option offered by this part upon~~
2 ~~retirement.~~

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

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

10 ~~(7) Requires the member to execute an authorization~~
11 ~~allowing each alternate payee to monitor the member's~~
12 ~~compliance with the terms of the domestic relations order~~
13 ~~through access to information concerning the member~~
14 ~~maintained by the system. An authorization granted pursuant~~
15 ~~to this section shall be construed as an authorization for~~
16 ~~the alternate payee to receive information concerning the~~
17 ~~administration, calculation and payment of the alternate~~
18 ~~payee's share of the benefits payable pursuant to this part~~
19 ~~and not as an authorization to exercise the rights afforded~~
20 ~~to members or obtain information which is not related to the~~
21 ~~administration, calculation and payment of alternate payee's~~
22 ~~share of the benefits payable pursuant to this part.~~

23 ~~(a.1) Certification regarding participants. A domestic~~
24 ~~relations order pertaining to a participant shall be certified~~
25 ~~as an approved domestic relations order by the secretary of the~~
26 ~~board or his designated representative if that order meets all~~
27 ~~of the following:~~

28 ~~(1) Does not require the plan to provide a type or form~~
29 ~~of benefit or an option applicable to members of the system~~
30 ~~or participants in the plan.~~

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

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

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

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

22 ~~(6) Specifies the amount or percentage of the~~
23 ~~participant's individual investment account to be paid to the~~
24 ~~alternate payee and the date upon which such valuation is~~
25 ~~based.~~

26 ~~(7) Specifies the name and last known mailing address,~~
27 ~~if any, of the participant and the name and last known~~
28 ~~mailing address of each alternate payee covered by the order~~
29 ~~and states that it is the responsibility of each alternate~~
30 ~~payee to keep a current mailing address on file with the~~

1 ~~plan.~~

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

4 ~~(9) Requires the participant to execute an authorization~~
5 ~~allowing each alternate payee to monitor the participant's~~
6 ~~compliance with the terms of the domestic relations order~~
7 ~~through access to information concerning the participant~~
8 ~~maintained by the plan. An authorization granted pursuant to~~
9 ~~this section shall be construed as an authorization for the~~
10 ~~alternate payee to receive information concerning the~~
11 ~~participant which relates to the administration, calculation~~
12 ~~and payment of the alternate payee's share of the~~
13 ~~participant's account and not as an authorization to exercise~~
14 ~~the rights afforded to participants or obtain information~~
15 ~~which is not related to the administration, calculation and~~
16 ~~payment of alternate payee's share of the participant's~~
17 ~~individual investment account.~~

18 ~~(10) Requires the immediate distribution of the~~
19 ~~alternate payee's share of the participant's individual~~
20 ~~investment account, which may be by direct payment, eligible~~
21 ~~rollover or trustee to trustee transfer to another eligible~~
22 ~~plan or qualified account owned by the alternate payee,~~
23 ~~notwithstanding any other provision of this part or the plan~~
24 ~~that would require a distribution of accumulated employer~~
25 ~~defined contributions in the form of an annuity or to require~~
26 ~~the purchase of an annuity.~~

27 ~~(11) In the case of a participant who is currently~~
28 ~~receiving distributions from the trust as of the date the~~
29 ~~domestic relations order is approved by the secretary of the~~
30 ~~board or his designated representative, may not order the~~

~~board to pay the alternate payee more than the balance available in the participant's individual investment account as of the date the order is approved or require that distributions continue to the alternate payee after the death of the participant and final settlement of the participant's individual investment account.~~

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

~~(c) Other orders. The requirements for approval identified in [subsection (a)] subsections (a) and (a.1) shall not apply to any domestic relations order which is an order for support as the term is defined at 23 Pa.C.S. § 4302 (relating to definitions) or an order for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages). These orders shall be approved to the extent that they do not attach moneys in excess of the limits on attachments as established by the laws of the United States and this Commonwealth[.], require distributions of benefits in a manner~~

~~1 which would violate the laws of the United States, any other
2 state or this Commonwealth or require the distribution of funds
3 for support or enforcement of arrearages against a participant
4 who is not receiving distributions from the plan at the time the
5 order is entered. These orders may be approved notwithstanding
6 any other provision of this part or the plan that would require
7 a distribution of accumulated employer defined contributions in
8 the form of an annuity or to require the 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 the plan with respect to such
17 approval or disapproval shall be discharged.~~

~~18 § 5953.2. 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 ~~§ 5953.3. Irrevocable survivor annuitant.~~

4 ~~Notwithstanding any other provisions of this part, a domestic~~
5 ~~relations order pertaining to a member may provide for an~~
6 ~~irrevocable survivor annuitant. A domestic relations order~~
7 ~~requiring the designation of an irrevocable survivor annuitant~~
8 ~~shall be deemed to be one that requires a member to designate an~~
9 ~~alternate payee as a survivor annuitant and that prohibits the~~
10 ~~removal or change of that survivor annuitant without approval of~~
11 ~~a court of competent jurisdiction, except by operation of law.~~
12 ~~Such a domestic relations order may be certified as an approved~~
13 ~~domestic relations order by the secretary of the board, or his~~
14 ~~designated representative, in which case the irrevocable~~
15 ~~survivor annuitant so ordered by the court cannot be changed by~~
16 ~~the member without approval by the court. A person ineligible to~~
17 ~~be designated as a survivor annuitant may not be designated as~~
18 ~~an irrevocable survivor annuitant.~~

19 ~~§ 5953.4. Amendment of approved domestic relations orders.~~

20 ~~(a) Deceased alternate payee. In the event that the~~
21 ~~alternate payee predeceases the member or the participant and~~
22 ~~there are benefits payable to the alternate payee, the divorce~~
23 ~~court may amend the approved domestic relations order to~~
24 ~~substitute a person for the deceased alternate payee to receive~~
25 ~~any benefits payable to the deceased alternate payee.~~

26 ~~* * *~~

27 ~~Section 436. Title 71 is amended by adding a section to~~
28 ~~read:~~

29 ~~§ 5953.6. Irrevocable successor payee.~~

30 ~~(a) Condition. Notwithstanding any other provision of this~~

1 ~~part, a domestic relations order pertaining to a participant may~~
2 ~~provide for an irrevocable successor payee if the participant is~~
3 ~~receiving a payment pursuant to a payment option provided by the~~
4 ~~board that allows for a successor payee.~~

5 ~~(b) Determination. A domestic relations order requiring the~~
6 ~~designation of an irrevocable successor payee shall be deemed to~~
7 ~~be one that requires a participant who is receiving payments~~
8 ~~from an annuity or other distribution option to designate an~~
9 ~~alternate payee as a successor payee and that prohibits the~~
10 ~~removal or change of the successor payee without approval of a~~
11 ~~court of competent jurisdiction, except by operation of law.~~

12 ~~(c) Certification. A domestic relations order under~~
13 ~~subsection (b) may be certified as an approved domestic~~
14 ~~relations order by the secretary of the board or his designated~~
15 ~~representative. If a domestic relations order is certified under~~
16 ~~this subsection, the irrevocable successor payee named in such~~
17 ~~order shall not be changed by the participant without approval~~
18 ~~by the court.~~

19 ~~(d) Ineligibility. A person ineligible to be designated as~~
20 ~~a successor payee shall not be designated as an irrevocable~~
21 ~~successor payee. A court shall 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 437. Sections 5954, 5955 and 5957 of Title 71 are~~
26 ~~amended to read:~~

27 ~~§ 5954. 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 ~~affected 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 affected contributions to or~~
15 ~~payments from the plan, the board shall take action as provided~~
16 ~~for in the plan document.~~

17 ~~§ 5955. Construction of part.~~

18 ~~(a) Exclusive source of rights and benefits. Regardless of~~
19 ~~any other provision of law, pension and benefit rights of State~~
20 ~~employees shall be determined solely by this part or any~~
21 ~~amendment thereto or the plan document established by the board,~~
22 ~~and no collective bargaining agreement nor any arbitration award~~
23 ~~between the Commonwealth and [its] other employers and the~~
24 ~~Commonwealth's and other employer's employees or their~~
25 ~~collective bargaining representatives shall be construed to~~
26 ~~change any of the provisions herein, to require the board to~~
27 ~~administer pension or retirement benefits not set forth in this~~
28 ~~part or not established by the board in the plan document, to~~
29 ~~require the board to modify, amend or change any of the terms~~
30 ~~and provisions of the plan document, or otherwise require action~~

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

28 ~~(b) References. References in this part to the Internal~~
29 ~~Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. § 1 et seq.)~~
30 ~~or the Uniformed Services Employment and Reemployment Rights Act~~

1 ~~of 1994 (Public Law 103 353, 108 Stat. 3149), including~~
2 ~~administrative regulations promulgated under the Internal~~
3 ~~Revenue Code of 1986 or the Uniformed Services Employment and~~
4 ~~Reemployment Rights Act of 1994, are intended to include laws~~
5 ~~and regulations:~~

6 ~~(1) In effect on the effective date of this subsection.~~

7 ~~(2) Amended, supplemented or supplanted on and after the~~
8 ~~effective date of this subsection.~~

9 ~~(c) Officer or member of the Pennsylvania State Police.~~

10 ~~(1) Notwithstanding a provision of subsection (a) or~~
11 ~~section 12.1 of Act 120 of 2010, regarding the continued~~
12 ~~effectiveness of pension or retirement benefits or rights~~
13 ~~previously established by or as a result of a binding~~
14 ~~arbitration award issued before July 1, 1989, pursuant to the~~
15 ~~act of June 24, 1968 (P.L.237, No.111), referred to as the~~
16 ~~Policemen and Firemen Collective Bargaining Act, and~~
17 ~~implemented by the board, the pension or retirement benefits~~
18 ~~or rights of a State employee who is a current or former~~
19 ~~State police officer shall be as provided in this part as if~~
20 ~~the binding arbitration award was not issued, except as~~
21 ~~provided under this subsection.~~

22 ~~(2) A State employee who is a current or former State~~
23 ~~police officer who terminates State service before January 1,~~
24 ~~2016, shall be eligible to receive the maximum single life~~
25 ~~annuity, before optional modification under section 5705~~
26 ~~(relating to member's options), which the State employee~~
27 ~~would have been eligible to receive if paragraph (1) had not~~
28 ~~been enacted.~~

29 ~~(3) A State employee who meets the following shall be~~
30 ~~eligible to receive the maximum single life annuity, before~~

1 ~~optional modification under section 5705, which the State~~
2 ~~employee would have been eligible to receive if paragraph (1)~~
3 ~~had not been enacted:~~

4 ~~(i) is a current or former State police officer;~~

5 ~~(ii) has 20 or more qualifying eligibility points;~~

6 ~~(iii) does not have service credited in Class CB;~~

7 ~~and~~

8 ~~(iv) terminates State service on or after January 1,~~
9 ~~2016.~~

10 ~~(4) A State employee who meets all of the requirements~~
11 ~~in paragraph (3) other than the requirement in paragraph (3)~~
12 ~~(iii) shall be able to receive an annuity calculated under~~
13 ~~section 5702(a) (7) in addition to the maximum single life~~
14 ~~annuity, before optional modification under section 5705,~~
15 ~~which the State employee would have been eligible to receive~~
16 ~~if paragraph (1) had not been enacted.~~

17 ~~(5) A State employee who is a current or former State~~
18 ~~police officer who does not have 20 or more qualifying~~
19 ~~eligibility points shall be eligible to receive a maximum~~
20 ~~single life annuity before optional modification under~~
21 ~~section 5705 equal to the maximum single life annuity that~~
22 ~~the State employee is eligible to receive under this part,~~
23 ~~including an annuity calculated under section 5702(a) (7).~~

24 ~~(6) To the extent that any officer or member of the~~
25 ~~Pennsylvania State Police who is eligible to retire after~~
26 ~~June 30, 1989, as provided in a binding arbitration award~~
27 ~~issued before July 1, 1989, under the act of June 24, 1968~~
28 ~~(P.L.237, No.111), referred to as the Policemen and Firemen~~
29 ~~Collective Bargaining Act, as implemented by the board, with~~
30 ~~a benefit based on 50% of highest year salary upon accruing~~

1 ~~at least 20 years of credited State service or nonstate~~
2 ~~service in the system or based on 75% of highest year salary~~
3 ~~upon accruing at least 25 years of credited State or nonstate~~
4 ~~service in the system, the eligibility shall be determined~~
5 ~~solely on service credited, compensation paid and~~
6 ~~contributions made as a member of the system other than as a~~
7 ~~member of Class CB.~~

8 ~~(7) Service as a State police officer credited in the~~
9 ~~system shall not operate to prevent any State employee from~~
10 ~~being a participant in the plan for any State service that~~
11 ~~would otherwise result in participation in the plan. Any~~
12 ~~State service performed, compensation paid and contributions~~
13 ~~made as a participant in the plan or as a member of Class CB~~
14 ~~shall not be included in determining eligibility for and the~~
15 ~~amount of benefits provided from the system, except as~~
16 ~~provided in paragraphs (4) and (5), provided that actual~~
17 ~~payment and receipt of benefits is subject to the provisions~~
18 ~~of this part regarding employment and termination as a State~~
19 ~~employee. Any benefit resulting from participation in the~~
20 ~~plan shall be in addition to any benefit a State police~~
21 ~~officer may be eligible to receive as a member of the system.~~

22 ~~(8) For the purposes of this subsection, the following~~
23 ~~terms shall have the meanings given to them in this~~
24 ~~paragraph:~~

25 ~~"Act 120 of 2010." The act of November 23, 2010~~
26 ~~(P.L.1269, No.120), entitled "An act amending Titles 24~~
27 ~~(Education) and 71 (State Government) of the Pennsylvania~~
28 ~~Consolidated Statutes, in Title 24, further providing for~~
29 ~~definitions, for mandatory and optional membership, for~~
30 ~~contributions by the Commonwealth, for payments by employers,~~

1 ~~for actuarial cost method, for additional supplemental~~
2 ~~annuities, for further additional supplemental annuities, for~~
3 ~~supplemental annuities commencing 1994, for supplemental~~
4 ~~annuities commencing 1998, for supplemental annuities~~
5 ~~commencing 2002, for supplemental annuities commencing 2003,~~
6 ~~for administrative duties of board, for payments to school~~
7 ~~entities by Commonwealth, for eligibility points for~~
8 ~~retention and reinstatement of service credits and for~~
9 ~~creditable nonschool service; providing for election to~~
10 ~~become a Class T-F member; further providing for classes of~~
11 ~~service, for eligibility for annuities, for eligibility for~~
12 ~~vesting, for regular member contributions, for member~~
13 ~~contributions for creditable school service, for~~
14 ~~contributions for purchase of credit for creditable nonschool~~
15 ~~service, for maximum single life annuity, for disability~~
16 ~~annuities, for member's options, for duties of board~~
17 ~~regarding applications and elections of members and for~~
18 ~~rights and duties of school employees and members; providing~~
19 ~~for Independent Fiscal Office study; in Title 71,~~
20 ~~establishing an independent fiscal office and making a~~
21 ~~related repeal; further providing for definitions, for~~
22 ~~credited State service, for retention and reinstatement of~~
23 ~~service credits, for creditable nonstate service and for~~
24 ~~classes of service; providing for election to become a Class~~
25 ~~A-4 member; further providing for eligibility for annuities~~
26 ~~and for eligibility for vesting; providing for shared risk~~
27 ~~member contributions for Class A-3 and Class A-4 service;~~
28 ~~further providing for waiver of regular member contributions~~
29 ~~and Social Security integration member contributions, for~~
30 ~~member contributions for purchase of credit for previous~~

~~State service or to become a full coverage member, for contributions for the purchase of credit for creditable nonstate service, for contributions by the Commonwealth and other employers, for actuarial cost method, for maximum single life annuity, for disability annuities and for member's options; providing for payment of accumulated deductions resulting from Class A 3 service; further providing for additional supplemental annuities, for further additional supplemental annuities, for supplemental annuities commencing 1994, for supplemental annuities commencing 1998, for supplemental annuities commencing 2002, for supplemental annuities commencing 2003, for special supplemental postretirement adjustment of 2002, for administrative duties of the board, for duties of board to advise and report to heads of departments and members, for duties of board regarding applications and elections of members, for installment payments of accumulated deductions, for rights and duties of State employees and members, for members' savings account, for State accumulation account, for State Police Benefit Account, for Enforcement Officers' Benefit Account, for supplemental annuity account and for construction of part; and providing for Independent Fiscal Office study, for retirement eligibility of Pennsylvania State Police officers or members, for a prohibition on the issuance of pension obligation bonds, for holding certain public officials harmless, for construction of calculation or actuarial method, for applicability and for certain operational provisions."~~

~~"Binding arbitration award." A binding arbitration award issued before July 1, 1989, pursuant to the act of June 24,~~

1 ~~1968 (P.L.237, No.111), referred to as the Policemen and~~
2 ~~Firemen Collective Bargaining Act, and was implemented by the~~
3 ~~State Employees' Retirement Board.~~

4 ~~"Qualifying eligibility points." Eligibility points as a~~
5 ~~result of State service in a class of service other than~~
6 ~~class CB, nonstate service or being reemployed from USERRA~~
7 ~~leave.~~

8 ~~(d) Adverse inference. Nothing in this part shall be~~
9 ~~construed to mean that the limitations on benefits or other~~
10 ~~requirements under IRC § 401(a) or other applicable provisions~~
11 ~~of the IRC which are applicable to participants in the plan do~~
12 ~~not apply to the participants or to members of the system and~~
13 ~~the benefits payable under this part.~~

14 ~~(e) Applicability. The amendment of this part regarding the~~
15 ~~establishment of and participation in the plan shall apply to an~~
16 ~~elected officer who is elected or reelected to a term of office~~
17 ~~that begins on or after January 1, 2016, notwithstanding that~~
18 ~~either immediately or at any time prior to beginning a term of~~
19 ~~office on or after January 1, 2016, the elected officer was an~~
20 ~~active member of the system or inactive member on leave without~~
21 ~~pay. An individual who is elected or reelected to a term of~~
22 ~~office as a member of the General Assembly that begins on or~~
23 ~~after January 1, 2016:~~

24 ~~(1) does so with the knowledge of the provisions, terms~~
25 ~~and conditions of this part, including those provisions,~~
26 ~~terms and conditions establishing the plan and determining~~
27 ~~participation in the plan and membership in the system; and~~

28 ~~(2) expressly consents to those provisions, terms and~~
29 ~~conditions and the resulting contributions, obligations,~~
30 ~~benefits and rights, or lack of contributions, obligations,~~

1 ~~benefits and rights in the system and the plan.~~

2 ~~(f) Furloughs. For purposes of sections 5301(a)(17)~~

3 ~~(relating to credited State service), 5306 (relating to classes~~

4 ~~of service) and this section, a State employee who is furloughed~~

5 ~~under section 802 of the act of August 5, 1941 (P.L.752,~~

6 ~~No.286), known as the Civil Service Act, and reemployed pursuant~~

7 ~~to the Civil Service Act in any class of service or civil~~

8 ~~service status which was previously held, shall not be treated~~

9 ~~as having been terminated from State service and beginning a new~~

10 ~~period of State service.~~

11 ~~§ 5957. Independent Fiscal Office study.~~

12 ~~The Independent Fiscal Office shall study and analyze the~~

13 ~~implementation of shared risk contributions under section 5501.1~~

14 ~~(relating to shared risk member contributions [for Class A 3 and~~

15 ~~Class A 4 service] and shared gain adjustments to regular member~~

16 ~~contributions for Class A 3 and Class A 4 service) and its~~

17 ~~impact on the system. The study shall be completed by December~~

18 ~~31, 2015, and shall be transmitted to the Appropriations~~

19 ~~Committee and the Finance Committee of the Senate, the~~

20 ~~Appropriations Committee and the Finance Committee of the House~~

21 ~~of Representatives and to the Governor.~~

22 ~~Section 438. 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 three appointees of each of the following:~~

29 ~~(1) Governor;~~

30 ~~(2) President Pro tempore of the Senate; and~~

1 ~~(3) Speaker of the House of Representatives.~~

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

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

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

12 ~~(2) Study the costs and benefits of both active and~~
13 ~~passive investment strategies in relation to future~~
14 ~~investment activities of the State Employees' Retirement~~
15 ~~System.~~

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

19 ~~(4) Publish extensive and detailed findings on line,~~
20 ~~including findings about:~~

21 ~~(i) assets;~~

22 ~~(ii) returns;~~

23 ~~(iii) financial managers;~~

24 ~~(iv) consultants;~~

25 ~~(v) requests for proposals; and~~

26 ~~(vi) investment performance measured against~~
27 ~~benchmarks.~~

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

1 ~~(c) Quorum. A majority of appointed members shall~~
2 ~~constitute a quorum for the purpose of conducting business. The~~
3 ~~members shall select one of their number to be chairperson and~~
4 ~~another to be the vice chairperson.~~

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

8 ~~(1) The act of July 19, 1957 (P.L.1017, No.451), known~~
9 ~~as the State Adverse Interest Act.~~

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

12 ~~(3) The act of July 3, 1986 (P.L.388, No.84), known as~~
13 ~~the Sunshine Act.~~

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

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

20 ~~(f) Transparency and ethics. The Public Pension Management~~
21 ~~and Asset Investment Review Commission may conduct hearings and~~
22 ~~otherwise gather pertinent information and analysis that it~~
23 ~~considers appropriate.~~

24 ~~(g) Logistical and other support. The Public Pension~~
25 ~~Management and Asset Investment Review Commission shall receive~~
26 ~~logistical and other support from the Joint State Government~~
27 ~~Commission and may employ additional temporary staff as needed.~~

28 ~~(h) Reimbursement. The members of the Public Pension~~
29 ~~Management and Asset Investment Review Commission shall be~~
30 ~~reimbursed for reasonable expenses.~~

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

ARTICLE V

Section 501. The following shall apply:

~~(1) The following provisions shall not create in a member of the Public School Employees' Retirement System, a participant in the School Employees' Defined Contribution Plan or another person claiming an interest in the account of a member or participant an express or implied contractual right in the provisions nor in a construction of 24 Pa.C.S. Pt. IV, 51 Pa.C.S. or regulations adopted under 24 Pa.C.S. Pt. IV or 51 Pa.C.S.:~~

~~(i) A provision of this act which amends 51 Pa.C.S. or 24 Pa.C.S. Pt. IV in relation to requirements for any of the following:~~

~~(A) (Reserved).~~

~~(B) Qualification of the School Employees' Defined Contribution Plan as a qualified pension plan under the Internal Revenue Code of 1986 (Public Law 99 514, 26 U.S.C. §§ 401(a) and 415(b)), or compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103 353, 108 Stat. 3149).~~

~~(C) Contributions to, participation in or benefits from the School Employees' Defined Contribution Plan or School Employees' Defined Contribution Trust.~~

~~(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 regulations adopted under 24 Pa.C.S. Pt. IV or~~
5 ~~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 express or implied contractual right~~
26 ~~in the provisions nor in a construction of 51 Pa.C.S. § 7306,~~
27 ~~71 Pa.C.S. Pt. XXV, or regulations adopted under 51 Pa.C.S. §~~
28 ~~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) (Reserved)~~

3 ~~(B) Qualification of the State Employees'~~

4 ~~Defined Contribution Plan as a qualified pension plan~~
5 ~~under the Internal Revenue Code of 1986 (Public Law~~
6 ~~99 514, 26 U.S.C. §§ 401(a) and 415(b)) or compliance~~
7 ~~with the Uniformed Services Employment and~~
8 ~~Reemployment Rights Act of 1994 (Public Law 103 353,~~
9 ~~108 Stat. 3149).~~

10 ~~(C) Contributions to, participation in or~~
11 ~~benefits from the State Employees' Defined~~
12 ~~Contribution Plan or State Employees' Defined~~
13 ~~Contribution Trust.~~

14 ~~(D) Domestic relations orders regarding~~
15 ~~alternate payees of participants in the State~~
16 ~~Employees' Defined Contribution Plan.~~

17 ~~(ii) A construction of 51 Pa.C.S. or 71 Pa.C.S. Pt.~~
18 ~~XXV or regulations adopted under 51 Pa.C.S. or 71 Pa.C.S.~~
19 ~~Pt. XXV or a term or provision of the State Employees'~~
20 ~~Defined Contribution Plan or State Employees' Defined~~
21 ~~Contribution Trust, established by statute or in the plan~~
22 ~~document or trust declaration.~~

23 ~~(4) The provisions of 71 Pa.C.S. Pt. XXV shall remain~~
24 ~~subject to 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), and regulations~~
27 ~~under those statutes, and the General Assembly reserves to~~
28 ~~itself the further exercise of its legislative power to amend~~
29 ~~or supplement the provisions as may be required in order to~~
30 ~~maintain the qualification of the system as a qualified~~

~~pension plan under section 401(a) and other applicable provisions of the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149).~~

~~Section 502. The following shall apply:~~

~~(1) Nothing in this act shall be construed to mean that a calculation or actuarial method used by the School Employees' Retirement Board, its actuaries or the Public School Employees' Retirement System was not in accordance with the provisions of 24 Pa.C.S. Pt. IV or other applicable law prior to the effective date of this section.~~

~~(2) Nothing in this act shall be construed to mean that a calculation or actuarial method used by the State Employees' Retirement Board, its actuaries or the State Employees' Retirement System was not in accordance with the provisions of 71 Pa.C.S. Pt. XXV or other applicable law prior to the effective date of this section.~~

~~Section 503. The following shall apply:~~

~~(1) (i) Payments required to fund a change in accrued liability resulting from this act shall be subject to limits imposed under 24 Pa.C.S. § 8328(g) on employer contributions to the Public School Employees' Retirement System.~~

~~(ii) For purposes of 24 Pa.C.S. §§ 8326, 8327, and 8328, changes under this act shall not be considered to be costs added by legislation.~~

~~(2) Notwithstanding any other provision of law, a change in accrued liability of the State Employees' Retirement System created under this act as a result of changes in benefits shall be funded in equal dollar installments over a~~

1 ~~period of 30 years beginning July 1, 2016.~~

2 ~~(3) (Reserved).~~

3 ~~(4) Payments required to fund a change in accrued~~
4 ~~liability resulting from this act shall be subject to limits~~
5 ~~imposed under 71 Pa.C.S. § 5508(h) on employer contributions~~
6 ~~to the State Employees' Retirement System.~~

7 ~~(5) For purposes of 71 Pa.C.S. §§ 5501.2, 5507 and 5508,~~
8 ~~changes under this act shall not be considered to be costs~~
9 ~~added by legislation.~~

10 ~~Section 504. The following shall apply:~~

11 ~~(1) This act shall be construed and administered in such~~
12 ~~a manner that the Public School Employees' Retirement System~~
13 ~~and the School Employees' Defined Contribution Plan shall~~
14 ~~satisfy the requirements necessary to qualify as a qualified~~
15 ~~pension plan under section 401(a) of the Internal Revenue~~
16 ~~Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)), other~~
17 ~~applicable provisions of the Internal Revenue Code of 1986~~
18 ~~and the Uniformed Services Employment and Reemployment Rights~~
19 ~~Act of 1994 (Public Law 103-353, 108 Stat. 3149). The rules,~~
20 ~~regulations and procedures adopted and promulgated by the~~
21 ~~Public School Employees' Retirement Board and the terms and~~
22 ~~conditions of the plan document and trust declaration adopted~~
23 ~~by the Public School Employees' Retirement Board may include~~
24 ~~provisions necessary to accomplish the purpose of this~~
25 ~~section.~~

26 ~~(2) 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 adopted and promulgated by the~~
6 ~~State Employees' Retirement Board and the terms and~~
7 ~~conditions of the plan document and trust declaration adopted~~
8 ~~by the State Employees' Retirement Board may include~~
9 ~~provisions necessary to accomplish the purpose of this~~
10 ~~section.~~

11 ~~Section 505. The following shall apply:~~

12 ~~(1) Notwithstanding any other provision of law,~~
13 ~~fiduciary requirement, actuarial standard of practice or~~
14 ~~other requirement, the members of the Public School~~
15 ~~Employees' Retirement Board, the actuary and employees and~~
16 ~~officials of the Public School Employees' Retirement System~~
17 ~~may not be held liable or in breach or violation of a law or~~
18 ~~standard as individuals, in their official capacity or as a~~
19 ~~governmental or corporate entity, for an action or~~
20 ~~calculation related to calculating and certifying a final~~
21 ~~contribution rate as provided under this act that is~~
22 ~~different from the actuarially required contribution rate as~~
23 ~~appropriately calculated under 24 Pa.C.S. Pt. IV.~~

24 ~~(2) Notwithstanding any other provision of law,~~
25 ~~fiduciary requirement, actuarial standard of practice or~~
26 ~~other requirement, the members of the State Employees'~~
27 ~~Retirement Board, the actuary and other employees and~~
28 ~~officials of the State Employees' Retirement System may not~~
29 ~~be held liable or in breach or violation of a law or standard~~
30 ~~as individuals, in their official capacity or as a~~

~~1 governmental or corporate entity, for an action or
2 calculation related to calculating and certifying a final
3 contribution rate as provided under this act that is
4 different from the actuarially required contribution rate as
5 appropriately calculated under 71 Pa.C.S. Pt. XXV.~~

~~6 Section 506. Nothing in this act shall be deemed to permit
7 the restoration of service credit or retirement benefits which:~~

~~8 (1) were or are subject to section 16 of Article V of
9 the Constitution of Pennsylvania or 42 Pa.C.S. § 3352; or~~

~~10 (2) were or are the subject of an order of forfeiture
11 under the act of July 8, 1978 (P.L.752, No.140), known as the
12 Public Employee Pension Forfeiture Act.~~

~~13 Section 507. (Reserved).~~

~~14 Section 508. If a provision of this act or its application
15 to any person or circumstance is held invalid, the invalidity
16 shall not affect other provisions or applications of this act
17 that can be given effect without the invalid provision or
18 application.~~

~~19 Section 509. Nothing in this act shall be construed to mean
20 that an interpretation or application of 71 Pa.C.S. Pt. XXV or
21 benefits available to members of the State Employees' Retirement
22 System was not in accordance with 71 Pa.C.S. Pt. XXV or other
23 applicable law, including the Internal Revenue Code of 1986
24 (Public Law 99-514, 26 U.S.C. § 1 et seq.) and the Uniformed
25 Services Employment and Reemployment Rights Act of 1994 (Public
26 Law 103-353, 108 Stat. 3149) before the effective date of this
27 section.~~

~~28 Section 510. Notwithstanding the provisions of 71 Pa.C.S. §
29 5903(b), the statement for each member prepared by the State
30 Employees' Retirement Board for the period ending December 31,~~

1 ~~2015, and any other statements or estimates of benefits prepared~~
2 ~~by the board pursuant to the provisions of 71 Pa.C.S. Pt. XXV~~
3 ~~from the effective date of this section to June 30, 2016, shall~~
4 ~~not be required to reflect the provisions of this act.~~

5 ~~Section 511. Notwithstanding the provisions of 71 Pa.C.S.~~
6 ~~Pt. XXV, the obligation of the State Employees' Retirement Board~~
7 ~~to make payments to any individual whose rights, benefits and~~
8 ~~obligations are affected by this act within specified time~~
9 ~~periods of the receipt of applications for benefits or other~~
10 ~~information shall not apply from the effective date of this~~
11 ~~section to June 30, 2016.~~

12 ~~Section 512. Section 502 of the act of October 15, 1980~~
13 ~~(P.L.950, No.164), known as the Commonwealth Attorneys Act, is~~
14 ~~repealed insofar as it is inconsistent with the amendment of 24~~
15 ~~Pa.C.S. § 8501 and 71 Pa.C.S. § 5901.~~

16 ~~Section 513. This act shall take effect immediately.~~

17 ARTICLE I

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18 SECTION 101. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE
19 PAYEE," "BASIC CONTRIBUTION RATE," "BENEFICIARY," "CLASS OF
20 SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSCHOOL
21 SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"
22 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE
23 SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE,"
24 "IRREVOCABLE BENEFICIARY," "LEAVE FOR SERVICE WITH A COLLECTIVE
25 BARGAINING ORGANIZATION," "REEMPLOYED FROM USERRA LEAVE,"
26 "SALARY DEDUCTIONS," "SHARED-RISK CONTRIBUTION RATE," "STANDARD
27 SINGLE LIFE ANNUITY," "SUPERANNUATION OR NORMAL RETIREMENT AGE,"
28 "VALUATION INTEREST" AND "VESTEE" IN SECTION 8102 OF TITLE 24
29 OF THE PENNSYLVANIA CONSOLIDATED STATUTES ARE AMENDED AND THE
30 SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:

1 § 8102. DEFINITIONS.

2 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS PART SHALL
3 HAVE, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, THE
4 MEANINGS GIVEN TO THEM IN THIS SECTION:

5 * * *

6 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF
7 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON
8 ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY
9 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS
10 AND EXPENSES CREDITED OR CHARGED THEREON.

11 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL
12 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE
13 TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER
14 WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR
15 FEES, COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

16 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE
17 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED
18 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
19 CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE
20 CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN
21 THE TRUST.

22 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF
23 VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND
24 ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A
25 DIRECT TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH
26 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,
27 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

28 * * *

29 "ACTIVE MEMBER." A SCHOOL EMPLOYEE FOR WHOM PICKUP
30 CONTRIBUTIONS ARE BEING MADE TO THE FUND OR FOR WHOM SUCH

1 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE
2 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART
3 RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR [415(B)]
4 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26
5 U.S.C. § 401(A) (17) OR [415(B)] 415).

6 "ACTIVE PARTICIPANT." A SCHOOL EMPLOYEE FOR WHOM MANDATORY
7 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR
8 FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED ARE NOT BEING MADE
9 SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE
10 LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL
11 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)
12 OR 415).

13 * * *

14 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
15 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A
16 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A
17 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT
18 UNDER THIS PART.

19 * * *

20 "BASIC CONTRIBUTION RATE." FOR CLASS T-A, T-B AND T-C
21 SERVICE, THE RATE OF 6 1/4%. FOR CLASS T-D SERVICE, THE RATE OF
22 7 1/2%. FOR ALL ACTIVE MEMBERS ON THE EFFECTIVE DATE OF THIS
23 PROVISION WHO ARE CURRENTLY PAYING 5 1/4% AND ELECT CLASS T-D
24 SERVICE, THE RATE OF 6 1/2%. FOR CLASS T-E SERVICE, THE RATE OF
25 7 1/2%. FOR CLASS T-F SERVICE, THE RATE OF 10.30%. FOR CLASS T-G
26 SERVICE, THE RATE OF 4.0%.

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 * * *

16 "COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP
17 PARTICIPANT CONTRIBUTIONS PLUS ANY REMUNERATION RECEIVED AS A
18 SCHOOL EMPLOYEE EXCLUDING REIMBURSEMENTS FOR EXPENSES INCIDENTAL
19 TO EMPLOYMENT AND EXCLUDING ANY BONUS, SEVERANCE PAYMENTS, ANY
20 OTHER REMUNERATION OR OTHER EMOLUMENT RECEIVED BY A SCHOOL
21 EMPLOYEE DURING HIS SCHOOL SERVICE WHICH IS NOT BASED ON THE
22 STANDARD SALARY SCHEDULE UNDER WHICH HE IS RENDERING SERVICE,
23 PAYMENTS FOR UNUSED SICK LEAVE OR VACATION LEAVE, BONUSES OR
24 OTHER COMPENSATION FOR ATTENDING SCHOOL SEMINARS AND
25 CONVENTIONS, PAYMENTS UNDER HEALTH AND WELFARE PLANS BASED ON
26 HOURS OF EMPLOYMENT OR ANY OTHER PAYMENT OR EMOLUMENT WHICH MAY
27 BE PROVIDED FOR IN A COLLECTIVE BARGAINING AGREEMENT WHICH MAY
28 BE DETERMINED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
29 TO BE FOR THE PURPOSE OF ENHANCING COMPENSATION AS A FACTOR IN
30 THE DETERMINATION OF FINAL AVERAGE SALARY, AND EXCLUDING

1 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN
2 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER
3 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
4 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER
5 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF
6 ABSENCE), LEAVE GRANTED UNDER SECTION 1178 OF THE ACT OF MARCH
7 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF
8 1949, OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES OF
9 LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS DEFINED
10 IN IRC § 414(U) (12) AND ANY OTHER PAYMENTS, PROVIDED, HOWEVER,
11 THAT THE LIMITATION UNDER SECTION 401(A) (17) OF THE INTERNAL
12 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17))
13 TAKEN INTO ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS,
14 INCLUDING REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS,
15 REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO EACH MEMBER WHO
16 FIRST BECAME A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
17 SYSTEM ON OR AFTER JULY 1, 1996, AND WHO BY REASON OF SUCH FACT
18 IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE
19 PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION
20 LIMIT UNDER IRC § 401(A) (17)), AND SHALL APPLY TO EACH
21 PARTICIPANT PERTAINING TO THE PARTICIPANT'S PARTICIPATION IN THE
22 PLAN.

23 * * *

24 "CREDITABLE NONSCHOOL SERVICE." SERVICE OTHER THAN SERVICE
25 AS A SCHOOL EMPLOYEE FOR WHICH AN ACTIVE MEMBER MAY OBTAIN
26 CREDIT IN THE SYSTEM.

27 "CREDITED SERVICE." SCHOOL OR CREDITABLE NONSCHOOL SERVICE
28 FOR WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND,
29 OR FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH
30 SERVICE WERE NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS

1 PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR
2 [415(B)] 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
3 99-514, 26 U.S.C. § 401(A) (17) OR [415(B)] 415), OR FOR WHICH
4 SALARY DEDUCTIONS TO THE SYSTEM OR LUMP SUM PAYMENTS HAVE BEEN
5 AGREED UPON IN WRITING.

6 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE
7 FOLLOWING DATES:

8 (1) THE LAST [DATE] DAY OF SERVICE FOR WHICH PICKUP
9 CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR[,] OR FOR
10 WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SERVICE WERE
11 NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART
12 RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415
13 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26
14 U.S.C. § 401(A) (17) OR 415; OR

15 (2) IN THE CASE OF AN INACTIVE MEMBER OR AN INACTIVE
16 PARTICIPANT, THE EFFECTIVE DATE OF HIS RESIGNATION OR THE
17 DATE HIS EMPLOYMENT IS FORMALLY DISCONTINUED BY HIS EMPLOYER
18 OR TWO YEARS FOLLOWING THE LAST DAY OF SERVICE FOR WHICH
19 CONTRIBUTIONS WERE MADE, WHICHEVER IS EARLIEST.

20 * * *

21 "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S
22 INTEREST IN EITHER THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND
23 OR THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH,
24 WHICH IS PAYABLE UNDER THIS PART.

25 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,
26 INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED
27 ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF
28 COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW
29 WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR
30 FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO

1 RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR
2 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE
3 DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF
4 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING
5 TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS
6 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
7 ARREARAGES) .

8 * * *

9 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS EQUAL TO
10 2.5% OF AN ACTIVE PARTICIPANT'S COMPENSATION THAT ARE MADE BY AN
11 EMPLOYER TO THE TRUST, TO BE CREDITED IN THE ACTIVE
12 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

13 "FINAL AVERAGE SALARY." AS FOLLOWS:

14 [THE] (1) FOR PURPOSES OF CALCULATING ANNUITIES AND
15 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE
16 OTHER THAN CLASS T-G, 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 SERVICE, THE
11 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(B)] 415 OF THE INTERNAL REVENUE CODE
15 OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR [415(B)]
16 415) OR BECAUSE THE MEMBER IS ON USERRA LEAVE, WHO HAS
17 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT IN THE FUND AND
18 FOR WHOM CONTRIBUTIONS HAVE BEEN MADE WITHIN THE LAST TWO SCHOOL
19 YEARS OR A MULTIPLE SERVICE MEMBER WHO IS ACTIVE IN THE STATE
20 EMPLOYEES' RETIREMENT 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 IN WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS
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 3.5% OF COMPENSATION THAT ARE MADE BY THE EMPLOYER FOR
17 ACTIVE PARTICIPANTS FOR CURRENT SCHOOL SERVICE THAT ARE PICKED
18 UP BY THE EMPLOYER AND CREDITED IN THE PLAN.

19 * * *

20 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT
21 OR PARTICIPANT RECEIVING DISTRIBUTIONS.

22 "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE
23 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM THE
24 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, BUT WHO HAS NOT
25 RECEIVED A TOTAL DISTRIBUTION OF THE VESTED INTEREST IN THE
26 INDIVIDUAL INVESTMENT ACCOUNT.

27 * * *

28 "PLAN." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AS
29 ESTABLISHED BY THE PROVISIONS OF THIS PART AND THE BOARD.

30 "PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER

1 SECTION 8402 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS
2 AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD
3 REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF
4 THE PLAN AND TRUST.

5 * * *

6 "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE
7 MEMBERSHIP OR ACTIVE PARTICIPATION AS A SCHOOL EMPLOYEE AFTER A
8 PERIOD OF USERRA LEAVE, IF THE RESUMPTION OF ACTIVE MEMBERSHIP
9 OR ACTIVE PARTICIPATION WAS WITHIN THE TIME PERIOD AND UNDER
10 CONDITIONS AND CIRCUMSTANCES SUCH THAT THE SCHOOL EMPLOYEE WAS
11 ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38 U.S.C. CH. 43 (RELATING
12 TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE
13 UNIFORMED SERVICES).

14 * * *

15 "REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH
16 DISTRIBUTIONS OF A PARTICIPANT'S INTEREST IN THE PARTICIPANT'S
17 INDIVIDUAL INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION 401(A)
18 (9) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26
19 U.S.C. § 401(A)(9)).

20 * * *

21 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,
22 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE
23 PARTICIPANT OR THE STATE SERVICE COMPENSATION OF A MULTIPLE
24 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
25 RETIREMENT SYSTEM AND PAID INTO THE FUND OR TRUST.

26 * * *

27 "SHARED-RISK CONTRIBUTION RATE." THE ADDITIONAL CONTRIBUTION
28 RATE THAT IS ADDED TO THE BASIC CONTRIBUTION RATE FOR [CLASS T-E
29 AND T-F] CLASS T-C, CLASS T-D, CLASS T-E, CLASS T-F AND CLASS T-
30 G MEMBERS, AS PROVIDED FOR IN SECTION 8321(B) (RELATING TO

1 REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE).

2 "STANDARD SINGLE LIFE ANNUITY." FOR CLASS T-A, T-B AND T-C
3 CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% OF THE
4 FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS
5 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A MEMBER.
6 FOR CLASS T-D CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO
7 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER
8 OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE. FOR
9 CLASS T-E CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2%
10 OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF
11 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A
12 MEMBER. FOR CLASS T-F CREDITED SERVICE OF A MEMBER, AN ANNUITY
13 EQUAL TO 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE
14 TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED
15 SERVICE OF A MEMBER. FOR CLASS T-G CREDITED SERVICE OF A MEMBER,
16 AN ANNUITY EQUAL TO 1% OF THE FINAL AVERAGE SALARY, MULTIPLIED
17 BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF
18 CREDITED SERVICE OF A MEMBER.

19 "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED
20 CONTRIBUTION PLAN FOR STATE EMPLOYEES ESTABLISHED BY 71 PA.C.S.
21 PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND
22 OFFICERS).

23 * * *

24 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN
25 WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO
26 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE
27 PARTICIPANT.

28 * * *

29 "SUPERANNUATION OR NORMAL RETIREMENT AGE."

30 CLASS OF SERVICE

AGE

1 T-A 62 OR ANY AGE UPON ACCRUAL OF
2 35 ELIGIBILITY POINTS
3 T-B 62
4 T-C AND T-D 62 OR AGE 60 PROVIDED THE
5 MEMBER HAS AT LEAST 30
6 ELIGIBILITY POINTS OR ANY
7 AGE UPON ACCRUAL OF 35
8 ELIGIBILITY POINTS
9 T-E [AND], T-F AND T-G 65 WITH ACCRUAL OF AT LEAST
10 THREE ELIGIBILITY POINTS
11 OR A COMBINATION OF AGE
12 AND ELIGIBILITY POINTS
13 TOTALING 92, PROVIDED THE
14 MEMBER HAS ACCRUED AT
15 LEAST 35 ELIGIBILITY
16 POINTS

17 * * *

18 "TRUST." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST
19 ESTABLISHED UNDER CHAPTER 84 (RELATING TO SCHOOL EMPLOYEES'
20 DEFINED CONTRIBUTION PLAN).

21 * * *

22 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM,
23 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND
24 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

25 "VESTEE." A MEMBER WITH FIVE OR MORE ELIGIBILITY POINTS IN A
26 CLASS OF SERVICE OTHER THAN CLASS T-E OR CLASS T-F WHO HAS
27 TERMINATED SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS
28 IN THE FUND AND IS DEFERRING FILING OF AN APPLICATION FOR
29 RECEIPT OF AN ANNUITY. FOR CLASS T-E AND CLASS T-F MEMBERS, A
30 MEMBER WITH TEN OR MORE ELIGIBILITY POINTS WHO HAS TERMINATED

1 SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS IN THE FUND
2 AND IS DEFERRING FILING OF AN APPLICATION FOR RECEIPT OF AN
3 ANNUITY.

4 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A
5 PARTICIPANT TO THE TRUST AND CREDITED TO THE PARTICIPANT'S
6 INDIVIDUAL INVESTMENT ACCOUNT IN EXCESS OF THE MANDATORY PICKUP
7 PARTICIPANT CONTRIBUTIONS, EITHER BY AFTER-TAX SALARY DEDUCTIONS
8 PAID THROUGH THE EMPLOYER OR BY AN ELIGIBLE ROLLOVER OR DIRECT
9 TRUSTEE-TO-TRUSTEE TRANSFERS.

10 SECTION 102. SECTION 8103 OF TITLE 24 IS AMENDED BY ADDING
11 SUBSECTIONS TO READ:

12 § 8103. CONSTRUCTION OF PART.

13 * * *

14 (C) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF
15 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF SCHOOL
16 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY
17 AMENDMENT THERETO, OR THE PLAN DOCUMENT ESTABLISHED BY THE
18 BOARD, AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY
19 ARBITRATION AWARD BETWEEN THE EMPLOYER AND THE EMPLOYER'S
20 EMPLOYEES OR THE EMPLOYEE'S COLLECTIVE BARGAINING
21 REPRESENTATIVES SHALL BE CONSTRUED TO DO ANY OF THE FOLLOWING:

22 (1) CHANGE ANY OF THE PROVISIONS OF THIS PART.

23 (2) REQUIRE THE BOARD TO ADMINISTER PENSION OR
24 RETIREMENT BENEFITS NOT SET FORTH IN THIS PART OR NOT
25 ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT.

26 (3) REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF
27 THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT.

28 (4) OTHERWISE REQUIRE ACTION BY ANY OTHER GOVERNMENT
29 BODY PERTAINING TO PENSION OR RETIREMENT BENEFITS OR RIGHTS
30 OF SCHOOL EMPLOYEES.

1 (D) REFERENCES TO CERTAIN FEDERAL STATUTES.--REFERENCES IN
2 THIS PART TO THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND
3 REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT.
4 3149), INCLUDING ADMINISTRATIVE REGULATIONS PROMULGATED UNDER
5 THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT
6 RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS AND REGULATIONS
7 IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND AMENDED,
8 SUPPLEMENTED OR SUPPLANTED ON AND AFTER THE EFFECTIVE DATE OF
9 THIS SECTION.

10 (E) CONSTRUCTION.--THIS PART MAY NOT BE CONSTRUED TO MEAN
11 ANY OF THE FOLLOWING:

12 (1) THAT THE LIMITATIONS ON BENEFITS OR OTHER
13 REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE
14 PROVISIONS OF THE IRC THAT ARE APPLICABLE TO PARTICIPANTS IN
15 THE PLAN DO NOT APPLY TO THE PARTICIPANTS OR TO THE MEMBERS
16 OF THE SYSTEM AND THE BENEFITS PAYABLE UNDER THIS PART.

17 (2) THAT AN INTERPRETATION OR APPLICATION OF A PROVISION
18 OF THIS PART OR BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC
19 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE
20 WITH THE PROVISIONS OF PART IV OR OTHER APPLICABLE LAW,
21 INCLUDING THE IRC AND THE UNIFORMED SERVICES EMPLOYMENT AND
22 REEMPLOYMENT RIGHTS ACT OF 1994 BEFORE THE EFFECTIVE DATE OF
23 THIS SECTION.

24 (3) THAT THE RELEASE OR PUBLICIZING OF A RECORD,
25 MATERIAL OR DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD
26 UNDER SECTION 8502(E) (2) (RELATING TO ADMINISTRATIVE DUTIES
27 OF BOARD) IS A VIOLATION OF THE FIDUCIARY DUTIES OF THE
28 BOARD.

29 SECTION 103. TITLE 24 IS AMENDED BY ADDING A SECTION TO
30 READ:

1 § 8103.1. REFERENCE TO PUBLIC SCHOOL EMPLOYEES' RETIREMENT
2 SYSTEM.

3 (A) GENERAL RULE.--AS OF THE EFFECTIVE DATE OF THIS SECTION,
4 UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, A REFERENCE TO
5 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY
6 PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING
7 TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A
8 REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL
9 EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE
10 TRUST.

11 (B) CERTAIN AGREEMENTS.--THE AGREEMENT OF AN EMPLOYER TO
12 MAKE CONTRIBUTIONS TO THE FUND OR TO ENROLL EMPLOYEES AS MEMBERS
13 IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE
14 CONTRIBUTIONS TO THE TRUST OR TO ENROLL EMPLOYEES IN THE PLAN.

15 SECTION 104. SECTION 8301 OF TITLE 24 IS AMENDED TO READ:

16 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
17 PARTICIPATION IN THE PLAN.

18 (A) MANDATORY MEMBERSHIP.--MEMBERSHIP IN THE SYSTEM SHALL BE
19 MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL SCHOOL
20 EMPLOYEES EXCEPT THE FOLLOWING:

21 (1) ANY OFFICER OR EMPLOYEE OF THE DEPARTMENT OF
22 EDUCATION, STATE-OWNED EDUCATIONAL INSTITUTIONS, COMMUNITY
23 COLLEGES, AREA VOCATIONAL-TECHNICAL SCHOOLS, TECHNICAL
24 INSTITUTES, OR [THE] THE PENNSYLVANIA STATE UNIVERSITY AND
25 WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR
26 A MEMBER OF ANOTHER RETIREMENT PROGRAM APPROVED BY THE
27 EMPLOYER.

28 (2) ANY SCHOOL EMPLOYEE WHO IS NOT A MEMBER OF THE
29 SYSTEM AND WHO IS EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR
30 LESS THAN 80 FULL-DAY SESSIONS OR 500 HOURS IN ANY FISCAL

1 YEAR OR ANNUITANT WHO RETURNS TO SCHOOL SERVICE UNDER THE
2 PROVISIONS OF SECTION 8346(B) (RELATING TO TERMINATION OF
3 ANNUITIES).

4 (3) ANY OFFICER OR EMPLOYEE OF A GOVERNMENTAL ENTITY WHO
5 SUBSEQUENT TO DECEMBER 22, 1965 AND PRIOR TO JULY 1, 1975
6 ADMINISTERS, SUPERVISES, OR TEACHES CLASSES FINANCED WHOLLY
7 OR IN PART BY THE FEDERAL GOVERNMENT SO LONG AS HE CONTINUES
8 IN SUCH SERVICE.

9 (4) ANY PART-TIME SCHOOL EMPLOYEE WHO HAS AN INDIVIDUAL
10 RETIREMENT ACCOUNT PURSUANT TO THE FEDERAL ACT OF SEPTEMBER
11 2, 1974 (PUBLIC LAW 93-406, 88 STAT. 829), KNOWN AS THE
12 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

13 (B) PROHIBITED MEMBERSHIP.--THE SCHOOL EMPLOYEES CATEGORIZED
14 IN SUBSECTION (A) (1) AND (2) SHALL NOT HAVE THE RIGHT TO ELECT
15 MEMBERSHIP IN THE SYSTEM AND SHALL NOT BE ELIGIBLE TO
16 PARTICIPATE IN THE PLAN.

17 (C) OPTIONAL MEMBERSHIP.--THE SCHOOL EMPLOYEES CATEGORIZED
18 IN SUBSECTION (A) (3) AND, IF OTHERWISE ELIGIBLE, SUBSECTION
19 (A) (4) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.
20 ONCE SUCH ELECTION IS EXERCISED, MEMBERSHIP SHALL COMMENCE FROM
21 THE ORIGINAL DATE OF ELIGIBILITY AND SHALL CONTINUE UNTIL THE
22 TERMINATION OF SUCH SERVICE.

23 (D) MANDATORY PARTICIPATION IN THE PLAN.--A SCHOOL EMPLOYEE
24 WHO IS A MANDATORY MEMBER OF CLASS T-G SHALL ALSO BE A MANDATORY
25 PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE DATE OF MEMBERSHIP
26 IN THE SYSTEM.

27 (E) OPTIONAL PARTICIPATION IN THE PLAN.--A SCHOOL EMPLOYEE
28 WHO IS AN OPTIONAL MEMBER OF THE SYSTEM AS A MEMBER OF CLASS T-G
29 ALSO IS AN OPTIONAL PARTICIPANT IN THE PLAN. THE SCHOOL EMPLOYEE
30 WHO ELECTS MEMBERSHIP IN THE SYSTEM AS A MEMBER OF CLASS T-G

1 ALSO ELECTS PARTICIPATION IN THE PLAN AS OF THE EFFECTIVE DATE
2 OF MEMBERSHIP IN THE SYSTEM.

3 SECTION 105. SECTION 8302(A), (C) AND (D) OF TITLE 24 ARE
4 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
5 READ:

6 § 8302. CREDITED SCHOOL SERVICE.

7 (A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED
8 SCHOOL SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A
9 FULL-TIME SALARIED SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF
10 CREDIT FOR EACH SCHOOL YEAR OR THE CORRESPONDING FRACTION
11 THEREOF, IN ACCORDANCE WITH THE PROPORTION OF THE FULL SCHOOL
12 YEAR FOR WHICH THE REQUIRED REGULAR MEMBER CONTRIBUTIONS HAVE
13 BEEN MADE TO THE FUND, OR FOR WHICH SUCH CONTRIBUTIONS OTHERWISE
14 REQUIRED FOR SUCH SERVICE WERE NOT MADE TO THE FUND SOLELY BY
15 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS
16 UNDER IRC § 401(A)(17) OR [415(B)] 415. A PER DIEM OR HOURLY
17 SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED SERVICE FOR
18 EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS IN WHICH HE
19 IS EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND, OR
20 WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH LIMITATIONS UNDER
21 THE IRC, FOR AT LEAST 180 FULL-DAY SESSIONS OR 1,100 HOURS OF
22 EMPLOYMENT. IF SUCH MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE
23 MADE TO THE FUND FOR LESS THAN 180 FULL-DAY SESSIONS OR 1,100
24 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A YEAR
25 DETERMINED BY THE RATIO OF THE NUMBER OF FULL-DAY SESSIONS OR
26 HOURS OF SERVICE ACTUALLY RENDERED TO 180 FULL-DAY SESSIONS OR
27 1,100 HOURS, AS THE CASE MAY BE. A PART-TIME SALARIED EMPLOYEE
28 SHALL BE CREDITED WITH THE FRACTIONAL PORTION OF THE YEAR WHICH
29 CORRESPONDS TO THE SERVICE ACTUALLY RENDERED AND FOR WHICH
30 CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND EXCEPT FOR

1 THE LIMITATIONS UNDER THE IRC IN RELATION TO THE SERVICE
2 REQUIRED AS A COMPARABLE FULL-TIME SALARIED EMPLOYEE. IN NO CASE
3 SHALL A MEMBER RECEIVE MORE THAN ONE YEAR OF CREDITED SERVICE
4 FOR ANY 12 CONSECUTIVE MONTHS OR A MEMBER WHO HAS ELECTED
5 MULTIPLE SERVICE RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE
6 THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS.

7 * * *

8 (C) CANCELLATION OF CREDITED SERVICE.--ALL CREDITED SERVICE
9 IN THE SYSTEM SHALL BE CANCELLED IF A MEMBER WITHDRAWS HIS
10 ACCUMULATED DEDUCTIONS, EXCEPT THAT A PARTIAL OR TOTAL
11 DISTRIBUTION OF ACCUMULATED TOTAL DEFINED CONTRIBUTIONS TO A
12 PARTICIPANT WHO IS ALSO MEMBER MAY NOT CANCEL SERVICE CREDITED
13 IN THE SYSTEM.

14 (D) CREDIT FOR MILITARY SERVICE.--A SCHOOL EMPLOYEE WHO HAS
15 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM AS
16 FOLLOWS:

17 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS
18 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A
19 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY
20 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED
21 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE
22 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73
23 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL
24 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE
25 PERIOD OF MILITARY SERVICE BEGAN, NOTWITHSTANDING IF THE
26 MEMBER IS NOT DEFINED AS AN EMPLOYEE UNDER 51 PA.C.S. § 7301
27 (RELATING TO DEFINITIONS). SCHOOL EMPLOYEES MAY NOT RECEIVE
28 SERVICE CREDIT OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. §
29 7306(A), (B) AND (C) (RELATING TO RETIREMENT RIGHTS) FOR
30 MILITARY LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF

1 THIS SUBSECTION, EXCEPT OTHERWISE PROVIDED UNDER THIS
2 SUBSECTION.

3 (2) A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY
4 RECEIVE CREDIT AS PROVIDED BY THIS PARAGRAPH.

5 (I) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM USERRA
6 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED
7 AS NOT HAVING INCURRED A BREAK IN SCHOOL SERVICE BY
8 REASON OF THE USERRA LEAVE AND SHALL BE GRANTED
9 ELIGIBILITY POINTS AS IF THE SCHOOL EMPLOYEE HAD NOT BEEN
10 ON THE USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS
11 REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE
12 SYSTEM SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,
13 SHARED-RISK MEMBER CONTRIBUTIONS AND ANY OTHER MEMBER
14 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS
15 REQUIRED BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND
16 REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES)
17 AND IRC § 414(U) AS IF THE SCHOOL EMPLOYEE HAD CONTINUED
18 IN HIS SCHOOL OFFICE OR EMPLOYMENT AND PERFORMED SCHOOL
19 SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA
20 LEAVE, THEN THE SCHOOL EMPLOYEE SHALL BE GRANTED SCHOOL
21 SERVICE CREDIT FOR THE PERIOD OF USERRA LEAVE. THE
22 EMPLOYEE SHALL HAVE HIS BENEFITS, RIGHTS AND OBLIGATIONS
23 DETERMINED UNDER THIS PART AS IF HE WAS AN ACTIVE MEMBER
24 WHO PERFORMED CREDITABLE SCHOOL SERVICE DURING THE USERRA
25 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE
26 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON
27 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE SCHOOL SERVICE
28 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

29 (II) FOR PURPOSES OF DETERMINING WHETHER A SCHOOL
30 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR

1 SCHOOL SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE
2 WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER
3 OF THE SYSTEM TERMINATES SCHOOL SERVICE OR DIES IN SCHOOL
4 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT
5 PERIOD, SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE SHALL
6 BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS WERE
7 PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT OF
8 THE REQUIRED MEMBER CONTRIBUTIONS SHALL BE TREATED AS AN
9 INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF SECTION
10 8325 (RELATING TO INCOMPLETE PAYMENTS). UPON A SUBSEQUENT
11 RETURN TO SCHOOL SERVICE OR TO STATE SERVICE AS A
12 MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER
13 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE
14 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER
15 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP
16 SUM UNDER SECTION 8345 (A) (4) (RELATING TO MEMBER'S
17 OPTIONS). FOR THIS PURPOSE, THE EXCLUSION OF CLASS T-E
18 AND CLASS T-F MEMBERS FROM ELECTING A FORM OF PAYMENT
19 UNDER SECTION 8345 (A) (4) (III) SHALL BE IGNORED.

20 (III) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM
21 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM AND WHO
22 DOES NOT MAKE THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES
23 ONLY PART OF THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE
24 ALLOWED PAYMENT PERIOD SHALL NOT BE:

25 (A) GRANTED CREDITED SERVICE FOR THE PERIOD OF
26 USERRA LEAVE FOR WHICH THE REQUIRED MEMBER
27 CONTRIBUTIONS WERE NOT TIMELY MADE.

28 (B) ELIGIBLE TO SUBSEQUENTLY MAKE CONTRIBUTIONS.

29 (C) GRANTED EITHER SCHOOL SERVICE CREDIT OR
30 NONSCHOOL SERVICE CREDIT FOR THE PERIOD OF USERRA

1 LEAVE FOR WHICH THE REQUIRED MEMBER CONTRIBUTIONS
2 WERE NOT TIMELY MADE.

3 (3) A SCHOOL EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND
4 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN
5 REEMPLOYED FROM USERRA LEAVE HAD THE SCHOOL EMPLOYEE RETURNED
6 TO SCHOOL SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C.
7 CH. 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE
8 ABLE TO RECEIVE CREDITABLE NONSCHOOL SERVICE AS
9 NONINTERVENING MILITARY SERVICE FOR THE PERIOD OF USERRA
10 LEAVE IF THE EMPLOYEE LATER RETURNS TO SCHOOL SERVICE AND IS
11 OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE AS NONINTERVENING
12 MILITARY SERVICE.

13 (4) [A SCHOOL EMPLOYEE] AN ACTIVE OR INACTIVE MEMBER
14 WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS
15 GRANTED A LEAVE OF ABSENCE UNDER SECTION 1178 OF THE PUBLIC
16 SCHOOL CODE, A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102
17 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT
18 EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73, THAT
19 IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE CREDITABLE
20 NONSCHOOL SERVICE AS NONINTERVENING MILITARY SERVICE SHOULD
21 THE EMPLOYEE RETURN TO SCHOOL SERVICE AS AN ACTIVE MEMBER OF
22 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE
23 AS NONINTERVENING MILITARY SERVICE.

24 (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THE
25 BENEFICIARIES OR SURVIVOR ANNUITANTS OF THE DECEASED MEMBER
26 SHALL BE ENTITLED TO ANY ADDITIONAL BENEFITS, INCLUDING
27 ELIGIBILITY POINTS, OTHER THAN BENEFIT ACCRUALS RELATING TO
28 THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS
29 PART AS IF THE MEMBER RESUMED AND THEN TERMINATED EMPLOYMENT
30 ON ACCOUNT OF DEATH.

1 (6) A SCHOOL EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM
2 HIS DUTIES AS A SCHOOL EMPLOYEE AND FOR WHICH 51 PA.C.S. §
3 4102 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR
4 EFFICIENCY SHALL NOT BE AN ACTIVE MEMBER, RECEIVE SERVICE
5 CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF ABSENCE
6 EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING THIS
7 PARAGRAPH, ANY PAY THE MEMBER RECEIVES UNDER SECTION 1178 OF
8 THE PUBLIC SCHOOL CODE OR 51 PA.C.S. § 4102 SHALL BE INCLUDED
9 IN THE DETERMINATION OF FINAL AVERAGE SALARY AND OTHER
10 CALCULATIONS IN THE SYSTEM UTILIZING COMPENSATION AS IF THE
11 PAYMENTS WERE COMPENSATION UNDER THIS PART.

12 (E) MILITARY SERVICE BY A PARTICIPANT.--A PARTICIPANT WHO
13 HAS PERFORMED USERRA LEAVE SHALL BE TREATED AND MAY MAKE
14 CONTRIBUTIONS AS FOLLOWS:

15 (1) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE
16 MAY NOT BE TREATED AS HAVING INCURRED A BREAK IN SCHOOL
17 SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE GRANTED
18 ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT BEEN ON
19 USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
20 LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP PARTICIPANT
21 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS REQUIRED
22 BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT
23 RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U)
24 AS IF THE PARTICIPANT HAD CONTINUED IN THE PARTICIPANT'S
25 SCHOOL EMPLOYMENT AND PERFORMED SCHOOL SERVICE AND BEEN
26 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE
27 PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER
28 DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE CONTRIBUTIONS,
29 BENEFITS, RIGHTS AND OBLIGATIONS DETERMINED UNDER THIS PART
30 AS IF THE EMPLOYEE WAS AN ACTIVE PARTICIPANT WHO PERFORMED

1 SCHOOL SERVICE DURING THE USERRA LEAVE IN THE JOB POSITION
2 THAT THE EMPLOYEE WOULD HAVE HELD HAD THE EMPLOYEE NOT BEEN
3 ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON WHICH THE
4 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO RECEIVE SCHOOL
5 SERVICE CREDIT FOR THE USERRA LEAVE WERE DETERMINED,
6 INCLUDING THE RIGHT TO MAKE VOLUNTARY CONTRIBUTIONS ON SUCH
7 COMPENSATION AS PERMITTED BY LAW.

8 (2) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE
9 AND DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT
10 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP
11 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT PERIOD
12 MAY NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT
13 CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS AT A LATER DATE FOR
14 THE PERIOD OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP
15 PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

16 (3) A PARTICIPANT WHO PERFORMS USERRA LEAVE FROM WHICH
17 THE EMPLOYEE COULD HAVE BEEN REEMPLOYED FROM USERRA LEAVE HAD
18 THE SCHOOL EMPLOYEE RETURNED TO SCHOOL SERVICE IN THE TIME
19 FRAMES REQUIRED BY 38 U.S.C. CH. 43 FOR REEMPLOYMENT RIGHTS,
20 BUT DID NOT DO SO, MAY NOT BE ELIGIBLE TO MAKE MANDATORY
21 PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS
22 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER
23 RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN.

24 (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO,
25 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED
26 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO
27 LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A
28 MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 (RELATING TO MILITARY
29 LEAVE OF ABSENCE) THAT IS NOT USERRA LEAVE MAY NOT BE
30 ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS

1 OR VOLUNTARY CONTRIBUTIONS DURING OR FOR THE LEAVE OF ABSENCE
2 OR MILITARY LEAVE, AND MAY NOT HAVE EMPLOYER DEFINED
3 CONTRIBUTIONS MADE DURING SUCH LEAVE, WITHOUT REGARD TO
4 WHETHER OR NOT THE PARTICIPANT RECEIVED SALARY, WAGES,
5 STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER PAYMENTS FROM
6 THE PARTICIPANT'S EMPLOYER DURING THE LEAVE, NOTWITHSTANDING
7 ANY PROVISION TO THE CONTRARY IN 51 PA.C.S. § 4102 OR 51 PA.
8 C.S. CH. 73.

9 (5) IF A PARTICIPANT DIES WHILE PERFORMING USERRA LEAVE,
10 THEN THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED
11 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER
12 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED
13 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE
14 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT
15 OF DEATH.

16 SECTION 106. SECTION 8303(C) AND (D) OF TITLE 24 ARE AMENDED
17 TO READ:

18 § 8303. ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF
19 SERVICE CREDITS.

20 * * *

21 (C) PURCHASE OF PREVIOUS CREDITABLE SERVICE.--EVERY ACTIVE
22 MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN
23 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR
24 AFTER THE EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND
25 RECEIVE ELIGIBILITY POINTS:

26 (1) AS A MEMBER OF CLASS T-C, CLASS T-E [OR], CLASS T-F
27 OR CLASS T-G FOR PREVIOUS CREDITABLE SCHOOL SERVICE OR
28 CREDITABLE NONSCHOOL SERVICE; OR

29 (2) AS A MEMBER OF CLASS T-D FOR PREVIOUS CREDITABLE
30 SCHOOL SERVICE, PROVIDED THE MEMBER ELECTS TO BECOME A CLASS

1 T-D MEMBER PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION
2 TO BECOME A CLASS T-D MEMBER);
3 UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE
4 MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE;
5 EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT
6 SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.

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

19 SECTION 107. SECTION 8305(C)(1) AND (D) OF TITLE 24 ARE
20 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
21 READ:

22 § 8305. CLASSES OF SERVICE.

23 * * *

24 (C) CLASS T-D MEMBERSHIP.--

25 (1) A PERSON WHO BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE
26 MEMBER, OR A PERSON WHO BECOMES A MULTIPLE SERVICE MEMBER WHO
27 IS A STATE EMPLOYEE AND A MEMBER OF THE STATE EMPLOYEES'
28 RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF THIS
29 SUBSECTION AND BEFORE JULY 2011 SHALL BE CLASSIFIED AS A
30 CLASS T-D MEMBER UPON PAYMENT OF REGULAR MEMBER

1 CONTRIBUTIONS. ANY PRIOR SCHOOL SERVICE CREDITED AS CLASS T-C
2 SERVICE SHALL BE CREDITED AS CLASS T-D SERVICE, SUBJECT TO
3 THE LIMITATIONS CONTAINED IN PARAGRAPH (4).

4 * * *

5 (D) CLASS T-E MEMBERSHIP.--NOTWITHSTANDING ANY OTHER
6 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN
7 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE
8 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE
9 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF
10 THIS SUBSECTION AND BEFORE JULY 1, 2017, SHALL BE CLASSIFIED AS
11 A CLASS T-E MEMBER UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS
12 AND THE SHARED-RISK CONTRIBUTIONS.

13 * * *

14 (F) CLASS T-G MEMBERSHIP.--A PERSON WHO FIRST BECOMES A
15 SCHOOL EMPLOYEE AND AN ACTIVE MEMBER ON OR AFTER JULY 1, 2017,
16 SHALL BE CLASSIFIED AS A CLASS T-G MEMBER UPON PAYMENT OF
17 REGULAR MEMBER CONTRIBUTIONS AND THE SHARED RISK CONTRIBUTIONS.

18 SECTION 108. SECTIONS 8306, 8307(B) AND (C), 8308, 8310 AND
19 8321 OF TITLE 24 ARE AMENDED TO READ:

20 § 8306. ELIGIBILITY POINTS.

21 (A) GENERAL RULE.--AN ACTIVE MEMBER OF THE SYSTEM SHALL
22 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE
23 AS A MEMBER OF THE [SCHOOL OR STATE RETIREMENT SYSTEM] SYSTEM OR
24 IF A MULTIPLE SERVICE MEMBER, AS A MEMBER OF THE STATE
25 EMPLOYEE'S RETIREMENT SYSTEM RETIREMENT SYSTEM. A MEMBER SHALL
26 ACCRUE AN ADDITIONAL TWO-THIRDS OF AN ELIGIBILITY POINT FOR EACH
27 YEAR OF CLASS D-3 CREDITED SERVICE UNDER THE STATE EMPLOYEES'
28 RETIREMENT SYSTEM. IN THE CASE OF A FRACTIONAL PART OF A YEAR OF
29 CREDITED SERVICE, A MEMBER SHALL ACCRUE THE CORRESPONDING
30 FRACTIONAL PORTION OF AN ELIGIBILITY POINT.

1 (A.1) USERRA LEAVE.--A MEMBER OR PARTICIPANT WHO IS
2 REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA
3 LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE
4 ACCRUED HAD HE CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT
5 INSTEAD OF PERFORMING USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS
6 REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER OR MANDATORY
7 PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED SCHOOL SERVICE
8 CREDIT FOR THE USERRA LEAVE, NO ADDITIONAL ELIGIBILITY POINTS
9 MAY BE GRANTED.

10 (B) TRANSITIONAL RULE.--FOR THE PURPOSES OF THE TRANSITION:

11 (1) IN DETERMINING WHETHER A MEMBER, OTHER THAN A
12 DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE
13 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY, WHO IS
14 NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001,
15 AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE, HAS
16 THE FIVE ELIGIBILITY POINTS REQUIRED BY THE DEFINITION OF
17 "VESTEE" IN SECTIONS 8102 (RELATING TO DEFINITIONS), 8307
18 (RELATING TO ELIGIBILITY FOR ANNUITIES), 8308 (RELATING TO
19 ELIGIBILITY FOR VESTING) AND 8345 (RELATING TO MEMBER'S
20 OPTIONS), ONLY ELIGIBILITY POINTS EARNED BY PERFORMING
21 CREDITED SCHOOL SERVICE, USERRA LEAVE OR CREDITED STATE
22 SERVICE AS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
23 RETIREMENT SYSTEM AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL
24 SUCH MEMBER EARNS ONE ELIGIBILITY POINT BY PERFORMING
25 CREDITED SCHOOL SERVICE OR CREDITED STATE SERVICE AFTER JUNE
26 30, 2001, AT WHICH TIME ALL ELIGIBILITY POINTS AS DETERMINED
27 UNDER SUBSECTION (A) SHALL BE COUNTED.

28 (2) A MEMBER SUBJECT TO PARAGRAPH (1) SHALL BE
29 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE
30 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER HAS

1 AT LEAST TEN ELIGIBILITY POINTS DETERMINED UNDER SUBSECTION
2 (A).

3 § 8307. ELIGIBILITY FOR ANNUITIES.

4 * * *

5 (B) WITHDRAWAL ANNUITY.--

6 (1) A VESTEE IN CLASS T-C [OR] CLASS T-D OR CLASS T-G
7 WITH FIVE OR MORE ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE
8 CLASS T-C [OR] CLASS T-D OR CLASS T-G MEMBER WHO TERMINATES
9 SCHOOL SERVICE HAVING FIVE OR MORE ELIGIBILITY POINTS SHALL,
10 UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN
11 EARLY ANNUITY.

12 (2) A VESTEE IN CLASS T-E OR CLASS T-F WITH TEN OR MORE
13 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-E OR
14 CLASS T-F MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR
15 MORE ELIGIBILITY POINTS SHALL, UPON FILING A PROPER
16 APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY.

17 (C) DISABILITY ANNUITY.--AN ACTIVE OR INACTIVE MEMBER WHO
18 HAS CREDIT FOR AT LEAST FIVE YEARS OF SERVICE SHALL, UPON FILING
19 OF A PROPER APPLICATION, BE ENTITLED TO A DISABILITY ANNUITY IF
20 HE BECOMES MENTALLY OR PHYSICALLY INCAPABLE OF CONTINUING TO
21 PERFORM THE DUTIES FOR WHICH HE IS EMPLOYED AND QUALIFIES FOR AN
22 ANNUITY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8505(C) (1)
23 (RELATING TO DUTIES OF BOARD REGARDING APPLICATIONS AND
24 ELECTIONS OF MEMBERS AND PARTICIPANTS).

25 § 8308. ELIGIBILITY FOR VESTING.

26 ANY CLASS T-C [OR] CLASS T-D OR CLASS T-G MEMBER WHO
27 TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND
28 AN ACTIVE MEMBER OF THE STATE EMPLOYEES RETIREMENT SYSTEM WHO
29 TERMINATES STATE SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS
30 SHALL BE ENTITLED TO VEST HIS RETIREMENT BENEFITS UNTIL

1 ATTAINMENT OF SUPERANNUATION AGE. ANY CLASS T-E OR CLASS T-F
2 MEMBER WHO TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE SERVICE
3 MEMBER AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES RETIREMENT
4 SYSTEM WHO TERMINATES STATE SERVICE, WITH TEN OR MORE
5 ELIGIBILITY POINTS SHALL BE ENTITLED TO VEST HIS RETIREMENT
6 BENEFITS UNTIL ATTAINMENT OF SUPERANNUATION AGE.

7 § 8310. ELIGIBILITY FOR REFUNDS.

8 UPON TERMINATION OF SERVICE ANY ACTIVE MEMBER, REGARDLESS OF
9 ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS ACCUMULATED
10 DEDUCTIONS IN LIEU OF ANY BENEFIT FROM THE SYSTEM TO WHICH HE IS
11 ENTITLED.

12 § 8321. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

13 (A) GENERAL.--REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO
14 THE FUND ON BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE
15 EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF
16 SUCH CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION
17 OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17)
18 OR [415(B)] 415.

19 (B) CLASS T-C, CLASS T-D, CLASS T-E AND CLASS T-F SHARED-
20 RISK CONTRIBUTIONS.--

21 (1) COMMENCING WITH THE ANNUAL ACTUARIAL VALUATION
22 PERFORMED UNDER SECTION 8502(J) (RELATING TO ADMINISTRATIVE
23 DUTIES OF BOARD), FOR THE PERIOD ENDING JUNE 30, 2014, AND
24 EVERY THREE YEARS THEREAFTER, THE BOARD SHALL COMPARE THE
25 ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, TO THE ANNUAL
26 INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF THE
27 NORMAL CONTRIBUTION RATE, BASED ON THE MARKET VALUE OF
28 ASSETS, FOR THE PRIOR TEN-YEAR PERIOD. IF THE ACTUAL
29 INVESTMENT RATE OF RETURN, NET OF FEES, IS LESS THAN THE
30 ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY AN AMOUNT OF 1%

1 OR MORE, THE SHARED-RISK CONTRIBUTION RATE OF CLASS [T-E AND
2 T-F] T-C, CLASS T-D, CLASS T-E, CLASS T-F AND CLASS T-G
3 MEMBERS WILL INCREASE BY .5%. IF THE ACTUAL INVESTMENT RATE
4 OF RETURN, NET OF FEES, IS EQUAL TO OR EXCEEDS THE ANNUAL
5 INTEREST RATE ADOPTED BY THE BOARD BY LESS THAN 1%, THE
6 SHARED-RISK CONTRIBUTIONS RATE OF CLASS [T-E AND T-F] T-C,
7 CLASS T-D, CLASS T-E, CLASS T-F AND CLASS T-G MEMBERS WILL
8 DECREASE BY .5%[. CLASS T-E AND T-F MEMBERS WILL CONTRIBUTE
9 AT THE TOTAL MEMBER CONTRIBUTION RATE IN EFFECT WHEN THEY ARE
10 HIRED. THE], PROVIDED THE TOTAL MEMBER CONTRIBUTION RATE ON
11 THE DATE OF THE ACTUARIAL VALUATION IS ABOVE THE MEMBER'S
12 BASIC CONTRIBUTION RATE. IF THE ACTUAL INVESTMENT RATE OF
13 RETURN, NET OF FEES, IS MORE THAN THE ANNUAL INTEREST RATE
14 ADOPTED BY THE BOARD BY AN AMOUNT OF 1% OR MORE, THE SHARED
15 RISK CONTRIBUTION RATE OF CLASS T-C, CLASS T-D, CLASS T-E,
16 CLASS T-F AND CLASS T-G MEMBERS WILL DECREASE BY .5%. IF THE
17 ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, IS EQUAL TO OR
18 BELOW THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY LESS
19 THAN 1%, THE SHARED RISK CONTRIBUTION RATE OF CLASS T-C,
20 CLASS T-D, CLASS T-E, CLASS T-F, AND CLASS T-G MEMBERS WILL
21 INCREASE BY .5%, PROVIDED THE TOTAL MEMBER CONTRIBUTION RATE
22 ON THE DATE OF THE ACTUARIAL VALUATION IS BELOW THE MEMBER'S
23 BASIC CONTRIBUTION RATE.

24 (2) NOTWITHSTANDING PARAGRAPH (1), THE TOTAL MEMBER
25 CONTRIBUTION RATE FOR CLASS T-D MEMBERS WHO ARE CURRENTLY
26 PAYING 7.5% ON THE EFFECTIVE DATE OF THIS PROVISION, AND FOR
27 CLASS T-E MEMBERS SHALL NOT BE LESS THAN [7.5%] 5.5%, NOR
28 MORE THAN 9.5%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS
29 T-C MEMBERS WHO ARE CURRENTLY PAYING 6.25% ON THE EFFECTIVE
30 DATE OF THIS PROVISION SHALL NOT BE LESS THAN 4.25% NOR MORE

1 THAN 8.25%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-D
2 MEMBERS WHO ARE CURRENTLY PAYING 6.5% ON THE EFFECTIVE DATE
3 OF THIS PROVISION SHALL NOT BE LESS THAN 4.5% NOR MORE THAN
4 8.5%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-F
5 MEMBERS SHALL NOT BE LESS THAN [10.3%] 8.3%, NOR MORE THAN
6 12.3%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-G
7 MEMBERS SHALL NOT BE LESS THAN 2% NOR MORE THAN 6%.

8 NOTWITHSTANDING THIS SUBSECTION, IF THE SYSTEM'S ACTUARIAL
9 FUNDED STATUS IS 100% OR MORE AS OF THE DATE USED FOR THE
10 COMPARISON REQUIRED UNDER THIS SUBSECTION, AS DETERMINED IN
11 THE CURRENT ANNUAL ACTUARIAL VALUATION, THE SHARED-RISK
12 CONTRIBUTION RATE SHALL [BE] NOT BE GREATER THAN ZERO. IN THE
13 EVENT THAT THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR
14 THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS CHANGED
15 DURING THE PERIOD USED TO DETERMINE THE SHARED-RISK
16 CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,
17 SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,
18 EXPRESSED AS AN ANNUAL RATE. THE FOLLOWING PROVISIONS APPLY:

19 [(1)] (I) UNTIL THE SYSTEM HAS A TEN-YEAR PERIOD OF
20 INVESTMENT RATE OF RETURN EXPERIENCE FOLLOWING THE
21 EFFECTIVE DATE OF THIS SUBSECTION, THE LOOK-BACK PERIOD
22 SHALL BEGIN NOT EARLIER THAN THE EFFECTIVE DATE OF THIS
23 SUBSECTION.

24 [(2)] (II) FOR ANY FISCAL YEAR IN WHICH THE EMPLOYER
25 CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION
26 RATE UNDER SECTION 8328 (H) (RELATING TO ACTUARIAL COST
27 METHOD), THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS [T-
28 E AND T-F] T-C, CLASS T-D, CLASS T-E, CLASS T-F, AND
29 CLASS T-G MEMBERS SHALL BE PROSPECTIVELY RESET TO THE
30 BASIC CONTRIBUTION RATE.

1 [(3)] (III) THERE SHALL BE NO INCREASE IN THE MEMBER
2 CONTRIBUTION RATE IF THERE HAS NOT BEEN AN EQUIVALENT
3 INCREASE TO THE EMPLOYER CONTRIBUTION RATE OVER THE
4 PREVIOUS THREE-YEAR PERIOD.

5 (IV) NOTWITHSTANDING SUBPARAGRAPHS (I), (II) AND
6 (III), THE FIRST LOOK-BACK PERIOD APPLICABLE TO CLASS T-C
7 AND CLASS T-D MEMBERS SHALL BE FOR THE PERIOD ENDING JUNE
8 30, 2020.

9 SECTION 109. SECTIONS 8322.1(A), 8323(A), (C) AND (D)(1),
10 8324, 8325.1(A), 8326(A) AND (C), 8327, 8328(A), (B), (C), (E)
11 (1) AND (G)(1) AND 8330 OF TITLE 24 ARE AMENDED TO READ:

12 § 8322.1. PICKUP CONTRIBUTIONS.

13 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL
14 CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS
15 8321 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
16 SERVICE) AND 8322 (RELATING TO JOINT COVERAGE MEMBER
17 CONTRIBUTIONS), WITH RESPECT TO CURRENT SCHOOL SERVICE RENDERED
18 BY AN ACTIVE MEMBER ON OR AFTER JANUARY 1, 1983, SHALL BE PICKED
19 UP BY THE EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
20 CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

21 * * *

22 § 8323. MEMBER CONTRIBUTIONS FOR CREDITABLE SCHOOL SERVICE.

23 (A) PREVIOUS SCHOOL SERVICE, SABBATICAL LEAVE AND FULL
24 COVERAGE.--THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR
25 AN ELIGIBLE STATE EMPLOYEE FOR CREDIT IN THE SYSTEM FOR
26 REINSTATEMENT OF ALL PREVIOUSLY CREDITED SCHOOL SERVICE, SCHOOL
27 SERVICE NOT PREVIOUSLY CREDITED, SABBATICAL LEAVE AS IF HE HAD
28 BEEN IN FULL-TIME DAILY ATTENDANCE, OR FULL-COVERAGE MEMBERSHIP
29 SHALL BE SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE
30 ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE

1 CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR MEMBER
2 CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE AT THE RATE OF
3 CONTRIBUTION NECESSARY TO BE CREDITED AS CLASS T-C SERVICE,
4 CLASS T-D SERVICE IF THE MEMBER IS A CLASS T-D MEMBER, CLASS T-E
5 SERVICE IF THE MEMBER IS A CLASS T-E MEMBER [OR] CLASS T-F
6 SERVICE IF THE MEMBER IS A CLASS T-F MEMBER OR CLASS T-G SERVICE
7 IF THE MEMBER IS A CLASS T-G MEMBER AND HAD SUCH CONTRIBUTIONS
8 BEEN CREDITED WITH STATUTORY INTEREST DURING THE PERIOD THE
9 CONTRIBUTIONS WOULD HAVE BEEN MADE AND DURING ALL PERIODS OF
10 SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER
11 AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON
12 LEAVE WITHOUT PAY UP TO THE DATE OF PURCHASE.

13 * * *

14 (C) APPROVED LEAVE OF ABSENCE OTHER THAN SABBATICAL LEAVE
15 AND ACTIVATED MILITARY SERVICE LEAVE.--THE CONTRIBUTIONS TO BE
16 PAID BY AN ACTIVE MEMBER FOR CREDIT FOR AN APPROVED LEAVE OF
17 ABSENCE, OTHER THAN SABBATICAL LEAVE AND ACTIVATED MILITARY
18 SERVICE LEAVE, SHALL BE SUFFICIENT TO TRANSFER HIS MEMBERSHIP TO
19 CLASS T-C OR TO CLASS T-D IF THE MEMBER IS A CLASS T-D MEMBER,
20 TO CLASS T-E IF THE MEMBER IS A CLASS T-E MEMBER [OR] TO CLASS
21 T-F IF THE MEMBER IS A CLASS T-F MEMBER OR TO CLASS T-G SERVICE
22 IF THE MEMBER IS A CLASS T-G MEMBER AND FURTHER TO PROVIDE AN
23 ANNUITY AS A CLASS T-C MEMBER OR CLASS T-D MEMBER IF THE MEMBER
24 IS A CLASS T-D MEMBER, TO CLASS T-E IF THE MEMBER IS A CLASS T-E
25 MEMBER [OR] TO CLASS T-F IF THE MEMBER IS A CLASS T-F MEMBER OR
26 TO CLASS T-G SERVICE IF THE MEMBER IS A CLASS T-G MEMBER FOR
27 SUCH ADDITIONAL CREDITED SERVICE. SUCH AMOUNT SHALL BE THE SUM
28 OF THE AMOUNT REQUIRED IN ACCORDANCE WITH THE PROVISIONS OF
29 SUBSECTION (B) AND AN AMOUNT DETERMINED AS THE SUM OF THE
30 MEMBER'S BASIC CONTRIBUTION RATE AND THE NORMAL CONTRIBUTION

1 RATE AS PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST
2 METHOD) DURING SUCH PERIOD MULTIPLIED BY THE COMPENSATION WHICH
3 WAS RECEIVED OR WHICH WOULD HAVE BEEN RECEIVED DURING SUCH
4 PERIOD AND WITH STATUTORY INTEREST DURING ALL PERIODS OF
5 SUBSEQUENT SCHOOL AND STATE SERVICE UP TO THE DATE OF PURCHASE.

6 * * *

7 (D) CERTIFICATION AND PAYMENT OF CONTRIBUTIONS.--

8 (1) IN ALL CASES OTHER THAN FOR THE PURCHASE OF CREDIT
9 FOR SABBATICAL LEAVE AND ACTIVATED MILITARY SERVICE LEAVE
10 BEGINNING BEFORE THE EFFECTIVE DATE OF PARAGRAPH (2), THE
11 AMOUNT PAYABLE SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE
12 WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID IN A
13 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR
14 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
15 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH
16 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN
17 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY
18 DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE
19 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY
20 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE
21 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.
22 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO
23 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
24 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE
25 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
26 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
27 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
28 TO THE BOARD THE AMOUNTS PAID.

29 * * *

30 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE

1 NONSCHOOL SERVICE AND NONCREDITABLE SCHOOL SERVICE.

2 (A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO
3 PURCHASE CREDIT AS A MEMBER OF CLASS T-C, CLASS T-E [OR] CLASS
4 T-F OR CLASS T-G FOR CREDITABLE NONSCHOOL SERVICE OF AN ACTIVE
5 MEMBER OR AN ELIGIBLE STATE EMPLOYEE SHALL BE PAID EITHER BY THE
6 MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, THE COMMONWEALTH, OR A
7 COMBINATION THEREOF, AS PROVIDED BY LAW.

8 (B) NONINTERVENING MILITARY SERVICE.--THE AMOUNT DUE FOR THE
9 PURCHASE OF CREDIT FOR MILITARY SERVICE OTHER THAN INTERVENING
10 MILITARY SERVICE SHALL BE DETERMINED BY APPLYING THE MEMBER'S
11 BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS
12 PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) AT
13 THE TIME OF ENTRY OF THE MEMBER INTO SCHOOL SERVICE SUBSEQUENT
14 TO SUCH MILITARY SERVICE TO ONE-THIRD OF HIS TOTAL COMPENSATION
15 RECEIVED DURING THE FIRST THREE YEARS OF SUCH SUBSEQUENT
16 CREDITED SCHOOL SERVICE AND MULTIPLYING THE PRODUCT BY THE
17 NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE
18 NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH
19 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND
20 STATE SERVICE TO DATE OF PURCHASE. UPON CERTIFICATION OF THE
21 AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 DAYS OR
22 IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE
23 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT
24 SYSTEM IT MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH
25 SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE
26 MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS
27 AGREED TO BY MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF
28 PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF
29 SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE
30 DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY

1 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS
2 SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE
3 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
4 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE
5 REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL
6 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION
7 MAY BE FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON
8 COMPLETION OF THREE YEARS OF SUBSEQUENT CREDITED SCHOOL SERVICE
9 AND SHALL BE CREDITED AS CLASS T-C SERVICE. IN THE EVENT THAT A
10 CLASS T-E MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY
11 SERVICE, THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-E
12 SERVICE. IN THE EVENT THAT A CLASS T-F MEMBER MAKES A PURCHASE
13 OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH SERVICE SHALL BE
14 CREDITED AS CLASS T-F SERVICE. IN THE EVENT THAT A CLASS T-G
15 MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE,
16 THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-G SERVICE.

17 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT
18 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED
19 BY THE MEMBER'S BASIC CONTRIBUTION RATE AND COMPENSATION AT THE
20 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,
21 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
22 SUBSEQUENT SCHOOL AND STATE SERVICE TO DATE OF PURCHASE. UPON
23 APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN
24 THE CASE OF EACH MEMBER BY THE BOARD, IN ACCORDANCE WITH METHODS
25 APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY ONE OF
26 THE FOLLOWING METHODS:

27 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY
28 SERVICE.

29 (2) A LUMP SUM PAYMENT WITHIN 90 DAYS OF CERTIFICATION
30 OF THE AMOUNT DUE.

1 (3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED
2 UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION
3 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY
4 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST
5 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS
6 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD
7 MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS
8 AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE
9 OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
10 STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
11 DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES'
12 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
13 BOARD THE AMOUNTS PAID.

14 (D) OTHER CREDITABLE NONSCHOOL SERVICE AND NONCREDITABLE
15 SCHOOL SERVICE.--

16 (1) CONTRIBUTIONS ON ACCOUNT OF CLASS T-C CREDIT FOR
17 CREDITABLE NONSCHOOL SERVICE OTHER THAN MILITARY SERVICE
18 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC
19 CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS
20 PROVIDED IN SECTION 8328 AT THE TIME OF THE MEMBER'S ENTRY
21 INTO SCHOOL SERVICE SUBSEQUENT TO SUCH CREDITABLE NONSCHOOL
22 SERVICE TO HIS TOTAL COMPENSATION RECEIVED DURING THE FIRST
23 YEAR OF SUBSEQUENT CREDITED SCHOOL SERVICE AND MULTIPLYING
24 THE PRODUCT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A
25 YEAR OF CREDITABLE NONSCHOOL SERVICE BEING PURCHASED TOGETHER
26 WITH STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT
27 SCHOOL OR STATE SERVICE TO THE DATE OF PURCHASE, EXCEPT THAT
28 IN THE CASE OF PURCHASE OF CREDIT FOR CREDITABLE NONSCHOOL
29 SERVICE AS SET FORTH IN SECTION 8304(B)(5) (RELATING TO
30 CREDITABLE NONSCHOOL SERVICE) THE MEMBER SHALL PAY ONLY THE

1 EMPLOYEE'S SHARE UNLESS OTHERWISE PROVIDED BY LAW. UPON
2 CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY BE MADE IN A
3 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR
4 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
5 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH
6 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN
7 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY
8 DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE
9 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY
10 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE
11 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.
12 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO
13 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
14 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE
15 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
16 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
17 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
18 TO THE BOARD THE AMOUNTS PAID.

19 (2) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E [OR], CLASS T-
20 F OR CLASS T-G CREDIT FOR CREDITABLE NONSCHOOL SERVICE OTHER
21 THAN MILITARY SERVICE SHALL BE THE PRESENT VALUE OF THE FULL
22 ACTUARIAL COST OF THE INCREASE IN THE PROJECTED
23 SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL SERVICE
24 CREDITED ON ACCOUNT OF THE PURCHASE. UPON CERTIFICATION OF
25 THE AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90
26 DAYS OR, IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE
27 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
28 RETIREMENT SYSTEM, IT MAY BE AMORTIZED WITH STATUTORY
29 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS
30 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION

1 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY
2 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST
3 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS
4 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD
5 MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO THE TERMS AS
6 THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF
7 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
8 STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
9 DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES'
10 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
11 BOARD THE AMOUNTS PAID.

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

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

5 (E) CREDITABLE WORK EXPERIENCE.--CONTRIBUTIONS ON ACCOUNT OF
6 CLASS T-C, CLASS T-E [OR], CLASS T-F OR CLASS T-G CREDIT FOR
7 CREDITABLE WORK EXPERIENCE PURSUANT TO SECTION 8304(B) (6) SHALL
8 BE THE PRESENT VALUE OF THE FULL ACTUARIAL COST OF THE INCREASE
9 IN THE PROJECTED SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL
10 SERVICE CREDITED ON ACCOUNT OF THE PURCHASE OF CREDITABLE WORK
11 EXPERIENCE. THE AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR
12 CREDITABLE WORK EXPERIENCE SHALL NOT BE PAYABLE AS A LUMP SUM
13 UNDER SECTION 8345(A) (4) (III) (RELATING TO MEMBER'S OPTIONS).
14 ANY INDIVIDUAL ELIGIBLE TO RECEIVE AN ANNUITY, EXCLUDING AN
15 ANNUITY RECEIVED UNDER THE FEDERAL SOCIAL SECURITY ACT (42
16 U.S.C. § 301 ET SEQ.), IN ANOTHER PENSION SYSTEM, OTHER THAN A
17 MILITARY PENSION SYSTEM, SHALL NOT BE ELIGIBLE TO PURCHASE THIS
18 SERVICE.

19 (F) CREDITABLE MATERNITY LEAVE.--CONTRIBUTIONS ON ACCOUNT OF
20 CLASS T-C, CLASS T-E OR CLASS T-F CREDIT FOR CREDITABLE
21 MATERNITY LEAVE PURSUANT TO SECTION 8304(B) (7) SHALL BE
22 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE PLUS
23 THE NORMAL CONTRIBUTION RATE AS PROVIDED IN SECTION 8328 AT THE
24 TIME OF THE MEMBER'S RETURN TO SCHOOL SERVICE TO THE TOTAL
25 COMPENSATION RECEIVED DURING THE FIRST YEAR OF SUBSEQUENT SCHOOL
26 SERVICE AND MULTIPLYING THE PRODUCT BY THE NUMBER OF YEARS AND
27 FRACTIONAL PART OF A YEAR OF CREDITABLE SERVICE BEING PURCHASED,
28 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
29 SUBSEQUENT SCHOOL OR STATE SERVICE TO THE DATE OF PURCHASE. THE
30 AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR CREDITABLE MATERNITY

1 LEAVE SHALL NOT BE ELIGIBLE FOR WITHDRAWAL AS A LUMP SUM UNDER
2 SECTION 8345 (A) (4) (III) .

3 § 8325.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401 (A) (17) .

4 (A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE
5 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY
6 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION
7 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO
8 ACCOUNT FOR BENEFIT PURPOSES UNDER THIS SUBCHAPTER SHALL NOT
9 EXCEED THE LIMITATION UNDER IRC § 401 (A) (17) . ON AND AFTER JULY
10 1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC
11 § 401 (A) (17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF
12 1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL
13 COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93
14 ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE
15 COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE
16 WITH IRC § 401 (A) (17) (B) . THE COST-OF-LIVING ADJUSTMENT IN
17 EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD
18 WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH
19 COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF
20 A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE
21 OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION,
22 THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE
23 DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.

24 * * *

25 § 8326. CONTRIBUTIONS BY THE COMMONWEALTH.

26 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE
27 COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE FUND ON BEHALF OF
28 ALL ACTIVE MEMBERS AND PARTICIPANTS, INCLUDING MEMBERS AND
29 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE, IN AN AMOUNT
30 EQUAL TO ONE-HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY

1 TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY
2 RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS
3 PART IN ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST
4 METHOD). IN CASE A SCHOOL EMPLOYEE HAS ELECTED MEMBERSHIP IN A
5 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER, THE COMMONWEALTH
6 SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS MEMBERSHIP AN
7 AMOUNT NO GREATER THAN THE AMOUNT IT WOULD HAVE CONTRIBUTED HAD
8 THE EMPLOYEE BEEN A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
9 RETIREMENT SYSTEM.

10 * * *

11 (C) CONTRIBUTIONS AFTER JUNE 30, 1995.--

12 (1) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE
13 FUND ON BEHALF OF ALL ACTIVE MEMBERS AND PARTICIPANTS,
14 INCLUDING MEMBERS AND PARTICIPANTS ON ACTIVATED MILITARY
15 SERVICE LEAVE, FOR SERVICE PERFORMED AFTER JUNE 30, 1995, IN
16 THE FOLLOWING MANNER:

17 (I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
18 OF EMPLOYERS THAT ARE SCHOOL ENTITIES, NO COMMONWEALTH
19 CONTRIBUTIONS SHALL BE MADE.

20 (II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
21 OF EMPLOYERS THAT ARE NOT SCHOOL ENTITIES, THE AMOUNT
22 COMPUTED UNDER SUBSECTION (A).

23 (2) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE
24 FUND ON BEHALF OF ANNUITANTS FOR ALL AMOUNTS DUE TO THE FUND
25 AFTER JUNE 30, 1995, INCLUDING, BUT NOT LIMITED TO, AMOUNTS
26 DUE PURSUANT TO SECTION 8328 (D) AND (F), IN THE FOLLOWING
27 MANNER:

28 (I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
29 OF EMPLOYERS WHO ARE SCHOOL ENTITIES, NO COMMONWEALTH
30 CONTRIBUTIONS SHALL BE MADE.

1 (II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES
2 OF EMPLOYERS WHO ARE NOT SCHOOL ENTITIES, THE AMOUNT
3 COMPUTED UNDER SUBSECTION (B).

4 * * *

5 § 8327. PAYMENTS BY EMPLOYERS.

6 (A) GENERAL RULE.--EACH EMPLOYER, INCLUDING THE COMMONWEALTH
7 AS EMPLOYER OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-
8 OWNED COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF
9 TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND
10 SCHOOL FOR VETERANS' CHILDREN[,] AND [THE] THE PENNSYLVANIA
11 STATE UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND EACH QUARTER
12 IN AN AMOUNT EQUAL TO ONE-HALF THE SUM OF THE PERCENTAGES, AS
13 DETERMINED UNDER SECTION 8328 (RELATING TO ACTUARIAL COST
14 METHOD), APPLIED TO THE TOTAL COMPENSATION DURING THE PAY
15 PERIODS IN THE PRECEDING QUARTER OF ALL ITS EMPLOYEES WHO WERE
16 MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING MEMBERS ON
17 ACTIVATED MILITARY SERVICE LEAVE. IN THE EVENT A MEMBER ON
18 ACTIVATED MILITARY SERVICE LEAVE DOES NOT RETURN TO SERVICE FOR
19 THE NECESSARY TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR
20 DISHONORABLE DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR
21 ACTIVATED MILITARY SERVICE UNDER SECTION 8302(B.1)(3) (RELATING
22 TO CREDITED SCHOOL SERVICE), THE CONTRIBUTIONS MADE BY THE
23 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH
24 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

25 (B) DEDUCTION FROM APPROPRIATIONS.--

26 (1) TO FACILITATE THE PAYMENT OF AMOUNTS DUE FROM ANY
27 EMPLOYER TO THE FUND AND THE TRUST THROUGH THE STATE
28 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE
29 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION
30 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID

1 INTO THE FUND AND THE TRUST FROM THE AMOUNT OF ANY MONEYS DUE
2 TO ANY EMPLOYER ON ACCOUNT OF ANY APPROPRIATION FOR SCHOOLS
3 OR OTHER PURPOSES AMOUNTS EQUAL TO THE EMPLOYER
4 CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS AND PICKUP
5 CONTRIBUTIONS WHICH AN EMPLOYER IS REQUIRED TO PAY TO THE
6 FUND AND THE TRUST, AS CERTIFIED BY THE BOARD, AND AS REMAINS
7 UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD OTHERWISE BE
8 PAID TO THE EMPLOYER. SUCH AMOUNT SHALL BE CREDITED TO THE
9 APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST.

10 (2) TO FACILITATE THE PAYMENTS OF AMOUNTS DUE FROM ANY
11 CHARTER SCHOOL, AS DEFINED IN ARTICLE XVII-A OF THE ACT OF
12 MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL
13 CODE OF 1949, TO THE FUND AND THE TRUST THROUGH THE STATE
14 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE
15 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION
16 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID
17 INTO THE FUND AND THE TRUST FROM ANY FUNDS APPROPRIATED TO
18 THE DEPARTMENT OF EDUCATION FOR BASIC EDUCATION OF THE
19 CHARTERING SCHOOL DISTRICT OF A CHARTER SCHOOL AND PUBLIC
20 SCHOOL EMPLOYEES' RETIREMENT CONTRIBUTIONS AMOUNTS EQUAL TO
21 THE EMPLOYER CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS
22 AND PICKUP CONTRIBUTIONS WHICH A CHARTER SCHOOL IS REQUIRED
23 TO PAY TO THE FUND AND THE TRUST, AS CERTIFIED BY THE BOARD,
24 AND AS REMAINS UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD
25 OTHERWISE BE PAID TO THE CHARTERING SCHOOL DISTRICT OR
26 CHARTER SCHOOL. SUCH AMOUNTS SHALL BE CREDITED TO THE
27 APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST. ANY REDUCTION
28 IN PAYMENTS TO A CHARTERING SCHOOL DISTRICT MADE PURSUANT TO
29 THIS SECTION SHALL BE DEDUCTED FROM THE AMOUNT DUE TO THE
30 CHARTER SCHOOL DISTRICT PURSUANT TO THE PUBLIC SCHOOL CODE OF

1 1949.

2 (C) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 1995, AND BEFORE
3 JUNE 30, 2017.--AFTER JUNE 30, 1995, AND BEFORE JUNE 30, 2017,
4 EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER OF
5 EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-OWNED COLLEGES
6 AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY,
7 WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND SCHOOL FOR
8 VETERANS' CHILDREN AND THE PENNSYLVANIA STATE UNIVERSITY, SHALL
9 MAKE PAYMENTS TO THE FUND AND THE TRUST EACH QUARTER IN AN
10 AMOUNT COMPUTED IN THE FOLLOWING MANNER:

11 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT
12 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER
13 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY
14 PERIODS IN THE PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE
15 ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE
16 PLAN DURING SUCH PERIOD, INCLUDING MEMBERS OR ACTIVE
17 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE. IN THE
18 EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE DOES NOT
19 RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES AN
20 UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES
21 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE
22 UNDER SECTION 8302(B.1)(3), THE CONTRIBUTION MADE BY THE
23 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH
24 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

25 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE
26 AMOUNT COMPUTED UNDER SUBSECTION (A).

27 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN
28 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL
29 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS
30 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A

1 NONELIGIBLE MEMBER ON THE BASIS OF WHICH MEMBER OR
2 PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY REASON OF THE
3 LIMITATION UNDER IRC § 401(A) (17), EXCEPT AS OTHERWISE
4 PROVIDED IN THIS PART. ANY AMOUNT OF CONTRIBUTION TO THE FUND
5 PAID BY THE EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE
6 BASIS OF COMPENSATION WHICH WAS SUBJECT TO EXCLUSION FROM
7 TOTAL COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
8 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
9 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH
10 VALUATION INTEREST. ANY AMOUNT OF CONTRIBUTION TO THE TRUST
11 PAID BY THE EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE
12 BASIS OF COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM
13 TOTAL COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
14 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
15 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER PLUS
16 INTEREST AND INVESTMENT GAINS OR LOSSES ON SUCH AMOUNT BUT
17 MINUS INVESTMENT FEES AND ADMINISTRATIVE CHARGES.

18 (D) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 2017.--AFTER JUNE
19 30, 2017, EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER
20 OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-OWNED
21 COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF
22 TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND
23 SCHOOL FOR VETERANS' CHILDREN AND THE PENNSYLVANIA STATE
24 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND AND THE TRUST EACH
25 QUARTER IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER:

26 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT
27 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER
28 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY
29 PERIODS IN THE PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE
30 ACTIVE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING

1 MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE AND USERRA LEAVE.
2 IN THE EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE OR
3 USERRA LEAVE DOES NOT RETURN TO SERVICE FOR THE NECESSARY
4 TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE
5 DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED
6 MILITARY SERVICE UNDER SECTION 8302(B.1) (3) OR 8302(D), THE
7 CONTRIBUTION MADE BY THE EMPLOYER ON BEHALF OF SUCH MEMBER
8 SHALL BE RETURNED WITH VALUATION INTEREST UPON APPLICATION BY
9 THE EMPLOYER.

10 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE
11 AMOUNT COMPUTED UNDER SUBSECTION (A).

12 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN
13 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL
14 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS
15 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A
16 NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF WHICH
17 MEMBER OR PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY
18 REASON OF THE LIMITATION UNDER IRC § 401(A) (17). ANY AMOUNT
19 OF CONTRIBUTION TO THE FUND PAID BY THE EMPLOYER ON BEHALF OF
20 A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF
21 COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM TOTAL
22 COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS
23 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON
24 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH
25 VALUATION INTEREST.

26 (E) AGREEMENT.--THE AGREEMENT OF AN EMPLOYER LISTED IN THE
27 DEFINITION OF SCHOOL EMPLOYEE UNDER SECTION 8102 (RELATING TO
28 DEFINITIONS) OR ANY OTHER LAW TO MAKE CONTRIBUTIONS TO THE FUND
29 OR TO ENROLL ITS EMPLOYEES AS MEMBERS IN THE SYSTEM SHALL BE
30 DEEMED TO BE AN AGREEMENT TO MAKE CONTRIBUTIONS TO THE TRUST OR

1 ENROLL ITS EMPLOYEES IN THE PLAN.

2 (F) CONTRIBUTIONS.--THE EMPLOYER EMPLOYING A PARTICIPANT
3 SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT CONTRIBUTIONS
4 BY A REDUCTION IN THE COMPENSATION OF THE PARTICIPANT.

5 (G) REEMPLOYED FROM USERRA LEAVE.--WHEN A SCHOOL EMPLOYEE
6 REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER CONTRIBUTIONS
7 REQUIRED TO BE GRANTED SCHOOL SERVICE CREDIT FOR THE USERRA
8 LEAVE AFTER JUNE 30, 2017, EITHER BY ACTUAL PAYMENT OR BY
9 ACTUARIAL DEBT UNDER SECTION 8325 (RELATING TO INCOMPLETE
10 PAYMENTS), THE EMPLOYER THAT EMPLOYED THE SCHOOL EMPLOYEE WHEN
11 THE MEMBER CONTRIBUTIONS ARE MADE, OR THE LAST EMPLOYER BEFORE
12 TERMINATION IN THE CASE OF PAYMENT UNDER SECTION 8325, SHALL
13 MAKE THE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN MADE UNDER
14 THIS SECTION IF THE EMPLOYEE MAKING THE MEMBER CONTRIBUTIONS
15 AFTER HE IS REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE
16 EMPLOYED IN HIS SCHOOL OFFICE OR POSITION INSTEAD OF PERFORMING
17 USERRA LEAVE.

18 § 8328. ACTUARIAL COST METHOD.

19 (A) EMPLOYER CONTRIBUTION RATE.--THE AMOUNT OF THE TOTAL
20 EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A
21 PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND
22 ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH
23 THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD.
24 THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE
25 FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (H) PLUS THE
26 PREMIUM ASSISTANCE CONTRIBUTION RATE AS COMPUTED IN SUBSECTION
27 (F). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL CONSIST OF
28 THE NORMAL CONTRIBUTION RATE AS DEFINED IN SUBSECTION (B), THE
29 ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C)
30 AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE AS DEFINED IN

1 SUBSECTION (D). BEGINNING JULY 1, 2004, THE ACTUARIALLY REQUIRED
2 CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT
3 FACTORS AS CALCULATED IN SUBSECTION (E).

4 (B) NORMAL CONTRIBUTION RATE.--THE NORMAL CONTRIBUTION RATE
5 SHALL BE DETERMINED AFTER EACH ACTUARIAL VALUATION. UNTIL ALL
6 ACCRUED LIABILITY CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL
7 CONTRIBUTION RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL
8 INTEREST RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE
9 ADOPTED BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED
10 ACTUARIAL PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION
11 OF [THE AVERAGE NEW ACTIVE MEMBER] ALL ACTIVE MEMBERS, WHICH
12 PERCENTAGE, IF CONTRIBUTED FROM THE START OF THEIR EMPLOYMENT ON
13 THE BASIS OF [HIS] THEIR PROSPECTIVE COMPENSATION THROUGH [THE]
14 THEIR ENTIRE PERIOD OF ACTIVE SCHOOL SERVICE, WOULD BE
15 SUFFICIENT TO FUND THE LIABILITY FOR ANY PROSPECTIVE BENEFIT
16 PAYABLE TO [HIM] THEM, IN EXCESS OF THAT PORTION FUNDED BY [HIS]
17 THEIR PROSPECTIVE MEMBER CONTRIBUTIONS, EXCLUDING THE SHARED-
18 RISK CONTRIBUTIONS. IN NO CASE SHALL THE EMPLOYER'S NORMAL COST
19 BE LESS THAN ZERO.

20 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

21 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND
22 ENDING JUNE 30, 2011, THE ACCRUED LIABILITY CONTRIBUTION RATE
23 SHALL BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL
24 ACTIVE MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS
25 SUFFICIENT TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1,
26 2002, THE PRESENT VALUE OF THE LIABILITIES FOR ALL
27 PROSPECTIVE BENEFITS OF ACTIVE MEMBERS, EXCEPT FOR THE
28 SUPPLEMENTAL BENEFITS PROVIDED IN SECTIONS 8348 (RELATING TO
29 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL
30 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER

1 ADDITIONAL SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO
2 SUPPLEMENTAL ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO
3 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5
4 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6
5 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND
6 8348.7 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2003),
7 IN EXCESS OF THE TOTAL ASSETS IN THE FUND (CALCULATED BY
8 RECOGNIZING THE ACTUARIALLY EXPECTED INVESTMENT RETURN
9 IMMEDIATELY AND RECOGNIZING THE DIFFERENCE BETWEEN THE ACTUAL
10 INVESTMENT RETURN AND THE ACTUARIALLY EXPECTED INVESTMENT
11 RETURN OVER A FIVE-YEAR PERIOD), EXCLUDING THE BALANCE IN THE
12 ANNUITY RESERVE ACCOUNT, AND OF THE PRESENT VALUE OF NORMAL
13 CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS PAYABLE WITH
14 RESPECT TO ALL ACTIVE MEMBERS ON JULY 1, 2002, DURING THE
15 REMAINDER OF THEIR ACTIVE SERVICE.

16 (2) FOR THE FISCAL YEARS BEGINNING JULY 1, 2003, AND
17 ENDING JUNE 30, 2011, THE AMOUNT OF EACH ANNUAL ACCRUED
18 LIABILITY CONTRIBUTION SHALL BE EQUAL TO THE AMOUNT OF SUCH
19 CONTRIBUTION FOR THE FISCAL YEAR, BEGINNING JULY 1, 2002,
20 EXCEPT THAT, IF THE ACCRUED LIABILITY IS INCREASED BY
21 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2002, BUT BEFORE
22 JULY 1, 2003, SUCH ADDITIONAL LIABILITY SHALL BE FUNDED OVER
23 A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY, COINCIDENT
24 WITH OR NEXT FOLLOWING THE EFFECTIVE DATE OF THE INCREASE.
25 THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION FOR
26 SUCH ADDITIONAL LEGISLATIVE LIABILITIES SHALL BE EQUAL TO THE
27 AMOUNT OF SUCH CONTRIBUTION FOR THE FIRST ANNUAL PAYMENT.

28 (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
29 BEGINNING JULY 1, 2004, AND ENDING JUNE 30, 2011, THE
30 OUTSTANDING BALANCE OF THE INCREASE IN ACCRUED LIABILITY DUE

1 TO THE CHANGE IN BENEFITS ENACTED IN 2001 AND THE OUTSTANDING
2 BALANCE OF THE NET ACTUARIAL LOSS INCURRED IN FISCAL YEAR
3 2000-2001 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL
4 CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS AFTER JULY 1,
5 2002, AND THE OUTSTANDING BALANCE OF THE NET ACTUARIAL LOSS
6 INCURRED IN FISCAL YEAR 2001-2002 SHALL BE AMORTIZED IN EQUAL
7 DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS
8 AFTER JULY 1, 2003. FOR FISCAL YEARS BEGINNING ON OR AFTER
9 JULY 1, 2004, IF THE ACCRUED LIABILITY IS INCREASED BY
10 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2003, SUCH
11 ADDITIONAL LIABILITY SHALL BE FUNDED IN EQUAL DOLLAR ANNUAL
12 CONTRIBUTIONS OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY
13 OF JULY COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE
14 OF THE INCREASE.

15 (4) FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, THE
16 ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE
17 RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL
18 BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND AS A LEVEL
19 PERCENTAGE OF COMPENSATION OVER A PERIOD OF 24 YEARS FROM
20 JULY 1, 2011, THE PRESENT VALUE OF THE LIABILITIES FOR ALL
21 PROSPECTIVE BENEFITS CALCULATED AS OF JUNE 30, 2010,
22 INCLUDING THE SUPPLEMENTAL BENEFITS AS PROVIDED IN SECTIONS
23 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND
24 8348.7, IN EXCESS OF THE ACTUARIALLY CALCULATED ASSETS IN THE
25 FUND (CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED
26 INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL
27 INSTALLMENTS OVER A TEN-YEAR PERIOD). IN THE EVENT THAT THE
28 ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED
29 SUBSEQUENT TO JUNE 30, 2010, AS A RESULT OF AN INCREASE IN
30 BENEFITS DETERMINED ON A TOTAL PLAN BASIS, SUCH ADDITIONAL

1 LIABILITY SHALL BE FUNDED AS A LEVEL PERCENTAGE OF
2 COMPENSATION OVER A PERIOD OF TEN YEARS FROM THE JULY 1
3 SECOND SUCCEEDING THE DATE SUCH LEGISLATION IS ENACTED.

4 (5) FOR THE FISCAL YEAR BEGINNING ON OR AFTER JULY 1,
5 2016, THE ACTUARIALLY CALCULATED ASSETS IN THE FUND
6 DETERMINED IN ACCORDANCE WITH PARAGRAPH (4) SHALL BE NO LESS
7 THAN 70% AND NO MORE THAN 130% OF MARKET VALUE.

8 * * *

9 (E) EXPERIENCE ADJUSTMENT FACTOR.--

10 (1) FOR EACH FISCAL YEAR AFTER THE ESTABLISHMENT OF THE
11 ACCRUED LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR
12 BEGINNING JULY 1, 2011, ANY INCREASE OR DECREASE IN THE
13 UNFUNDED ACCRUED LIABILITY, EXCLUDING THE GAINS OR LOSSES ON
14 THE ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL
15 EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE, CHANGES IN
16 ACTUARIAL ASSUMPTIONS, CHANGES IN CONTRIBUTIONS CAUSED BY THE
17 FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY
18 REQUIRED CONTRIBUTION RATE, ACTIVE MEMBERS MAKING SHARED-RISK
19 CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE
20 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE
21 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT
22 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART,
23 SHALL BE AMORTIZED AS A LEVEL PERCENTAGE OF COMPENSATION OVER
24 A PERIOD OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND
25 SUCCEEDING THE ACTUARIAL VALUATION DETERMINING SAID INCREASES
26 OR DECREASES.

27 * * *

28 (G) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--

29 (1) THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR
30 SHALL BE DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED

1 CONTRIBUTION RATE, CALCULATED WITHOUT REGARD FOR THE COSTS
2 ADDED BY LEGISLATION, TO THE PRIOR YEAR'S FINAL CONTRIBUTION
3 RATE.

4 (2) (I) IF, FOR ANY OF THE FISCAL YEARS BEGINNING JULY
5 1, 2011, JULY 1, 2012, AND ON OR AFTER JULY 1, 2013, THE
6 ACTUARIALLY REQUIRED CONTRIBUTION RATE, CALCULATED
7 WITHOUT REGARD FOR THE COSTS ADDED BY LEGISLATION, IS
8 MORE THAN 3%, 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL
9 COMPENSATION OF ALL ACTIVE MEMBERS GREATER THAN THE PRIOR
10 YEAR'S FINAL CONTRIBUTION RATE, THEN THE COLLARED
11 CONTRIBUTION RATE SHALL BE APPLIED AND BE EQUAL TO THE
12 PRIOR YEAR'S FINAL CONTRIBUTION RATE INCREASED BY 3%,
13 3.5% AND 4.5%, RESPECTIVELY, OF TOTAL COMPENSATION OF ALL
14 ACTIVE MEMBERS.

15 (II) NOTWITHSTANDING SUBPARAGRAPH (I), IF, FOR
16 FISCAL YEAR BEGINNING JULY 1, 2016, THE ACTUARIALLY
17 REQUIRED CONTRIBUTION RATE, CALCULATED WITHOUT REGARD FOR
18 THE COSTS ADDED BY LEGISLATION, IS MORE THAN 2.25% OF THE
19 TOTAL COMPENSATION OF ALL ACTIVE MEMBERS GREATER THAN THE
20 PRIOR YEAR'S FINAL CONTRIBUTION RATE, THEN THE COLLARED
21 CONTRIBUTION RATE SHALL BE APPLIED AND BE EQUAL TO THE
22 PRIOR YEAR'S FINAL CONTRIBUTION RATE INCREASED BY 2.25%
23 OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS.

24 (III) OTHERWISE, AND FOR ALL OTHER FISCAL YEARS, THE
25 COLLARED CONTRIBUTION RATE SHALL NOT BE APPLICABLE. IN NO
26 CASE SHALL THE COLLARED CONTRIBUTION RATE BE LESS THAN 4%
27 OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS.

28 (3) FOR PURPOSES OF APPLYING THE COLLARED CONTRIBUTION
29 RATE, COMPENSATION FOR DETERMINING THE NORMAL CONTRIBUTION
30 RATE AND THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE

1 DEFINED AS THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND
2 ACTIVE PARTICIPANTS.

3 * * *

4 § 8330. APPROPRIATIONS BY THE COMMONWEALTH.

5 (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE
6 AND THROUGH THE GOVERNOR SUBMIT ANNUALLY TO THE GENERAL ASSEMBLY
7 AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS NECESSARY TO BE
8 APPROPRIATED BY THE COMMONWEALTH OUT OF THE GENERAL FUND
9 REQUIRED TO MEET THE SEPARATE OBLIGATIONS TO THE FUND AND THE
10 TRUST ACCRUING DURING THE FISCAL PERIOD BEGINNING JULY 1 OF THE
11 FOLLOWING YEAR.

12 (B) APPROPRIATION AND PAYMENT.--THE GENERAL ASSEMBLY SHALL
13 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE
14 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH
15 AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE
16 DEPARTMENT OF REVENUE INTO THE FUND OR THE TRUST WITHIN 30 DAYS
17 OF RECEIPT OF THE REQUISITION PRESENTED EACH QUARTER BY THE
18 BOARD.

19 SECTION 110. TITLE 24 IS AMENDED BY ADDING A SECTION TO
20 READ:

21 § 8331. EMPLOYER FUNDING MANDATE PROTECTION.

22 (A) LIMITED EXPANSION OF CONTRACTUAL RIGHT TO FUNDING.--
23 BEGINNING ON THE JULY 1 AFTER THE ACTUARIAL VALUATION IN WHICH
24 THE ACTUARY CERTIFIES THAT FINAL CONTRIBUTION RATE IS THE
25 ACTUARIALLY REQUIRED CONTRIBUTION, EACH ACTIVE MEMBER SHALL HAVE
26 A CONTRACTUAL RIGHT TO THE TIMELY PAYMENT OF THE ANNUAL
27 ACTUARIALLY REQUIRED CONTRIBUTIONS PURSUANT TO SECTION 8328
28 (RELATING TO ACTUARIAL COST METHOD) AND SECTION 8502 (K)
29 (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD) BY SUCH
30 MEMBER'S EMPLOYER. THE FOLLOWING APPLY:

1 (1) THE FAILURE OF A MEMBER'S EMPLOYER TO MAKE THE
2 ANNUALLY REQUIRED CONTRIBUTION TO THE FUND WILL BE DEEMED TO
3 BE AN IMPAIRMENT OF THE CONTRACTUAL RIGHT OF SUCH MEMBER.

4 (2) ANY CLAIM OF CONTRACT IMPAIRMENT SHALL BE BROUGHT
5 AGAINST THE EMPLOYER OF THE MEMBER FOR WHOM CONTRIBUTIONS
6 WERE NOT PAID AND NEITHER THE BOARD NOR THE SYSTEM OR THEIR
7 EMPLOYEES OR AGENTS SHALL BE A DEFENDANT IN ANY SUCH ACTION
8 OR LIABLE FOR ANY PAYMENTS OR DAMAGES ARISING FROM SUCH
9 IMPAIRMENT.

10 (B) JURISDICTION OF SUPREME COURT.--NOTWITHSTANDING 2
11 PA.C.S. (RELATING TO ADMINISTRATIVE LAW AND PROCEDURE), 42
12 PA.C.S. (RELATING TO JUDICIARY AND JUDICIAL PROCEDURE) OR ANY
13 OTHER PROVISION OF LAW, THE PENNSYLVANIA SUPREME COURT SHALL
14 HAVE EXCLUSIVE JURISDICTION TO DO AS FOLLOWS:

15 (1) HEAR ANY CLAIM OF CONTRACT IMPAIRMENT FOR FAILURE TO
16 PAY CERTIFIED CONTRIBUTIONS;

17 (2) RENDER A DECLARATORY JUDGMENT OR TAKE SUCH OTHER
18 ACTION AS IT DEEMS APPROPRIATE, CONSISTENT WITH THE SUPREME
19 COURT RETAINING JURISDICTION OVER SUCH MATTER; AND

20 (3) TO FIND FACTS OR TO EXPEDITE A FINAL JUDGMENT IN
21 CONNECTION WITH SUCH A CHALLENGE OR REQUEST FOR DECLARATORY
22 RELIEF.

23 (C) SOVEREIGN IMMUNITY WAIVED.--SOVEREIGN IMMUNITY IS HEREBY
24 WAIVED, AND THE PROVISIONS OF 42 PA.C.S. CH. 85 (RELATING TO
25 MATTERS AFFECTING GOVERNMENT UNITS) OR LACK OF JURISDICTION BY
26 THE SUPREME COURT SHALL NOT BE RAISED AS A DEFENSE AGAINST A
27 CLAIM BROUGHT AGAINST AN EMPLOYER UNDER THIS SECTION.

28 (D) ATTORNEY'S FEES.--A MEMBER WHO PREVAILS IN A CLAIM
29 BROUGHT UNDER THIS PART MAY BE AWARDED REASONABLE ATTORNEY'S
30 FEES.

1 (E) LIMITATION OF CONTRACT RIGHT.--NOTHING IN THIS SECTION
2 SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF
3 CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA,
4 BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART
5 OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO
6 CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY
7 CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED
8 CONTRIBUTIONS.

9 (F) EMPLOYER CONTRIBUTIONS.--NOTHING IN THIS SECTION SHALL
10 BE CONSTRUED TO SUPERSEDE OR CONFLICT WITH THE RIGHTS AND
11 OBLIGATIONS SET FORTH IN SECTION 8330 (RELATING TO
12 APPROPRIATIONS BY THE COMMONWEALTH).

13 SECTION 111. SECTION 8341 OF TITLE 24 IS AMENDED TO READ:
14 § 8341. RETURN OF ACCUMULATED DEDUCTIONS.

15 ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL
16 BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE
17 MAY BE ENTITLED, ELECT TO RECEIVE HIS ACCUMULATED DEDUCTIONS.

18 SECTION 112. SECTIONS 8342(A) AND 8344(A), (B) AND (D) OF
19 TITLE 24 IS AMENDED AND THE SECTIONS ARE AMENDED BY ADDING
20 SUBSECTIONS TO READ:

21 § 8342. MAXIMUM SINGLE LIFE ANNUITY.

22 (A) GENERAL RULE.--UPON TERMINATION OF SERVICE, ANY FULL
23 COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT
24 TO THE PROVISIONS OF SECTION 8307(A) OR (B) (RELATING TO
25 ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN
26 ACCORDANCE WITH THE PROVISIONS OF SECTION 8507(F) (RELATING TO
27 RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS], MEMBERS AND
28 PARTICIPANTS) SHALL BE ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE
29 ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND EQUAL TO THE
30 SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES BEGINNING AT THE

1 EFFECTIVE DATE OF RETIREMENT AND, IN CASE THE MEMBER ON THE
2 EFFECTIVE DATE OF RETIREMENT IS UNDER SUPERANNUATION AGE,
3 MULTIPLIED BY A REDUCTION FACTOR CALCULATED TO PROVIDE BENEFITS
4 ACTUARIALLY EQUIVALENT TO AN ANNUITY STARTING AT SUPERANNUATION
5 AGE: PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE
6 CASE OF ANY MEMBER WHO HAS ATTAINED AGE 55 AND HAS 25 OR MORE
7 ELIGIBILITY POINTS SUCH SUM OF SINGLE LIFE ANNUITIES SHALL BE
8 REDUCED BY A PERCENTAGE DETERMINED BY MULTIPLYING THE NUMBER OF
9 MONTHS, INCLUDING A FRACTION OF A MONTH AS A FULL MONTH, BY
10 WHICH THE EFFECTIVE DATE OF RETIREMENT PRECEDES SUPERANNUATION
11 AGE BY 1/4%: FURTHER PROVIDED, IN NO EVENT SHALL A CLASS T-E
12 [OR], CLASS T-F OR CLASS T-G MEMBER RECEIVE AN ANNUAL BENEFIT,
13 CALCULATED AS OF THE EFFECTIVE DATE OF RETIREMENT, GREATER THAN
14 THE MEMBER'S FINAL AVERAGE SALARY:

15 (1) A [STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE]
16 SINGLE LIFE ANNUITY THAT IS THE SUM OF ANNUITIES DETERMINED
17 SEPARATELY FOR EACH CLASS OF SERVICE [MULTIPLIER] AND
18 CALCULATED ON THE BASIS OF THE NUMBER OF YEARS OF CREDITED
19 SCHOOL SERVICE OTHER THAN CONCURRENT SERVICE.

20 (2) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE
21 CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF
22 THE NUMBER OF YEARS OF CONCURRENT SERVICE AND MULTIPLIED BY
23 THE RATIO OF TOTAL COMPENSATION RECEIVED IN THE SCHOOL SYSTEM
24 DURING THE PERIOD OF CONCURRENT SERVICE TO THE TOTAL
25 COMPENSATION RECEIVED DURING SUCH PERIOD.

26 (3) A SUPPLEMENTAL ANNUITY SUCH THAT THE TOTAL ANNUITY
27 PRIOR TO ANY OPTIONAL MODIFICATION OR ANY REDUCTION DUE TO
28 RETIREMENT PRIOR TO SUPERANNUATION AGE SHALL BE AT LEAST \$100
29 FOR EACH FULL YEAR OF CREDITED SERVICE.

30 * * *

1 (D) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
2 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE
3 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,
4 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
5 IN THE PLAN.

6 § 8344. DISABILITY ANNUITIES.

7 (A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION
8 FOR A DISABILITY ANNUITY AS PROVIDED IN SECTION 8507(K)
9 (RELATING TO RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND],
10 MEMBERS AND PARTICIPANTS) AND HAS BEEN FOUND TO BE ELIGIBLE IN
11 ACCORDANCE WITH THE PROVISIONS OF SECTIONS 8307(C) (RELATING TO
12 ELIGIBILITY FOR ANNUITIES) AND 8505(C) (1) (RELATING TO DUTIES OF
13 BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS AND
14 PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM
15 THE EFFECTIVE DATE OF DISABILITY AND CONTINUED UNTIL A
16 SUBSEQUENT DETERMINATION BY THE BOARD THAT THE ANNUITANT IS NO
17 LONGER ENTITLED TO A DISABILITY ANNUITY. THE DISABILITY ANNUITY
18 SHALL BE A SINGLE LIFE ANNUITY THAT IS EQUAL TO A SUM OF THE
19 STANDARD SINGLE LIFE [ANNUITY] ANNUITIES DETERMINED SEPARATELY
20 FOR EACH CLASS OF SERVICE IF THE TOTAL NUMBER OF YEARS OF
21 CREDITED SERVICE IS GREATER THAN 16.667, OTHERWISE [THE] EACH
22 STANDARD SINGLE LIFE ANNUITY SHALL BE MULTIPLIED BY THE LESSER
23 OF THE FOLLOWING RATIOS:

24
$$Y^*/Y \text{ OR } 16.667/Y$$

25 WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE AND Y* =
26 TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE
27 AS A SCHOOL EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE, OR IF
28 THE MEMBER HAS ATTAINED SUPERANNUATION AGE THEN THE NUMBER OF
29 YEARS OF CREDITED SERVICE. IN NO EVENT SHALL THE DISABILITY
30 ANNUITY PLUS ANY COST-OF-LIVING INCREASES BE LESS THAN \$100 FOR

1 EACH FULL YEAR OF CREDITED SERVICE. THE MEMBER SHALL BE ENTITLED
2 TO THE ELECTION OF A JOINT AND SURVIVOR ANNUITY ON THAT PORTION
3 OF THE DISABILITY ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION
4 8342 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY).

5 (B) REDUCTION ON ACCOUNT OF EARNED INCOME.--PAYMENTS ON
6 ACCOUNT OF DISABILITY SHALL BE REDUCED BY THAT AMOUNT BY WHICH
7 THE EARNED INCOME OF THE ANNUITANT, AS REPORTED IN ACCORDANCE
8 WITH SECTION 8508(B) (RELATING TO RIGHTS AND DUTIES OF
9 ANNUITANTS) FOR THE PRECEDING YEAR TOGETHER WITH THE DISABILITY
10 ANNUITY PAYMENTS FOR THE YEAR, EXCEEDS THE GREATER OF \$5,000 OR
11 THE LAST YEAR'S SALARY OF THE ANNUITANT AS A [SCHOOL EMPLOYEE]
12 MEMBER OF THE SYSTEM, PROVIDED THAT THE ANNUITANT SHALL NOT
13 RECEIVE LESS THAN HIS MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE
14 MAY BE ENTITLED UNDER SECTION 8342, WHICHEVER IS GREATER.

15 * * *

16 (D) WITHDRAWAL OF ACCUMULATED DEDUCTIONS.--UPON TERMINATION
17 OF DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY
18 CALCULATED IN ACCORDANCE WITH SECTION 8342, A DISABILITY
19 ANNUITANT WHO[:

20 (1) IS A CLASS T-C OR CLASS T-D MEMBER; OR

21 (2) IS A CLASS T-E OR CLASS T-F MEMBER WITH LESS THAN
22 TEN ELIGIBILITY POINTS

23 AND WHO] DOES NOT RETURN TO SCHOOL SERVICE MAY FILE AN
24 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE
25 ACCUMULATED DEDUCTIONS, SHARED-RISK MEMBER CONTRIBUTIONS AND
26 STATUTORY INTEREST STANDING TO HIS CREDIT AT THE EFFECTIVE DATE
27 OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED ON ACCOUNT OF HIS
28 MEMBER'S ANNUITY.

29 * * *

30 (F) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT

1 OF A DISABILITY ANNUITY UNDER THIS SECTION SHALL BE IN ADDITION
2 TO ANY PAYMENTS A SCHOOL EMPLOYEE MAY BE ENTITLED TO RECEIVE,
3 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
4 IN THE PLAN.

5 SECTION 113. SECTIONS 8345(A), 8346(A), (A.1), (B), (B.1)(1)
6 AND (D)(1), 8347(A) AND (B) AND 8349(A) AND (B) OF TITLE 24 ARE
7 AMENDED TO READ:

8 § 8345. MEMBER'S OPTIONS.

9 (A) GENERAL RULE.--ANY CLASS T-C [OR], CLASS T-D OR CLASS T-
10 G MEMBER WHO IS A VESTEE WITH FIVE OR MORE ELIGIBILITY POINTS,
11 ANY CLASS T-E OR CLASS T-F MEMBER WHO IS A VESTEE WITH TEN OR
12 MORE ELIGIBILITY POINTS, OR ANY [OTHER] ELIGIBLE MEMBER UPON
13 TERMINATION OF SCHOOL SERVICE [WHO HAS NOT WITHDRAWN HIS
14 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 8341 (RELATING TO
15 RETURN OF ACCUMULATED DEDUCTIONS)] WHO IS ELIGIBLE TO RECEIVE AN
16 ANNUITY, MAY APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM
17 SINGLE LIFE ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE
18 PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE
19 ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE
20 ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN
21 ACCORDANCE WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO
22 MEMBER SHALL ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR
23 ANNUITANTS OTHER THAN HIS SPOUSE OR ALTERNATE PAYEE OF SUCH A
24 MAGNITUDE THAT THE PRESENT VALUE OF THE ANNUITY PAYABLE TO HIM
25 FOR LIFE PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO
26 RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM
27 SINGLE LIFE ANNUITY. IN NO EVENT SHALL A CLASS T-E OR CLASS T-F
28 MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF THE EFFECTIVE
29 DATE OF RETIREMENT, GREATER THAN THE MEMBER'S FINAL AVERAGE
30 SALARY.

1 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH A
2 GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE
3 MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF
4 RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS
5 RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE
6 SHALL BE PAYABLE TO HIS BENEFICIARY.

7 (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE
8 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
9 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
10 LIVING AT HIS DEATH.

11 (3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR
12 ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE-
13 HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR
14 ANNUITANT, IF LIVING AT HIS DEATH.

15 (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE
16 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
17 MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
18 RESTRICTIONS:

19 (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
20 DURING THE LIFETIME OF THE MEMBER.

21 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
22 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
23 ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER.

24 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
25 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
26 EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS
27 STANDING TO THE CREDIT OF THE MEMBER. THE BALANCE OF THE
28 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED
29 IN ACCORDANCE WITH SECTION 8342(B) SHALL BE PAID IN THE
30 FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A

1 SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR
2 ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS
3 OF SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH. [THIS
4 SUBPARAGRAPH SHALL NOT APPLY TO A CLASS T-E OR CLASS T-F
5 MEMBER.] FOR PURPOSES OF THIS SUBPARAGRAPH, THE TERM
6 "ACTUARIALLY EQUIVALENT," AS APPLIED TO:

7 (A) ANY LUMP SUM WITHDRAWAL ATTRIBUTABLE TO
8 CONTRIBUTIONS CREDITED TO THE MEMBER'S SAVINGS
9 ACCOUNT OF CLASS T-C AND CLASS T-D MEMBERS ON OR
10 AFTER JULY 1, 2016; OR

11 (B) ANY LUMP SUM WITHDRAWAL ATTRIBUTABLE TO
12 CONTRIBUTIONS CREDITED TO THE MEMBER'S SAVINGS
13 ACCOUNT OF CLASS T-E, CLASS T-F OR CLASS T-G MEMBERS,
14 TOGETHER WITH STATUTORY INTEREST THEREON, SHALL MEAN
15 EQUAL PRESENT VALUES, COMPUTED ON THE BASIS OF THE
16 INTEREST RATE AND SUCH MORTALITY AND OTHER TABLES AS
17 ADOPTED BY THE BOARD PURSUANT TO SECTION 8328(B)
18 (RELATING TO ACTUARIAL COST METHOD) IN EFFECT ON THE
19 EFFECTIVE DATE OF RETIREMENT OF THE MEMBER. ANY
20 PARTIAL LUMP SUM WITHDRAWAL OF CLASS T-C AND CLASS T-
21 D MEMBERS SHALL BE APPLIED FIRST TO CONTRIBUTIONS
22 CREDITED TO THE MEMBER'S SAVINGS ACCOUNT BEFORE JULY
23 1, 2016, AND ALL STATUTORY INTEREST CREDITED THEREON.

24 * * *

25 § 8346. TERMINATION OF ANNUITIES.

26 (A) GENERAL RULE.--IF AN ANNUITANT RETURNS TO SCHOOL SERVICE
27 OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE
28 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART
29 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL
30 SERVICE OR ENTERING STATE SERVICE WITHOUT REGARD TO WHETHER HE

1 IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
2 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,
3 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR
4 PARTICIPANT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR STATE
5 EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF AN
6 ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF
7 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT
8 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR
9 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY
10 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF
11 MEMBERSHIP SERVICE AS PROVIDED IN SECTION 8302 (B.2) (RELATING TO
12 CREDITED SCHOOL SERVICE) AND WHO RETURNS TO SCHOOL SERVICE,
13 EXCEPT AS PROVIDED IN SUBSECTION (B), SHALL FORFEIT SUCH
14 CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE
15 ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN APPLIED
16 TO HIS ACCOUNT. IN THE EVENT THAT THE COST-OF-LIVING INCREASE
17 ENACTED DECEMBER 18, 1979, OCCURRED DURING THE PERIOD OF SUCH
18 STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE SHALL BE
19 INCREASED, ON OR AFTER THE MEMBER ATTAINS SUPERANNUATION AGE, BY
20 THE PERCENT APPLICABLE HAD HE NOT RETURNED TO SERVICE.

21 (A.1) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE
22 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES
23 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO
24 SECTION 8345 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE
25 OF HIS RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE, THE
26 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM
27 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE
28 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS
29 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN
30 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR A STATE EMPLOYEE

1 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT
2 SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY
3 DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER
4 AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO
5 BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT
6 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL
7 SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION
8 DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION
9 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE
10 DISCRETION DETERMINES. IN THE CASE OF A STATE EMPLOYEE WHO IS AN
11 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE
12 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
13 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO
14 THE BOARD THE AMOUNTS PAID.

15 * * *

16 (B) RETURN TO SCHOOL SERVICE DURING EMERGENCY.--WHEN, IN THE
17 JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE IN
18 THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF SERVICE
19 TO THE PUBLIC OR IN THE EVENT OF A SHORTAGE OF APPROPRIATE
20 SUBJECT CERTIFIED TEACHERS OR OTHER PERSONNEL, AN ANNUITANT OR
21 PARTICIPANT RECEIVING DISTRIBUTIONS MAY BE RETURNED TO SCHOOL
22 SERVICE FOR A PERIOD NOT TO EXTEND BEYOND THE SCHOOL YEAR DURING
23 WHICH THE EMERGENCY OR SHORTAGE OCCURS, WITHOUT LOSS OF HIS
24 ANNUITY OR DISTRIBUTIONS. THE ANNUITANT OR PARTICIPANT RECEIVING
25 DISTRIBUTIONS SHALL NOT BE ENTITLED TO EARN ANY CREDITED
26 SERVICE, AND NO CONTRIBUTIONS MAY BE MADE TO THE FUND OR THE
27 TRUST BY THE ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS,
28 THE EMPLOYER OR THE COMMONWEALTH ON ACCOUNT OF SUCH EMPLOYMENT.
29 SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR PARTICIPANT
30 CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE

1 SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY
2 PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR
3 EMPLOYER DEFINED CONTRIBUTIONS.

4 (B.1) RETURN TO SCHOOL SERVICE IN AN EXTRACURRICULAR
5 POSITION.--

6 (1) AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS
7 MAY BE EMPLOYED UNDER SEPARATE CONTRACT BY A PUBLIC SCHOOL OR
8 CHARTER SCHOOL IN AN EXTRACURRICULAR POSITION PERFORMED
9 PRIMARILY OUTSIDE REGULAR INSTRUCTIONAL HOURS AND NOT PART OF
10 MANDATED CURRICULUM WITHOUT LOSS OF ANNUITY. [NEITHER THE
11 ANNUITANT NOR] THE ANNUITANT, THE PARTICIPANT RECEIVING
12 DISTRIBUTIONS AND THE EMPLOYER SHALL NOT MAKE CONTRIBUTIONS
13 TO THE MEMBER'S SAVINGS ACCOUNT, THE INDIVIDUAL INVESTMENT
14 ACCOUNT OR STATE ACCUMULATION ACCOUNT RESPECTIVELY FOR SUCH
15 SERVICE. FURTHER, SUCH CONTRACT SHALL CONTAIN A WAIVER
16 WHEREBY THE ANNUITANT WAIVES ANY POTENTIAL RETIREMENT
17 BENEFITS THAT COULD ARISE FROM THE CONTRACT AND RELEASES THE
18 EMPLOYER AND THE BOARD FROM ANY LIABILITY FOR SUCH BENEFITS.
19 SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR PARTICIPANT
20 CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE
21 SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY
22 PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER DEFINED
23 CONTRIBUTIONS.

24 * * *

25 (D) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

26 (1) AN ANNUITANT WHO RETURNS TO SCHOOL SERVICE AS AN
27 ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY
28 POINTS BY PERFORMING CREDITED SCHOOL SERVICE OR REEMPLOYMENT
29 FROM USERRA LEAVE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT
30 OF AN ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO ENTERS

1 STATE SERVICE AND:

2 (I) IS A MULTIPLE SERVICE MEMBER; OR

3 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND
4 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE
5 SERVICE, REEMPLOYMENT FROM USERRA LEAVE OR CREDITED SCHOOL
6 SERVICE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN
7 ANNUITY UNDER THIS PART, AND WHO HAD THE PRESENT VALUE OF HIS
8 ANNUITY FROZEN IN ACCORDANCE WITH SUBSECTION (A), SHALL
9 QUALIFY TO HAVE THE EFFECT OF THE FROZEN PRESENT VALUE
10 RESULTING FROM ALL PREVIOUS PERIODS OF RETIREMENT ELIMINATED,
11 PROVIDED THAT ALL PAYMENTS UNDER OPTION 4 AND ANNUITY
12 PAYMENTS PAYABLE DURING PREVIOUS PERIODS OF RETIREMENT PLUS
13 INTEREST AS SET FORTH IN PARAGRAPH (3) SHALL BE RETURNED TO
14 THE FUND IN THE FORM OF AN ACTUARIAL ADJUSTMENT TO HIS
15 SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE BOARD MAY
16 OTHERWISE DIRECT.

17 (2) UPON SUBSEQUENT DISCONTINUANCE OF SERVICE AND THE
18 FILING OF AN APPLICATION FOR AN ANNUITY FROM THE SYSTEM, A
19 FORMER ANNUITANT WHO QUALIFIES TO HAVE THE EFFECT OF A FROZEN
20 PRESENT VALUE ELIMINATED UNDER THIS SUBSECTION SHALL BE
21 ENTITLED TO RECEIVE THE HIGHER OF EITHER:

22 (I) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)
23 CALCULATED AS IF THE FREEZING OF THE FORMER ANNUITANT'S
24 ACCOUNT PURSUANT TO SUBSECTION (A) HAD NOT OCCURRED,
25 ADJUSTED BY CREDITING CLASS T-C SCHOOL SERVICE AS CLASS
26 T-D SERVICE AS PROVIDED FOR IN SECTION 8305(C) (RELATING
27 TO CLASSES OF SERVICE) AND FURTHER ADJUSTED ACCORDING TO
28 PARAGRAPH (3), PROVIDED THAT A FORMER ANNUITANT OF THE
29 SYSTEM OR A FORMER ANNUITANT OF THE STATE EMPLOYEES'
30 RETIREMENT SYSTEM WHO RETIRED UNDER A PROVISION OF LAW

1 GRANTING ADDITIONAL SERVICE CREDIT IF TERMINATION OF
2 SCHOOL OR STATE SERVICE OR RETIREMENT OCCURRED DURING A
3 SPECIFIC PERIOD OF TIME SHALL NOT BE PERMITTED TO RETAIN
4 THE ADDITIONAL SERVICE CREDIT UNDER THE PRIOR LAW WHEN
5 THE ANNUITY IS COMPUTED FOR HIS MOST RECENT RETIREMENT;
6 OR

7 (II) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)
8 CALCULATED AS IF THE FORMER ANNUITANT DID NOT QUALIFY TO
9 HAVE THE EFFECT ON THE FROZEN PRESENT VALUE ELIMINATED,
10 UNLESS THE FORMER ANNUITANT NOTIFIES THE BOARD IN WRITING BY
11 THE LATER OF THE DATE THE APPLICATION FOR ANNUITY IS FILED OR
12 THE EFFECTIVE DATE OF RETIREMENT THAT THE FORMER ANNUITANT
13 WISHES TO RECEIVE THE LOWER ANNUITY.

14 * * *

15 § 8347. DEATH BENEFITS.

16 (A) MEMBERS ELIGIBLE FOR ANNUITIES.--ANY MEMBER OR FORMER
17 MEMBER ON USERRA LEAVE, OTHER THAN AN ANNUITANT, WHO DIES AND
18 WAS ELIGIBLE FOR AN ANNUITY IN ACCORDANCE WITH SECTION 8307(A)
19 OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) SHALL BE
20 CONSIDERED AS HAVING APPLIED FOR AN ANNUITY FROM THE FUND TO
21 BECOME EFFECTIVE THE DAY BEFORE HIS DEATH; AND, IN THE EVENT HE
22 HAS NOT ELECTED AN OPTION, IT SHALL BE ASSUMED THAT HE ELECTED
23 OPTION 1 AND ASSIGNED AS BENEFICIARY THAT PERSON LAST DESIGNATED
24 IN WRITING TO THE BOARD.

25 (B) MEMBERS INELIGIBLE FOR ANNUITIES.--IN THE EVENT OF THE
26 DEATH OF ANY MEMBER OR FORMER MEMBER ON USERRA LEAVE, OTHER THAN
27 AN ANNUITANT, WHO IS NOT ENTITLED TO A DEATH BENEFIT AS PROVIDED
28 IN SUBSECTION (A), HIS DESIGNATED BENEFICIARY SHALL BE PAID THE
29 FULL AMOUNT OF HIS ACCUMULATED DEDUCTIONS PAYABLE FROM THE FUND.

30 * * *

1 § 8349. PAYMENT OF BENEFITS FROM THE SYSTEM.

2 (A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF
3 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY
4 INSTALLMENTS.

5 (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT
6 PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION
7 8347 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF
8 OPTION 1 OF SECTION 8345(A) (1) (RELATING TO MEMBER'S OPTIONS) IS
9 \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT
10 ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

11 (1) A LUMP SUM PAYMENT.

12 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT
13 PAYABLE.

14 (3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE
15 ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS
16 THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

17 * * *

18 SECTION 114. TITLE 24 IS AMENDED BY ADDING A CHAPTER TO
19 READ:

20 CHAPTER 84

21 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN

22 SEC.

23 8401. ESTABLISHMENT.

24 8402. PLAN DOCUMENT.

25 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

26 8404. PARTICIPANT CONTRIBUTIONS.

27 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

28 8406. EMPLOYER DEFINED CONTRIBUTIONS.

29 8407. ELIGIBILITY FOR BENEFITS.

30 8408. DEATH BENEFITS.

1 8409. VESTING.

2 8410. TERMINATION OF DISTRIBUTIONS.

3 8411. POWERS AND DUTIES OF BOARD.

4 8412. RESPONSIBILITY FOR INVESTMENT LOSS.

5 8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION
6 CHOICES.

7 8414. EXPENSES.

8 8415. TAX QUALIFICATION.

9 § 8401. ESTABLISHMENT.

10 (A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE SCHOOL
11 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD
12 SHALL ADMINISTER AND MANAGE THE PLAN, WHICH SHALL BE A DEFINED
13 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL
14 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
15 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
16 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT
17 INCONSISTENT WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW
18 AND SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.

19 (B) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE
20 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS
21 PART OF THE PLAN IN ACCORDANCE WITH THIS PART. THE TRUST SHALL
22 BE COMPRISED OF THE INDIVIDUAL INVESTMENT ACCOUNTS, ALL ASSETS
23 AND MONEYS IN THOSE ACCOUNTS AND ANY ASSETS AND MONIES HELD BY
24 THE BOARD AS PART OF THE PLAN THAT ARE NOT ALLOCATED TO THE
25 INDIVIDUAL INVESTMENT ACCOUNTS. THE MEMBERS OF THE BOARD SHALL
26 BE THE TRUSTEES OF THE TRUST, WHICH SHALL BE ADMINISTERED
27 EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL EMPLOYEES WHO
28 PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES WITHIN THE
29 MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE BOARD SHALL
30 DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT INCONSISTENT

1 WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW AND SHALL
2 PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE TRUST.

3 (C) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE PLAN
4 THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE
5 PARTICIPANTS, THE COMMONWEALTH AND EMPLOYERS IN ACCORDANCE WITH
6 THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
7 PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE
8 EXCLUSIVE BENEFIT OF THE PLAN'S PARTICIPANTS AND THEIR
9 BENEFICIARIES UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO
10 THE PARTICIPANTS OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE
11 TERMS OF THE PLAN DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST
12 FOR THE EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR
13 BENEFICIARIES MAY BE USED FOR THE PAYMENT OF THE FEES, COSTS AND
14 EXPENSES RELATED TO THE ADMINISTRATION AND INVESTMENT OF THE
15 PLAN AND THE TRUST.

16 (D) NAME FOR TRANSACTING BUSINESS.--BY THE NAME OF "THE
17 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN," ALL OF THE
18 BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED,
19 ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF
20 ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD, EXCEPT
21 THAT, ANY OTHER LAW TO THE CONTRARY NOTWITHSTANDING, THE BOARD
22 MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE
23 OF REGISTERING SECURITIES TO FACILITATE THE PURCHASE, SALE OR
24 OTHER DISPOSITION OF SECURITIES PURSUANT TO THE PROVISIONS OF
25 THIS PART.

26 § 8402. PLAN DOCUMENT.

27 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE
28 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS
29 OF THE PLAN AND IN A TRUST DECLARATION. THE CREATION OF THE
30 DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE

1 TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND
2 PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY
3 REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE
4 ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE
5 COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER
6 LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE
7 CONTEXT CLEARLY INDICATES OTHERWISE.

8 § 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

9 THE BOARD:

10 (1) SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL
11 INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL
12 CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON
13 BEHALF OF A PARTICIPANT SHALL BE CREDITED TO THE
14 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH
15 ALL INTEREST AND INVESTMENT EARNINGS AND LOSSES. INVESTMENT
16 AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL BE CHARGED
17 TO THE PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.

18 (2) SHALL SEPARATELY TRACK PARTICIPANT CONTRIBUTIONS,
19 INCLUDING INVESTMENT GAINS AND LOSSES, AND EMPLOYER
20 CONTRIBUTIONS, INCLUDING INVESTMENT GAINS AND LOSSES, BUT ALL
21 INTEREST, INVESTMENT GAINS AND LOSSES AND ADMINISTRATIVE
22 FEES, COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.

23 (3) MAY CONTRACT WITH FINANCIAL INSTITUTIONS, INSURANCE
24 COMPANIES OR OTHER TYPES OF THIRD-PARTY PROVIDERS AND OTHER
25 VENDORS TO ALLOW PARTICIPANTS TO DEPOSIT PARTICIPANT
26 CONTRIBUTIONS INTO THE INDIVIDUAL INVESTMENT ACCOUNTS IN A
27 FORM AND MANNER AS PROVIDED BY THE CONTRACT.

28 § 8404. PARTICIPANT CONTRIBUTIONS.

29 (A) MANDATORY CONTRIBUTIONS.--A PARTICIPANT SHALL MAKE
30 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL

1 DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
2 FOR SCHOOL SERVICE REQUIRED TO BE CREDITED IN THE PLAN. THE
3 EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE REQUIRED TO
4 BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM EACH
5 PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.

6 (B) VOLUNTARY CONTRIBUTIONS.--A PARTICIPANT MAY MAKE
7 VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH
8 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF
9 MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE
10 EXTENT ALLOWED BY IRC § 402. ROLLOVERS SHALL BE MADE IN A FORM
11 AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO THE
12 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE
13 SEPARATELY ACCOUNTED FOR BY THE BOARD.

14 (C) PROHIBITION ON CONTRIBUTIONS.--NO CONTRIBUTIONS SHALL BE
15 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
16 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
17 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
18 DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS
19 IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE
20 CONTRIBUTIONS SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.
21 § 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

22 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--THE
23 CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION
24 8404(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO
25 SCHOOL SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED
26 UP BY THE EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S
27 CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE EFFECTIVE
28 DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A PARTICIPANT IN THE
29 PLAN SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT
30 CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF THE

1 PARTICIPANT.

2 (B) TREATMENT FOR OTHER PURPOSES.--FOR ALL OTHER PURPOSES
3 UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT
4 CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A
5 PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE
6 CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT
7 PICKED UP.

8 § 8406. EMPLOYER DEFINED CONTRIBUTIONS.

9 (A) CONTRIBUTIONS FOR SERVICE.--THE EMPLOYER OF A
10 PARTICIPANT SHALL MAKE EMPLOYER DEFINED CONTRIBUTIONS FOR
11 SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE CREDITED TO THE
12 ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. EMPLOYER
13 DEFINED CONTRIBUTIONS MUST BE RECORDED AND ACCOUNTED FOR
14 SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.

15 (B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED
16 FROM USERRA LEAVE.--WHEN A SCHOOL EMPLOYEE REEMPLOYED FROM
17 USERRA LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT
18 CONTRIBUTIONS PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE
19 EMPLOYER BY WHOM THE SCHOOL EMPLOYEE IS EMPLOYED AT THE TIME THE
20 PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER EMPLOYER
21 DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS SECTION
22 HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS AFTER
23 BEING REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE EMPLOYED IN
24 THE EMPLOYEE'S SCHOOL POSITION INSTEAD OF PERFORMING USERRA
25 LEAVE. THE EMPLOYER DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE
26 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE
27 PROVIDED BY THIS PART.

28 (C) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS SHALL BE
29 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
30 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN

1 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
2 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
3 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
4 EARNINGS THEREON SHALL BE REFUNDED TO THE EMPLOYER BY THE BOARD.
5 § 8407. ELIGIBILITY FOR BENEFITS.

6 (A) TERMINATION OF SERVICE.--A PARTICIPANT WHO TERMINATES
7 SCHOOL SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED
8 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE
9 PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
10 ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
11 PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
12 ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A
13 PARTICIPANT WHO WITHDRAWS THE VESTED ACCUMULATED TOTAL DEFINED
14 CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
15 NOTWITHSTANDING THAT THE FORMER SCHOOL EMPLOYEE MAY CONTINUE TO
16 BE A MEMBER OF THE SYSTEM WITH CLASS T-G SERVICE CREDIT, OR MAY
17 CONTRACT TO RECEIVE AN ANNUITY OR OTHER FORM OF PAYMENT FROM A
18 PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.

19 (B) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS PURSUANT TO THIS
20 SECTION SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
21 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
22 IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY
23 DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
24 THOSE REQUIREMENTS.

25 (C) PROHIBITED DISTRIBUTIONS.--A SCHOOL EMPLOYEE MUST BE
26 TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP
27 IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO
28 RECEIVE A DISTRIBUTION.

29 (D) LOANS.--LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
30 OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO

1 SCHOOL EMPLOYEES WHO HAVE NOT TERMINATED SCHOOL SERVICE ARE NOT
2 PERMITTED, EXCEPT AS REQUIRED BY LAW.

3 (E) SMALL INDIVIDUAL INVESTMENT ACCOUNTS.-- A PARTICIPANT
4 WHO TERMINATES SCHOOL SERVICE AND WHOSE VESTED ACCUMULATED TOTAL
5 DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW
6 AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED
7 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS
8 PROVIDED IN IRC § 401(A) (31).
9 § 8408. DEATH BENEFITS.

10 (A) GENERAL RULE.--IN THE EVENT OF THE DEATH OF AN ACTIVE
11 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
12 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
13 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
14 SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN
15 DOCUMENT.

16 (B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS.--IN THE
17 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE
18 BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
19 BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
20 LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
21 THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE
22 METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE
23 PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S
24 BENEFICIARY OR SUCCESSOR PAYEE AS PROVIDED IN THE PLAN DOCUMENT.

25 (C) CONTRACTS.--THE BOARD MAY CONTRACT WITH FINANCIAL
26 INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY
27 PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM
28 DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM
29 AND MANNER AS PROVIDED BY THE CONTRACT.
30 § 8409. VESTING.

1 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT TO THE
2 FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 8533 (RELATING
3 TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS
4 PROVIDED BY LAW, A PARTICIPANT SHALL BE IMMEDIATELY VESTED WITH
5 RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
6 VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT
7 TO THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR LOSSES ON THE
8 PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND
9 ADMINISTRATIVE CHARGES.

10 (B) EMPLOYER DEFINED CONTRIBUTIONS.--

11 (1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS
12 OF SECTION 8533 OR OTHERWISE AS PROVIDED BY LAW, A
13 PARTICIPANT SHALL BE VESTED WITH RESPECT TO EMPLOYER DEFINED
14 CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT
15 ACCOUNT IN THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR
16 LOSSES ON THE EMPLOYER DEFINED CONTRIBUTIONS BUT MINUS
17 INVESTMENT FEES AND ADMINISTRATIVE CHARGES ACCORDING TO THE
18 FOLLOWING SCHEDULE:

19 (I) UNTIL SUCH TIME AS THE PARTICIPANT HAS EARNED
20 THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 0%;

21 (II) AT AND AFTER THE ATTAINMENT OF THREE
22 ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 100%.

23 (2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY
24 POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF
25 SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE
26 PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN
27 AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.

28 (3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS, INCLUDING
29 INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED
30 BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST

1 RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS.

2 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN
3 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
4 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER
5 THIS SECTION FOR THE SCHOOL SERVICE THAT WOULD HAVE BEEN
6 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

7 § 8410. TERMINATION OF DISTRIBUTIONS.

8 (A) RETURN TO SCHOOL SERVICE.--

9 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
10 PARTICIPANT WHO RETURNS TO SCHOOL SERVICE SHALL CEASE
11 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE
12 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
13 SCHOOL SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS
14 A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
15 PARTICIPANT IN THE PLAN.

16 (2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION
17 THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN
18 ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.

19 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

20 (1) IF A FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM
21 USERRA LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE
22 PLAN DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO
23 THE BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN
24 THE PLAN DOCUMENT.

25 (2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
26 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
27 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR, IN
28 THE CASE OF AN ACTIVE PARTICIPANT, MAY BE AMORTIZED WITH
29 INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY
30 DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE

1 PARTICIPANT AND THE BOARD, BUT NOT LONGER THAN A PERIOD THAT
2 STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUING FOR UP TO
3 THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S IMMEDIATE
4 PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD SHALL NOT
5 EXCEED FIVE YEARS.

6 § 8411. POWERS AND DUTIES OF BOARD.

7 THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN
8 CHAPTER 85, SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
9 ESTABLISH THE PLAN AND TRUST AND TO ADMINISTER THE PROVISIONS OF
10 THIS PART:

11 (1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
12 ASSETS OF OTHER PERSONS OR ENTITIES.

13 (2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
14 AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE
15 PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM
16 THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS, EXCEPT AS
17 OTHERWISE PROVIDED IN THIS PART OR AS THE GENERAL ASSEMBLY
18 OTHERWISE PROVIDES THROUGH APPROPRIATIONS FROM THE GENERAL
19 FUND.

20 (3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND
21 LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY
22 MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.

23 (4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS
24 OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED
25 STATUS OF THE PLAN.

26 (5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO
27 PARTICIPATE IN THE PLAN BY THOSE SCHOOL EMPLOYEES FOR WHOM
28 PARTICIPATION IS NOT MANDATORY.

29 (6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT
30 REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF

1 ASSURING IT CONTINUES TO MEET ALL STANDARDS AND CRITERIA
2 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 QUALIFICATION AND OTHER RULES OF IRC.

13 (10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR
14 THE LAWFUL PAYMENT OF BENEFITS.

15 (11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A
16 TERMINATION OF SCHOOL SERVICE.

17 (12) THE BOARD MAY ESTABLISH PROCEDURES FOR
18 DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
19 IRC.

20 (13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
21 DOCUMENT OR TO PROMULGATE RULES AND REGULATIONS AS IT DEEMS
22 NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
23 INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:

24 (I) PROCEDURES BY WHICH ELIGIBLE PARTICIPANTS MAY
25 CHANGE VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT
26 CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS
27 REGARDING THEIR PARTICIPATION IN THE PLAN.

28 (II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
29 PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS
30 FROM A PARTICIPANT'S COMPENSATION.

1 (III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-
2 TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED BY
3 THE BOARD AS PART OF THE PLAN.

4 (IV) STANDARDS AND CRITERIA FOR PROVIDING OPTIONS TO
5 ELIGIBLE INDIVIDUALS REGARDING INVESTMENT OF AMOUNTS
6 DEFERRED UNDER THE PLAN. ONE OF THE AVAILABLE OPTIONS
7 MUST SERVE AS THE DEFAULT OPTION FOR PARTICIPANTS WHO DO
8 NOT MAKE A TIMELY ELECTION.

9 (V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE
10 PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME
11 ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL
12 FEEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS
13 DEFERRED TO COVER THE COSTS AND EXPENSES OF ADMINISTERING
14 AND MANAGING THE PLAN OR TRUST.

15 (VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE
16 MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION
17 FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES
18 CONSISTENT WITH THE PURPOSE OF THE PLAN.

19 (14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION
20 REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES
21 THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF
22 THE PLAN.

23 (15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN
24 LIEU OF STAFF EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED BY
25 LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT REQUIRED
26 BY LAW TO BE PERFORMED BY THE BOARD MAY BE DELEGATED TO A
27 THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.

28 (16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE
29 EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE
30 EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.

1 (17) THE PROVISIONS AND RESTRICTIONS OF THE ACT OF JULY
2 2, 2010 (P.L.266, NO.44), KNOWN AS PROTECTING PENNSYLVANIA'S
3 INVESTMENTS ACT, SHALL NOT APPLY TO THE INDIVIDUAL INVESTMENT
4 ACCOUNT OF PARTICIPANTS OF THE PLAN OR TRUST OR THE
5 INVESTMENTS THEREOF, BUT THE BOARD MAY OFFER TO THE PLAN
6 PARTICIPANTS INVESTMENT VEHICLES THAT WOULD BE ALLOWED UNDER
7 THE PROTECTING PENNSYLVANIA'S INVESTMENTS ACT.

8 (18) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE
9 PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS
10 AND CHOICES.

11 (19) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
12 DOCUMENT FOR AUTOMATIC INCREASES IN A PARTICIPANT'S VOLUNTARY
13 CONTRIBUTIONS, WHETHER OR NOT THE PARTICIPANT IS THEN MAKING
14 VOLUNTARY CONTRIBUTIONS, AND PROCEDURES FOR A PARTICIPANT TO
15 ELECT NOT TO HAVE INCREASED VOLUNTARY CONTRIBUTIONS.

16 § 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES'
17 DEFINED CONTRIBUTION PLAN TO PROVIDERS OF 403(B)
18 PLANS.

19 (A) GENERAL RULE.--A FINANCIAL INSTITUTION OR PENSION
20 MANAGEMENT ORGANIZATION ENTERING INTO A WRITTEN AGREEMENT
21 PURSUANT TO SECTION 8411 (RELATING TO AGREEMENTS WITH FINANCIAL
22 INSTITUTIONS AND OTHER ORGANIZATIONS) MAY OFFER OR PROVIDE
23 SERVICES TO ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL
24 DISTRICT UNDER IRC § 403(B) OR 457 IF THE WRITTEN AGREEMENT FOR
25 THE ADMINISTRATION OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION
26 PLAN IS NOT COMBINED WITH ANY OTHER WRITTEN AGREEMENT FOR THE
27 ADMINISTRATION OF A SCHOOL DISTRICT'S 403(B) PLAN OR 457 PLAN.
28 EACH SCHOOL DISTRICT THAT PROVIDES A 403(B) PLAN SHALL MAKE
29 AVAILABLE, IN THE MANNER PROVIDED BY SUBSECTION (C), TO
30 PARTICIPANTS, MULTIPLE FINANCIAL INSTITUTIONS OR PENSION

1 MANAGEMENT ORGANIZATIONS THAT HAVE NOT ENTERED INTO A WRITTEN
2 AGREEMENT PURSUANT TO SECTION 8411 AND WHICH PROVIDE SERVICES TO
3 THE SCHOOL DISTRICT'S 403(B) PLAN OR 457 PLAN.

4 (B) PLAN TRANSPARENCY AND ADMINISTRATION.--A FINANCIAL
5 INSTITUTION OR PENSION MANAGEMENT ORGANIZATION PROVIDING
6 SERVICES FOR ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL
7 DISTRICT UNDER IRC § 403(B) OR 457 SHALL:

8 (1) ENTER INTO AN AGREEMENT WITH THE SCHOOL DISTRICT OR
9 THE SCHOOL DISTRICT'S INDEPENDENT COMPLIANCE ADMINISTRATOR
10 THAT SHALL REQUIRE THE FINANCIAL INSTITUTION OR PENSION
11 MANAGEMENT ORGANIZATION TO PROVIDE IN AN ELECTRONIC FORMAT
12 ALL DATA NECESSARY FOR THE ADMINISTRATION OF THE 403(B) PLAN
13 OR 457 PLAN AS DETERMINED BY THE SCHOOL DISTRICT OR THE
14 SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR; AND

15 (2) PROVIDE ALL DATA REQUIRED BY THE SCHOOL DISTRICT OR
16 A SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR TO FACILITATE
17 DISCLOSURE OF ALL FEES, CHARGES, EXPENSES, COMMISSIONS,
18 COMPENSATION AND PAYMENTS TO THIRD PARTIES RELATED TO
19 INVESTMENTS OFFERED UNDER THE 403(B) PLAN OR 457 PLAN.

20 (C) PROVIDER SELECTION.--A SCHOOL DISTRICT THAT ESTABLISHES
21 OR MAINTAINS A PLAN UNDER IRC § 403(B) OR 457 SHALL SELECT A
22 MINIMUM OF FOUR FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT
23 ORGANIZATIONS, IN ADDITION TO THE FINANCIAL INSTITUTION OR
24 PENSION MANAGEMENT ORGANIZATION THAT ENTERED INTO AN AGREEMENT
25 PURSUANT TO SECTION 8411, TO PROVIDE SERVICES TO THE 403(B) PLAN
26 OR 457 PLAN. IF FEWER THAN FOUR SUCH ADDITIONAL FINANCIAL
27 INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS ARE DETERMINED
28 TO BE AVAILABLE OR ABLE TO MEET THE REQUIREMENTS ESTABLISHED IN
29 THIS SECTION, THEN THE SCHOOL DISTRICT SHALL SELECT THE NUMBER
30 OF AVAILABLE PROVIDERS ABLE TO MEET THE SCHOOL DISTRICT'S

1 REQUIREMENTS. A FINANCIAL INSTITUTION OR PENSION MANAGEMENT
2 ORGANIZATION SHALL BE DESIGNATED A 403(B) PLAN OR 457 PLAN
3 PROVIDER IF THE FINANCIAL INSTITUTION OR PENSION MANAGEMENT
4 ORGANIZATION ENTERS INTO AN AGREEMENT IN ACCORDANCE WITH
5 SUBSECTION (B).

6 § 8412. RESPONSIBILITY FOR INVESTMENT LOSS.

7 THE COMMONWEALTH, THE BOARD, AN EMPLOYER OR A SCHOOL ENTITY
8 OR OTHER POLITICAL SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY
9 INVESTMENT LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF
10 ANY INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO
11 EARN AS MUCH AS ANY OTHER INVESTMENT OPPORTUNITY OR TO COST LESS
12 THAN ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT SUCH OTHER
13 OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.

14 § 8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT
15 ALLOCATION CHOICES.

16 (A) INVESTMENT BY PARTICIPANT.--ALL CONTRIBUTIONS, INTEREST
17 AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A
18 PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT
19 ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN
20 CONTRIBUTIONS FROM THE PARTICIPANT AND EMPLOYER DEFINED
21 CONTRIBUTIONS. EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY
22 WITH THE AMOUNT OF CONTRIBUTIONS, INTEREST AND INVESTMENT
23 EARNINGS.

24 (B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN
25 COMMONWEALTH.--INVESTMENT OF CONTRIBUTIONS BY ANY CORPORATION,
26 INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK, OR OTHER ENTITY
27 THAT THE BOARD HAS APPROVED SHALL NOT BE UNREASONABLY DELAYED,
28 AND IN NO CASE SHALL THE INVESTMENT OF CONTRIBUTIONS BE DELAYED
29 MORE THAN 30 DAYS FROM THE DATE OF PAYROLL DEDUCTION OR
30 VOLUNTARY CONTRIBUTIONS ARE MADE TO THE DATE THAT FUNDS ARE

1 INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT
2 SHALL BE USED TO PAY ADMINISTRATIVE COSTS AND FEES THAT WOULD
3 OTHERWISE BE REQUIRED TO BE BORNE BY PARTICIPANTS WHO ARE THEN
4 PARTICIPATING IN THE PLAN OR THAT ARE FUNDED BY CONTRIBUTIONS
5 FROM THE EMPLOYERS.

6 § 8414. EXPENSES.

7 ALL EXPENSES, FEES AND COSTS OF ADMINISTERING THE PLAN AND
8 THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE
9 BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE
10 BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY
11 THE BOARD, EXCEPT THAT FOR FISCAL YEARS 2015-2016 AND 2016-2017,
12 THE EXPENSES, FEES AND COSTS OF ESTABLISHING AND ADMINISTERING
13 THE PLAN AND TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH
14 ANNUAL APPROPRIATIONS.

15 § 8415. TAX QUALIFICATION.

16 (A) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS CHAPTER
17 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
18 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
19 IRC § 401(A).

20 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

21 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND
22 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION
23 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A
24 LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL
25 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION OR
26 BENEFIT PAYMENT TAKES EFFECT.

27 (II) AN INCREASE IN A LIMITATION UNDER IRC § 415
28 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFFECTIVE
29 DATE OF THIS SECTION.

30 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM

1 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS IN IRC §
2 414(D).

3 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN
4 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF
5 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR
6 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR
7 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DEEMED TO
8 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF A
9 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF
10 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY
11 PROVIDED BY LEGISLATION.

12 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE
13 IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS
14 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED
15 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

16 SECTION 115. (RESERVED).

17 SECTION 116. SECTIONS 8501(A), (C), (D) AND (E) AND 8502(A),
18 (B), (C), (E), (H), (I), (J), (K), (M), (N) AND (O) OF TITLE 24
19 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS
20 TO READ:

21 § 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD.

22 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN
23 INDEPENDENT ADMINISTRATIVE BOARD AND SHALL CONSIST OF [15] 16
24 MEMBERS: THE SECRETARY OF EDUCATION, EX OFFICIO; THE STATE
25 TREASURER, EX OFFICIO; THE SECRETARY OF BANKING AND SECURITIES,
26 EX OFFICIO; TWO SENATORS; TWO MEMBERS OF THE HOUSE OF
27 REPRESENTATIVES; THE EXECUTIVE SECRETARY OF THE PENNSYLVANIA
28 SCHOOL BOARDS ASSOCIATION, EX OFFICIO; TWO TO BE APPOINTED BY
29 THE GOVERNOR, AT LEAST ONE OF WHOM SHALL NOT BE A SCHOOL
30 EMPLOYEE OR AN OFFICER OR EMPLOYEE OF THE STATE; THREE TO BE

1 ELECTED BY THE ACTIVE PROFESSIONAL MEMBERS OF THE SYSTEM AND
2 ACTIVE PROFESSIONAL PARTICIPANTS OF THE PLAN FROM AMONG THEIR
3 NUMBER; ONE TO BE ELECTED BY ANNUITANTS OR PARTICIPANTS OF THE
4 PLAN WHO HAVE TERMINATED SCHOOL SERVICE AND ARE RECEIVING OR ARE
5 ELIGIBLE TO RECEIVE DISTRIBUTIONS FROM AMONG THEIR NUMBER; ONE
6 TO BE ELECTED BY THE ACTIVE NONPROFESSIONAL MEMBERS OF THE
7 SYSTEM OR ACTIVE NONPROFESSIONAL PARTICIPANTS OF THE PLAN FROM
8 AMONG THEIR NUMBER; AND ONE TO BE ELECTED BY MEMBERS OF
9 PENNSYLVANIA PUBLIC SCHOOL BOARDS FROM AMONG THEIR NUMBER. THE
10 APPOINTMENTS MADE BY THE GOVERNOR SHALL BE CONFIRMED BY THE
11 SENATE AND EACH ELECTION SHALL BE CONDUCTED IN A MANNER APPROVED
12 BY THE BOARD. THE TERMS OF THE APPOINTED AND NONLEGISLATIVE
13 ELECTED MEMBERS SHALL BE THREE YEARS. THE MEMBERS FROM THE
14 SENATE SHALL BE APPOINTED BY THE PRESIDENT PRO TEMPORE OF THE
15 SENATE AND SHALL CONSIST OF ONE MEMBER FROM THE MAJORITY AND ONE
16 MEMBER FROM THE MINORITY. THE MEMBERS FROM THE HOUSE OF
17 REPRESENTATIVES SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE
18 OF REPRESENTATIVES AND SHALL CONSIST OF ONE MEMBER FROM THE
19 MAJORITY AND ONE MEMBER FROM THE MINORITY. THE LEGISLATIVE
20 MEMBERS SHALL SERVE ON THE BOARD FOR THE DURATION OF THEIR
21 LEGISLATIVE TERMS AND SHALL CONTINUE TO SERVE UNTIL 30 DAYS
22 AFTER THE CONVENING OF THE NEXT REGULAR SESSION OF THE GENERAL
23 ASSEMBLY AFTER THE EXPIRATION OF THEIR RESPECTIVE LEGISLATIVE
24 TERMS OR UNTIL A SUCCESSOR IS APPOINTED FOR THE NEW TERM,
25 WHICHEVER OCCURS FIRST. THE CHAIRMAN OF THE BOARD SHALL BE
26 ELECTED BY THE BOARD MEMBERS. NO MEMBER OF THE BOARD WHO
27 REPRESENTS ACTIVE MEMBERS OR ANNUITANTS OR IS A CURRENT MEMBER
28 OF THE GENERAL ASSEMBLY CAN SERVE AS CHAIRMAN. EACH EX OFFICIO
29 MEMBER OF THE BOARD AND EACH LEGISLATIVE MEMBER OF THE BOARD MAY
30 APPOINT A DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN THE

1 EVENT THAT A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE
2 PARTICIPANT OR AS THE PARTICIPANT IN THE PLAN WHO IS RECEIVING
3 OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL
4 DISTRIBUTION OF THE BOARD MEMBER'S INTEREST IN THE PLAN, THAT
5 BOARD MEMBER MAY CONTINUE TO SERVE ON THE BOARD FOR THE
6 REMAINDER OF HIS TERM.

7 * * *

8 (C) OATH OF OFFICE.--EACH MEMBER OF THE BOARD SHALL TAKE AN
9 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,
10 DILIGENTLY AND HONESTLY ADMINISTER THE AFFAIRS OF SAID BOARD,
11 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE
12 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW
13 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE
14 MEMBER MAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS
15 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE
16 SECRETARY OF THE COMMONWEALTH.

17 (D) COMPENSATION AND EXPENSES.--THE MEMBERS OF THE BOARD WHO
18 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL
19 SERVE WITHOUT COMPENSATION. MEMBERS OF THE BOARD WHO ARE MEMBERS
20 OF THE SYSTEM OR PARTICIPANTS IN THE PLAN AND WHO ARE EMPLOYED
21 BY A GOVERNMENTAL ENTITY SHALL NOT SUFFER LOSS OF SALARY OR
22 WAGES THROUGH SERVING ON THE BOARD. THE BOARD, ON REQUEST OF THE
23 EMPLOYER OF ANY MEMBER OF THE BOARD WHO IS AN ACTIVE
24 PROFESSIONAL OR NONPROFESSIONAL MEMBER OF THE SYSTEM OR ACTIVE
25 PROFESSIONAL OR NONPROFESSIONAL PARTICIPANT IN THE PLAN, MAY
26 REIMBURSE SUCH EMPLOYER FOR THE SALARY OR WAGES OF THE MEMBER OR
27 PARTICIPANT, OR FOR THE COST OF EMPLOYING A SUBSTITUTE FOR SUCH
28 MEMBER OR PARTICIPANT, WHILE THE MEMBER OR PARTICIPANT IS
29 NECESSARILY ABSENT FROM EMPLOYMENT TO EXECUTE THE DUTIES OF THE
30 BOARD. THE EMPLOYER OF ANY SUCH MEMBER SHALL PROVIDE LEAVE TO

1 ALLOW SUCH MEMBER TO EXECUTE THE DUTIES OF THE BOARD, INCLUDING
2 BUT NOT LIMITED TO, ATTENDANCE AT THE LOCATION OF ALL REGULAR
3 AND SPECIAL BOARD AND COMMITTEE MEETINGS. THE MEMBERS OF THE
4 BOARD WHO ARE NOT MEMBERS OF EITHER THE SCHOOL SYSTEM OR THE
5 STATE EMPLOYEES' RETIREMENT SYSTEM MAY BE PAID \$100 PER DAY WHEN
6 ATTENDING MEETINGS AND ALL BOARD MEMBERS SHALL BE REIMBURSED FOR
7 ANY NECESSARY EXPENSES. HOWEVER, WHEN THE DUTIES OF THE BOARD AS
8 MANDATED ARE NOT EXECUTED, NO COMPENSATION OR REIMBURSEMENT FOR
9 EXPENSES OF BOARD MEMBERS SHALL BE PAID OR PAYABLE DURING THE
10 PERIOD IN WHICH SUCH DUTIES ARE NOT EXECUTED.

11 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF
12 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A
13 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE
14 THE LEGAL ADVISOR OF THE BOARD.] LEGAL COUNSEL TO THE BOARD
15 SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF CHIEF
16 COUNSEL, THE GENERAL ASSEMBLY AND THE ATTORNEY GENERAL.

17 (F) BOARD TRAINING.--EACH MEMBER OF THE BOARD WILL BE
18 REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN
19 INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT
20 PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS.

21 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

22 (A) EMPLOYEES.--

23 (1) EFFECTIVE 30 DAYS AFTER THE EFFECTIVE DATE OF THIS
24 PARAGRAPH, THE POSITIONS OF SECRETARY, ASSISTANT SECRETARY
25 AND INVESTMENT PROFESSIONAL SHALL BE PLACED UNDER THE
26 UNCLASSIFIED SERVICE PROVISIONS OF THE ACT OF AUGUST 5, 1941
27 (P.L.752, NO.286), KNOWN AS THE CIVIL SERVICE ACT, AS THOSE
28 POSITIONS ARE VACATED. ALL OTHER POSITIONS OF THE BOARD SHALL
29 BE PLACED IN EITHER THE CLASSIFIED OR UNCLASSIFIED SERVICE
30 ACCORDING TO THE DEFINITION OF THE TERMS UNDER THE CIVIL

1 SERVICE ACT.

2 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
3 COMPENSATION OF INVESTMENT PROFESSIONALS SHALL BE ESTABLISHED
4 BY THE BOARD. THE COMPENSATION OF ALL OTHER OFFICERS AND
5 EMPLOYEES OF THE BOARD WHO ARE NOT COVERED BY A COLLECTIVE
6 BARGAINING AGREEMENT SHALL BE ESTABLISHED BY THE BOARD
7 CONSISTENT WITH THE STANDARDS OF COMPENSATION ESTABLISHED BY
8 THE EXECUTIVE BOARD OF THE COMMONWEALTH.

9 (3) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES
10 PROVIDED FOR UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND
11 THE PLAN, BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES
12 INCURRED UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE
13 PLAN AS APPROPRIATE.

14 (B) PROFESSIONAL PERSONNEL.--

15 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF
16 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS,
17 COUNSELORS, AN INVESTMENT COORDINATOR, AND SUCH OTHER
18 PROFESSIONAL PERSONNEL AS IT DEEMS ADVISABLE.

19 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS
20 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE
21 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED
22 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS
23 APPROPRIATE.

24 (C) EXPENSES.--

25 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE
26 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE
27 ADMINISTRATIVE EXPENSES OF [THIS PART.] THE SYSTEM AND A
28 SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE
29 PLAN. THE SEPARATE BUDGETS SHALL INCLUDE THOSE EXPENSES
30 NECESSARY TO ESTABLISH THE PLAN AND TRUST.

1 (2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE
2 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
3 INVESTMENT EARNINGS OF THE FUND.

4 (3) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2017,
5 THE EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY
6 SHALL BE PAID FROM INTEREST, PURSUANT TO SECTION 8413(B)
7 (RELATING TO INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT
8 ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE
9 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR AS OTHERWISE
10 PROVIDED IN THIS PART.

11 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE
12 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A
13 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY
14 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST
15 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID
16 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL
17 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE
18 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS MEMBERS
19 AND FOR THE EXCLUSIVE BENEFIT OF THE PLAN AND ITS
20 PARTICIPANTS, RESPECTIVELY.

21 * * *

22 (E) RECORDS.--

23 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
24 WHICH SHALL BE [OPEN TO INSPECTION BY] ACCESSIBLE TO THE
25 PUBLIC, EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER
26 LAW.

27 (2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
28 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT
29 PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT
30 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]

1 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),
2 REFERRED TO] FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE
3 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE
4 BOARD, THE [INSPECTION] ACCESS WOULD:

5 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR
6 ALTERNATIVE INVESTMENT VEHICLE INVOLVE THE RELEASE OF
7 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO
8 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT
9 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY
10 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

11 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE
12 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL
13 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

14 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE
15 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED
16 OF BY THE FUND OR TRUST, OR WOULD CAUSE A BREACH OF THE
17 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS
18 PART.

19 (3) THE FOLLOWING APPLY:

20 (I) THE SENSITIVE INVESTMENT OR FINANCIAL
21 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
22 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED
23 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
24 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
25 RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY
26 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

27 (II) THE SENSITIVE INVESTMENT OR FINANCIAL
28 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
29 PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED
30 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC

1 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
2 RIGHT-TO-KNOW LAW ONCE:

3 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES
4 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM
5 THE INFORMATION WAS RECEIVED; OR

6 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
7 IS LIQUIDATED;

8 WHICHEVER IS LATER.

9 (III) THE SENSITIVE INVESTMENT OR FINANCIAL
10 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
11 PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED
12 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
13 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
14 RIGHT-TO-KNOW LAW ONCE:

15 (A) THE [INSPECTION] ACCESS NO LONGER HAS A
16 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN
17 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A
18 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET
19 FORTH IN THIS PART; OR

20 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
21 IS LIQUIDATED;

22 WHICHEVER IS LATER.

23 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
24 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
25 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
26 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
27 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
28 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

29 (5) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,
30 THE FOLLOWING INFORMATION REGARDING AN ALTERNATIVE INVESTMENT

1 VEHICLE SHALL BE SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER
2 THE RIGHT-TO-KNOW LAW:

3 (I) THE NAME, ADDRESS AND VINTAGE YEAR OF THE
4 ALTERNATIVE INVESTMENT VEHICLE.

5 (II) THE IDENTITY OF THE MANAGER OF THE ALTERNATIVE
6 INVESTMENT VEHICLE.

7 (III) THE DOLLAR AMOUNT OF THE COMMITMENT MADE BY
8 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE.

9 (IV) THE DOLLAR AMOUNT OF CASH CONTRIBUTIONS MADE BY
10 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE
11 SINCE INCEPTION.

12 (V) THE DOLLAR AMOUNT OF CASH DISTRIBUTIONS RECEIVED
13 BY THE SYSTEM OR PLAN FROM THE ALTERNATIVE INVESTMENT
14 VEHICLE SINCE INCEPTION.

15 (VI) THE NET INTERNAL RATE OF RETURN OF THE
16 ALTERNATIVE INVESTMENT VEHICLE SINCE INCEPTION, PROVIDED
17 THAT THE SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE
18 THE NET INTERNAL RATE OF RETURN UNDER CIRCUMSTANCES IN
19 WHICH, BECAUSE OF THE LIMITED NUMBER OF PORTFOLIO ASSETS
20 REMAINING IN THE ALTERNATIVE INVESTMENT VEHICLE, THE
21 DISCLOSURE COULD REVEAL THE VALUES OF SPECIFICALLY
22 IDENTIFIABLE REMAINING PORTFOLIO ASSETS TO THE DETRIMENT
23 OF THE ALTERNATIVE INVESTMENT.

24 (VII) THE AGGREGATE VALUE OF THE REMAINING PORTFOLIO
25 ASSETS ATTRIBUTABLE TO THE SYSTEM'S OR PLAN'S INVESTMENT
26 IN THE ALTERNATIVE INVESTMENT VEHICLE, PROVIDED THAT THE
27 SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE THE
28 VALUE UNDER CIRCUMSTANCES IN WHICH, BECAUSE OF THE
29 LIMITED NUMBER OF PORTFOLIO ASSETS REMAINING IN THE
30 ALTERNATIVE INVESTMENT VEHICLE, THE DISCLOSURE COULD

1 REVEAL THE VALUES OF SPECIFICALLY IDENTIFIABLE REMAINING
2 PORTFOLIO ASSETS TO THE DETRIMENT OF THE ALTERNATIVE
3 INVESTMENT.

4 (VIII) THE DOLLAR AMOUNT OF TOTAL MANAGEMENT FEES
5 AND COSTS PAID TO THE ALTERNATIVE INVESTMENT VEHICLE BY
6 THE SYSTEM OR PLAN ON AN ANNUAL FISCAL YEAR-END BASIS.

7 (6) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
8 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES OR AGENTS
9 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
10 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT
11 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE
12 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE
13 BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:

14 (I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER
15 INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,
16 INCLUDING ROLLOVER CONTRIBUTIONS AND TRUSTEE-TO-TRUSTEE
17 TRANSFERS, OF ANY PARTICIPANT.

18 (II) THE INVESTMENT OPTION SELECTIONS OF ANY
19 PARTICIPANT.

20 (III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
21 INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
22 THE PARTICIPANT, AND ANY INVESTMENT GAINS OR LOSSES, OR
23 RATES OF RETURN.

24 (IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED
25 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.

26 (V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.

27 (7) THE FOLLOWING SHALL APPLY:

28 (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
29 THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
30 DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER THIS

1 SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S FIDUCIARY
2 DUTIES.

3 (II) THIS SUBSECTION SHALL APPLY TO A RECORD,
4 MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
5 WHETHER:

6 (A) THE RECORD, MATERIAL OR DATA WAS CREATED,
7 GENERATED OR STORED BEFORE THE EFFECTIVE DATE OF THIS
8 SECTION;

9 (B) THE RECORD, MATERIAL OR DATA WAS PREVIOUSLY
10 RELEASED OR MADE PUBLIC; OR

11 (C) A REQUEST FOR THE RECORD, MATERIAL OR DATA
12 WAS MADE OR IS PENDING FINAL RESPONSE UNDER THE
13 FORMER ACT OF JUNE 21, 1957 (P.L.390, NO.212),
14 REFERRED TO AS THE RIGHT-TO-KNOW LAW, OR THE RIGHT-
15 TO-KNOW LAW.

16 * * *

17 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
18 ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND
19 PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION
20 OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL
21 COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF
22 CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE
23 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,
24 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS
25 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND
26 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS
27 ARE ADOPTED AND PUBLISHED PURSUANT TO SUBSECTION (J) AS
28 NECESSARY FOR THE CALCULATION OF ANNUITIES AND OTHER BENEFITS,
29 SHALL BE AS EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY
30 ACTUARIAL ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE,

1 REGULATION OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS
2 FOR DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM
3 MANNER.

4 (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA
5 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL
6 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE
7 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH FISCAL YEAR.
8 THE BOARD SHALL HAVE FINAL AUTHORITY OVER THE MEANS BY WHICH
9 DATA IS COLLECTED, MAINTAINED AND STORED AND IN SO DOING SHALL
10 PROTECT THE RIGHTS OF ITS MEMBERSHIP AS TO PRIVACY AND
11 CONFIDENTIALITY.

12 (J) ACTUARIAL INVESTIGATION AND VALUATION.--THE BOARD SHALL
13 HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS
14 ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH
15 FISCAL YEAR. IN THE FISCAL YEAR 1975 AND IN EVERY FIFTH YEAR
16 THEREAFTER, THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN
17 ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON
18 DATA INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION
19 EXPERIENCE PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING
20 FIVE YEARS CONCERNING THE MEMBERS AND BENEFICIARIES OF THE
21 SYSTEM. THE BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE
22 NECESSARY FOR THE ACTUARIAL VALUATION OF THE FUND AND
23 CALCULATION OF CONTRIBUTIONS, ANNUITIES, AND OTHER BENEFITS
24 BASED ON THE REPORTS AND RECOMMENDATIONS OF THE ACTUARY. WITHIN
25 30 DAYS OF THEIR ADOPTION, THE SECRETARY OF THE BOARD SHALL
26 CAUSE THOSE TABLES WHICH RELATE TO THE CALCULATION OF ANNUITIES
27 AND OTHER BENEFITS TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN
28 IN ACCORDANCE WITH THE PROVISIONS OF 45 PA.C.S. § 725(A)
29 (RELATING TO ADDITIONAL CONTENTS OF PENNSYLVANIA BULLETIN) AND,
30 UNLESS THE BOARD SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH

1 TABLES SHALL BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD
2 SHALL INCLUDE A REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS
3 AND DATA DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND
4 EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT
5 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (N) FOR THE
6 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE
7 CONCLUDED.

8 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND.--THE
9 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
10 REQUIRED UNDER SECTION 8330 (RELATING TO APPROPRIATIONS BY THE
11 COMMONWEALTH), CERTIFY TO THE EMPLOYERS AND THE COMMONWEALTH THE
12 EMPLOYER CONTRIBUTION RATE EXPRESSED AS A PERCENTAGE OF MEMBERS'
13 PAYROLL NECESSARY FOR THE FUNDING OF PROSPECTIVE ANNUITIES FOR
14 ACTIVE MEMBERS AND THE ANNUITIES OF ANNUITANTS, AND CERTIFY THE
15 RATES AND AMOUNTS OF THE NORMAL CONTRIBUTIONS AS DETERMINED
16 PURSUANT TO SECTION 8328(B) (RELATING TO ACTUARIAL COST METHOD),
17 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO
18 SECTION 8328(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS
19 DETERMINED PURSUANT TO SECTION 8328(D), THE EXPERIENCE
20 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 8328(E),
21 PREMIUM ASSISTANCE CONTRIBUTIONS AS DETERMINED PURSUANT TO
22 SECTION 8328(F), THE COSTS ADDED BY LEGISLATION AS DETERMINED
23 PURSUANT TO SECTION 8328(I), THE ACTUARIAL REQUIRED CONTRIBUTION
24 RATE AS DETERMINED PURSUANT TO SECTION 8328(I), THE COLLARED
25 CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION 8328(G), THE
26 FINAL CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION
27 8328(H) AND THE SHARED-RISK CONTRIBUTION RATE AS DETERMINED
28 UNDER SECTION 8321(B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS
29 FOR CURRENT SERVICE), WHICH SHALL BE PAID TO THE FUND AND
30 CREDITED TO THE APPROPRIATE ACCOUNTS. THESE CERTIFICATIONS SHALL

1 BE REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE
2 SECRETARY OF THE BUDGET.

3 * * *

4 (M) MEMBER CONTRIBUTIONS AND INTEREST.--THE BOARD SHALL
5 CAUSE EACH MEMBER'S CONTRIBUTIONS, INCLUDING PAYROLL DEDUCTIONS,
6 PICKUP CONTRIBUTIONS, SHARED RISK CONTRIBUTIONS AND ALL OTHER
7 PAYMENTS, INCLUDING, BUT NOT LIMITED TO, AMOUNTS COLLECTED BY
8 THE STATE EMPLOYEES' RETIREMENT SYSTEM FOR THE REINSTATEMENT OF
9 PREVIOUS SCHOOL SERVICE OR CREDITABLE NONSCHOOL SERVICE AND
10 AMOUNTS PAID TO RETURN BENEFITS PAID AFTER THE DATE OF RETURN TO
11 SCHOOL SERVICE OR ENTERING STATE SERVICE REPRESENTING LUMP SUM
12 PAYMENTS MADE PURSUANT TO SECTION 8345(A)(4)(III) (RELATING TO
13 MEMBER'S OPTIONS) AND MEMBER'S ANNUITY PAYMENTS, BUT NOT
14 INCLUDING OTHER BENEFITS RETURNED PURSUANT TO SECTION 8346(A.1)
15 AND (A.2) (RELATING TO TERMINATION OF ANNUITIES), TO BE CREDITED
16 TO THE ACCOUNT OF SUCH MEMBER AND SHALL PAY ALL SUCH AMOUNTS
17 INTO THE FUND. SUCH CONTRIBUTIONS SHALL BE CREDITED WITH
18 STATUTORY INTEREST UNTIL DATE OF TERMINATION OF SERVICE, EXCEPT
19 IN THE CASE OF A VESTEE, WHO SHALL HAVE SUCH INTEREST CREDITED
20 UNTIL THE EFFECTIVE DATE OF RETIREMENT OR UNTIL THE RETURN OF
21 HIS ACCUMULATED DEDUCTIONS, IF HE SO ELECTS; AND IN THE CASE OF
22 A MULTIPLE SERVICE MEMBER WHO SHALL HAVE SUCH INTEREST CREDITED
23 UNTIL TERMINATION OF SERVICE IN BOTH THE SCHOOL AND THE STATE
24 SYSTEMS.

25 (N) ANNUAL FINANCIAL [STATEMENT] STATEMENTS.--THE BOARD
26 SHALL PREPARE AND HAVE PUBLISHED, ON OR BEFORE JANUARY 1 OF EACH
27 YEAR, [A FINANCIAL STATEMENT] FINANCIAL STATEMENTS AS OF THE
28 FISCAL YEAR ENDING JUNE 30 OF THE PREVIOUS YEAR SHOWING THE
29 CONDITION OF THE FUND, THE TRUST AND THE VARIOUS ACCOUNTS,
30 INCLUDING, BUT NOT LIMITED TO, THE BOARD'S ACCRUAL AND

1 EXPENDITURE OF DIRECTED COMMISSIONS, AND SETTING FORTH SUCH
2 OTHER FACTS, RECOMMENDATIONS AND DATA AS MAY BE OF USE IN THE
3 ADVANCEMENT OF KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS
4 PROVIDED BY THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL
5 [STATEMENT] STATEMENTS TO THE GOVERNOR AND SHALL MAKE COPIES
6 AVAILABLE TO THE EMPLOYERS FOR THE USE OF THE SCHOOL EMPLOYEES
7 AND THE PUBLIC.

8 (O) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR
9 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY AN
10 INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM[, WHICH AUDIT]. THE
11 AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND EXPENDITURE OF
12 DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME INDEPENDENT
13 CERTIFIED PUBLIC ACCOUNTING FIRM FOR THE AUDITS OF BOTH THE
14 SYSTEM AND THE PLAN.

15 * * *

16 (O) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE
17 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED
18 BUDGET REQUIRED UNDER SECTION 8330, CERTIFY, AS A PERCENTAGE OF
19 EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED
20 CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO
21 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE
22 CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO
23 MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL
24 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON
25 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY
26 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL
27 INVESTMENT ACCOUNT.

28 SECTION 117. SECTION 8502.2 (A) OF TITLE 24 IS AMENDED TO
29 READ:

30 § 8502.2. HEALTH INSURANCE.

1 (A) AUTHORITY.--THE BOARD MAY SPONSOR A PARTICIPANT-FUNDED
2 GROUP HEALTH INSURANCE PROGRAM FOR ANNUITANTS, PARTICIPANTS
3 RECEIVING DISTRIBUTIONS, SPOUSES OF ANNUITANTS AND PARTICIPANTS
4 RECEIVING DISTRIBUTIONS, SURVIVOR ANNUITANTS AND THEIR
5 DEPENDENTS. THE BOARD MAY PROMULGATE REGULATIONS REGARDING THE
6 PRUDENT AND EFFICIENT OPERATION OF THE PROGRAM, INCLUDING, BUT
7 NOT LIMITED TO:

8 (1) ESTABLISHMENT OF AN ANNUAL BUDGET AND DISBURSEMENTS
9 IN ACCORDANCE WITH THE BUDGET.

10 (2) DETERMINATION OF THE BENEFITS STRUCTURE.

11 (3) DETERMINATION OF ENROLLMENT PROCEDURES.

12 (4) ESTABLISHMENT OF PREMIUM RATES SUFFICIENT TO FULLY
13 FUND THE PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES.

14 (5) CONTRACTING FOR GOODS, EQUIPMENT, SERVICES,
15 CONSULTANTS AND OTHER PROFESSIONAL PERSONNEL AS NEEDED TO
16 OPERATE THE PROGRAM.

17 * * *

18 SECTION 118. SECTIONS 8503(A) AND (B), 8505 HEADING, (H) AND
19 (I), 8506(A), (D), (E), (F), (I) AND (K) AND 8507(A), (E), (F)
20 AND (I) OF TITLE 24 ARE AMENDED AND THE SECTIONS ARE AMENDED BY
21 ADDING SUBSECTIONS TO READ:

22 § 8503. DUTIES OF BOARD TO ADVISE AND REPORT TO EMPLOYERS [AND
23 MEMBERS], MEMBERS AND PARTICIPANTS.

24 (A) MANUAL OF REGULATIONS.--THE BOARD SHALL, WITH THE ADVICE
25 OF THE ATTORNEY GENERAL AND THE ACTUARY, PREPARE, WITHIN 90 DAYS
26 OF THE EFFECTIVE DATE OF THIS PART, A MANUAL INCORPORATING RULES
27 AND REGULATIONS CONSISTENT WITH THE PROVISIONS OF THIS PART FOR
28 THE EMPLOYERS WHO SHALL MAKE INFORMATION CONTAINED THEREIN
29 AVAILABLE TO THE GENERAL MEMBERSHIP. THE BOARD SHALL THEREAFTER
30 ADVISE THE EMPLOYERS WITHIN 90 DAYS OF ANY CHANGES IN SUCH RULES

1 AND REGULATIONS DUE TO CHANGES IN THE LAW OR DUE TO CHANGES IN
2 ADMINISTRATIVE POLICIES. AS SOON AS PRACTICABLE AFTER THE
3 COMMISSIONER'S PUBLICATION WITH RESPECT THERETO, THE BOARD SHALL
4 ALSO ADVISE THE EMPLOYERS AS TO ANY COST-OF-LIVING ADJUSTMENT
5 FOR THE SUCCEEDING CALENDAR YEAR IN THE AMOUNT OF THE LIMITATION
6 UNDER IRC § 401(A)(17) AND THE DOLLAR AMOUNTS OF THE LIMITATIONS
7 UNDER IRC § [415(B)] 415.

8 (B) MEMBER STATUS STATEMENTS.--THE BOARD SHALL FURNISH
9 ANNUALLY ON OR BEFORE DECEMBER 31, A STATEMENT TO EACH MEMBER
10 SHOWING THE ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE
11 MEMBER AND THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF
12 SERVICE CREDITED IN EACH CLASS OF SERVICE, AS APPLICABLE, AS OF
13 JUNE 30 OF THAT YEAR. EACH MEMBER'S STATEMENT SHALL [BE MAILED
14 TO HIS HOME ADDRESS AND SHALL] INCLUDE A REQUEST THAT THE MEMBER
15 MAKE ANY NECESSARY CORRECTIONS OR REVISIONS REGARDING HIS
16 DESIGNATED BENEFICIARY, WHOSE NAME AT THE REQUEST OF THE MEMBER
17 SHALL REMAIN CONFIDENTIAL AND NOT APPEAR ON THIS STATEMENT.

18 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL
19 FURNISH ANNUALLY TO EACH PARTICIPANT ON OR BEFORE DECEMBER 31,
20 AND MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY
21 LAW, A STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED
22 CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL
23 INVESTMENT ACCOUNT, THE NATURE AND TYPE OF INVESTMENTS AND THE
24 INVESTMENT ALLOCATION OF FUTURE CONTRIBUTIONS AS OF JUNE 30 OF
25 THE CURRENT YEAR AND SHALL REQUEST THE PARTICIPANT TO MAKE ANY
26 NECESSARY CORRECTION OR REVISION REGARDING HIS DESIGNATED
27 BENEFICIARY.

28 * * *

29 § 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF
30 MEMBERS AND PARTICIPANTS.

1 * * *

2 (E.1) CERTIFICATION TO PARTICIPANTS TERMINATING SERVICE.--
3 THE BOARD SHALL CERTIFY TO THE PARTICIPANT IN WRITING WITHIN ONE
4 YEAR OF TERMINATION OF SERVICE OF THE PARTICIPANTS OF THE VESTED
5 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE
6 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE
7 STATED IN THE WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER
8 MATTERS REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE
9 PARTICIPANT TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE
10 PARTICIPANT'S REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE
11 ALL OR PART OF THE VESTED BALANCE IN THE PARTICIPANT'S
12 INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN SUCH OTHER
13 FORM AS THE BOARD MAY AUTHORIZE OR AS REQUIRED BY LAW.

14 * * *

15 (F.1) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING
16 REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY IN WRITING EACH
17 INACTIVE PARTICIPANT WHO HAS TERMINATED SCHOOL SERVICE AND WHO
18 HAS NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE
19 PARTICIPANT'S REQUIRED BEGINNING DATE THAT THE INACTIVE
20 PARTICIPANT HAS AN OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE
21 REQUIRED BEGINNING DATE IN A FORM AND MANNER REQUIRED BY IRC §
22 401(A) (9) AND OTHER APPLICABLE PROVISIONS OF IRC.

23 * * *

24 (G.1) INITIAL PAYMENT TO A PARTICIPANT.--THE BOARD SHALL
25 MAKE THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A
26 DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION AND
27 RECEIPT OF THE REQUIRED DATA FROM THE EMPLOYER OF THE
28 PARTICIPANT AND OTHER NECESSARY DATA.

29 (H) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION OF THE
30 DEATH OF A MEMBER OR FORMER MEMBER ON USERRA LEAVE OR AN ACTIVE

1 PARTICIPANT, AN INACTIVE PARTICIPANT OR A FORMER PARTICIPANT
2 PERFORMING USERRA LEAVE, THE BOARD SHALL NOTIFY THE DESIGNATED
3 BENEFICIARY OR SURVIVOR ANNUITANT OF THE BENEFITS TO WHICH HE IS
4 ENTITLED AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY
5 UNDER THE [PLAN] BENEFITS ELECTED BY THE BENEFICIARY WITHIN 60
6 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER NECESSARY
7 DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF
8 THE MEMBER'S OR PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED
9 WITH THE BOARD TO PAY THE AMOUNT OF SUCH BENEFITS TO THE
10 MEMBER'S OR PARTICIPANT'S ESTATE, THE BOARD IS AUTHORIZED TO PAY
11 SUCH BENEFITS TO THE EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE
12 OR NEXT-OF-KIN OF THE DECEASED MEMBER OR PARTICIPANT, AND
13 PAYMENT PURSUANT HERETO SHALL FULLY DISCHARGE THE FUND OR PLAN
14 FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO
15 ANY OTHER PERSON. IF THE SURVIVING SPOUSE OR NEXT-OF-KIN OF THE
16 DECEASED MEMBER OR PARTICIPANT CANNOT BE FOUND FOR THE PURPOSE
17 OF PAYING SUCH BENEFITS FOR A PERIOD OF SEVEN YEARS FROM THE
18 DATE OF DEATH OF THE MEMBER OR PARTICIPANT, THEN SUCH BENEFITS
19 SHALL BE ESCHEATED TO THE COMMONWEALTH FOR THE BENEFIT OF THE
20 FUND OR PLAN.

21 (I) MEDICAL INSURANCE COVERAGE.--UPON RECEIPT OF
22 NOTIFICATION FROM AN INSURANCE CARRIER OFFERING A HEALTH
23 INSURANCE PROGRAM APPROVED BY THE BOARD THAT AN ANNUITANT OR
24 PARTICIPANT WHO HAS ATTAINED AGE 65 HAS ELECTED MEDICAL, MAJOR
25 MEDICAL, AND HOSPITALIZATION INSURANCE COVERAGE OR NOTIFICATION
26 THAT ANNUITANTS WITH LESS THAN 24 1/2 ELIGIBILITY POINTS (OTHER
27 THAN DISABILITY ANNUITANTS), SPOUSES OF ANNUITANTS AND SURVIVOR
28 ANNUITANTS ELIGIBLE TO ELECT TO ENROLL IN THE APPROVED HEALTH
29 INSURANCE PROGRAM HAVE ELECTED PARTICIPATION IN SUCH HEALTH
30 INSURANCE PROGRAM, THE BOARD MAY DEDUCT FROM THE ANNUITY

1 PAYMENTS, FROM PAYMENTS TO A PARTICIPANT RECEIVING DISTRIBUTIONS
2 OR FROM A SUCCESSOR PAYEE, THE APPROPRIATE ANNUAL CHARGES IN
3 EQUAL MONTHLY INSTALLMENTS. SUCH DEDUCTIONS SHALL BE TRANSMITTED
4 TO THE INSURANCE CARRIER.

5 * * *

6 § 8506. DUTIES OF EMPLOYERS.

7 (A) STATUS OF MEMBERS AND PARTICIPANTS.--THE EMPLOYER SHALL,
8 EACH MONTH, NOTIFY THE BOARD IN A MANNER PRESCRIBED BY THE BOARD
9 OF THE SALARY CHANGES EFFECTIVE DURING THE PAST MONTH, THE DATE
10 OF ALL REMOVALS FROM THE PAYROLL, AND THE TYPE OF LEAVE OF ANY
11 MEMBER OR PARTICIPANT WHO HAS BEEN REMOVED FROM THE PAYROLL FOR
12 ANY TIME DURING THAT MONTH, AND:

13 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, THE
14 EMPLOYER SHALL FURNISH THE BOARD WITH THE DATE OF BEGINNING
15 LEAVE, THE DATE OF RETURN TO SERVICE, AND THE REASON FOR
16 LEAVE;

17 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER
18 EMPLOYER, THE FORMER EMPLOYER SHALL FURNISH SUCH EMPLOYER AND
19 THE BOARD WITH A COMPLETE SCHOOL SERVICE RECORD, INCLUDING
20 CREDITED OR CREDITABLE NONSCHOOL SERVICE; OR

21 (3) IF THE REMOVAL IS DUE TO TERMINATION OF SCHOOL
22 SERVICE, THE EMPLOYER SHALL FURNISH THE BOARD WITH A COMPLETE
23 SCHOOL SERVICE RECORD INCLUDING CREDITED OR CREDITABLE
24 NONSCHOOL SERVICE AND IN THE CASE OF DEATH OF THE MEMBER OR
25 PARTICIPANT THE EMPLOYER SHALL SO NOTIFY THE BOARD.

26 * * *

27 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE
28 EMPLOYER SHALL CAUSE THE MANDATORY PICKUP PARTICIPANT
29 CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE AND SHALL
30 CAUSE TO BE DEDUCTED ANY VOLUNTARY CONTRIBUTIONS AUTHORIZED BY A

1 PARTICIPANT. THE EMPLOYER SHALL ALSO CAUSE THE EMPLOYER DEFINED
2 CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE. THE
3 EMPLOYER SHALL NOTIFY THE BOARD AT TIMES AND IN A MANNER
4 PRESCRIBED BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT
5 TO WHOM THE LIMITATION UNDER IRC § 401(A) (17) EITHER APPLIES OR
6 IS EXPECTED TO APPLY AND SHALL CAUSE THE PARTICIPANT'S
7 CONTRIBUTIONS TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE
8 LIMITATION UNDER IRC § 401(A) (17) ON THE PAYROLL DATE IF AND
9 WHEN SUCH LIMIT SHALL BE REACHED. THE EMPLOYER SHALL CERTIFY TO
10 THE BOARD THE AMOUNTS PICKED UP AND DEDUCTED AND THE EMPLOYER
11 DEFINED CONTRIBUTIONS BEING MADE AND SHALL SEND THE TOTAL AMOUNT
12 PICKED UP, DEDUCTED AND CONTRIBUTED TOGETHER WITH A DUPLICATE OF
13 SUCH VOUCHER TO THE SECRETARY OF THE BOARD EVERY PAY PERIOD OR
14 ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.

15 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR
16 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW SCHOOL
17 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,
18 THE EMPLOYER SHALL NO LATER THAN 30 DAYS THEREAFTER CAUSE AN
19 APPLICATION FOR MEMBERSHIP OR PARTICIPATION, WHICH APPLICATION
20 SHALL INCLUDE THE EMPLOYEE'S HOME ADDRESS, BIRTHDATE CERTIFIED
21 BY THE EMPLOYER, PREVIOUS SCHOOL OR STATE SERVICE AND ANY OTHER
22 INFORMATION REQUESTED BY THE BOARD, AND A NOMINATION OF
23 BENEFICIARY TO BE MADE BY SUCH EMPLOYEE AND FILED WITH THE BOARD
24 AND SHALL MAKE PICKUP CONTRIBUTIONS OR MANDATORY PICKUP
25 PARTICIPANT CONTRIBUTIONS FROM THE EFFECTIVE DATE OF SCHOOL
26 EMPLOYMENT.

27 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR
28 PARTICIPATION.--THE EMPLOYER SHALL INFORM ANY ELIGIBLE SCHOOL
29 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE
30 PLAN IS NOT MANDATORY OF HIS OPPORTUNITY TO BECOME A MEMBER OF

1 THE SYSTEM OR PARTICIPANT IN THE PLAN PROVIDED THAT HE ELECTS TO
2 PURCHASE CREDIT FOR ALL SUCH CONTINUOUS CREDITABLE SERVICE. IF
3 SUCH EMPLOYEE SO ELECTS, THE EMPLOYER SHALL NO LATER THAN 30
4 DAYS THEREAFTER CAUSE AN APPLICATION FOR MEMBERSHIP OR
5 PARTICIPATION WHICH APPLICATION SHALL INCLUDE THE EMPLOYEE'S
6 HOME ADDRESS, BIRTHDATE CERTIFIED BY THE EMPLOYER, PREVIOUS
7 SCHOOL OR STATE SERVICE AND ANY OTHER INFORMATION REQUESTED BY
8 THE BOARD, AND A NOMINATION OF BENEFICIARY TO BE MADE BY HIM AND
9 FILED WITH THE BOARD AND SHALL CAUSE PROPER CONTRIBUTIONS TO BE
10 MADE FROM THE DATE OF ELECTION OF MEMBERSHIP OR PARTICIPATION.

11 (F) ADVISING MEMBERS OF DUTIES.--THE EMPLOYER SHALL ADVISE
12 HIS EMPLOYEES OF THEIR DUTIES AS MEMBERS OF THE SYSTEM AND
13 PARTICIPANTS OF THE PLAN. LOCAL SCHOOL DISTRICTS SHALL BE HELD
14 HARMLESS FROM DECISIONS MADE BY THE EMPLOYEE IN THIS REGARD.

15 * * *

16 (I) TERMINATION OF SERVICE BY MEMBERS.--THE EMPLOYER SHALL,
17 IN THE CASE OF ANY MEMBER TERMINATING SCHOOL SERVICE, ADVISE
18 SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE SYSTEM TO WHICH
19 HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND SHALL
20 HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF TERMINATION OF
21 SCHOOL SERVICE, ONE OF THE FOLLOWING THREE FORMS, A COPY OF
22 WHICH SHALL BE GIVEN TO THE MEMBER AND THE ORIGINAL OF WHICH
23 SHALL BE FILED WITH THE BOARD:

24 (1) AN APPLICATION FOR THE RETURN OF ACCUMULATED
25 DEDUCTIONS.

26 (2) AN ELECTION TO VEST HIS RETIREMENT RIGHTS, IF
27 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO
28 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
29 AGREEMENT TO PAY WITHIN 30 DAYS OF THE DATE OF TERMINATION OF
30 SERVICE THE LUMP SUM REQUIRED.

1 (3) AN APPLICATION FOR AN IMMEDIATE ANNUITY, IF
2 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO
3 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN
4 AGREEMENT TO PAY WITHIN 30 DAYS OF DATE OF TERMINATION OF
5 SERVICE THE LUMP SUM REQUIRED.

6 * * *

7 (K) SCHOOL EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED
8 LEAVE OF ABSENCE.--THE EMPLOYER SHALL REPORT TO THE BOARD ALL OF
9 THE FOLLOWING:

10 (1) ANY SCHOOL EMPLOYEE WHO:

11 (I) CEASES TO BE AN ACTIVE MEMBER OR ACTIVE
12 PARTICIPANT TO PERFORM USERRA SERVICE; OR

13 (II) IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S.
14 § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
15 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE OF ABSENCE
16 UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY
17 LEAVES OF ABSENCE) .

18 (2) THE DATE ON WHICH THE USERRA SERVICE, LEAVE OF
19 ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN.

20 (3) THE DATE ON WHICH THE SCHOOL EMPLOYEE IS REEMPLOYED
21 FROM USERRA LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR
22 MILITARY LEAVE OF ABSENCE, IF APPLICABLE.

23 (4) ANY OTHER INFORMATION THE BOARD MAY REQUIRE.

24 (L) DIFFERENTIAL WAGE PAYMENTS AND MILITARY LEAVE OF ABSENCE
25 PAYMENTS.--NOTWITHSTANDING THE EXCLUSION OF DIFFERENTIAL WAGE
26 PAYMENTS AS DEFINED IN IRC § 414(U) (12) FROM COMPENSATION UNDER
27 THIS PART, THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON USERRA LEAVE
28 SHALL REPORT DIFFERENTIAL WAGE PAYMENTS MADE TO THE EMPLOYEE TO
29 THE BOARD, AND THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON LEAVE OF
30 ABSENCE PURSUANT TO 51 PA.C.S. § 4102, SHALL REPORT ANY PAYMENT

1 MADE TO THE EMPLOYEE IN THE FORM AND MANNER ESTABLISHED BY THE
2 BOARD.

3 § 8507. RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS],
4 MEMBERS AND PARTICIPANTS.

5 (A) INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF
6 DUTIES, EACH NEW SCHOOL EMPLOYEE SHALL FURNISH HIS EMPLOYER WITH
7 A COMPLETE RECORD OF HIS PREVIOUS SCHOOL OR STATE SERVICE, OR
8 CREDITABLE NONSCHOOL SERVICE, PROOF OF HIS DATE OF BIRTH, HIS
9 HOME ADDRESS, HIS CURRENT STATUS IN THE SYSTEM AND THE PLAN AND
10 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE STATE
11 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND SUCH OTHER INFORMATION
12 AS THE BOARD MAY REQUIRE. WILLFUL FAILURE TO PROVIDE THE
13 INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE
14 OR THE PROVISION OF ERRONEOUS INFORMATION UPON ENTRANCE INTO THE
15 SYSTEM OR PLAN SHALL RESULT IN THE FORFEITURE OF THE RIGHT OF
16 THE MEMBER OR PARTICIPANT TO SUBSEQUENTLY ASSERT ANY RIGHT TO
17 BENEFITS BASED ON ERRONEOUS INFORMATION OR ON ANY OF THE
18 REQUIRED INFORMATION WHICH HE FAILED TO PROVIDE. IN ANY CASE IN
19 WHICH THE BOARD FINDS THAT A MEMBER OR PARTICIPANT IS RECEIVING
20 AN ANNUITY BASED ON FALSE INFORMATION, THE ADDITIONAL AMOUNTS
21 RECEIVED PREDICATED ON SUCH FALSE INFORMATION TOGETHER WITH
22 STATUTORY INTEREST DOUBLED AND COMPOUNDED SHALL BE DEDUCTED FROM
23 THE PRESENT VALUE OF ANY REMAINING BENEFITS TO WHICH THE MEMBER
24 OR PARTICIPANT IS LEGALLY ENTITLED AND SUCH REMAINING BENEFITS
25 SHALL BE CORRESPONDINGLY DECREASED.

26 * * *

27 (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JULY 1,
28 2017, IN THE CASE OF A NEW EMPLOYEE WHO IS NOT CURRENTLY A
29 PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY, OR
30 IN THE CASE OF A NEW EMPLOYEE WHOSE PARTICIPATION IS NOT

1 MANDATORY BUT IS PERMITTED AND WHO DESIRES TO BECOME A
2 PARTICIPANT IN THE PLAN, THE NEW EMPLOYEE SHALL EXECUTE AN
3 APPLICATION FOR PARTICIPATION AND A NOMINATION OF A BENEFICIARY.

4 * * *

5 (D.2) CONTRIBUTIONS FOR USERRA LEAVE.--ANY ACTIVE
6 PARTICIPANT OR INACTIVE PARTICIPANT OR FORMER PARTICIPANT WHO
7 WAS REEMPLOYED FROM USERRA LEAVE AND WHO DESIRES TO MAKE
8 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY
9 CONTRIBUTIONS FOR HIS USERRA LEAVE SHALL SO NOTIFY THE BOARD
10 WITHIN THE TIME PERIOD REQUIRED UNDER 38 U.S.C. CH. 43 (RELATING
11 TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE
12 UNIFORMED SERVICES) AND IRC § 414(U) OF HIS DESIRE TO MAKE SUCH
13 CONTRIBUTIONS. UPON MAKING THE PERMITTED MANDATORY PICKUP
14 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED TIME PERIOD, THE
15 EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER DEFINED
16 CONTRIBUTIONS AT THE SAME TIME.

17 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY
18 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE
19 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE
20 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND
21 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY
22 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND
23 OTHER APPLICABLE LAW.

24 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY
25 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED
26 WITH THE BOARD TO RECEIVE THE DEATH BENEFIT OR THE BENEFIT
27 PAYABLE FROM THE SYSTEM UNDER THE PROVISIONS OF OPTION 1. SUCH
28 NOMINATION MAY BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN
29 DESIGNATION FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A
30 CONTINGENT BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH

1 BENEFIT OR THE BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1.

2 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM PLAN.--EVERY
3 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION
4 FILED WITH THE BOARD AS PROVIDED IN SECTION 8506 (RELATING TO
5 DUTIES OF EMPLOYERS) TO RECEIVE THE DEATH BENEFIT PAYABLE UNDER
6 SECTION 8408 (RELATING TO DEATH BENEFITS). A PARTICIPANT MAY
7 ALSO NOMINATE A CONTINGENT BENEFICIARY OR BENEFICIARIES TO
8 RECEIVE THE DEATH BENEFIT PROVIDED UNDER SECTION 8408. SUCH
9 NOMINATIONS MAY BE CHANGED AT ANY TIME BY THE PARTICIPANT BY
10 WRITTEN DESIGNATION FILED WITH THE BOARD.

11 (E.2) BENEFICIARY DESIGNATION.--A SCHOOL EMPLOYEE MAY
12 DESIGNATE OR NOMINATE DIFFERENT PERSONS TO BE BENEFICIARIES,
13 SURVIVOR ANNUITANTS AND SUCCESSOR PAYEES FOR HIS BENEFITS FROM
14 THE SYSTEM AND THE PLAN.

15 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO
16 TERMINATES SCHOOL SERVICE AND WHO IS NOT THEN A DISABILITY
17 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
18 SERVICE A WRITTEN APPLICATION, DULY ATTESTED BY THE MEMBER OR
19 HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO DO ONE OR
20 MORE OF THE FOLLOWING:

21 (1) WITHDRAW HIS ACCUMULATED DEDUCTIONS.
22 (2) VEST HIS RETIREMENT RIGHTS, IF ELIGIBLE, AND IF HE
23 IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A
24 FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE
25 DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

26 (3) RECEIVE AN IMMEDIATE ANNUITY, IF ELIGIBLE, AND MAY,
27 IF HE IS A JOINT COVERAGE MEMBER, ELECT TO BECOME A FULL
28 COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF DATE OF
29 TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

30 * * *

1 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT
2 TERMINATES SCHOOL SERVICE AND DOES NOT COMMENCE RECEIVING A
3 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY BY WRITTEN
4 DESIGNATION FILED WITH THE BOARD, AND HE MAY ANYTIME THEREAFTER,
5 BUT NO LATER THAN HIS REQUIRED BEGINNING DATE, WITHDRAW THE
6 VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO HIS
7 CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION REQUIRED BY LAW
8 OR AUTHORIZED BY THE BOARD.

9 * * *

10 (I) FAILURE TO APPLY FOR ANNUITY.--IF A MEMBER IS ELIGIBLE
11 TO RECEIVE AN ANNUITY FROM THE SYSTEM AND DOES NOT FILE A PROPER
12 APPLICATION WITHIN 90 DAYS OF TERMINATION OF SERVICE, HE SHALL
13 BE DEEMED TO HAVE ELECTED TO VEST, AND HIS ANNUITY WILL BECOME
14 EFFECTIVE AS OF THE DATE AN APPLICATION IS FILED WITH THE BOARD
15 OR THE DATE DESIGNATED ON THE APPLICATION WHICHEVER IS LATER.

16 * * *

17 SECTION 119. SECTIONS 8521(B), 8522, 8524, 8525 AND 8531 OF
18 TITLE 24 ARE AMENDED TO READ:

19 § 8521. MANAGEMENT OF FUND AND ACCOUNTS.

20 * * *

21 (B) CREDITING OF INTEREST.--THE BOARD ANNUALLY SHALL ALLOW
22 STATUTORY INTEREST, EXCLUDING THE INDIVIDUAL INVESTMENT
23 ACCOUNTS, TO THE CREDIT OF THE MEMBERS' SAVINGS ACCOUNT ON THE
24 MEAN AMOUNT OF THE ACCUMULATED DEDUCTIONS OF ALL MEMBERS FOR
25 WHOM INTEREST IS PAYABLE FOR THE PRECEDING YEAR AND VALUATION
26 INTEREST ON THE MEAN AMOUNT OF THE ANNUITY RESERVE ACCOUNT FOR
27 THE PRECEDING YEAR TO THE CREDIT OF THAT ACCOUNT. THE BOARD
28 ANNUALLY SHALL ALLOW VALUATION INTEREST CALCULATED ON THE MEAN
29 AMOUNT FOR THE PRECEDING YEAR OF THE BALANCE IN THE STATE
30 ACCUMULATION ACCOUNT EXCLUDING ANY EARNINGS OF THE FUND CREDITED

1 TO THE ACCOUNT DURING THAT YEAR. IN THE EVENT THE TOTAL EARNINGS
2 FOR THE YEAR DO NOT EXCEED 5 1/2% OF THE MEAN AMOUNT FOR THE
3 PRECEDING YEAR OF THE TOTAL ASSETS OF THE FUND LESS EARNINGS
4 CREDITED TO THE FUND DURING THAT YEAR PLUS THE ADMINISTRATIVE
5 EXPENSES OF THE BOARD, THE DIFFERENCE REQUIRED TO BE
6 APPROPRIATED FROM THE GENERAL FUND SHALL BE CREDITED TO THE
7 STATE ACCUMULATION ACCOUNT.

8 * * *

9 § 8522. PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND.

10 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL MONEYS IN
11 THE SEVERAL SEPARATE FUNDS IN THE STATE TREASURY SET APART TO BE
12 USED UNDER THE DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS
13 OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE
14 FUND ALL MONEYS RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING
15 FROM THE CONTRIBUTIONS RELATING TO OR ON BEHALF OF THE MEMBERS
16 OF THE SYSTEM REQUIRED UNDER THE PROVISIONS OF CHAPTER 83
17 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) AND ALL
18 EARNINGS FROM INVESTMENTS OR MONEYS OF SAID FUND. THERE SHALL BE
19 ESTABLISHED AND MAINTAINED BY THE BOARD THE SEVERAL LEDGER
20 ACCOUNTS SPECIFIED IN SECTIONS 8523 (RELATING TO MEMBERS'
21 SAVINGS ACCOUNT), 8524 (RELATING TO STATE ACCUMULATION ACCOUNT),
22 8525 (RELATING TO ANNUITY RESERVE ACCOUNT) AND 8526 (RELATING TO
23 HEALTH INSURANCE ACCOUNT).

24 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE
25 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST ARE
26 NOT PART OF THE FUND. MANDATORY PICKUP PARTICIPANT
27 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED
28 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE
29 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED
30 TO THE FUND BUT INSTEAD SHALL BE PAID TO THE TRUST AND CREDITED

1 TO THE INDIVIDUAL INVESTMENT ACCOUNTS.

2 § 8524. STATE ACCUMULATION ACCOUNT.

3 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
4 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH
5 AND OTHER EMPLOYERS AS WELL AS THE EARNINGS OF THE FUND, EXCEPT
6 THE PREMIUM ASSISTANCE CONTRIBUTIONS AND EARNINGS THEREON IN THE
7 HEALTH INSURANCE ACCOUNT. VALUATION INTEREST SHALL BE ALLOWED ON
8 THE TOTAL AMOUNT OF SUCH ACCOUNT LESS ANY EARNINGS OF THE FUND
9 CREDITED DURING THE YEAR. THE RESERVES NECESSARY FOR THE PAYMENT
10 OF ANNUITIES AND DEATH BENEFITS RESULTING FROM MEMBERSHIP IN THE
11 SYSTEM AS APPROVED BY THE BOARD AND AS PROVIDED IN CHAPTER 83
12 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) SHALL BE
13 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE ANNUITY
14 RESERVE ACCOUNT. AT THE END OF EACH YEAR THE REQUIRED INTEREST
15 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE
16 CREDIT OF THE MEMBERS' SAVINGS ACCOUNT AND THE ANNUITY RESERVE
17 ACCOUNT. THE ADMINISTRATIVE EXPENSES OF THE BOARD SHALL BE
18 CHARGED TO THE STATE ACCUMULATION ACCOUNT. EMPLOYER DEFINED
19 CONTRIBUTIONS, MANDATORY PICKUP CONTRIBUTIONS AND A
20 PARTICIPANT'S VOLUNTARY CONTRIBUTIONS, TOGETHER WITH ANY INCOME
21 OR INTEREST EARNED THEREON, MAY BE TEMPORARILY PLACED INTO THE
22 STATE ACCUMULATION ACCOUNT PENDING ALLOCATION OR DISTRIBUTION
23 TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

24 § 8525. ANNUITY RESERVE ACCOUNT.

25 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE
26 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED
27 THE RESERVES HELD FOR THE PAYMENT OF ANNUITIES AND DEATH
28 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM ON ACCOUNT OF
29 ALL ANNUITANTS AND THE CONTRIBUTIONS FROM THE COMMONWEALTH AND
30 OTHER EMPLOYERS AS DETERMINED IN ACCORDANCE WITH SECTION 8328

1 (RELATING TO ACTUARIAL COST METHOD) FOR THE PAYMENT OF THE
2 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348 (RELATING TO
3 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL
4 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER ADDITIONAL
5 SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO SUPPLEMENTAL
6 ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO SPECIAL
7 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5 (RELATING TO
8 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6 (RELATING TO
9 SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND 8348.7 (RELATING TO
10 SUPPLEMENTAL ANNUITIES COMMENCING 2003). THE ANNUITY RESERVE
11 ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER THE
12 TRANSFERS PROVIDED IN SECTIONS 8523 (RELATING TO MEMBERS'
13 SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION
14 ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE
15 CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND.

16 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT BE
17 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE EITHER AS A MEMBER OF
18 THE SYSTEM OR PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF HIS
19 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO SCHOOL SERVICE
20 SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE ACCOUNT AND PLACED
21 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN
22 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY LESS THE AMOUNT
23 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED
24 FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION
25 ACCOUNT.

26 § 8531. STATE GUARANTEE REGARDING THE SYSTEM.

27 STATUTORY INTEREST CHARGES PAYABLE, THE MAINTENANCE OF
28 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER
29 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE
30 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND

1 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE
2 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM
3 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART
4 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE
5 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE
6 PLAN OR TRUST.

7 SECTION 120. SECTION 8533(A), (B) AND (D) OF TITLE 24 ARE
8 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO
9 READ:

10 § 8533. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

11 (A) GENERAL RULE.--EXCEPT AS PROVIDED IN SUBSECTIONS (B),
12 (C) AND (D), THE RIGHT OF A PERSON TO A MEMBER'S ANNUITY, A
13 STATE ANNUITY, OR RETIREMENT ALLOWANCE, TO THE RETURN OF
14 CONTRIBUTIONS, ANY BENEFIT OR RIGHT ACCRUED OR ACCRUING TO ANY
15 PERSON UNDER THE PROVISIONS OF THIS PART, AND THE MONEYS IN THE
16 FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR MUNICIPAL
17 TAX, [AND EXEMPT FROM] LEVY AND SALE, GARNISHMENT, ATTACHMENT,
18 THE PROVISIONS OF ARTICLE XIII.1 OF THE ACT OF APRIL 9, 1929
19 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, OR ANY OTHER
20 PROCESS WHATSOEVER, AND SHALL BE UNASSIGNABLE.

21 (A.1) INDIVIDUAL INVESTMENT ACCOUNTS AND DISTRIBUTIONS.--NO
22 PARTICIPANT OR BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE
23 OF A PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL,
24 ASSIGN, ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,
25 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR
26 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO
27 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER
28 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE
29 PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A
30 PARTICIPANT.

1 (B) FORFEITURE.--

2 (1) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
3 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,
4 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT.
5 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
6 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS
7 THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER THIS PART.

8 (2) IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V OF THE
9 CONSTITUTION OF PENNSYLVANIA AND NOTWITHSTANDING PARAGRAPH
10 (1), THE ACT OF JULY 8, 1978 (P.L.752, NO. 140), KNOWN AS THE
11 PUBLIC EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352
12 (RELATING TO PENSION RIGHTS), THE ACCUMULATED MANDATORY
13 PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
14 CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT SHALL
15 NOT BE FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES
16 AND RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT
17 HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE AS
18 THE RESULT OF AN EQUITABLE DISTRIBUTION OF MARITAL PROPERTY
19 AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER ENTERED
20 BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT OR OTHER
21 TRIBUNAL RESULTING IN A FORFEITURE OF A PARTICIPANT'S
22 INTEREST IN THE TRUST SHALL NOT BE SUBJECT TO THE PUBLIC
23 EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY
24 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A
25 RESULT OF THIS SUBSECTION OR OTHER LAW SHALL BE RETAINED BY
26 THE BOARD AND USED FOR THE PAYMENT OF EXPENSES OF THE PLAN.

27 * * *

28 (D) DIRECT ROLLOVER.--EFFECTIVE WITH DISTRIBUTIONS MADE ON
29 OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER
30 PROVISION OF THIS PART TO THE CONTRARY, A DISTRIBUTE MAY ELECT,

1 AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE
2 ANY PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY
3 TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
4 PURPOSES OF THIS SUBSECTION, A "DISTRIBUTE" INCLUDES A MEMBER
5 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A
6 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO IS
7 AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS
8 ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE
9 PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE
10 AUTHORIZED UNDER IRC AND THE PLAN TERMS APPROVED BY THE BOARD TO
11 HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN
12 ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
13 PURPOSES OF THIS SUBSECTION, THE TERM "ELIGIBLE ROLLOVER
14 DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(F) (2)
15 (A) AND "ELIGIBLE RETIREMENT PLAN" HAS THE MEANING GIVEN SUCH
16 TERM BY IRC § 402(C) (8) (B), EXCEPT THAT A QUALIFIED TRUST SHALL
17 BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE
18 DISTRIBUTE'S ELIGIBLE ROLLOVER DISTRIBUTION; HOWEVER, IN THE
19 CASE OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE,
20 AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT
21 ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS
22 ARE DEFINED IN IRC § 408(A) AND (B).

23 SECTION 121. SECTIONS 8533.1, 8533.2, 8533.3 AND 8533.4(A)
24 OF TITLE 24 ARE AMENDED TO READ:

25 § 8533.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

26 (A) CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS
27 ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS
28 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
29 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF SUCH ORDER
30 MEETS ALL OF THE FOLLOWING:

1 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
2 BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED
3 UNDER THIS PART.

4 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE
5 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE
6 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS
7 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE
8 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON
9 OTHER THAN ACTUARIAL VALUE.

10 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
11 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
12 PAYEE OR THE MANNER IN WHICH THE AMOUNT OR PERCENTAGE IS TO
13 BE DETERMINED.

14 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
15 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY
16 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON
17 RETIREMENT.

18 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
19 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
20 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND
21 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE
22 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

23 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,
24 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

25 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION
26 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S
27 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
28 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER
29 MAINTAINED BY THE SYSTEM. AN AUTHORIZATION GRANTED PURSUANT
30 TO THIS SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR

1 THE ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
2 ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE
3 PAYEE'S SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART
4 AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED
5 TO MEMBERS OR OBTAIN INFORMATION THAT IS NOT RELATED TO THE
6 ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S
7 SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART.

8 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC
9 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED
10 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
11 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER
12 MEETS ALL OF THE FOLLOWING:

13 (1) DOES NOT REQUIRE THE PLAN TO PROVIDE ANY TYPE OR
14 FORM OF BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS OF THE
15 SYSTEM OR PARTICIPANTS IN THE PLAN.

16 (2) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE
17 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT
18 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL
19 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

20 (3) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE
21 ANY FUNDS THAT WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE
22 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC
23 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS
24 DESIGNATED REPRESENTATIVE.

25 (4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
26 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE
27 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE
28 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE
29 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF
30 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE

1 PAYEE.

2 (5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP
3 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S
4 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF
5 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION
6 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

7 (6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE
8 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE
9 ALTERNATE PAYEE AND THE DATE UPON WHICH SUCH VALUATION IS
10 BASED.

11 (7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
12 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN
13 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER
14 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE
15 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE
16 PLAN.

17 (8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,
18 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.

19 (9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION
20 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S
21 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
22 THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT
23 MAINTAINED BY THE PLAN. ANY AUTHORIZATION GRANTED PURSUANT TO
24 THIS SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
25 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
26 PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION
27 AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE
28 PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE
29 THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION
30 THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND

1 PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S
2 INDIVIDUAL INVESTMENT ACCOUNT.

3 (10) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE
4 ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL
5 INVESTMENT ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT,
6 ELIGIBLE ROLLOVER OR TRUSTEE-TO-TRUSTEE TRANSFER TO ANOTHER
7 ELIGIBLE PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE
8 PAYEE.

9 (11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
10 RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
11 DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE
12 BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE
13 BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE
14 AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
15 AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT
16 DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH
17 OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S
18 INDIVIDUAL INVESTMENT ACCOUNT.

19 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD
20 OF TIME AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE
21 SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL
22 DETERMINE WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS
23 ORDER AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE
24 PAYEE OF THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION
25 OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR
26 ALTERNATE PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE
27 BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO
28 AN ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 (RELATING TO
29 PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO THE
30 COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO JUDICIAL

1 REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT APPEALS
2 FROM GOVERNMENT AGENCIES).

3 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED
4 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO
5 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS
6 THAT TERM IS DEFINED IN 23 PA.C.S. § 4302 (RELATING TO
7 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS
8 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
9 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT
10 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS
11 AS ESTABLISHED BY THE LAWS OF THIS COMMONWEALTH AND THE UNITED
12 STATES[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER THAT
13 WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER STATE OR
14 THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS FOR
15 SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST ANY PARTICIPANT WHO
16 IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE
17 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING
18 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD
19 OTHERWISE REQUIRE A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED
20 CONTRIBUTIONS IN THE FORM OF AN ANNUITY OR TO REQUIRE THE
21 PURCHASE OF AN ANNUITY.

22 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS
23 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO
24 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS
25 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS
26 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE
27 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN
28 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE
29 OBLIGATIONS OF THE SYSTEM OR PLAN WITH RESPECT TO SUCH APPROVAL
30 OR DISAPPROVAL SHALL BE DISCHARGED.

1 § 8533.2. IRREVOCABLE BENEFICIARY.

2 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC
3 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A
4 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN
5 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES
6 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A
7 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT
8 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT
9 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC
10 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC
11 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
12 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH
13 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED
14 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT
15 WITHOUT APPROVAL BY THE COURT.

16 § 8533.3. IRREVOCABLE SURVIVOR ANNUITANT.

17 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC
18 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR
19 ANNUITANT PERTAINING TO A MEMBER. A DOMESTIC RELATIONS ORDER
20 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT
21 OF A MEMBER OF THE FUND SHALL BE DEEMED TO BE ONE THAT REQUIRES
22 A MEMBER TO DESIGNATE AN ALTERNATE PAYEE AS A SURVIVOR ANNUITANT
23 AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT SURVIVOR
24 ANNUITANT FOR BENEFITS PAYABLE FROM THE FUND WITHOUT APPROVAL OF
25 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.
26 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED
27 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS
28 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE
29 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY
30 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO

1 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AN
2 IRREVOCABLE SURVIVOR ANNUITANT.

3 § 8533.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

4 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE
5 ALTERNATE PAYEE PREDECEASES THE MEMBER OR PARTICIPANT AND THERE
6 ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE COURT
7 MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO SUBSTITUTE A
8 PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE ANY BENEFITS
9 PAYABLE TO THE DECEASED ALTERNATE PAYEE.

10 * * *

11 SECTION 122. TITLE 24 IS AMENDED BY ADDING A SECTION TO
12 READ:

13 § 8533.5. IRREVOCABLE SUCCESSOR PAYEE.

14 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS
15 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY
16 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE ONLY IF THE
17 PARTICIPANT IS RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION
18 PROVIDED BY THE BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.

19 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE
20 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO
21 BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS
22 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN
23 ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE
24 REMOVAL OR CHANGE OF THAT SUCCESSOR PAYEE WITHOUT APPROVAL OF A
25 COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.

26 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER
27 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC
28 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
29 REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE SUCCESSOR PAYEE SO
30 ORDERED BY THE COURT CANNOT BE CHANGED BY THE PARTICIPANT

1 WITHOUT APPROVAL BY THE COURT.

2 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS
3 A SUCCESSOR PAYEE MAY NOT BE DESIGNATED AS AN IRREVOCABLE
4 SUCCESSOR PAYEE. A COURT MAY NOT NAME AN IRREVOCABLE SUCCESSOR
5 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM
6 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL
7 PORTION OF THE PENSION BENEFIT.

8 SECTION 123. SECTIONS 8534 AND 8535 OF TITLE 24 ARE AMENDED
9 TO READ:

10 § 8534. FRAUD AND ADJUSTMENT OF ERRORS.

11 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE
12 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED
13 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO
14 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE
15 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

16 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN
17 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY, [OR],
18 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
19 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
20 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
21 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
22 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR
23 AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO
24 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE
25 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL
26 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED
27 SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS
28 FROM THE PLAN, THE BOARD SHALL TAKE SUCH ACTION AS SHALL BE
29 PROVIDED FOR IN THE PLAN DOCUMENT.

30 § 8535. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH.

1 FOR EACH SCHOOL YEAR BEGINNING WITH THE 1995-1996 SCHOOL YEAR
2 AND ENDING WITH THE 2016-2017 SCHOOL YEAR, EACH SCHOOL ENTITY
3 SHALL BE PAID BY THE COMMONWEALTH FOR CONTRIBUTIONS BASED UPON
4 SCHOOL SERVICE OF ACTIVE MEMBERS OF THE SYSTEM AFTER JUNE 30,
5 1995, AS FOLLOWS:

6 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
7 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
8 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,
9 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHOSE
10 EFFECTIVE DATES OF EMPLOYMENT WITH THEIR SCHOOL ENTITIES ARE
11 AFTER JUNE 30, 1994, AND WHO ALSO HAD NOT PREVIOUSLY BEEN
12 EMPLOYED BY ANY SCHOOL ENTITY WITHIN THIS COMMONWEALTH AN
13 AMOUNT EQUAL TO THE AMOUNT CERTIFIED BY THE PUBLIC SCHOOL
14 EMPLOYEES' RETIREMENT BOARD AS NECESSARY TO PROVIDE, TOGETHER
15 WITH THE MEMBERS' CONTRIBUTIONS, RESERVES ON ACCOUNT OF
16 PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND THE PREMIUM
17 ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN ACCORDANCE
18 WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD),
19 MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF THE SCHOOL
20 ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY RECEIVE
21 LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET
22 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF
23 THE PUBLIC SCHOOL CODE [OF 1949] WAS 0.50.

24 (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
25 CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
26 FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,
27 INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHO
28 ARE NOT DESCRIBED IN PARAGRAPH (1), ONE-HALF OF THE AMOUNT
29 CERTIFIED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AS
30 NECESSARY TO PROVIDE, TOGETHER WITH THE MEMBERS'

1 CONTRIBUTIONS, RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES,
2 SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS
3 PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328.

4 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER
5 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S
6 LIABILITY TO [MAKE] FORWARD THE PAYMENT TO THE PUBLIC SCHOOL
7 EMPLOYEES' RETIREMENT FUND. SCHOOL ENTITIES ARE EXPECTED TO
8 MAKE THE FULL PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES'
9 RETIREMENT FUND IN ACCORDANCE WITH SECTION 8327 (RELATING TO
10 PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE
11 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED
12 BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY
13 THE SCHOOL ENTITIES.

14 SECTION 124. TITLE 24 IS AMENDED BY ADDING SECTIONS TO READ:

15 § 8535.1. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH

16 COMMENCING WITH THE 2017-2018 SCHOOL YEAR.

17 FOR EACH SCHOOL YEAR, BEGINNING WITH THE 2017-2018 SCHOOL
18 YEAR, EACH SCHOOL ENTITY SHALL BE PAID BY THE COMMONWEALTH FOR
19 CONTRIBUTIONS BASED UPON SCHOOL SERVICE OF ACTIVE MEMBERS OF THE
20 SYSTEM AND ACTIVE PARTICIPANTS OF THE PLAN AFTER JUNE 30, 2017,
21 AS FOLLOWS:

22 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
23 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL
24 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,
25 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED OR USERRA
26 MILITARY SERVICE LEAVE, WHOSE EFFECTIVE DATES OF EMPLOYMENT
27 WITH THEIR SCHOOL ENTITIES ARE AFTER JUNE 30, 1994, AND WHO
28 ALSO HAD NOT PREVIOUSLY BEEN EMPLOYED BY ANY SCHOOL ENTITY
29 WITHIN THIS COMMONWEALTH, AN AMOUNT EQUAL TO THE AMOUNT
30 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH

1 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON
2 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND
3 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN
4 ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST
5 METHOD), MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF
6 THE SCHOOL ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY
7 RECEIVE LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET
8 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF
9 THE PUBLIC SCHOOL CODE WAS 0.50.

10 (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR
11 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL
12 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,
13 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED MILITARY
14 SERVICE LEAVE, AND ACTIVE PARTICIPANTS OF THE PLAN WHO ARE
15 NOT DESCRIBED IN PARAGRAPH (1) ONE-HALF OF THE AMOUNT
16 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH
17 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON
18 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND
19 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN
20 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 FORWARD THE PAYMENT TO THE FUND OR THE TRUST.
24 SCHOOL ENTITIES ARE EXPECTED TO MAKE THE FULL PAYMENT TO THE
25 FUND OR THE TRUST IN ACCORDANCE WITH SECTION 8327 (RELATING
26 TO PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE
27 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED
28 BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY
29 THE SCHOOL ENTITIES.

30 (4) EMPLOYERS WHOSE PAYMENTS TO THE PUBLIC SCHOOL

1 EMPLOYEES' RETIREMENT FUND ARE DELINQUENT SHALL BE CHARGED
2 INTEREST BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND AT
3 THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD PURSUANT TO
4 SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) IN EFFECT IN
5 THE FISCAL YEAR IN WHICH THE PAYMENTS ARE REQUIRED TO BE
6 PAID.

7 § 8537. INTERNAL REVENUE CODE LIMITATIONS.

8 NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,
9 NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES'
10 DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT
11 THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC
12 § 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS
13 DEFINED IN IRC § 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT
14 PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC
15 § 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE
16 PARTICIPANTS.

17 § 8538. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
18 COMMISSION.

19 (A) ESTABLISHMENT.--A PUBLIC PENSION MANAGEMENT AND ASSET
20 INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL
21 BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE
22 FOLLOWING:

23 (1) GOVERNOR.

24 (2) PRESIDENT PRO TEMPORE OF THE SENATE.

25 (3) THE MINORITY LEADER OF THE SENATE.

26 (4) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

27 (5) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES.

28 THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT
29 ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE
30 DATE OF THIS SECTION.

1 (B) DUTIES.--THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND
2 ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:

3 (1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT
4 STRATEGIES AND PROCEDURES OF THE PUBLIC SCHOOL EMPLOYEES'
5 RETIREMENT SYSTEM, COMPARING REALIZED RATES OF RETURN TO
6 ESTABLISHED BENCHMARKS AND CONSIDERING ASSOCIATED FEES PAID
7 FOR ACTIVE AND PASSIVE MANAGEMENT.

8 (2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND
9 PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE
10 INVESTMENT ACTIVITIES OF THE PUBLIC SCHOOL EMPLOYEES'
11 RETIREMENT SYSTEM.

12 (3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH
13 AVAILABLE ASSETS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
14 SYSTEM THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.

15 (3.1) THE COMMISSION SHALL EVALUATE AND MAKE
16 RECOMMENDATIONS ON:

17 (I) IMPROVING INVESTMENT FEE TRANSPARENCY ON
18 ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED
19 REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED
20 PARTNERS ASSOCIATION.

21 (II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY
22 OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST
23 THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF
24 INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED
25 RETURN.

26 (4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ON-LINE,
27 INCLUDING FINDINGS ABOUT:

28 (I) ASSETS.

29 (II) RETURNS.

30 (III) FINANCIAL MANAGERS.

1 (IV) CONSULTANTS.

2 (V) REQUESTS FOR PROPOSALS.

3 (VI) INVESTMENT PERFORMANCE MEASURED AGAINST
4 BENCHMARKS.

5 (5) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE
6 GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS
7 FIRST ORGANIZATIONAL MEETING.

8 (C) QUORUM.--A MAJORITY OF APPOINTED MEMBERS SHALL
9 CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE
10 MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND
11 ANOTHER TO BE VICE-CHAIRPERSON.

12 (D) TRANSPARENCY AND ETHICS.--THE PUBLIC PENSION MANAGEMENT
13 AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE
14 FOLLOWING LAWS:

15 (1) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS
16 THE RIGHT-TO-KNOW LAW.

17 (2) THE ACT OF JULY 3, 1986 (P.L.388, NO.84), KNOWN AS
18 THE SUNSHINE ACT.

19 (3) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN
20 AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS ACT.

21 (4) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN
22 AS THE STATE ADVERSE INTEREST ACT.

23 (E) INFORMATION GATHERING.--THE PUBLIC PENSION MANAGEMENT
24 AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND
25 OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT
26 CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES.

27 (F) LOGISTICAL AND OTHER SUPPORT.--THE PUBLIC PENSION
28 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE
29 LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT
30 COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED.

1 (G) REIMBURSEMENT.--THE MEMBERS OF THE PUBLIC PENSION
2 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE
3 REIMBURSED FOR REASONABLE EXPENSES.

4 (H) EXPIRATION.--THE PUBLIC PENSION MANAGEMENT AND ASSET
5 INVESTMENT REVIEW COMMISSION SHALL EXPIRE 60 DAYS AFTER DELIVERY
6 OF ITS REPORT IN ACCORDANCE WITH SUBSECTION (B) (5). ANY UNSPENT
7 APPROPRIATION SHALL LAPSE BACK TO THE GENERAL FUND.

8 SECTION 125. THE DEFINITION OF "ELIGIBLE PERSON" IN SECTION
9 8702(A) OF TITLE 24 IS AMENDED TO READ:

10 § 8702. DEFINITIONS.

11 (A) GENERAL RULE.--SUBJECT TO ADDITIONAL DEFINITIONS
12 CONTAINED IN SUBSEQUENT PROVISIONS OF THIS PART WHICH ARE
13 APPLICABLE TO SPECIFIC PROVISIONS OF THIS PART, THE FOLLOWING
14 WORDS AND PHRASES WHEN USED IN THIS PART SHALL HAVE THE MEANINGS
15 GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY
16 INDICATES OTHERWISE:

17 "ELIGIBLE PERSON." AN INDIVIDUAL WHO IS:

18 (1) AN ANNUITANT OR SURVIVOR ANNUITANT OR THE SPOUSE OR
19 DEPENDENT OF AN ANNUITANT OR SURVIVOR ANNUITANT[.]; OR

20 (2) A PARTICIPANT RECEIVING DISTRIBUTIONS OR A SUCCESSOR
21 PAYEE, OR THE SPOUSE OR DEPENDENT OF A PARTICIPANT RECEIVING
22 DISTRIBUTIONS OR A SUCCESSOR PAYEE.

23 * * *

24 ARTICLE II

25 SECTION 201. SECTION 7306(A) INTRODUCTORY PARAGRAPH OF TITLE
26 51 IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION
27 TO READ:

28 § 7306. RETIREMENT RIGHTS.

29 (A) OPTIONS AVAILABLE TO EMPLOYEES.--ANY EMPLOYEE WHO IS A
30 MEMBER OF A RETIREMENT SYSTEM OTHER THAN AN ACTIVE MEMBER OR

1 INACTIVE MEMBER ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'
2 RETIREMENT SYSTEM [OR], AN ACTIVE PARTICIPANT OR INACTIVE
3 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES' DEFINED
4 CONTRIBUTION PLAN, AN ACTIVE OR INACTIVE MEMBER OF THE PUBLIC
5 SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR AN ACTIVE OR INACTIVE
6 PARTICIPANT OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN
7 AT THE TIME HE IS GRANTED A MILITARY LEAVE OF ABSENCE SHALL BE
8 ENTITLED TO EXERCISE ANY ONE OF THE FOLLOWING OPTIONS IN REGARD
9 THERETO:

10 * * *

11 (F) PARTICIPANT OF A DEFINED CONTRIBUTION PLAN.--

12 (1) AN EMPLOYEE WHO IS AN ACTIVE OR INACTIVE PARTICIPANT
13 OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AT THE
14 TIME THE EMPLOYEE IS GRANTED A MILITARY LEAVE OF ABSENCE
15 SHALL BE ENTITLED TO MAKE CONTRIBUTIONS TO THE SCHOOL
16 EMPLOYEES' DEFINED CONTRIBUTION TRUST FOR THE LEAVE AS
17 PROVIDED IN 24 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR
18 SCHOOL EMPLOYEES).

19 (2) AN EMPLOYEE WHO IS AN ACTIVE PARTICIPANT OR INACTIVE
20 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'
21 DEFINED CONTRIBUTION PLAN AT THE TIME HE IS GRANTED A
22 MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO MAKE
23 CONTRIBUTIONS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION
24 TRUST FOR THE LEAVE AS PROVIDED IN 71 PA.C.S. PT. XXV
25 (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS).

26 ARTICLE III

27 SECTION 301. SECTION 4104(A) (7) OF TITLE 71 IS AMENDED TO
28 READ:

29 § 4104. DUTIES OF OFFICE.

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

1 * * *

2 (7) STUDY AND ANALYZE THE IMPACT OF SHARED-RISK
3 CONTRIBUTIONS UNDER 24 PA.C.S. § 8321(B) (RELATING TO REGULAR
4 MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) AND SECTION 5501.1
5 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3
6 AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR
7 MEMBER CONTRIBUTIONS).

8 * * *

9 SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE
10 PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF
11 SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE
12 SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"
13 "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE
14 SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE,"
15 "IRREVOCABLE BENEFICIARY," "REEMPLOYED FROM USERRA LEAVE,"
16 "REGULAR MEMBER CONTRIBUTIONS," "RETIREMENT COUNSELOR," "SALARY
17 DEDUCTIONS," "SHARED-RISK MEMBER CONTRIBUTIONS," "SPECIAL
18 VESTEE," "STANDARD SINGLE LIFE ANNUITY," "STATE EMPLOYEE,"
19 "SUPERANNUATION AGE," "VALUATION INTEREST" AND "VESTEE" IN
20 SECTION 5102 OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED
21 BY ADDING DEFINITIONS TO READ:

22 § 5102. DEFINITIONS.

23 THE FOLLOWING WORDS AND PHRASES AS USED IN THIS PART, UNLESS
24 A DIFFERENT MEANING IS PLAINLY REQUIRED BY THE CONTEXT, SHALL
25 HAVE THE FOLLOWING MEANINGS:

26 * * *

27 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF
28 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON
29 ACCOUNT OF A PARTICIPANT'S STATE SERVICE TOGETHER WITH ANY
30 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS

1 AND EXPENSES CREDITED OR CHARGED THEREON.

2 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL
3 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE
4 TRUST ON ACCOUNT OF A PARTICIPANT'S STATE SERVICE TOGETHER WITH
5 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,
6 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

7 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE
8 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED
9 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY
10 CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE
11 CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN
12 THE TRUST.

13 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF
14 VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND
15 ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A
16 DIRECT TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST TOGETHER WITH
17 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES,
18 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

19 "ACTIVE MEMBER." A STATE EMPLOYEE, OR A MEMBER ON LEAVE
20 WITHOUT PAY, FOR WHOM PICKUP CONTRIBUTIONS ARE BEING MADE TO THE
21 FUND OR FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR
22 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF
23 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER
24 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
25 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE
26 LIMITATIONS UNDER SECTION 401(A) (17) OR SECTION [415(B)] 415 OF
27 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C.
28 § 401(A) (17) OR [415(B)] 415).

29 "ACTIVE PARTICIPANT." A STATE EMPLOYEE FOR WHOM MANDATORY
30 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR

1 FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED FOR STATE SERVICE
2 REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE SOLELY BY
3 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS
4 UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF
5 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415).

6 * * *

7 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR
8 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A
9 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A
10 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT
11 UNDER THIS PART.

12 * * *

13 "AVERAGE NONCOVERED SALARY." THE AVERAGE OF THE AMOUNTS OF
14 COMPENSATION RECEIVED EACH CALENDAR YEAR SINCE JANUARY 1, 1956,
15 EXCLUSIVE OF THE AMOUNT WHICH WAS OR COULD HAVE BEEN COVERED BY
16 THE FEDERAL SOCIAL SECURITY ACT[, 42 U.S.C. § 301 ET SEQ.] (42
17 U.S.C. § 301 ET SEQ.), DURING THAT PORTION OF THE MEMBER'S
18 SERVICE SINCE JANUARY 1, 1956, FOR WHICH HE HAS RECEIVED SOCIAL
19 SECURITY INTEGRATION CREDIT.

20 * * *

21 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON
22 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER
23 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON
24 THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR
25 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY THE
26 PARTICIPANT TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED
27 TOTAL DEFINED CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH
28 OF THE PARTICIPANT.

29 * * *

30 "CLASS A-5 EXEMPT EMPLOYEE." ANY OF THE FOLLOWING:

- 1 (1) A SWORN POLICE OFFICER.
- 2 (2) AN ENFORCEMENT OFFICER.
- 3 (3) A WILDLIFE CONSERVATION OFFICER OR OTHER
4 COMMISSIONED LAW ENFORCEMENT PERSONNEL EMPLOYED BY THE
5 PENNSYLVANIA GAME COMMISSION WHO HAS AND EXERCISES THE SAME
6 LAW ENFORCEMENT POWERS AS A WILDLIFE CONSERVATION OFFICER.
7 THE TERM SHALL NOT INCLUDE A DEPUTY WILDLIFE CONSERVATION
8 OFFICER.
- 9 (4) A DELAWARE RIVER PORT AUTHORITY POLICEMAN.
- 10 (5) A PARK RANGER.
- 11 (6) A CAPITOL POLICE OFFICER.
- 12 (7) A CAMPUS POLICE OFFICER EMPLOYED BY A STATE-OWNED
13 EDUCATIONAL INSTITUTION, COMMUNITY COLLEGE OR THE
14 PENNSYLVANIA STATE UNIVERSITY.
- 15 (8) A POLICE OFFICER EMPLOYED BY FORT INDIANTOWN GAP OR
16 OTHER DESIGNATED COMMONWEALTH MILITARY INSTALLATION OR
17 FACILITY.
- 18 (9) A CORRECTION OFFICER.

19 "CLASS OF SERVICE MULTIPLIER."

20	CLASS OF SERVICE	MULTIPLIER	
21	A	1	
22	AA	FOR ALL PURPOSES	
23		EXCEPT	
24		CALCULATING	
25		REGULAR MEMBER	
26		CONTRIBUTIONS ON	
27		COMPENSATION	
28		PAID PRIOR TO	
29		JANUARY 1, 2002	1.25
30	AA	FOR PURPOSES OF	

1		CALCULATING	
2		REGULAR MEMBER	
3		CONTRIBUTIONS	
4		ON COMPENSATION	
5		PAID PRIOR TO	
6		JANUARY 1, 2002	1
7	A-3	FOR ALL PURPOSES	
8		EXCEPT THE	
9		CALCULATION OF	
10		REGULAR MEMBER	
11		CONTRIBUTIONS	
12		AND	
13		CONTRIBUTIONS	
14		FOR CREDITABLE	
15		NONSTATE SERVICE	1
16	A-3	FOR PURPOSES OF	
17		CALCULATING	
18		REGULAR MEMBER	
19		CONTRIBUTIONS	
20		AND	
21		CONTRIBUTIONS	
22		FOR CREDITABLE	
23		NONSTATE SERVICE	1.25
24	A-4	FOR ALL PURPOSES	
25		EXCEPT THE	
26		CALCULATION OF	
27		REGULAR MEMBER	
28		CONTRIBUTIONS	1.25
29	A-4	FOR PURPOSES OF	
30		CALCULATING	

1		REGULAR MEMBER		
2		CONTRIBUTIONS	1.86	
3	<u>A-5</u>	<u>FOR ALL PURPOSES</u>		
4		<u>EXCEPT THE</u>		
5		<u>CALCULATION OF</u>		
6		<u>REGULAR MEMBER</u>		
7		<u>CONTRIBUTIONS</u>	<u>.5</u>	
8	<u>A-5</u>	<u>FOR PURPOSES OF</u>		
9		<u>CALCULATING</u>		
10		<u>REGULAR MEMBER</u>		
11		<u>CONTRIBUTIONS</u>	<u>.6</u>	
12	B		.625	
13	C		1	
14	D		1.25	
15	D-1	PRIOR TO JANUARY		
16		1, 1973	1.875	
17	D-1	ON AND		
18		SUBSEQUENT TO		
19		JANUARY 1, 1973	1.731	
20	D-2	PRIOR TO JANUARY		
21		1, 1973	2.5	
22	D-2	ON AND		
23		SUBSEQUENT TO		
24		JANUARY 1, 1973	1.731	
25	D-3	PRIOR TO JANUARY		
26		1, 1973	3.75	
27	D-3	ON AND		
28		SUBSEQUENT TO		
29		JANUARY 1, 1973	1.731	EXCEPT PRIOR TO
30				DECEMBER 1, 1974

1				AS APPLIED TO
2				ANY ADDITIONAL
3				LEGISLATIVE
4				COMPENSATION AS
5				AN OFFICER OF
6				THE GENERAL
7				ASSEMBLY
8			3.75	
9	D-4	FOR ALL PURPOSES		
10		EXCEPT		
11		CALCULATING		
12		REGULAR MEMBER		
13		CONTRIBUTIONS		
14		ON COMPENSATION		
15		PAID PRIOR TO		
16		JULY 1, 2001	1.5	
17	D-4	FOR PURPOSES OF		
18		CALCULATING		
19		REGULAR MEMBER		
20		CONTRIBUTIONS ON		
21		COMPENSATION		
22		PAID PRIOR TO		
23		JULY 1, 2001	1	
24	E, E-1	PRIOR TO JANUARY		
25		1, 1973	2	FOR EACH OF THE
26				FIRST TEN YEARS
27				OF JUDICIAL
28				SERVICE, AND
29			1.5	FOR EACH
30				SUBSEQUENT YEAR

1				OF JUDICIAL
2				SERVICE
3	E, E-1	ON AND		
4		SUBSEQUENT TO		
5		JANUARY 1, 1973	1.50	FOR EACH OF THE
6				FIRST TEN YEARS
7				OF JUDICIAL
8				SERVICE AND
9			1.125	FOR EACH
10				SUBSEQUENT YEAR
11				OF JUDICIAL
12				SERVICE
13	E-2	PRIOR TO		
14		SEPTEMBER 1,		
15		1973	1.5	
16	E-2	ON AND		
17		SUBSEQUENT TO		
18		SEPTEMBER 1,		
19		1973	1.125	
20	G		0.417	
21	H		0.500	
22	I		0.625	
23	J		0.714	
24	K		0.834	
25	L		1.000	
26	M		1.100	
27	N		1.250	
28	T-C (PUBLIC SCHOOL			
29	EMPLOYEES '			
30	RETIREMENT CODE)		1	

1 T-E (PUBLIC SCHOOL
 2 EMPLOYEES '
 3 RETIREMENT CODE) 1
 4 T-F (PUBLIC SCHOOL
 5 EMPLOYEES '
 6 RETIREMENT CODE) 1
 7 T-G (PUBLIC SCHOOL
 8 EMPLOYEES '
 9 RETIREMENT CODE) 1

10 * * *

11 "COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP
 12 PARTICIPANT CONTRIBUTIONS PLUS REMUNERATION ACTUALLY RECEIVED AS
 13 A STATE EMPLOYEE EXCLUDING REFUNDS FOR EXPENSES, CONTINGENCY AND
 14 ACCOUNTABLE EXPENSE ALLOWANCES; EXCLUDING ANY SEVERANCE PAYMENTS
 15 OR PAYMENTS FOR UNUSED VACATION OR SICK LEAVE; AND EXCLUDING
 16 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN
 17 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER
 18 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
 19 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER
 20 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF
 21 ABSENCE) OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES
 22 OF LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS
 23 DEFINED IN IRC § 414(U) (12) AND ANY OTHER PAYMENTS: PROVIDED,
 24 HOWEVER, THAT COMPENSATION RECEIVED PRIOR TO JANUARY 1, 1973,
 25 SHALL BE SUBJECT TO THE LIMITATIONS FOR RETIREMENT PURPOSES IN
 26 EFFECT DECEMBER 31, 1972, IF ANY: PROVIDED FURTHER, THAT THE
 27 LIMITATION UNDER SECTION 401(A) (17) OF THE INTERNAL REVENUE CODE
 28 OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)) TAKEN INTO
 29 ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS, INCLUDING ANY
 30 ADDITIONAL MEMBER CONTRIBUTIONS IN ADDITION TO REGULAR OR JOINT

1 COVERAGE MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION
2 CONTRIBUTIONS, REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO
3 EACH MEMBER WHO FIRST BECAME A MEMBER OF THE STATE EMPLOYEES'
4 RETIREMENT SYSTEM ON OR AFTER JANUARY 1, 1996, AND WHO BY REASON
5 OF SUCH FACT IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION
6 OF THE PROVISIONS OF SECTION 5506.1(A) (RELATING TO ANNUAL
7 COMPENSATION LIMIT UNDER IRC § 401(A)(17)) AND SHALL APPLY TO
8 EACH PARTICIPANT 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(B)]
27 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26
28 U.S.C. § 401(A)(17) OR [415(B)] 415), OR FOR WHICH SALARY
29 DEDUCTIONS OR LUMP SUM PAYMENTS TO THE SYSTEM HAVE BEEN AGREED
30 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 WERE NOT
6 MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER
7 OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY
8 INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS
9 PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR
10 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,
11 26 U.S.C. § 401(A) (17) OR 415); OR

12 (2) IN THE CASE OF AN INACTIVE MEMBER ON LEAVE WITHOUT
13 PAY OR AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY, THE DATE
14 OF HIS RESIGNATION OR THE DATE HIS EMPLOYMENT IS FORMALLY
15 DISCONTINUED BY HIS EMPLOYER.

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 "ELECTED OFFICER." AN INDIVIDUAL WHO:

6 (1) IS ELECTED TO A TERM OF OFFICE THAT BEGINS AFTER
7 DECEMBER 31, 2017, AS GOVERNOR, LIEUTENANT GOVERNOR, ATTORNEY
8 GENERAL, AUDITOR GENERAL, STATE TREASURER, MEMBER OF THE
9 GENERAL ASSEMBLY OR AS A MEMBER OF THE JUDICIARY WHO HAS NOT
10 PREVIOUSLY HELD THE OFFICE THE INDIVIDUAL IS ELECTED TO, OR

11 (2) IS REELECTED TO A TERM OF OFFICE THAT BEGINS AFTER
12 DECEMBER 31, 2017, AS GOVERNOR, LIEUTENANT GOVERNOR, ATTORNEY
13 GENERAL, AUDITOR GENERAL, STATE TREASURER, OR MEMBER OF THE
14 GENERAL ASSEMBLY.

15 * * *

16 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS EQUAL TO
17 2.5% OF AN ACTIVE PARTICIPANT'S COMPENSATION THAT ARE MADE BY
18 THE COMMONWEALTH OR OTHER EMPLOYER TO THE TRUST TO BE CREDITED
19 IN AN ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

20 * * *

21 "FINAL AVERAGE SALARY." [THE] AS FOLLOWS:

22 (1) FOR MEMBERS WITH AN EFFECTIVE DATE OF RETIREMENT
23 BEFORE JANUARY 1, 2017, AND FOR PURPOSES OF CALCULATING
24 STANDARD SINGLE LIFE ANNUITIES AND BENEFITS RESULTING FROM
25 CREDITED SERVICE OTHER THAN POST-DECEMBER 2016 SERVICE AND
26 OTHER THAN CLASS A-5 SERVICE REGARDLESS OF THE EFFECTIVE DATE
27 OF RETIREMENT, THE HIGHEST AVERAGE COMPENSATION RECEIVED AS A
28 MEMBER DURING ANY THREE NONOVERLAPPING PERIODS OF FOUR
29 CONSECUTIVE CALENDAR QUARTERS DURING WHICH THE MEMBER WAS A
30 STATE EMPLOYEE, WITH THE COMPENSATION FOR PART-TIME SERVICE

1 BEING ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF
2 THE YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE
3 WAS NOT A MEMBER FOR THREE NONOVERLAPPING PERIODS OF FOUR
4 CONSECUTIVE CALENDAR QUARTERS, THE TOTAL COMPENSATION
5 RECEIVED AS A MEMBER, ANNUALIZED IN THE CASE OF PART-TIME
6 SERVICE, DIVIDED BY THE NUMBER OF NONOVERLAPPING PERIODS OF
7 FOUR CONSECUTIVE CALENDAR QUARTERS OF MEMBERSHIP[;].

8 (2) FOR MEMBERS WITH AN EFFECTIVE DATE OF RETIREMENT ON
9 OR AFTER JANUARY 1, 2017, FOR PURPOSES OF CALCULATING
10 STANDARD SINGLE LIFE ANNUITIES AND BENEFITS RESULTING FROM
11 POST-DECEMBER 2016 SERVICE, THE LARGER OF:

12 (I) THE HIGHEST AVERAGE TOTAL COMPENSATION RECEIVED
13 AS A MEMBER OF ANY CLASS OF SERVICE DURING ANY FIVE
14 CALENDAR YEARS DURING WHICH THE MEMBER WAS A STATE
15 EMPLOYEE, WITH THE COMPENSATION FOR PART-TIME SERVICE OR
16 FOR ANY PARTIAL YEAR OF CREDIT ANNUALIZED ON THE BASIS OF
17 THE FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT IS
18 RECEIVED, EXCEPT IF THE EMPLOYEE WAS NOT AN ACTIVE MEMBER
19 DURING FIVE CALENDAR YEARS, THE AVERAGE OF THE NUMBER OF
20 CALENDAR YEARS DURING WHICH THE EMPLOYEE WAS AN ACTIVE
21 MEMBER; OR

22 (II) THE HIGHEST AVERAGE COMPENSATION RECEIVED AS A
23 MEMBER OF ANY CLASS OF SERVICE DURING ANY THREE CALENDAR
24 YEARS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE
25 EXCLUDING REMUNERATION RECEIVED AFTER DECEMBER 31, 2016,
26 FOR ANY OVERTIME SERVICE AS A MEMBER OF THE SYSTEM, WITH
27 THE COMPENSATION OF PART-TIME SERVICE OR FOR ANY PARTIAL
28 YEAR OF CREDIT ANNUALIZED ON THE BASIS OF THE FRACTIONAL
29 PORTION OF THE YEAR FOR WHICH CREDIT IS RECEIVED, EXCEPT
30 IF THE EMPLOYEE WAS NOT AN ACTIVE MEMBER DURING THREE

1 CALENDAR YEARS, THE AVERAGE OF THE NUMBER OF CALENDAR
2 YEARS DURING WHICH THE EMPLOYEE WAS AN ACTIVE MEMBER.
3 (3) FOR PURPOSES OF CALCULATING STANDARD SINGLE LIFE
4 ANNUITIES AND BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO
5 SERVICE AS A MEMBER OF CLASS A-5, THE HIGHEST AVERAGE
6 COMPENSATION RECEIVED AS A MEMBER DURING ANY FIVE CALENDAR
7 YEARS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE, WITH THE
8 COMPENSATION FOR PART-TIME SERVICE OR FOR ANY PARTIAL YEAR OF
9 CREDIT ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF
10 THE YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE
11 WAS NOT A MEMBER DURING FIVE CALENDAR YEARS, THE AVERAGE OF
12 THE NUMBER OF CALENDAR YEARS DURING WHICH THE EMPLOYEE WAS AN
13 ACTIVE MEMBER.

14 (4) FOR ALL MEMBERS AND FOR THE CALCULATION OF ALL
15 STANDARD SINGLE LIFE ANNUITIES WITHOUT REGARD TO CLASS OF
16 MEMBERSHIP AND CREDITED SERVICE, IN THE CASE OF A MEMBER WITH
17 MULTIPLE SERVICE, THE FINAL AVERAGE SALARY SHALL BE
18 DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM
19 AS A [STATE EMPLOYEE OR AS A SCHOOL EMPLOYEE] MEMBER OF THE
20 SYSTEM OR AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
21 RETIREMENT SYSTEM, OR BOTH[;], AND, IN THE CASE OF A MEMBER
22 WITH [CLASS A-3 OR CLASS A-4 SERVICE AND] SERVICE IN MORE
23 THAN ONE [OR MORE OTHER CLASSES] CLASS OF SERVICE, THE FINAL
24 AVERAGE SALARY FOR PURPOSES OF CALCULATING ANNUITIES AND
25 BENEFITS FROM ALL CLASSES OF SERVICE SHALL BE DETERMINED ON
26 THE BASIS OF THE COMPENSATION RECEIVED BY HIM IN ALL CLASSES
27 OF STATE SERVICE; AND, IN THE CASE OF A MEMBER WHO FIRST
28 BECAME A MEMBER ON OR AFTER JANUARY 1, 1996, THE FINAL
29 AVERAGE SALARY SHALL BE DETERMINED AS HEREINABOVE PROVIDED
30 BUT SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION

1 5506.1(A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC §
2 401(A)(17)). FINAL AVERAGE SALARY SHALL BE DETERMINED BY
3 INCLUDING IN COMPENSATION PAYMENTS DEEMED TO HAVE BEEN MADE
4 TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE EXTENT MEMBER
5 CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN SECTION 5302(F)
6 (2) (RELATING TO CREDITED STATE SERVICE) AND PAYMENTS MADE TO
7 A MEMBER ON LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102
8 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT
9 EMPLOYEES) AS PROVIDED IN SECTION 5302(F)(6).

10 * * *

11 "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS
12 ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE
13 MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR
14 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF
15 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER
16 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
17 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE
18 LIMITATIONS UNDER SECTION 401(A)(17) OR [415(B)] 415 OF THE
19 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
20 401(A)(17) OR [415(B)] 415), BUT WHO HAS ACCUMULATED DEDUCTIONS
21 STANDING TO HIS CREDIT IN THE FUND AND WHO IS NOT ELIGIBLE TO
22 BECOME OR HAS NOT ELECTED TO BECOME A VESTEE OR HAS NOT FILED AN
23 APPLICATION FOR AN ANNUITY.

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 SUCH
27 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT STATE 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 HIS CREDIT IN THE TRUST AND WHO HAS
3 NOT FILED AN APPLICATION FOR A DISTRIBUTION.

4 "INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY." THE TERM DOES
5 NOT INCLUDE A CLASS A-5 EXEMPT EMPLOYEE WHO IS AN ACTIVE MEMBER
6 ON LEAVE WITHOUT PAY UNLESS THE CLASS A-5 EXEMPT EMPLOYEE
7 CONCURRENTLY IS EMPLOYED IN AN OFFICE OR POSITION IN WHICH THE
8 CLASS A-5 EXEMPT EMPLOYEE IS A PARTICIPANT IN THE PLAN.

9 "INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO
10 WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A
11 PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH
12 THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INTEREST AND
13 INVESTMENT EARNINGS AFTER DEDUCTION FOR FEES, COSTS, EXPENSES
14 AND INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

15 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A
16 MEMBER WHO WAS A STATE EMPLOYEE AND ACTIVE MEMBER OF THE SYSTEM
17 IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED SERVICES OR
18 FORCES OF THE UNITED STATES IN ORDER TO MEET A MILITARY
19 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH SERVICE AND
20 WHO BECOMES A STATE EMPLOYEE WITHIN 90 DAYS OF THE EXPIRATION OF
21 SUCH SERVICE.

22 * * *

23 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY
24 DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE STATE
25 EMPLOYEES' RETIREMENT BOARD PURSUANT TO AN APPROVED DOMESTIC
26 RELATIONS ORDER TO RECEIVE ALL OR A PORTION OF THE ACCUMULATED
27 DEDUCTIONS, VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR
28 LUMP SUM BENEFIT PAYABLE UPON THE DEATH OF SUCH MEMBER OR
29 PARTICIPANT.

30 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY

1 DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING
2 TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO
3 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH
4 OF THE PARTICIPANT.

5 * * *

6 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." FOR A
7 PARTICIPANT WHO IS NOT AN ELECTED OFFICER WHO WAS ELIGIBLE TO
8 MAKE THE ELECTION UNDER SECTION 5306.4 (RELATING TO LIMITED
9 ELECTION TO NOT BECOME A CLASS A-5 MEMBER AND PLAN PARTICIPANT)
10 AND DID NOT DO SO, CONTRIBUTIONS EQUAL TO 3.25% OF COMPENSATION
11 THAT ARE MADE BY THE COMMONWEALTH OR OTHER EMPLOYER FOR ACTIVE
12 PARTICIPANTS FOR CURRENT STATE SERVICE THAT ARE PICKED UP BY THE
13 EMPLOYER AND CREDITED IN THE PLAN. FOR A PARTICIPANT WHO IS AN
14 ELECTED OFFICER WHO WAS ELIGIBLE TO MAKE THE ELECTION UNDER
15 SECTION 5306.4 AND DID NOT DO SO, CONTRIBUTIONS EQUAL TO THE
16 PERCENTAGE OF COMPENSATION UNDER SECTION 5306.4(E) THAT ARE MADE
17 BY THE COMMONWEALTH OR OTHER EMPLOYER FOR ACTIVE PARTICIPANTS
18 FOR CURRENT STATE SERVICE THAT ARE PICKED UP BY THE EMPLOYER AND
19 CREDITED IN THE PLAN.

20 * * *

21 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT
22 OR PARTICIPANT RECEIVING DISTRIBUTIONS.

23 "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE
24 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS
25 INDIVIDUAL INVESTMENT ACCOUNT BUT WHO HAS NOT RECEIVED A TOTAL
26 DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT
27 ACCOUNT.

28 * * *

29 "PLAN." THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS
30 ESTABLISHED UNDER THE PROVISIONS OF THIS PART AND THE BOARD.

1 "PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER
2 SECTION 5802 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS
3 AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD
4 REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF
5 THE PLAN AND TRUST.

6 "POST-DECEMBER 2016 SERVICE." ALL:

7 (1) PREVIOUSLY UNCREDITED STATE SERVICE AND CREDITABLE
8 NONSTATE SERVICE THAT IS FIRST CREDITED ON OR AFTER JANUARY
9 1, 2017; AND

10 (2) STATE SERVICE PERFORMED ON OR AFTER JANUARY 1, 2017,
11 EXCLUDING ANY SERVICE CREDITED AS A MEMBER OF CLASS A-5, EXCEPT
12 THAT ANY STATE SERVICE CREDITED BY A MEMBER WHO IS REEMPLOYED
13 FROM USERRA LEAVE WHO HAS MADE THE MEMBER CONTRIBUTIONS UNDER
14 SECTION 5302(F) (RELATING TO CREDITED STATE SERVICE) TO RECEIVE
15 STATE SERVICE CREDIT SHALL NOT BE POST-DECEMBER 2016 SERVICE IF
16 CREDITED FOR A PERIOD OF USERRA LEAVE PERFORMED BEFORE JANUARY
17 1, 2017.

18 * * *

19 "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE
20 MEMBERSHIP OR ACTIVE PARTICIPATION AS A STATE EMPLOYEE AFTER A
21 PERIOD OF USERRA LEAVE, PROVIDED, HOWEVER, THAT THE RESUMPTION
22 OF ACTIVE MEMBERSHIP OR ACTIVE PARTICIPATION WAS WITHIN THE TIME
23 PERIOD AND UNDER CONDITIONS AND CIRCUMSTANCES SUCH THAT THE
24 STATE EMPLOYEE WAS ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38
25 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF
26 MEMBERS OF THE UNIFORMED SERVICES).

27 * * *

28 "REGULAR MEMBER CONTRIBUTIONS." THE PRODUCT OF THE BASIC
29 CONTRIBUTION RATE, THE CLASS OF SERVICE MULTIPLIER [IF GREATER
30 THAN ONE] AND THE COMPENSATION OF THE MEMBER[.], SUBJECT TO ANY

1 ADJUSTMENT UNDER SECTION 5501.1(C) (RELATING TO SHARED-RISK
2 MEMBER CONTRIBUTIONS AND SHARED-GAIN ADJUSTMENTS TO REGULAR
3 MEMBER CONTRIBUTIONS).

4 "REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH
5 DISTRIBUTIONS OF A PARTICIPANT'S INTEREST IN HIS INDIVIDUAL
6 INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION 401(A)(9) OF THE
7 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
8 401(A)(9)).

9 "RETIREMENT COUNSELOR." THE STATE EMPLOYEES' RETIREMENT
10 [SYSTEM] BOARD EMPLOYEE WHOSE DUTY IT SHALL BE TO ADVISE EACH
11 EMPLOYEE OF HIS RIGHTS AND DUTIES AS A MEMBER OF THE SYSTEM OR
12 AS A PARTICIPANT OF THE PLAN.

13 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,
14 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE
15 PARTICIPANT, OR THE SCHOOL SERVICE COMPENSATION OF A MULTIPLE
16 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
17 EMPLOYEES' RETIREMENT SYSTEM, AND PAID INTO THE FUND OR TRUST.

18 "SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED
19 CONTRIBUTION PLAN FOR SCHOOL EMPLOYEES ESTABLISHED UNDER 24
20 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES).

21 * * *

22 "SHARED-RISK MEMBER CONTRIBUTIONS." THE PRODUCT OF THE
23 APPLICABLE SHARED-RISK CONTRIBUTION RATE AND THE COMPENSATION OF
24 A MEMBER [FOR SERVICE CREDITED AS CLASS A-3 OR CLASS A-4] WHO IS
25 REQUIRED TO MAKE SHARED-RISK MEMBER CONTRIBUTIONS.

26 * * *

27 "SPECIAL VESTEE." AN EMPLOYEE OF THE PENNSYLVANIA STATE
28 UNIVERSITY WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT
29 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY POINTS
30 AND WHO HAS A DATE OF TERMINATION OF SERVICE FROM THE

1 PENNSYLVANIA STATE UNIVERSITY OF JUNE 30, 1997, BECAUSE OF THE
2 TRANSFER OF HIS JOB POSITION OR DUTIES TO A CONTROLLED
3 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM OR
4 BECAUSE OF THE ELIMINATION OF HIS JOB POSITION OR DUTIES DUE TO
5 THE TRANSFER OF OTHER JOB POSITIONS OR DUTIES TO A CONTROLLED
6 ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM, PROVIDED
7 THAT:

8 (1) SUBSEQUENT TO TERMINATION OF STATE SERVICE AS AN
9 EMPLOYEE OF THE PENNSYLVANIA STATE UNIVERSITY, THE MEMBER HAS
10 NOT RETURNED TO STATE SERVICE IN ANY OTHER CAPACITY OR
11 POSITION AS A STATE EMPLOYEE;

12 (2) THE PENNSYLVANIA STATE UNIVERSITY CERTIFIES TO THE
13 BOARD THAT THE MEMBER IS ELIGIBLE TO BE A SPECIAL VESTEE;

14 (3) THE MEMBER FILES AN APPLICATION TO VEST THE MEMBER'S
15 RETIREMENT RIGHTS PURSUANT TO SECTION 5907(F) (RELATING TO
16 RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND
17 PARTICIPANTS) ON OR BEFORE SEPTEMBER 30, 1997; AND

18 (4) THE MEMBER ELECTS TO LEAVE THE MEMBER'S TOTAL
19 ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT OF AN
20 ANNUITY UNTIL ATTAINMENT OF SUPERANNUATION AGE.

21 "STANDARD SINGLE LIFE ANNUITY." AN ANNUITY EQUAL TO 2% OF
22 THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF
23 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A
24 MEMBER IN EACH CLASS OF SERVICE.

25 "STATE EMPLOYEE." ANY PERSON HOLDING A STATE OFFICE OR
26 POSITION UNDER THE COMMONWEALTH, EMPLOYED BY THE STATE
27 GOVERNMENT OF THE COMMONWEALTH, IN ANY CAPACITY WHATSOEVER,
28 EXCEPT AN INDEPENDENT CONTRACTOR OR ANY PERSON COMPENSATED ON A
29 FEE BASIS OR ANY PERSON PAID DIRECTLY BY AN ENTITY OTHER THAN A
30 STATE EMPLOYEES' RETIREMENT SYSTEM EMPLOYER, AND SHALL INCLUDE

1 MEMBERS OF THE GENERAL ASSEMBLY, AND ANY OFFICER OR EMPLOYEE OF
2 THE FOLLOWING:

3 (1) (I) THE DEPARTMENT OF EDUCATION.

4 (II) STATE-OWNED EDUCATIONAL INSTITUTIONS.

5 (III) COMMUNITY COLLEGES.

6 (IV) THE PENNSYLVANIA STATE UNIVERSITY, EXCEPT AN
7 EMPLOYEE IN THE COLLEGE OF AGRICULTURE WHO IS PAID WHOLLY
8 FROM FEDERAL FUNDS OR AN EMPLOYEE WHO IS PARTICIPATING IN
9 THE FEDERAL CIVIL SERVICE RETIREMENT SYSTEM. THE
10 UNIVERSITY SHALL BE TOTALLY RESPONSIBLE FOR ALL EMPLOYER
11 CONTRIBUTIONS UNDER SECTION 5507 (RELATING TO
12 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER
13 EMPLOYERS) AND ALL EMPLOYER DEFINED CONTRIBUTIONS TO THE
14 TRUST UNDER SECTION 5806 (RELATING TO EMPLOYER DEFINED
15 CONTRIBUTIONS).

16 (2) THE PENNSYLVANIA TURNPIKE COMMISSION, THE DELAWARE
17 RIVER PORT AUTHORITY, THE PORT AUTHORITY TRANSIT CORPORATION,
18 THE PHILADELPHIA REGIONAL PORT AUTHORITY, THE DELAWARE RIVER
19 JOINT TOLL BRIDGE COMMISSION, THE STATE PUBLIC SCHOOL
20 BUILDING AUTHORITY, THE GENERAL STATE AUTHORITY, THE STATE
21 HIGHWAY AND BRIDGE AUTHORITY, THE DELAWARE VALLEY REGIONAL
22 PLANNING COMMISSION, THE INTERSTATE COMMISSION OF THE
23 DELAWARE RIVER BASIN, AND THE SUSQUEHANNA RIVER BASIN
24 COMMISSION ANY TIME SUBSEQUENT TO ITS CREATION, PROVIDED THE
25 COMMISSION OR AUTHORITY AGREES TO CONTRIBUTE AND DOES
26 CONTRIBUTE TO THE FUND OR TRUST, FROM TIME TO TIME, THE
27 MONEYS REQUIRED TO BUILD UP THE RESERVES NECESSARY FOR THE
28 PAYMENT OF THE ANNUITIES OR OTHER BENEFITS OF SUCH OFFICERS
29 AND EMPLOYEES WITHOUT ANY LIABILITY ON THE PART OF THE
30 COMMONWEALTH TO MAKE APPROPRIATIONS FOR SUCH PURPOSES, AND

1 PROVIDED IN THE CASE OF EMPLOYEES OF THE INTERSTATE
2 COMMISSION OF THE DELAWARE RIVER BASIN, THAT THE EMPLOYEE
3 SHALL HAVE BEEN A MEMBER OF THE SYSTEM FOR AT LEAST TEN YEARS
4 PRIOR TO JANUARY 1, 1963.

5 (3) ANY SEPARATE INDEPENDENT PUBLIC CORPORATION CREATED
6 BY STATUTE, NOT INCLUDING ANY MUNICIPAL OR QUASI-MUNICIPAL
7 CORPORATION, SO LONG AS HE REMAINS AN OFFICER OR EMPLOYEE OF
8 SUCH PUBLIC CORPORATION, AND PROVIDED THAT SUCH OFFICER OR
9 EMPLOYEE OF SUCH PUBLIC CORPORATION WAS AN EMPLOYEE OF THE
10 COMMONWEALTH IMMEDIATELY PRIOR TO HIS EMPLOYMENT BY SUCH
11 CORPORATION, AND FURTHER PROVIDED SUCH PUBLIC CORPORATION
12 SHALL AGREE TO CONTRIBUTE AND CONTRIBUTES TO THE FUND OR
13 TRUST, FROM TIME TO TIME, THE MONEYS REQUIRED TO BUILD UP THE
14 RESERVES NECESSARY FOR THE PAYMENT OF THE ANNUITIES OR OTHER
15 BENEFITS OF SUCH OFFICERS AND EMPLOYEES WITHOUT ANY LIABILITY
16 ON THE PART OF THE COMMONWEALTH TO MAKE APPROPRIATIONS FOR
17 SUCH PURPOSES.

18 * * *

19 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN
20 WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO
21 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE
22 PARTICIPANT.

23 "SUPERANNUATION AGE." FOR CLASSES OF SERVICE IN THE SYSTEM
24 OTHER THAN CLASS A-3 [AND], CLASS A-4 AND CLASS A-5, ANY AGE
25 UPON ACCRUAL OF 35 ELIGIBILITY POINTS OR AGE 60, EXCEPT FOR A
26 MEMBER OF THE GENERAL ASSEMBLY WHO HAS NO SERVICE AS A MEMBER OF
27 THE GENERAL ASSEMBLY IN CLASS A-3, CLASS A-4 OR CLASS A-5, AN
28 ENFORCEMENT OFFICER, A CORRECTION OFFICER, A PSYCHIATRIC
29 SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY POLICEMAN OR AN
30 OFFICER OF THE PENNSYLVANIA STATE POLICE, AGE 50, AND, EXCEPT

1 FOR A MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K,
2 CLASS L, CLASS M OR CLASS N SERVICE, AGE 55 UPON ACCRUAL OF 20
3 ELIGIBILITY POINTS. FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5
4 SERVICE, ANY AGE UPON ATTAINMENT OF A SUPERANNUATION SCORE OF 92
5 , PROVIDED THE MEMBER HAS ACCRUED 35 ELIGIBILITY POINTS , OR AGE
6 65, OR FOR PARK RANGERS OR CAPITOL POLICE OFFICERS, AGE 55 WITH
7 20 YEARS OF SERVICE AS A PARK RANGER OR CAPITOL POLICE OFFICER,
8 EXCEPT FOR A MEMBER OF THE GENERAL ASSEMBLY WHOSE SERVICE AS A
9 MEMBER OF THE GENERAL ASSEMBLY IS RENDERED AS A CLASS A-3, CLASS
10 A-4 OR CLASS A-5 MEMBER, AN ENFORCEMENT OFFICER, A CORRECTION
11 OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT
12 AUTHORITY POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA STATE
13 POLICE, AGE 55. A VESTEE WITH CLASS A-3 [OR], CLASS A-4 OR CLASS
14 A-5 SERVICE CREDIT ATTAINS SUPERANNUATION AGE ON THE BIRTHDAY
15 THE VESTEE ATTAINS THE AGE RESULTING IN A SUPERANNUATION SCORE
16 OF 92, PROVIDED THAT THE VESTEE HAS AT LEAST 35 ELIGIBILITY
17 POINTS, OR ATTAINS ANOTHER APPLICABLE SUPERANNUATION AGE,
18 WHICHEVER OCCURS FIRST.

19 * * *

20 "SWORN POLICE OFFICER." A STATE POLICE OFFICER WHO IS
21 EMPLOYED AND SERVING AS AN OFFICER OF THE PENNSYLVANIA STATE
22 POLICE.

23 * * *

24 "TRUST." THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST
25 ESTABLISHED UNDER CHAPTER 58 (RELATING TO STATE EMPLOYEES'
26 DEFINED CONTRIBUTION PLAN).

27 * * *

28 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM
29 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND
30 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

1 "VESTEE." A MEMBER WITH:

2 (1) FIVE OR MORE ELIGIBILITY POINTS IN A CLASS OF
3 SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 OR
4 CLASS T-E [OR], CLASS T-F OR CLASS T-G IN THE PUBLIC SCHOOL
5 EMPLOYEES' RETIREMENT SYSTEM[, A MEMBER WITH];

6 (2) CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS
7 L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY
8 POINTS[, OR A MEMBER WITH]; OR

9 (3) CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE WITH
10 TEN OR MORE ELIGIBILITY POINTS

11 AND WHO HAS TERMINATED STATE SERVICE AND HAS ELECTED TO LEAVE
12 HIS TOTAL ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER
13 RECEIPT OF AN ANNUITY.

14 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A
15 PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL
16 INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT
17 CONTRIBUTIONS, EITHER BY SALARY DEDUCTIONS PAID THROUGH THE
18 COMMONWEALTH OR OTHER EMPLOYER, OR THROUGH AN ELIGIBLE ROLLOVER
19 OR THROUGH A DIRECT TRUSTEE-TO-TRUSTEE TRANSFER.

20 SECTION 303. SECTION 5103 OF TITLE 71 IS AMENDED TO READ:
21 § 5103. NOTICE TO MEMBERS.

22 NOTICE BY PUBLICATION, INCLUDING, WITHOUT BEING LIMITED TO,
23 NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,
24 MANUALS AND, TO THE EXTENT AUTHORIZED BY A POLICY ADOPTED BY THE
25 BOARD, ELECTRONICALLY, INCLUDING, WITHOUT BEING LIMITED TO, E-
26 MAIL OR [WORLD WIDE WEB SITES] INTERNET WEBSITES, DISTRIBUTED OR
27 MADE AVAILABLE TO MEMBERS AND PARTICIPANTS IN A MANNER
28 REASONABLY CALCULATED TO GIVE ACTUAL NOTICE OF [THOSE SECTIONS
29 OF THE STATE EMPLOYEES' RETIREMENT CODE] THE PROVISIONS OF THIS
30 PART THAT REQUIRE NOTICE TO MEMBERS OR PARTICIPANTS SHALL BE

1 DEEMED SUFFICIENT NOTICE FOR ALL PURPOSES.

2 SECTION 304. TITLE 71 IS AMENDED BY ADDING A SECTION TO
3 READ:

4 § 5104. REFERENCE TO STATE EMPLOYEES' RETIREMENT SYSTEM.

5 (A) CONSTRUCTION.--AS OF THE EFFECTIVE DATE OF THIS SECTION,
6 UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, ANY REFERENCE TO
7 THE STATE EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION
8 OTHER THAN THIS PART AND 24 PA.C.S. PT. IV (RELATING TO
9 RETIREMENT FOR SCHOOL EMPLOYEES) SHALL INCLUDE A REFERENCE TO
10 THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AND ANY REFERENCE
11 TO THE STATE EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A
12 REFERENCE TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.

13 (B) AGREEMENT.--THE AGREEMENT OF AN EMPLOYER LISTED IN THE
14 DEFINITION OF "STATE EMPLOYEE" OR ANY OTHER LAW TO MAKE
15 CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS MEMBERS
16 IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE
17 CONTRIBUTIONS TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE
18 PLAN.

19 SECTION 305. SECTION 5301(A), (B), (C) AND (D) OF TITLE 71
20 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO
21 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 (A.1) MANDATORY PARTICIPATION IN THE PLAN.--A STATE EMPLOYEE
14 WHO IS A MANDATORY MEMBER OF THE SYSTEM AS A MEMBER OF CLASS A-5
15 SHALL BE A MANDATORY PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE
16 DATE OF CLASS A-5 MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS
17 A CLASS A-5 EXEMPT EMPLOYEE. AN ELECTED OFFICER WHO IS A
18 MANDATORY MEMBER OF THE SYSTEM AND IS A MEMBER OF CLASS A-5 FOR
19 SERVICE AS AN ELECTED OFFICER SHALL BE A MANDATORY PARTICIPANT
20 FOR THE ELECTED OFFICER'S SERVICE AS AN ELECTED OFFICER AS OF
21 THE START OF THE FIRST TERM OF OFFICE BEGINNING AFTER DECEMBER
22 31, 2017, NOTWITHSTANDING THAT EITHER IMMEDIATELY OR AT ANY TIME
23 PRIOR TO THE START OF THAT TERM THE ELECTED OFFICER WAS AN
24 ACTIVE MEMBER OF THE SYSTEM OR AN INACTIVE MEMBER ON LEAVE
25 WITHOUT PAY IN A CLASS OF SERVICE OTHER THAN CLASS A-5.

26 (B) OPTIONAL MEMBERSHIP IN THE SYSTEM.--THE STATE EMPLOYEES
27 LISTED IN SUBSECTION (A) (1) THROUGH (11) SHALL HAVE THE RIGHT TO
28 ELECT MEMBERSHIP IN THE SYSTEM; ONCE SUCH ELECTION IS EXERCISED,
29 MEMBERSHIP SHALL CONTINUE UNTIL THE TERMINATION OF STATE
30 SERVICE.

1 (B.1) OPTIONAL PARTICIPATION IN THE PLAN.--THE STATE
2 EMPLOYEES WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS A MEMBER OF
3 CLASS A-5 ALSO ARE OPTIONAL PARTICIPANTS IN THE PLAN. THE STATE
4 EMPLOYEES WHO ELECT MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS
5 A-5 ALSO AUTOMATICALLY ELECT PARTICIPATION IN THE PLAN AS OF THE
6 DATE THEY ELECT MEMBERSHIP IN THE SYSTEM, EXCEPT FOR SERVICE AS
7 A CLASS A-5 EXEMPT EMPLOYEE. A STATE EMPLOYEE CANNOT ELECT
8 PARTICIPATION IN THE PLAN WITHOUT ALSO ELECTING MEMBERSHIP IN
9 THE SYSTEM.

10 (C) PROHIBITED MEMBERSHIP IN THE SYSTEM.--THE STATE
11 EMPLOYEES LISTED IN SUBSECTION (A) (12), (13), (14) AND (15)
12 SHALL NOT HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.

13 (C.1) PROHIBITED PARTICIPATION IN THE PLAN.--THE STATE
14 EMPLOYEES LISTED IN SUBSECTION (A) (11), (12), (13), (14) AND
15 (15) OR WHO ARE NOT ACTIVE MEMBERS OF CLASS A-5 SHALL NOT BE
16 ELIGIBLE TO BE ACTIVE PARTICIPANTS IN THE PLAN. CLASS A-5 EXEMPT
17 EMPLOYEES SHALL NOT BE ELIGIBLE TO PARTICIPATE IN THE PLAN FOR
18 SERVICE PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE. STATE
19 EMPLOYEES WHO ARE NOT MANDATORY PARTICIPANTS IN THE PLAN UNDER
20 SUBSECTION (A.1) OR ELIGIBLE FOR OPTIONAL PARTICIPATION IN THE
21 PLAN UNDER SUBSECTION (B.1) SHALL NOT BE ELIGIBLE TO PARTICIPATE
22 IN THE PLAN.

23 (D) RETURN TO SERVICE.--

24 (1) AN ANNUITANT WHO RETURNS TO SERVICE AS A STATE
25 EMPLOYEE BEFORE JANUARY 1, 2018, OR RETURNS TO STATE SERVICE
26 AS A CLASS A-5 EXEMPT EMPLOYEE AFTER DECEMBER 31, 2017, SHALL
27 RESUME ACTIVE MEMBERSHIP IN THE SYSTEM AS OF THE EFFECTIVE
28 DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION
29 5706(A) (RELATING TO TERMINATION OF ANNUITIES), REGARDLESS OF
30 THE OPTIONAL MEMBERSHIP CATEGORY OF THE POSITION.

1 (2) AN ANNUITANT OR A PARTICIPANT RECEIVING
2 DISTRIBUTIONS WHO RETURNS TO SERVICE AS A STATE EMPLOYEE ON
3 OR AFTER JANUARY 1, 2018, SHALL RESUME ACTIVE MEMBERSHIP IN
4 THE SYSTEM AND, IF AN ACTIVE MEMBER OF CLASS A-5, SHALL BE AN
5 ACTIVE PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE DATE OF
6 EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION 5706(A),
7 REGARDLESS OF THE OPTIONAL MEMBERSHIP OR PARTICIPATION
8 CATEGORY OF THE POSITION.

9 * * *

10 SECTION 306. SECTIONS 5302(A), (B), (E) AND (F), 5303(B)(1)
11 AND (D)(1), 5303.2(A), 5304(A) AND (B) AND 5305(B) OF TITLE 71
12 ARE AMENDED TO READ:

13 § 5302. CREDITED STATE SERVICE.

14 (A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED
15 STATE SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A
16 FULL-TIME SALARIED STATE EMPLOYEE, INCLUDING ANY MEMBER OF THE
17 GENERAL ASSEMBLY, SHALL RECEIVE CREDIT FOR SERVICE IN EACH
18 PERIOD FOR WHICH CONTRIBUTIONS AS REQUIRED ARE MADE TO THE FUND,
19 OR FOR WHICH CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE
20 WERE NOT MADE TO THE FUND SOLELY BY REASON OF SECTION 5502.1
21 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL
22 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF
23 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR
24 [415(B)] 415, BUT IN NO CASE SHALL HE RECEIVE MORE THAN ONE
25 YEAR'S CREDIT FOR ANY 12 CONSECUTIVE MONTHS OR 26 CONSECUTIVE
26 BIWEEKLY PAY PERIODS. A PER DIEM OR HOURLY STATE EMPLOYEE SHALL
27 RECEIVE ONE YEAR OF CREDITED SERVICE FOR EACH NONOVERLAPPING
28 PERIOD OF 12 CONSECUTIVE MONTHS OR 26 CONSECUTIVE BIWEEKLY PAY
29 PERIODS IN WHICH HE IS EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE
30 MADE TO THE FUND OR WOULD HAVE BEEN MADE TO THE FUND BUT FOR

1 SUCH WAIVER UNDER SECTION 5502.1 OR LIMITATIONS UNDER THE IRC
2 FOR AT LEAST 220 DAYS OR 1,650 HOURS OF EMPLOYMENT. IF THE
3 MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE MADE TO THE FUND FOR
4 LESS THAN 220 DAYS OR 1,650 HOURS, HE SHALL BE CREDITED WITH A
5 FRACTIONAL PORTION OF A YEAR DETERMINED BY THE RATIO OF THE
6 NUMBER OF DAYS OR HOURS OF SERVICE ACTUALLY RENDERED AND FOR
7 WHICH CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND
8 EXCEPT FOR THE WAIVER UNDER SECTION 5502.1 OR LIMITATIONS UNDER
9 THE IRC TO 220 DAYS OR 1,650 HOURS, AS THE CASE MAY BE. A PART-
10 TIME SALARIED EMPLOYEE SHALL BE CREDITED WITH THE FRACTIONAL
11 PORTION OF THE YEAR WHICH CORRESPONDS TO THE NUMBER OF HOURS OR
12 DAYS OF SERVICE ACTUALLY RENDERED IN RELATION TO 1,650 HOURS OR
13 220 DAYS, AS THE CASE MAY BE. IN NO CASE SHALL A MEMBER WHO HAS
14 ELECTED MULTIPLE SERVICE RECEIVE AN AGGREGATE IN THE TWO SYSTEMS
15 OF MORE THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 CONSECUTIVE
16 MONTHS.

17 (B) CREDITABLE LEAVES OF ABSENCE.--

18 (1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER
19 A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO
20 IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE
21 WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL
22 GOVERNMENT UNDER THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970
23 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) SHALL
24 BE ELIGIBLE FOR CREDIT FOR SUCH SERVICE: PROVIDED, THAT
25 CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501
26 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT
27 SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER
28 CONTRIBUTIONS [FOR CLASS A-3 AND CLASS A-4 SERVICE] AND
29 SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS),
30 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5507

1 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH
2 AND OTHER EMPLOYERS), THE MEMBER RETURNS FROM LEAVE WITHOUT
3 PAY TO ACTIVE STATE SERVICE AS A MEMBER OF THE SYSTEM FOR A
4 PERIOD OF AT LEAST ONE YEAR, AND HE IS NOT ENTITLED TO
5 RETIREMENT BENEFITS FOR SUCH SERVICE UNDER A RETIREMENT
6 SYSTEM ADMINISTERED BY ANY OTHER GOVERNMENTAL AGENCY.

7 (2) AN ACTIVE MEMBER OR ACTIVE PARTICIPANT ON PAID LEAVE
8 GRANTED BY AN EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED
9 FULL-TIME OFFICER FOR A STATEWIDE EMPLOYEE ORGANIZATION WHICH
10 IS A COLLECTIVE BARGAINING REPRESENTATIVE UNDER THE ACT OF
11 JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN
12 AND FIREMEN COLLECTIVE BARGAINING ACT, OR THE ACT OF JULY 23,
13 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE RELATIONS
14 ACT, AND UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN
15 EMPLOYEE ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS
16 EMPLOYED AT STATE CORRECTIONAL INSTITUTIONS: PROVIDED, THAT
17 FOR ELECTED FULL-TIME OFFICERS SUCH LEAVE SHALL NOT BE FOR
18 MORE THAN THREE CONSECUTIVE TERMS OF THE SAME OFFICE AND FOR
19 UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE
20 ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT
21 STATE CORRECTIONAL INSTITUTIONS NO MORE THAN THREE
22 CONSECUTIVE TERMS OF THE SAME OFFICE; THAT THE EMPLOYER SHALL
23 FULLY COMPENSATE THE MEMBER OR PARTICIPANT, INCLUDING, BUT
24 NOT LIMITED TO, SALARY, WAGES, PENSION AND RETIREMENT
25 CONTRIBUTIONS AND BENEFITS, OTHER BENEFITS AND SENIORITY, AS
26 IF HE WERE IN FULL-TIME ACTIVE SERVICE; AND THAT THE
27 STATEWIDE EMPLOYEE ORGANIZATION SHALL FULLY REIMBURSE THE
28 EMPLOYER FOR ALL EXPENSES AND COSTS OF SUCH PAID LEAVE,
29 INCLUDING, BUT NOT LIMITED TO, CONTRIBUTIONS AND PAYMENT IN
30 ACCORDANCE WITH SECTIONS 5501, 5501.1, 5505.1 [AND] 5507,

1 5804 (RELATING TO PARTICIPANT CONTRIBUTIONS, 5805 (RELATING
2 TO MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS) AND 5806
3 (RELATING TO EMPLOYER DEFINED CONTRIBUTIONS), IF THE EMPLOYEE
4 ORGANIZATION EITHER DIRECTLY PAYS, OR REIMBURSES THE
5 COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN
6 ACCORDANCE WITH [SECTION 5507] SECTIONS 5507, 5804, 5805 AND
7 5806.

8 * * *

9 (E) CANCELLATION OF CREDITED SERVICE.--

10 (1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE
11 CANCELLED IF A MEMBER WITHDRAWS HIS TOTAL ACCUMULATED
12 DEDUCTIONS, EXCEPT THAT A MEMBER WITH CLASS A-3 [OR], CLASS
13 A-4 OR CLASS A-5 SERVICE CREDIT AND ONE OR MORE OTHER CLASSES
14 OF SERVICE CREDIT SHALL NOT HAVE HIS SERVICE CREDIT AS A
15 MEMBER OF ANY CLASSES OF SERVICE OTHER THAN AS A MEMBER OF
16 CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 CANCELLED WHEN THE
17 MEMBER RECEIVES A LUMP SUM PAYMENT OF ACCUMULATED DEDUCTIONS
18 RESULTING FROM CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE
19 PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF
20 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [AND], CLASS
21 A-4 OR CLASS A-5 SERVICE).

22 (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL
23 DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER
24 SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM.

25 (F) CREDIT FOR MILITARY SERVICE.--A STATE EMPLOYEE WHO HAS
26 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM OR
27 PARTICIPATE IN THE PLAN AS FOLLOWS:

28 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS
29 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A
30 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY

1 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED
2 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE
3 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73
4 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL
5 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE
6 PERIOD OF MILITARY SERVICE BEGAN, EVEN IF NOT DEFINED AS AN
7 EMPLOYEE PURSUANT TO 51 PA.C.S. § 7301 (RELATING TO
8 DEFINITIONS).

9 (1.1) STATE EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT IN
10 THE SYSTEM OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306
11 (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT
12 BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION,
13 EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

14 (1.2) STATE EMPLOYEES MAY NOT PARTICIPATE IN THE PLAN OR
15 EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306 FOR MILITARY
16 LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS
17 PARAGRAPH, EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

18 (2) A STATE EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY
19 RECEIVE CREDIT IN THE SYSTEM AS PROVIDED BY THIS PARAGRAPH.
20 THE FOLLOWING SHALL APPLY:

21 (I) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA
22 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED
23 AS NOT HAVING INCURRED A BREAK IN STATE SERVICE BY REASON
24 OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY
25 POINTS AS IF THE STATE EMPLOYEE HAD NOT BEEN ON THE
26 USERRA LEAVE. IF A STATE EMPLOYEE WHO IS REEMPLOYED FROM
27 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM
28 SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,
29 ADDITIONAL MEMBER CONTRIBUTIONS, SOCIAL SECURITY
30 INTEGRATION MEMBER CONTRIBUTIONS, SHARED-RISK MEMBER

1 CONTRIBUTIONS AND ANY OTHER MEMBER CONTRIBUTIONS IN THE
2 AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH.
3 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF
4 MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) AS IF
5 THE STATE EMPLOYEE HAD CONTINUED IN STATE OFFICE OR
6 EMPLOYMENT AND PERFORMED STATE SERVICE AND WAS
7 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE
8 STATE EMPLOYEE SHALL BE GRANTED STATE SERVICE CREDIT FOR
9 THE PERIOD OF USERRA LEAVE. THE STATE EMPLOYEE SHALL HAVE
10 THE STATE EMPLOYEE'S BENEFITS, RIGHTS AND OBLIGATIONS
11 DETERMINED UNDER THIS PART AS IF THE STATE EMPLOYEE WAS
12 AN ACTIVE MEMBER WHO PERFORMED CREDITABLE STATE SERVICE
13 DURING THE USERRA LEAVE IN THE JOB POSITION THAT THE
14 STATE EMPLOYEE WOULD HAVE HELD HAD THE STATE EMPLOYEE NOT
15 BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON
16 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE STATE SERVICE
17 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

18 (II) FOR PURPOSES OF DETERMINING WHETHER A STATE
19 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR
20 STATE SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE WHO
21 IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF
22 THE SYSTEM TERMINATES STATE SERVICE OR DIES IN STATE
23 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT
24 PERIOD, THEN STATE SERVICE CREDIT FOR THE USERRA LEAVE
25 WILL BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS
26 WERE PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT
27 OF THE REQUIRED MEMBER CONTRIBUTIONS WILL BE TREATED AS
28 AN INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF
29 SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS). UPON A
30 SUBSEQUENT RETURN TO STATE SERVICE OR TO SCHOOL SERVICE

1 AS A MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER
2 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE
3 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER
4 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP
5 SUM PURSUANT TO SECTION 5705(A) (4) OR (A.1) (RELATING TO
6 MEMBER'S OPTIONS), AS THE CASE MAY BE.

7 (III) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA
8 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM WHO DOES NOT MAKE
9 THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES ONLY PART OF
10 THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE ALLOWED
11 PAYMENT PERIOD SHALL NOT BE GRANTED CREDITED SERVICE FOR
12 THE PERIOD OF USERRA LEAVE FOR WHICH THE REQUIRED MEMBER
13 CONTRIBUTIONS WERE NOT TIMELY MADE, SHALL NOT BE ELIGIBLE
14 TO SUBSEQUENTLY MAKE CONTRIBUTIONS AND SHALL NOT BE
15 GRANTED EITHER STATE SERVICE CREDIT OR NONSTATE SERVICE
16 CREDIT FOR THE PERIOD OF USERRA LEAVE FOR WHICH THE
17 REQUIRED MEMBER CONTRIBUTIONS WERE NOT TIMELY MADE.

18 (2.1) (I) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
19 LEAVE SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN
20 STATE SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE
21 GRANTED ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT
22 BEEN ON USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED
23 FROM USERRA LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP
24 PARTICIPANT CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME
25 PERIODS REQUIRED BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS
26 IF THE PARTICIPANT HAD CONTINUED IN HIS STATE OFFICE OR
27 EMPLOYMENT AND PERFORMED STATE SERVICE AND BEEN
28 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THE
29 PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING
30 EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE

1 HIS CONTRIBUTIONS, BENEFITS, RIGHTS AND OBLIGATIONS
2 DETERMINED UNDER THIS PART AS IF HE WERE AN ACTIVE
3 PARTICIPANT WHO PERFORMED STATE SERVICE DURING THE USERRA
4 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE
5 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON
6 WHICH THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO
7 RECEIVE STATE SERVICE CREDIT FOR THE USERRA LEAVE WERE
8 DETERMINED.

9 (II) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA
10 LEAVE WHO DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT
11 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP
12 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT
13 PERIOD SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP
14 PARTICIPANT CONTRIBUTIONS AT A LATER DATE FOR THE PERIOD
15 OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP
16 PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

17 (3) A STATE EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND
18 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN
19 REEMPLOYED FROM USERRA LEAVE HAD THE STATE EMPLOYEE RETURNED
20 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.
21 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE ABLE
22 TO RECEIVE CREDITABLE NONSTATE SERVICE AS NONINTERVENING
23 MILITARY SERVICE FOR THE PERIOD OF USERRA LEAVE SHOULD THE
24 EMPLOYEE LATER RETURN TO STATE SERVICE AS AN ACTIVE MEMBER OF
25 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE
26 AS NONINTERVENING MILITARY SERVICE.

27 (3.1) A STATE EMPLOYEE WHO IS A PARTICIPANT IN THE PLAN
28 AND PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE
29 BEEEN REEMPLOYED FROM USERRA LEAVE HAD THE EMPLOYEE RETURNED
30 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.

1 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL NOT BE
2 ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
3 OR VOLUNTARY CONTRIBUTIONS FOR THE PERIOD OF USERRA LEAVE
4 SHOULD THE EMPLOYEE LATER RETURN TO STATE SERVICE AND BE A
5 PARTICIPANT IN THE PLAN.

6 (4) [A STATE EMPLOYEE] AN ACTIVE MEMBER OR INACTIVE
7 MEMBER ON LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE
8 DATE OF THIS SUBSECTION IS GRANTED A LEAVE OF ABSENCE UNDER
9 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN
10 GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S.
11 CH. 73, THAT IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE
12 CREDITABLE NONSTATE SERVICE AS NONINTERVENING MILITARY
13 SERVICE SHOULD THE EMPLOYEE RETURN TO STATE SERVICE AS AN
14 ACTIVE MEMBER OF THE SYSTEM AND IS OTHERWISE ELIGIBLE TO
15 PURCHASE THE SERVICE AS NONINTERVENING MILITARY SERVICE.

16 (4.1) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON
17 LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE DATE OF THIS
18 PARAGRAPH IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S. §
19 4102 OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT
20 USERRA LEAVE SHALL NOT BE ABLE TO MAKE MANDATORY PICKUP
21 PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS DURING
22 OR FOR THE LEAVE OF ABSENCE OR MILITARY LEAVE AND SHALL NOT
23 HAVE EMPLOYER DEFINED CONTRIBUTIONS MADE DURING SUCH LEAVE,
24 WITHOUT REGARD TO WHETHER OR NOT THE STATE EMPLOYEE RECEIVED
25 SALARY, WAGES, STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER
26 PAYMENTS FROM HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING
27 ANY PROVISION TO THE CONTRARY UNDER 51 PA.C.S. § 4102 OR 51
28 PA.C.S. CH. 73.

29 (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THEN
30 THE BENEFICIARIES OR SURVIVOR ANNUITANTS, AS THE CASE MAY BE,

1 OF THE DECEASED MEMBER ARE ENTITLED TO ANY ADDITIONAL
2 BENEFITS, INCLUDING ELIGIBILITY POINTS, OTHER THAN BENEFIT
3 ACCRUALS RELATING TO THE PERIOD OF QUALIFIED MILITARY
4 SERVICE, PROVIDED UNDER THIS PART HAD THE MEMBER RESUMED AND
5 THEN TERMINATED EMPLOYMENT ON ACCOUNT OF DEATH.

6 (5.1) IF A PARTICIPANT DIES WHILE PERFORMING USERRA
7 LEAVE, THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED
8 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER
9 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED
10 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE
11 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT
12 OF DEATH.

13 (6) A STATE EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM
14 HIS DUTIES AS A STATE EMPLOYEE FOR WHICH 51 PA.C.S. § 4102
15 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR
16 EFFICIENCY RATING SHALL NOT BE AN ACTIVE MEMBER, RECEIVE
17 SERVICE CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF
18 ABSENCE, EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING
19 THIS PARAGRAPH, ANY PAY THE MEMBER RECEIVES PURSUANT TO 51
20 PA.C.S. § 4102 SHALL BE INCLUDED IN THE DETERMINATION OF
21 FINAL AVERAGE SALARY AND OTHER CALCULATIONS IN THE SYSTEM
22 UTILIZING COMPENSATION AS IF THE PAYMENTS WERE COMPENSATION
23 UNDER THIS PART.

24 § 5303. RETENTION AND REINSTATEMENT OF SERVICE CREDITS.

25 * * *

26 (B) ELIGIBILITY POINTS FOR PROSPECTIVE CREDITED SERVICE.--

27 (1) EVERY ACTIVE MEMBER OF THE SYSTEM OR A MULTIPLE
28 SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND A MEMBER OF THE
29 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE
30 EFFECTIVE DATE OF THIS PART SHALL RECEIVE ELIGIBILITY POINTS

1 IN ACCORDANCE WITH SECTION 5307 FOR CURRENT STATE SERVICE,
2 PREVIOUS STATE SERVICE, OR CREDITABLE NONSTATE SERVICE UPON
3 COMPLIANCE WITH SECTIONS 5501 (RELATING TO REGULAR MEMBER
4 CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1 (RELATING TO
5 SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND CLASS A-4
6 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER
7 CONTRIBUTIONS), 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR
8 THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO
9 BECOME A FULL COVERAGE MEMBER), 5505 (RELATING TO
10 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
11 NONSTATE SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER
12 CONTRIBUTIONS) OR 5506 (RELATING TO INCOMPLETE PAYMENTS).
13 SUBJECT TO THE LIMITATIONS IN SECTIONS 5306.1 (RELATING TO
14 ELECTION TO BECOME A CLASS AA MEMBER) AND 5306.2 (RELATING TO
15 ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY), THE CLASS OR
16 CLASSES OF SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR
17 PREVIOUS STATE SERVICE PRIOR TO THE EFFECTIVE DATE OF THIS
18 PART SHALL BE THE CLASS OR CLASSES IN WHICH HE WAS OR COULD
19 HAVE AT ANY TIME ELECTED TO BE CREDITED FOR SUCH SERVICE,
20 EXCEPT THAT A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF
21 THE SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER
22 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND:

23 (I) IS CREDITED WITH CLASS A-3 SERVICE FOR SUCH
24 MEMBERSHIP AND IS NOT AN ELECTED OFFICER WHO IS A MEMBER
25 OF CLASS A-5 FOR SERVICE AS AN ELECTED OFFICER, SHALL BE
26 CREDITED ONLY WITH CLASS A-3 SERVICE FOR PREVIOUS STATE
27 SERVICE PERFORMED BEFORE JANUARY 1, 2011, THAT WAS NOT
28 PREVIOUSLY CREDITED IN THE SYSTEM; [OR]

29 (II) IS CREDITED WITH CLASS A-4 SERVICE FOR SUCH
30 MEMBERSHIP AND IS NOT AN ELECTED OFFICER WHO IS A MEMBER

1 OF CLASS A-5 FOR SERVICE AS AN ELECTED OFFICER, SHALL BE
2 CREDITED ONLY WITH CLASS A-4 SERVICE FOR PREVIOUS STATE
3 SERVICE PERFORMED BEFORE JANUARY 1, 2011, THAT WAS NOT
4 PREVIOUSLY CREDITED IN THE SYSTEM[.]; OR

5 (III) IS CREDITED WITH CLASS A-5 SERVICE FOR SUCH
6 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-5 SERVICE
7 FOR PREVIOUS STATE SERVICE, PERFORMED BEFORE JANUARY 1,
8 2018, OTHER THAN SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE,
9 THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM.

10 THE CLASS OF SERVICE IN WHICH A MEMBER SHALL BE CREDITED FOR
11 SERVICE SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART SHALL
12 BE DETERMINED IN ACCORDANCE WITH SECTION 5306 (RELATING TO
13 CLASSES OF SERVICE).

14 * * *

15 (D) TRANSFER OF CERTAIN PENSION SERVICE CREDIT.--

16 (1) ANY PERSON WHO WAS AN EMPLOYEE OF ANY COUNTY IN THIS
17 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT
18 JUDGE PRIOR TO SEPTEMBER 9, 1985, AND WHO HAD THAT EMPLOYMENT
19 TRANSFERRED TO THE COMMONWEALTH PURSUANT TO 42 PA.C.S. § 3703
20 (RELATING TO LOCAL CHAMBER FACILITIES) SHALL BE A MEMBER OF
21 THE SYSTEM FOR ALL SERVICE RENDERED AS AN EMPLOYEE OF THE
22 COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT
23 JUDGE SUBSEQUENT TO THE DATE OF THE TRANSFER UNLESS
24 SPECIFICALLY PROHIBITED PURSUANT TO SECTION 5301(C) (RELATING
25 TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND
26 PARTICIPATION IN THE PLAN). THE EMPLOYEE SHALL BE ENTITLED TO
27 HAVE ANY PRIOR SERVICE CREDIT IN THAT COUNTY OR OTHER
28 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM TRANSFERRED TO
29 THE SYSTEM AND DEEMED TO BE STATE SERVICE FOR ALL PURPOSES
30 UNDER THIS PART. HOWEVER, FOR THOSE EMPLOYEES WHO WERE IN

1 CONTINUOUS COUNTY EMPLOYMENT WHICH COMMENCED PRIOR TO JULY
2 22, 1983, SECTION 5505.1 SHALL NOT APPLY. THE TRANSFER OF
3 PRIOR SERVICE CREDIT TO THE SYSTEM SHALL OCCUR UPON THE
4 TRANSFER, BY THE MEMBER, COUNTY OR OTHER MUNICIPAL PENSION
5 PLAN OR RETIREMENT SYSTEM, TO THE SYSTEM OF THE AMOUNT OF
6 ACCUMULATED MEMBER CONTRIBUTIONS, PICK-UP CONTRIBUTIONS AND
7 CREDITED INTEREST STANDING IN THE EMPLOYEE'S COUNTY OR
8 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM ACCOUNT AS OF THE
9 DATE THAT THESE FUNDS ARE TRANSFERRED TO THE SYSTEM. IN THE
10 EVENT THAT THESE FUNDS HAVE BEEN REFUNDED TO THE MEMBER, THE
11 TRANSFER OF SERVICE CREDIT SHALL OCCUR WHEN THE MEMBER
12 TRANSFERS AN AMOUNT EQUAL TO EITHER THE REFUND WHICH THE
13 MEMBER RECEIVED FROM THE COUNTY OR MUNICIPAL PENSION PLAN OR
14 RETIREMENT SYSTEM OR THE AMOUNT DUE UNDER SECTION 5504, IF
15 LESS. IN THE CASE OF A TRANSFER BY THE MEMBER, THE TRANSFER
16 SHALL OCCUR BY DECEMBER 31, 1987, IN ORDER FOR THE MEMBER TO
17 RECEIVE CREDIT FOR THE PRIOR SERVICE. IN THE CASE OF A
18 TRANSFER BY THE COUNTY OR OTHER MUNICIPAL PENSION PLAN OR
19 RETIREMENT SYSTEM, THE TRANSFER SHALL ALSO OCCUR BY DECEMBER
20 31, 1987. IF THE AMOUNT TRANSFERRED TO THE SYSTEM BY THE
21 MEMBER OF A COUNTY OR MUNICIPAL PENSION PLAN OR RETIREMENT
22 SYSTEM IS GREATER THAN THE AMOUNT THAT WOULD HAVE ACCUMULATED
23 IN THE MEMBER'S ACCOUNT IF THE EMPLOYEE HAD BEEN A MEMBER OF
24 THE SYSTEM, ALL EXCESS FUNDS SHALL BE RETURNED TO THE
25 EMPLOYEE WITHIN 90 DAYS OF THE DATE ON WHICH SUCH FUNDS ARE
26 CREDITED TO THE MEMBER'S ACCOUNT IN THE SYSTEM. WITHIN 60
27 DAYS OF RECEIPT OF WRITTEN NOTICE THAT AN EMPLOYEE HAS
28 ELECTED TO TRANSFER CREDITS UNDER THE PROVISIONS OF THIS
29 SUBSECTION, THE COUNTY OR OTHER MUNICIPAL PENSION PLANS OR
30 RETIREMENT SYSTEMS SHALL BE REQUIRED TO TRANSFER TO THE

1 SYSTEM AN AMOUNT, EXCLUDING CONTRIBUTIONS DUE UNDER SECTION
2 5504(A), EQUAL TO THE LIABILITY OF THE PRIOR SERVICE IN
3 ACCORDANCE WITH COUNTY OR OTHER MUNICIPAL PENSION PLAN OR
4 RETIREMENT SYSTEM BENEFIT PROVISIONS, MULTIPLIED BY THE RATIO
5 OF SYSTEM ACTUARIAL VALUE OF ASSETS FOR ACTIVE MEMBERS TO THE
6 SYSTEM ACTUARIAL ACCRUED LIABILITY FOR ACTIVE MEMBERS. THE
7 PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION SHALL DETERMINE
8 THE APPROPRIATE AMOUNT OF EMPLOYER CONTRIBUTIONS TO BE
9 TRANSFERRED TO THE SYSTEM BY THE COUNTY OR OTHER MUNICIPAL
10 PENSION PLANS OR RETIREMENT SYSTEMS.

11 * * *

12 § 5303.2. ELECTION TO CONVERT SCHOOL SERVICE TO STATE SERVICE.

13 (A) ELIGIBILITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER ON
14 LEAVE WITHOUT PAY WHO WAS AN EMPLOYEE TRANSFERRED FROM THE
15 DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF CORRECTIONS
16 PURSUANT TO SECTION 908-B OF THE ACT OF APRIL 9, 1929 (P.L.177,
17 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, AND WHO ON
18 THE EFFECTIVE DATE OF THAT TRANSFER DID NOT PARTICIPATE IN AN
19 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE DEPARTMENT OF
20 EDUCATION UNDER 24 PA.C.S. § 8301(A)(1) (RELATING TO MANDATORY
21 AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE
22 PLAN) OR SECTION 5301(A)(12) (RELATING TO MANDATORY AND OPTIONAL
23 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN),
24 NOTWITHSTANDING ANY OTHER PROVISION OF LAW OR ANY COLLECTIVE
25 BARGAINING AGREEMENT, ARBITRATION AWARD, CONTRACT OR TERM OR
26 CONDITIONS OF ANY RETIREMENT SYSTEM OR PENSION PLAN, MAY MAKE A
27 ONE-TIME ELECTION TO CONVERT ALL SERVICE CREDITED IN THE PUBLIC
28 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30, 1999, AND
29 TRANSFER TO THE SYSTEM ALL ACCUMULATED MEMBER CONTRIBUTIONS AND
30 STATUTORY INTEREST CREDITED IN THE MEMBERS' SAVINGS ACCOUNT IN

1 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30,
2 1999, PLUS STATUTORY INTEREST ON THAT AMOUNT CREDITED BY THE
3 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FROM JULY 1, 1999, TO
4 THE DATE OF TRANSFER TO THE SYSTEM.

5 * * *

6 § 5304. CREDITABLE NONSTATE SERVICE.

7 (A) ELIGIBILITY.--

8 (1) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER
9 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
10 MEMBER OF THE GENERAL ASSEMBLY, OR A MULTIPLE SERVICE MEMBER
11 WHO FIRST BECOMES AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR
12 BEFORE DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY,
13 AND WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
14 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE
15 FOR CLASS A SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS
16 SET FORTH IN SUBSECTIONS (B) AND (C) EXCEPT THAT INTERVENING
17 MILITARY SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE
18 FOR WHICH THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING
19 INTO MILITARY SERVICE AND FOR WHICH HE MAKES THE REQUIRED
20 CONTRIBUTIONS TO THE FUND AND EXCEPT THAT A MULTIPLE SERVICE
21 MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
22 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE
23 ELIGIBLE TO PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE
24 SERVICE SET FORTH IN SUBSECTION (C) (5).

25 (2) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER
26 ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010,
27 AS A MEMBER OF THE GENERAL ASSEMBLY AND BEFORE JANUARY 1,
28 2018, OR A MULTIPLE SERVICE MEMBER WHO FIRST BECOMES AN
29 ACTIVE MEMBER ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER
30 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND

1 BEFORE JANUARY 1, 2018, AND [WHO] IS A SCHOOL EMPLOYEE AND AN
2 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
3 SYSTEM SHALL BE ELIGIBLE FOR CLASS A-3 SERVICE CREDIT FOR
4 CREDITABLE NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B)
5 AND (C) EXCEPT THAT INTERVENING MILITARY SERVICE SHALL BE
6 CREDITED IN THE CLASS OF SERVICE FOR WHICH THE MEMBER WAS
7 ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY SERVICE AND
8 FOR WHICH HE MAKES THE REQUIRED CONTRIBUTIONS TO THE FUND AND
9 EXCEPT THAT A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL
10 EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
11 RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO PURCHASE SERVICE
12 CREDIT FOR CREDITABLE NONSTATE SERVICE SET FORTH IN
13 SUBSECTION (C) (5) .

14 (3) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER
15 ON OR AFTER JANUARY 1, 2018, OR A MULTIPLE SERVICE MEMBER WHO
16 FIRST BECOMES AN ACTIVE MEMBER ON OR AFTER JANUARY 1, 2018,
17 AND IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC
18 SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE FOR
19 CLASS A-5 SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS
20 SET FORTH IN SUBSECTIONS (B) AND (C) FOR WHICH THE MEMBER
21 MAKES THE REQUIRED CONTRIBUTIONS TO THE FUND.

22 * * *

23 (B) LIMITATIONS ON ELIGIBILITY.--AN ACTIVE MEMBER OR A
24 MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE
25 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL
26 BE ELIGIBLE AS PROVIDED UNDER SUBSECTION (A) TO RECEIVE CREDIT
27 FOR NONSTATE SERVICE PROVIDED THAT HE DOES NOT HAVE CREDIT FOR
28 SUCH SERVICE IN THE SYSTEM OR IN THE [SCHOOL SYSTEM] PUBLIC
29 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND IS NOT ENTITLED TO
30 RECEIVE, ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE, OR IS

1 RECEIVING RETIREMENT BENEFITS FOR SUCH SERVICE IN THE SYSTEM OR
2 UNDER A RETIREMENT SYSTEM ADMINISTERED AND WHOLLY OR PARTIALLY
3 PAID FOR BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY PRIVATE
4 EMPLOYER, OR A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER IN
5 ACCORDANCE WITH SECTION 5301(A) (12) (RELATING TO MANDATORY AND
6 OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE
7 PLAN), AND FURTHER PROVIDED, THAT SUCH SERVICE IS CERTIFIED BY
8 THE PREVIOUS EMPLOYER AND CONTRIBUTIONS ARE AGREED UPON AND MADE
9 IN ACCORDANCE WITH SECTION 5505 (RELATING TO CONTRIBUTIONS FOR
10 THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE).

11 * * *

12 § 5305. SOCIAL SECURITY INTEGRATION CREDITS.

13 * * *

14 (B) ACCRUAL OF SUBSEQUENT CREDITS.--ANY ACTIVE MEMBER WHO
15 HAS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS TO HIS
16 CREDIT OR IS RECEIVING A BENEFIT ON ACCOUNT OF SOCIAL SECURITY
17 INTEGRATION CREDITS MAY ACCRUE ONE SOCIAL SECURITY INTEGRATION
18 CREDIT FOR EACH YEAR OF SERVICE AS A STATE EMPLOYEE ON OR
19 SUBSEQUENT TO MARCH 1, 1974, AND A FRACTIONAL CREDIT FOR A
20 CORRESPONDING FRACTIONAL YEAR OF SERVICE PROVIDED THAT
21 CONTRIBUTIONS ARE MADE TO THE FUND, OR WOULD HAVE BEEN MADE TO
22 THE FUND BUT FOR SECTION 5502.1 (RELATING TO WAIVER OF REGULAR
23 MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
24 CONTRIBUTIONS) OR THE LIMITATIONS UNDER IRC § 401(A) (17) OR
25 415(B), IN ACCORDANCE WITH SECTION 5502 (RELATING TO SOCIAL
26 SECURITY INTEGRATION MEMBER CONTRIBUTIONS), AND HE:

27 (1) CONTINUES SUBSEQUENT TO MARCH 1, 1974, AS AN ACTIVE
28 MEMBER IN EITHER THE [STATE OR SCHOOL] SYSTEM OR, IF A
29 MULTIPLE SERVICE MEMBER, AS AN ACTIVE MEMBER IN THE PUBLIC
30 SCHOOL EMPLOYEES' RETIREMENT SYSTEM;

1 (2) TERMINATES SUCH CONTINUOUS SERVICE IN THE [STATE OR
2 SCHOOL] SYSTEM OR THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
3 SYSTEM AND RETURNS TO ACTIVE MEMBERSHIP IN THE [STATE] SYSTEM
4 WITHIN SIX MONTHS; OR

5 (3) TERMINATES HIS STATUS AS A VESTEE OR AN ANNUITANT
6 AND RETURNS TO STATE SERVICE AS AN ACTIVE MEMBER OF THE
7 SYSTEM.

8 * * *

9 SECTION 307. SECTION 5306(A), (A.1), (A.2), (A.3) AND (B) (2)
10 OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A
11 SUBSECTION TO READ:

12 § 5306. CLASSES OF SERVICE.

13 (A) CLASS A AND CLASS A-3 MEMBERSHIP.--

14 (1) A STATE EMPLOYEE WHO IS A MEMBER OF CLASS A ON THE
15 EFFECTIVE DATE OF THIS PART OR WHO FIRST BECOMES A MEMBER OF
16 THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART AND
17 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
18 MEMBER OF THE GENERAL ASSEMBLY, SHALL BE CLASSIFIED AS A
19 CLASS A MEMBER AND RECEIVE CREDIT FOR CLASS A SERVICE UPON
20 PAYMENT OF REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS AND
21 SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A SERVICE,
22 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF
23 CLASS AA PURSUANT TO SUBSECTION (A.1) OR A MEMBER OF CLASS D-
24 4 PURSUANT TO SUBSECTION (A.2) OR A MEMBER OF CLASS A-5 AS AN
25 ELECTED OFFICER.

26 (2) A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE
27 SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER
28 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND, UNLESS A
29 CLASS A-5 EXEMPT EMPLOYEE, BEFORE JANUARY 1, 2018, SHALL BE
30 CLASSIFIED AS A CLASS A-3 MEMBER AND RECEIVE CREDIT FOR CLASS

1 A-3 SERVICE UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND
2 SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 SERVICE
3 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF
4 CLASS A-4 PURSUANT TO SUBSECTION (A.3) OR A MEMBER OF CLASS
5 A-5 AS AN ELECTED OFFICER, EXCEPT THAT A MEMBER OF THE
6 JUDICIARY SHALL BE CLASSIFIED AS A MEMBER OF SUCH OTHER CLASS
7 OF SERVICE FOR WHICH THE MEMBER OF THE JUDICIARY IS ELIGIBLE,
8 SHALL ELECT AND MAKE REGULAR MEMBER CONTRIBUTIONS AND SHARED-
9 RISK MEMBER CONTRIBUTION UNLESS THE MEMBER OF THE JUDICIARY
10 BECOMES A MEMBER OF CLASS A-5 AS AN ELECTED OFFICER.

11 (A.1) CLASS AA MEMBERSHIP.--

12 (1) A PERSON WHO BECOMES A STATE EMPLOYEE AND AN ACTIVE
13 MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND WHO FIRST
14 BECAME AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR BEFORE
15 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND
16 WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A
17 POSITION FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A IS
18 CREDITED OR COULD BE ELECTED SHALL BE CLASSIFIED AS A CLASS
19 AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON
20 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK
21 MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE PROVIDED THAT THE
22 STATE EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A-5 AS AN
23 ELECTED OFFICER AND, SUBJECT TO THE LIMITATIONS CONTAINED IN
24 PARAGRAPH (7), IF PREVIOUSLY A MEMBER OF CLASS A OR
25 PREVIOUSLY EMPLOYED IN A POSITION FOR WHICH CLASS A SERVICE
26 COULD HAVE BEEN EARNED, SHALL HAVE ALL CLASS A STATE SERVICE
27 (OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE OFFICER
28 OR FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED
29 OR COULD HAVE BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

30 (2) A PERSON WHO IS A STATE EMPLOYEE ON JUNE 30, 2001,

1 AND JULY 1, 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM
2 BECAUSE MEMBERSHIP IN THE SYSTEM IS OPTIONAL OR PROHIBITED
3 PURSUANT TO SECTION 5301 (RELATING TO MANDATORY AND OPTIONAL
4 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN) AND
5 WHO FIRST BECOMES AN ACTIVE MEMBER AFTER JUNE 30, 2001, AND
6 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
7 MEMBER OF THE GENERAL ASSEMBLY, AND WHO IS NOT A STATE POLICE
8 OFFICER AND NOT EMPLOYED IN A POSITION FOR WHICH A CLASS OF
9 SERVICE OTHER THAN CLASS A IS CREDITED OR COULD BE ELECTED
10 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT
11 FOR CLASS AA STATE SERVICE UPON PAYMENT OF REGULAR MEMBER
12 CONTRIBUTIONS AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS
13 AA SERVICE PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A
14 MEMBER OF CLASS A-5 AS AN ELECTED OFFICER AND, SUBJECT TO THE
15 LIMITATIONS CONTAINED IN PARAGRAPH (7), IF PREVIOUSLY A
16 MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A POSITION FOR
17 WHICH CLASS A SERVICE COULD HAVE BEEN EARNED, SHALL HAVE ALL
18 CLASS A STATE SERVICE (OTHER THAN STATE SERVICE PERFORMED AS
19 A STATE POLICE OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER
20 THAN CLASS A WAS EARNED OR COULD HAVE BEEN ELECTED)
21 CLASSIFIED AS CLASS AA SERVICE.

22 (3) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA
23 MEMBER IS MADE PURSUANT TO SECTION 5306.1 (RELATING TO
24 ELECTION TO BECOME A CLASS AA MEMBER), A STATE EMPLOYEE,
25 OTHER THAN A STATE EMPLOYEE WHO IS A STATE POLICE OFFICER ON
26 OR AFTER JULY 1, 1989, WHO ON JUNE 30, 2001, AND JULY 1,
27 2001, IS:

28 (I) A MEMBER OF CLASS A, OTHER THAN A MEMBER OF
29 CLASS A WHO COULD HAVE ELECTED MEMBERSHIP IN A CLASS C,
30 CLASS D-3, CLASS E-1 OR CLASS E-2; OR

1 (II) AN INACTIVE MEMBER ON A LEAVE WITHOUT PAY FROM
2 A POSITION IN WHICH THE STATE EMPLOYEE WOULD BE A CLASS A
3 ACTIVE MEMBER IF THE EMPLOYEE WAS NOT ON LEAVE WITHOUT
4 PAY, OTHER THAN A POSITION IN WHICH THE STATE EMPLOYEE
5 COULD ELECT MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1
6 OR CLASS E-2;

7 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT
8 FOR CLASS AA STATE SERVICE PERFORMED AFTER JUNE 30, 2001,
9 UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK
10 MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE PROVIDED THAT THE
11 STATE EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A-5 AS AN
12 ELECTED OFFICER AND, SUBJECT TO THE LIMITATIONS CONTAINED IN
13 PARAGRAPH (7), SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL
14 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS
15 A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN A POSITION
16 FOR WHICH THE MEMBER COULD HAVE ELECTED MEMBERSHIP IN CLASS
17 C, CLASS D-3, CLASS E-1 OR CLASS E-2, PERFORMED BEFORE JULY
18 1, 2001.

19 (4) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA
20 MEMBER IS MADE PURSUANT TO SECTION 5306.1, A FORMER STATE
21 EMPLOYEE, OTHER THAN A FORMER STATE EMPLOYEE WHO WAS A STATE
22 POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON JUNE 30,
23 2001, AND JULY 1, 2001, IS A MULTIPLE SERVICE MEMBER AND A
24 SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
25 RETIREMENT SYSTEM, SUBJECT TO THE LIMITATIONS CONTAINED IN
26 PARAGRAPH (7), SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL
27 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS
28 A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN A POSITION
29 IN WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS
30 OF SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.

1 (5) A FORMER STATE EMPLOYEE WHO FIRST BECOMES A MEMBER
2 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
3 MEMBER OF THE GENERAL ASSEMBLY, OTHER THAN A FORMER STATE
4 EMPLOYEE WHO WAS A STATE POLICE OFFICER ON OR AFTER JULY 1,
5 1989, WHO IS A SCHOOL EMPLOYEE AND WHO ON OR AFTER JULY 1,
6 2001, BECOMES A MULTIPLE SERVICE MEMBER, SUBJECT TO THE
7 LIMITATIONS CONTAINED IN PARAGRAPH (7), SHALL RECEIVE CLASS
8 AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE OTHER THAN
9 STATE SERVICE PERFORMED AS A STATE EMPLOYEE IN A POSITION IN
10 WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS OF
11 SERVICE OTHER THAN CLASS A.

12 (6) A STATE EMPLOYEE WHO AFTER JUNE 30, 2001, BECOMES A
13 STATE POLICE OFFICER OR [WHO IS EMPLOYED IN A POSITION IN
14 WHICH THE MEMBER COULD ELECT MEMBERSHIP IN A CLASS OF SERVICE
15 OTHER THAN CLASS AA OR CLASS D-4] A MEMBER OF THE JUDICIARY
16 SHALL RETAIN ANY CLASS AA SERVICE CREDITED PRIOR TO BECOMING
17 A STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE
18 INELIGIBLE TO RECEIVE CLASS AA CREDIT THEREAFTER AND INSTEAD
19 SHALL RECEIVE CLASS A CREDIT FOR SERVICE AS A MEMBER OF THE
20 JUDICIARY IF THE JUDICIAL SERVICE BEGINS BEFORE JANUARY 1,
21 2018, AND THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF THE
22 SYSTEM BEFORE JANUARY 1, 2018, AND THE MEMBER OF THE
23 JUDICIARY DOES NOT BECOME A MEMBER OF CLASS A-5 AS AN ELECTED
24 OFFICER OR IF HE FIRST BECAME A MEMBER BEFORE JANUARY 1,
25 2011, OR DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL
26 ASSEMBLY, OR CLASS A-3 CREDIT FOR SERVICE OTHER THAN AS A
27 MEMBER OF THE JUDICIARY AND HE FIRST BECAME A MEMBER ON OR
28 AFTER JANUARY 1, 2011, OR DECEMBER 1, 2010, AS A MEMBER OF
29 THE GENERAL ASSEMBLY, IF THE NONJUDICIAL SERVICE IS NOT
30 SERVICE AS AN ELECTED OFFICER WHO FAILED TO MAKE THE ELECTION

1 TO DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION 5306.4
2 (RELATING TO LIMITED ELECTION TO NOT BECOME A CLASS A-5
3 MEMBER AND PLAN PARTICIPANT) AND FIRST BEGINS BEFORE JANUARY
4 1, 2018, OR IS AS A CLASS A-5 EXEMPT EMPLOYEE, OR CLASS A-5
5 SERVICE CREDIT IF THE NONJUDICIAL SERVICE IS AS AN ELECTED
6 OFFICER WHO FAILED TO MAKE THE ELECTION TO DECLINE CLASS A-5
7 MEMBERSHIP UNDER SECTION 5306.4, OR THE STATE EMPLOYEE FIRST
8 BECAME A MEMBER ON OR AFTER JANUARY 1, 2018, AND THE SERVICE
9 IS NOT AS A CLASS A-5 EXEMPT EMPLOYEE, UNLESS A CLASS OF
10 MEMBERSHIP OTHER THAN CLASS A IS ELECTED.

11 (7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE
12 BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A
13 SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED
14 BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR
15 PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS
16 CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS
17 NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A
18 SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON
19 PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS AND
20 SHARED-RISK MEMBER CONTRIBUTIONS AS PROVIDED IN SECTION
21 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE
22 OF CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL
23 COVERAGE MEMBER) .

24 (II) A PERSON WHO IS NOT A STATE EMPLOYEE OR A
25 SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND
26 WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY
27 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30,
28 2001, UPON TERMINATION OF THE DISABILITY ANNUITY) SHALL
29 NOT RECEIVE CLASS AA SERVICE CREDIT FOR STATE SERVICE
30 PERFORMED BEFORE JULY 1, 2001, UNTIL SUCH PERSON BECOMES

1 AN ACTIVE MEMBER, OR AN ACTIVE MEMBER OF THE PUBLIC
2 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND A MULTIPLE
3 SERVICE MEMBER, AND EARNS THREE ELIGIBILITY POINTS BY
4 PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL
5 SERVICE AFTER JUNE 30, 2001.

6 (A.2) CLASS OF MEMBERSHIP FOR MEMBERS OF THE GENERAL
7 ASSEMBLY.--

8 (1) A PERSON WHO:

9 (I) BECOMES A MEMBER OF THE GENERAL ASSEMBLY AND AN
10 ACTIVE MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND
11 BEFORE DECEMBER 1, 2010; OR

12 (II) IS A MEMBER OF THE GENERAL ASSEMBLY ON JULY 1,
13 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM BECAUSE
14 MEMBERSHIP IN THE SYSTEM IS OPTIONAL PURSUANT TO SECTION
15 5301 AND WHO BECOMES AN ACTIVE MEMBER AFTER JUNE 30,
16 2001, AND BEFORE DECEMBER 1, 2010;

17 AND WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1,
18 1989, SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND RECEIVE
19 CREDIT AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A
20 MEMBER OF THE SYSTEM AS A MEMBER OF THE GENERAL ASSEMBLY THAT
21 IS NOT PERFORMED AS AN ELECTED OFFICER WHO FAILED TO MAKE THE
22 ELECTION TO DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION 5306.4
23 UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK
24 MEMBER CONTRIBUTIONS FOR CLASS D-4 SERVICE AND, SUBJECT TO
25 THE LIMITATIONS CONTAINED IN SUBSECTION (A.1) (7), IF
26 PREVIOUSLY A MEMBER OF CLASS A OR EMPLOYED IN A POSITION FOR
27 WHICH CLASS A SERVICE COULD HAVE BEEN EARNED, SHALL RECEIVE
28 CLASS AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER
29 THAN STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR
30 WHICH A CLASS OF SERVICE OTHER THAN CLASS A OR CLASS D-4 WAS

1 OR COULD HAVE BEEN ELECTED OR CREDITED.

2 (2) PROVIDED AN ELECTION TO BECOME A CLASS D-4 MEMBER IS
3 MADE PURSUANT TO SECTION 5306.2 (RELATING TO ELECTIONS BY
4 MEMBERS OF THE GENERAL ASSEMBLY), A STATE EMPLOYEE WHO WAS
5 NOT A STATE POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON
6 JULY 1, 2001, IS A MEMBER OF THE GENERAL ASSEMBLY AND AN
7 ACTIVE MEMBER OF THE SYSTEM AND NOT A MEMBER OF CLASS D-3
8 SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND RECEIVE CREDIT
9 AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A MEMBER OF
10 THE SYSTEM PERFORMED AS A MEMBER OF THE GENERAL ASSEMBLY THAT
11 IS NOT PERFORMED AS AN ELECTED OFFICER WHO FAILED TO MAKE THE
12 ELECTION TO DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION 5306.4
13 AND NOT CREDITED AS ANOTHER CLASS OTHER THAN CLASS A UPON
14 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK
15 MEMBER CONTRIBUTIONS FOR CLASS D-4 SERVICE AND, SUBJECT TO
16 THE LIMITATIONS CONTAINED IN PARAGRAPH (A.1) (7), SHALL
17 RECEIVE CLASS AA SERVICE CREDIT FOR ALL CLASS A STATE
18 SERVICE, OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE
19 OFFICER OR AS A STATE EMPLOYEE IN A POSITION IN WHICH THE
20 MEMBER COULD HAVE ELECTED A CLASS OF SERVICE OTHER THAN CLASS
21 A, PERFORMED BEFORE JULY 1, 2001.

22 (3) A MEMBER OF THE GENERAL ASSEMBLY WHO AFTER JUNE 30,
23 2001, BECOMES A STATE POLICE OFFICER SHALL RETAIN ANY CLASS
24 AA SERVICE OR CLASS D-4 SERVICE CREDITED PRIOR TO BECOMING A
25 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE
26 INELIGIBLE TO RECEIVE CLASS AA OR CLASS D-4 CREDIT THEREAFTER
27 AND INSTEAD SHALL RECEIVE CLASS A CREDIT OR CLASS A-3 CREDIT
28 IF HE FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER
29 JANUARY 1, 2011[.], AND BEFORE JANUARY 1, 2018, OR AS A CLASS
30 A-5 EXEMPT EMPLOYEE, AND CLASS A-5 CREDIT IF HE FIRST BECOMES

1 A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018, AND IS
2 NOT A CLASS A-5 EXEMPT EMPLOYEE.

3 (4) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,
4 NO SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY PERFORMED
5 BEFORE DECEMBER 1, 2010, THAT IS NOT CREDITED AS CLASS D-4
6 SERVICE ON NOVEMBER 30, 2010, SHALL BE CREDITED AS CLASS D-4
7 SERVICE, UNLESS SUCH SERVICE WAS PREVIOUSLY CREDITED IN THE
8 SYSTEM AS CLASS D-4 SERVICE AND THE MEMBER WITHDREW HIS TOTAL
9 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5311 (RELATING
10 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF
11 TOTAL ACCUMULATED DEDUCTIONS). NO SERVICE AS A MEMBER OF THE
12 GENERAL ASSEMBLY PERFORMED ON OR AFTER DECEMBER 1, 2010,
13 SHALL BE CREDITED AS CLASS D-4 SERVICE UNLESS THE MEMBER
14 PREVIOUSLY WAS CREDITED WITH CLASS D-4 SERVICE CREDITS.

15 (5) A MEMBER OF THE GENERAL ASSEMBLY WHO PERFORMS
16 SERVICE AS AN ELECTED OFFICER WHO FAILED TO MAKE THE ELECTION
17 TO DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION 5306.4 AND
18 MEMBER OF THE SYSTEM SHALL BE CLASSIFIED AS A CLASS A-5
19 MEMBER FOR SERVICE AS AN ELECTED OFFICER AND RECEIVE CREDIT
20 FOR CLASS A-5 SERVICE UPON PAYMENT OF REGULAR MEMBER
21 CONTRIBUTIONS AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS
22 A-5 WITHOUT REGARD TO ANY OTHER CLASS OF SERVICE THE MEMBER
23 OF THE GENERAL ASSEMBLY MIGHT HAVE BEEN AT ANY TIME BEFORE
24 BECOMING AN ELECTED OFFICER.

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[,] OR AS AN ELECTED OFFICER
4 WHO FAILED TO MAKE THE ELECTION TO DECLINE CLASS A-5 MEMBERSHIP
5 UNDER SECTION 5306.4, IF THE EMPLOYEE FIRST BECOMES A MEMBER
6 BEFORE JANUARY 1, 2018, AND FOR ALL CREDITABLE STATE SERVICE
7 PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE IF THE EMPLOYEE FIRST
8 BECOMES A MEMBER ON OR AFTER JANUARY 1, 2018, UPON PAYMENT OF
9 REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER
10 CONTRIBUTIONS FOR CLASS A-4 SERVICE.

11 (A.4) CLASS A-5 MEMBERSHIP.--A STATE EMPLOYEE WHO FIRST
12 BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018,
13 OTHER THAN AS A CLASS A-5 EXEMPT EMPLOYEE, SHALL BE CLASSIFIED
14 AS A CLASS A-5 MEMBER AND RECEIVE CREDIT FOR CLASS A-5 SERVICE
15 FOR SERVICE OTHER THAN AS A CLASS A-5 EXEMPT EMPLOYEE UPON
16 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER
17 CONTRIBUTIONS FOR CLASS A-5 SERVICE. A CLASS A-5 EXEMPT EMPLOYEE
18 WHO FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1,
19 2018, SHALL BE CLASSIFIED IN THE APPLICABLE CLASS OTHER THAN
20 CLASS A-5 FOR SERVICE PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE
21 AND CLASSIFIED AS A CLASS A-5 MEMBER FOR ANY SERVICE PERFORMED
22 IN A POSITION OR OFFICE OTHER THAN AS A CLASS A-5 EXEMPT
23 EMPLOYEE. A STATE EMPLOYEE WHO PERFORMS SERVICE AS AN ELECTED
24 OFFICER WHO FAILED TO MAKE THE ELECTION TO DECLINE CLASS A-5
25 MEMBERSHIP UNDER SECTION 5306.4 AND MEMBER OF THE SYSTEM SHALL
26 BE CLASSIFIED AS A CLASS A-5 MEMBER FOR SERVICE AS AN ELECTED
27 OFFICER AND RECEIVE CREDIT FOR CLASS A-5 SERVICE UPON PAYMENT OF
28 REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER
29 CONTRIBUTIONS FOR CLASS A-5 WITHOUT REGARD TO ANY OTHER CLASS OF
30 SERVICE THE STATE EMPLOYEE MIGHT HAVE BEEN AT ANY TIME BEFORE

1 BECOMING AN ELECTED OFFICER.

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 CLASS OF SERVICE
17 MULTIPLIER FOR E-2 SERVICE AS [A BAIL COMMISSIONER] AN
18 ARRAIGNMENT COURT MAGISTRATE SHALL BE 1.5.

19 * * *

20 SECTION 308. SECTIONS 5306.1(C) AND (D), 5306.2(B) AND (C)
21 AND 5306.3(B), (C) AND (D) OF TITLE 71 ARE AMENDED TO READ:
22 § 5306.1. ELECTION TO BECOME A CLASS AA MEMBER.

23 * * *

24 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS AA
25 MEMBER SHALL BECOME EFFECTIVE THE LATER OF JULY 1, 2001, OR THE
26 DATE WHEN THE ELECTION IS FILED WITH THE BOARD AND SHALL REMAIN
27 IN EFFECT UNTIL THE TERMINATION OF EMPLOYMENT[.] OR BECOMING AN
28 ELECTED OFFICER WHO FAILED TO MAKE THE ELECTION TO DECLINE CLASS
29 A-5 MEMBERSHIP UNDER SECTION 5306.4 (RELATING TO LIMITED
30 ELECTION TO NOT BECOME A CLASS A-5 MEMBER AND PLAN PARTICIPANT).

1 UPON TERMINATION AND SUBSEQUENT REEMPLOYMENT, THE MEMBER'S CLASS
2 OF SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE OTHERWISE
3 PROVIDED FOR IN THIS PART AND THE STATE EMPLOYEE'S ELIGIBILITY
4 FOR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART.

5 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO
6 BECOME A CLASS AA MEMBER WITHIN THE ELECTION PERIOD SET FORTH IN
7 SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S CLASS A STATE
8 SERVICE, OTHER THAN SERVICE PERFORMED AS AN ELECTED OFFICER WHO
9 FAILED TO MAKE THE ELECTION TO DECLINE CLASS A-5 MEMBERSHIP
10 UNDER SECTION 5306.4 OR AS A STATE POLICE OFFICER OR IN A
11 POSITION IN WHICH THE MEMBER COULD ELECT A CLASS OF MEMBERSHIP
12 OTHER THAN CLASS A, BEING CREDITED AS CLASS A SERVICE AND NOT
13 SUBJECT TO FURTHER ELECTION OR CREDITING AS CLASS AA SERVICE
14 UPON TERMINATION AND SUBSEQUENT EMPLOYMENT.

15 § 5306.2. ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY.

16 * * *

17 (B) EFFECT OF ELECTION.--MEMBERSHIP AS A CLASS D-4 MEMBER
18 SHALL BECOME EFFECTIVE ON JULY 1, 2001, AND SHALL REMAIN IN
19 EFFECT UNTIL THE TERMINATION OF SERVICE AS A MEMBER OF THE
20 GENERAL ASSEMBLY[.] OR BECOMING AN ELECTED OFFICER WHO FAILED TO
21 MAKE THE ELECTION TO DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION
22 5306.4 (RELATING TO LIMITED ELECTION TO NOT BECOME A CLASS A-5
23 MEMBER AND PLAN PARTICIPANT). UPON TERMINATION AND A SUBSEQUENT
24 REEMPLOYMENT, THE MEMBER'S CLASS OF SERVICE SHALL BE CREDITED IN
25 THE CLASS OF SERVICE OTHERWISE PROVIDED FOR IN THIS PART AND THE
26 STATE EMPLOYEE'S ELIGIBILITY FOR PARTICIPATION IN THE PLAN SHALL
27 BE AS PROVIDED IN THIS PART.

28 (C) EFFECT OF FAILURE TO MAKE ELECTION.--A MEMBER OF THE
29 GENERAL ASSEMBLY WHO IS A MEMBER OF CLASS A AS A RESULT OF
30 FAILURE TO ELECT TO BECOME A MEMBER OF ANOTHER CLASS OR WHO IS A

1 MEMBER OF ANOTHER CLASS OTHER THAN CLASS D-4 AS A RESULT OF
2 ELECTING MEMBERSHIP IN SUCH CLASS FOR LEGISLATIVE SERVICE SHALL
3 NOT BE ELIGIBLE TO RECEIVE OR ELECT A DIFFERENT CLASS OF SERVICE
4 FOR SUCH LEGISLATIVE SERVICE EITHER DURING THE PERIOD OF
5 LEGISLATIVE SERVICE OR UPON TERMINATION AND SUBSEQUENT
6 EMPLOYMENT[.], UNLESS THE STATE EMPLOYEE IS REQUIRED TO BE A
7 MEMBER OF CLASS A-5 FOR SERVICE PERFORMED AS AN ELECTED OFFICER
8 WHO FAILED TO MAKE THE ELECTION TO DECLINE CLASS A-5 MEMBERSHIP
9 UNDER SECTION 5306.4.

10 § 5306.3. ELECTION TO BECOME A CLASS A-4 MEMBER.

11 * * *

12 (B) TIME FOR MAKING ELECTION.--THE ELECTION TO BECOME A
13 CLASS A-4 MEMBER MUST BE MADE BY THE MEMBER FILING WRITTEN
14 NOTICE WITH THE BOARD IN A FORM AND MANNER DETERMINED BY THE
15 BOARD NO LATER THAN 45 DAYS AFTER NOTICE FROM THE BOARD OF THE
16 MEMBER'S ELIGIBILITY TO ELECT CLASS A-4 MEMBERSHIP. A STATE
17 EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS A-4 MEMBER
18 WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT
19 HAVING ELECTED CLASS A-4 MEMBERSHIP [MAY MAKE THE ELECTION
20 WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM] SHALL HAVE THE
21 ELECTION PERIOD EXTENDED BY THE NUMBER OF DAYS ON USERRA LEAVE.

22 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS A-4
23 MEMBER SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE
24 EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM AND SHALL REMAIN IN
25 EFFECT FOR ALL FUTURE [CREDITABLE] STATE SERVICE CREDITABLE TO
26 THE SYSTEM, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE
27 JUDICIARY[.], BUT SHALL NOT APPLY TO SERVICE PERFORMED AFTER
28 DECEMBER 31, 2017, AS AN ELECTED OFFICER WHO FAILED TO MAKE THE
29 ELECTION TO DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION 5306.4
30 (RELATING TO LIMITED ELECTION TO NOT BECOME A CLASS A-5 MEMBER

1 AND PLAN PARTICIPANT). PAYMENT OF REGULAR MEMBER CONTRIBUTIONS
2 FOR CLASS A-4 STATE SERVICE PERFORMED PRIOR TO THE ELECTION OF
3 CLASS A-4 MEMBERSHIP SHALL BE MADE IN A FORM, MANNER AND TIME
4 DETERMINED BY THE BOARD. UPON TERMINATION OF STATE SERVICE AND
5 SUBSEQUENT REEMPLOYMENT, A MEMBER WHO ELECTED CLASS A-4
6 MEMBERSHIP SHALL BE CREDITED AS A CLASS A-4 MEMBER FOR
7 CREDITABLE STATE SERVICE PERFORMED AFTER REEMPLOYMENT[, EXCEPT]
8 UNLESS THE REEMPLOYMENT IS AS AN ELECTED OFFICER WHO FAILED TO
9 MAKE THE ELECTION TO DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION
10 5306.4 OR AS A MEMBER OF THE JUDICIARY WHO IS NOT AN ELECTED
11 OFFICER WHO FAILED TO MAKE THE ELECTION TO DECLINE CLASS A-5
12 MEMBERSHIP UNDER SECTION 5306.4, REGARDLESS OF TERMINATION OF
13 EMPLOYMENT, TERMINATION OF MEMBERSHIP BY WITHDRAWAL OF
14 ACCUMULATED DEDUCTIONS OR STATUS AS AN ANNUITANT, VESTEE OR
15 INACTIVE MEMBER AFTER THE TERMINATION OF SERVICE.

16 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO
17 BECOME A CLASS A-4 MEMBER WITHIN THE ELECTION PERIOD SET FORTH
18 IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S STATE
19 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE
20 JUDICIARY WHO IS NOT AN ELECTED OFFICER WHO FAILED TO MAKE THE
21 ELECTION TO DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION 5306.4,
22 BEING CREDITED AS CLASS A-3 SERVICE, UNLESS THE STATE EMPLOYEE
23 IS REQUIRED TO BE A MEMBER OF CLASS A-5 AND A PARTICIPANT IN THE
24 PLAN AS AN ELECTED OFFICER WHO FAILED TO MAKE THE ELECTION TO
25 DECLINE CLASS A-5 MEMBERSHIP UNDER SECTION 5306.4 OR AS
26 OTHERWISE PROVIDED UNDER THIS PART, AND NOT SUBJECT TO FURTHER
27 ELECTION OR CREDITING AS CLASS A-4 SERVICE. UPON TERMINATION AND
28 SUBSEQUENT EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO BECOME A
29 CLASS A-4 MEMBER SHALL NOT BE ELIGIBLE TO MAKE ANOTHER ELECTION
30 TO BECOME A CLASS A-4 MEMBER FOR EITHER PAST OR FUTURE STATE

1 SERVICE.

2 SECTION 308.1. TITLE 71 IS AMENDED BY ADDING A SECTION TO
3 READ:

4 § 5306.4. LIMITED ELECTION TO NOT BECOME A CLASS A-5 MEMBER AND
5 PLAN PARTICIPANT.

6 (A) GENERAL RULE.--NOTWITHSTANDING ANY OTHER PROVISION OF
7 THIS PART, AN ELECTED OFFICER WHO FIRST BECOMES A MEMBER OF THE
8 SYSTEM BEFORE JANUARY 1, 2018, AND WHO HAS NOT PREVIOUSLY MADE
9 AN ELECTION OR DECLINED TO MAKE AN ELECTION UNDER THIS SECTION,
10 MAY ELECT TO NOT BECOME A MEMBER OF CLASS A-5 AND A PARTICIPANT
11 IN THE PLAN FOR SERVICE AS AN ELECTED OFFICER.

12 (B) TIME FOR MAKING ELECTION.--THE ELECTION TO DECLINE TO
13 BECOME A CLASS A-5 MEMBER AND A PARTICIPANT IN THE PLAN MUST BE
14 MADE BY THE ELECTED OFFICER BY FILING WRITTEN NOTICE WITH THE
15 BOARD IN A FORM AND MANNER DETERMINED BY THE BOARD BEFORE THE
16 START OF HIS OR HER FIRST TERM OF OFFICE IN ANY POSITION AS AN
17 ELECTED OFFICER STARTING AFTER DECEMBER 31, 2017. AN ELECTED
18 OFFICER WHO BEGINS USERRA LEAVE BEFORE THE START OF HIS OR HER
19 FIRST TERM OF OFFICE MAY MAKE THE ELECTION BY THE DATE THE TERM
20 OF OFFICE OTHERWISE BEGINS, NOTWITHSTANDING BEING ON USERRA
21 LEAVE.

22 (C) EFFECT OF ELECTION.--AN ELECTION TO DECLINE TO BECOME A
23 CLASS A-5 MEMBER AND A PARTICIPANT IN THE PLAN SHALL BE
24 IRREVOCABLE AND SHALL REMAIN IN EFFECT FOR ALL FUTURE SERVICE AS
25 AN ELECTED OFFICER, REGARDLESS OF SUBSEQUENT ELECTIONS OR
26 REELECTIONS TO ANY POSITION AS AN ELECTED OFFICER AND REGARDLESS
27 OF ANY SUBSEQUENT TERMINATION OF SERVICE AND SUBSEQUENT ACTIVE
28 MEMBERSHIP IN THE SYSTEM AS A RESULT OF BEING AN ELECTED
29 OFFICER, WITHOUT REGARD TO ANY TERMINATION OF MEMBERSHIP BY
30 WITHDRAWAL OF ACCUMULATED DEDUCTIONS OR STATUS AS AN ANNUITANT,

1 VESTEE OR INACTIVE MEMBER AFTER THE TERMINATION OF SERVICE. AN
2 ELECTED OFFICER WHO ELECTS TO DECLINE TO BECOME A CLASS A-5
3 MEMBER AND A PARTICIPANT IN THE PLAN SHALL BE A MEMBER OF THE
4 CLASS OF SERVICE FOR ALL SUBSEQUENT SERVICE AS AN ELECTED
5 OFFICER THAT THE MEMBER WOULD BE AS IF THIS PART DID NOT PROVIDE
6 FOR AN ELECTED OFFICER TO BECOME A MEMBER OF CLASS A-5 AND A
7 PARTICIPANT IN THE PLAN.

8 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO
9 DECLINE TO BECOME A CLASS A-5 MEMBER AND A PARTICIPANT IN THE
10 PLAN BEFORE THE FIRST TERM OF OFFICE IN ANY POSITION AS AN
11 ELECTED OFFICER STARTING AFTER DECEMBER 31, 2017, SHALL RESULT
12 IN ALL OF THE ELECTED OFFICER'S STATE SERVICE AS A MEMBER OF THE
13 SYSTEM AS AN ELECTED OFFICER BEING CREDITED AS CLASS A-5 SERVICE
14 AND THE ELECTED OFFICER BEING A PARTICIPANT IN THE PLAN FOR
15 SERVICE AS AN ELECTED OFFICER AS PROVIDED FOR IN THIS PART. UPON
16 TERMINATION AND SUBSEQUENT EMPLOYMENT OR UPON SUBSEQUENT
17 ELECTION OR REELECTION TO ANY POSITION AS AN ELECTED OFFICER, AN
18 ELECTED OFFICER WHO FAILED TO ELECT TO DECLINE TO BECOME A CLASS
19 A-5 MEMBER FOR SERVICE AS AN ELECTED OFFICER SHALL NOT BE
20 ELIGIBLE TO MAKE ANOTHER SUCH ELECTION FOR EITHER PAST OR FUTURE
21 SERVICE AS AN ELECTED OFFICER.

22 (E) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FOR ELECTED
23 OFFICERS WHO DO NOT MAKE ELECTION.--AN INDIVIDUAL WHO IS
24 ELIGIBLE TO MAKE THE ELECTION UNDER SUBSECTION (A) AND WHO DOES
25 NOT DO SO SHALL MAKE THE FOLLOWING MANDATORY PICKUP PARTICIPANT
26 CONTRIBUTIONS FOR SERVICE AS AN ELECTED OFFICER:

27 (1) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
28 A IF THE ELECTION HAD BEEN MADE, AT A RATE OF 2% OF
29 COMPENSATION.

30 (2) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS

1 AA IF THE ELECTION HAD BEEN MADE, AT A RATE OF 3.25% OF
2 COMPENSATION.

3 (3) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
4 A-3 IF THE ELECTION HAD BEEN MADE, AT A RATE OF 3.25% OF
5 COMPENSATION.

6 (4) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
7 A-4 IF THE ELECTION HAD BEEN MADE, AT A RATE OF 6.3% OF
8 COMPENSATION.

9 (5) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
10 D-4 IF THE ELECTION HAD BEEN MADE, AT A RATE OF 3.25% OF
11 COMPENSATION.

12 (6) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
13 E-1 IF THE ELECTION HAD BEEN MADE, AT A RATE OF 7% OF
14 COMPENSATION FOR SERVICE FOR WHICH THE REGULAR MEMBER
15 CONTRIBUTIONS WOULD HAVE BEEN 10% OF COMPENSATION OR AT A
16 RATE OF 4.5% FOR SERVICE FOR WHICH THE REGULAR MEMBER
17 CONTRIBUTIONS WOULD HAVE BEEN 7.5% OF COMPENSATION.

18 (7) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS
19 E-2 IF THE ELECTION HAD BEEN MADE, AT A RATE OF 4.5% OF
20 COMPENSATION.

21 (8) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SOCIAL
22 SECURITY INTEGRATION CONTRIBUTIONS IF THE ELECTION HAD BEEN
23 MADE, THEN THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
24 SHALL BE 5% OF COMPENSATION GREATER THAN THE AMOUNTS LISTED
25 IN THIS SUBSECTION.

26 (9) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SHARED-
27 RISK MEMBER CONTRIBUTIONS IF THE ELECTION HAD BEEN MADE, THEN
28 THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE A
29 PERCENTAGE OF COMPENSATION GREATER THAN THE AMOUNTS LISTED IN
30 THIS SUBSECTION EQUAL TO THE SHARED-RISK MEMBER CONTRIBUTION

1 RATE THAT WOULD HAVE BEEN APPLICABLE.

2 (10) IF THE PARTICIPANT WOULD HAVE HAD REGULAR MEMBER
3 CONTRIBUTIONS ADJUSTED BY THE SHARED-GAIN ADJUSTMENT IF THE
4 ELECTION HAD BEEN MADE, THEN THE MANDATORY PICKUP PARTICIPANT
5 CONTRIBUTIONS SHALL BE REDUCED BY THE SAME PERCENTAGE OF
6 COMPENSATION REGULAR MEMBER CONTRIBUTIONS WOULD HAVE BEEN
7 REDUCED BY THE SHARED-GAIN ADJUSTMENT.

8 (F) CHANGE IN RATE.--IF THE REGULAR MEMBER CONTRIBUTION
9 RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION RATE, SHARED-RISK
10 MEMBER CONTRIBUTION RATE OR SHARED-GAIN ADJUSTMENT TO THE
11 REGULAR MEMBER CONTRIBUTION RATE THAT THE PARTICIPANT WOULD HAVE
12 BEEN SUBJECT TO FOR SERVICE AS AN ELECTED OFFICER IF THE
13 ELECTION HAD BEEN MADE CHANGES FOR ANY REASON, THE MANDATORY
14 PICKUP PARTICIPANT CONTRIBUTION RATE SHALL ALSO CHANGE TO THE
15 RATES ESTABLISHED IN THIS SUBSECTION.

16 SECTION 308.2. SECTIONS 5307, 5308, 5308.1 INTRODUCTORY
17 PARAGRAPH AND (1), 5309, 5311(A), 5501, 5501.1, 5502.1(B),
18 5503.1(A) AND 5504 OF TITLE 71 ARE AMENDED TO READ:

19 § 5307. ELIGIBILITY POINTS.

20 (A) GENERAL RULE.--AN ACTIVE MEMBER OF THE SYSTEM SHALL
21 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE
22 AS A MEMBER OF THE [STATE OR] SYSTEM AND IF A MULTIPLE SERVICE
23 MEMBER AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
24 SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO-THIRDS OF AN
25 ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 CREDITED SERVICE.
26 IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE,
27 A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF
28 ELIGIBILITY POINTS TO WHICH THE CLASS OF SERVICE ENTITLES HIM.

29 (A.1) USERRA LEAVE.--A MEMBER OF THE SYSTEM OR PARTICIPANT
30 IN THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES

1 WHILE PERFORMING USERRA LEAVE SHALL BE GRANTED THE ELIGIBILITY
2 POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS STATE
3 OFFICE OR EMPLOYMENT INSTEAD OF PERFORMING USERRA LEAVE. IN THE
4 EVENT THAT A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE
5 MAKES THE MEMBER CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT
6 CONTRIBUTIONS TO BE GRANTED STATE SERVICE CREDIT FOR THE USERRA
7 LEAVE, NO ADDITIONAL ELIGIBILITY POINTS WILL BE GRANTED.

8 (B) TRANSITIONAL RULE.--

9 (1) IN DETERMINING WHETHER A MEMBER WHO IS NOT A STATE
10 EMPLOYEE OR SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1,
11 2001, AND WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY
12 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30, 2001,
13 UPON TERMINATION OF THE DISABILITY ANNUITY) HAS THE FIVE
14 ELIGIBILITY POINTS REQUIRED BY SECTIONS 5102 (RELATING TO
15 DEFINITIONS), 5308(B) (RELATING TO ELIGIBILITY FOR
16 ANNUITIES), 5309 (RELATING TO ELIGIBILITY FOR VESTING),
17 5704(B) (RELATING TO DISABILITY ANNUITIES) AND 5705(A)
18 (RELATING TO MEMBER'S OPTIONS), ONLY ELIGIBILITY POINTS
19 EARNED BY PERFORMING CREDITED STATE SERVICE, USERRA LEAVE OR
20 CREDITED SCHOOL SERVICE AS AN ACTIVE MEMBER OF THE PUBLIC
21 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AFTER JUNE 30, 2001,
22 SHALL BE COUNTED UNTIL SUCH MEMBER EARNS ONE ELIGIBILITY
23 POINT BY PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL
24 SERVICE AFTER JUNE 30, 2001, AT WHICH TIME ALL ELIGIBILITY
25 POINTS AS DETERMINED PURSUANT TO SUBSECTION (A) SHALL BE
26 COUNTED.

27 (2) ANY MEMBER TO WHOM PARAGRAPH (1) APPLIES SHALL BE
28 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE
29 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER:

30 (I) HAS TEN OR MORE ELIGIBILITY POINTS AS DETERMINED

1 PURSUANT TO SUBSECTION (A); OR
2 (II) HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS
3 L, CLASS M OR CLASS N SERVICE AND HAS EIGHT OR MORE
4 ELIGIBILITY POINTS AS DETERMINED PURSUANT TO SUBSECTION
5 (A).

6 § 5308. ELIGIBILITY FOR ANNUITIES.

7 (A) SUPERANNUATION ANNUITY.--ATTAINMENT OF SUPERANNUATION
8 AGE BY AN ACTIVE MEMBER OR AN INACTIVE MEMBER ON LEAVE WITHOUT
9 PAY WITH THREE OR MORE ELIGIBILITY POINTS OTHER THAN ELIGIBILITY
10 POINTS RESULTING FROM NONSTATE SERVICE OR NONSCHOOL SERVICE
11 SHALL ENTITLE HIM TO RECEIVE A SUPERANNUATION ANNUITY UPON
12 TERMINATION OF STATE SERVICE AND COMPLIANCE WITH SECTION 5907(F)
13 (RELATING TO RIGHTS AND DUTIES OF STATE EMPLOYEES [AND MEMBERS],
14 MEMBERS AND PARTICIPANTS).

15 (B) WITHDRAWAL ANNUITY.--

16 (1) ANY VESTEE OR ANY ACTIVE MEMBER OR INACTIVE MEMBER
17 ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE HAVING FIVE
18 OR MORE ELIGIBILITY POINTS AND WHO DOES NOT HAVE CLASS A-3
19 [OR], CLASS A-4 OR CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE
20 SERVICE MEMBER, CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE
21 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR WHO HAS CLASS
22 G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR
23 CLASS N SERVICE AND TERMINATES STATE SERVICE HAVING FIVE OR
24 MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION
25 5907(F), (G) OR (H) SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

26 (2) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON
27 LEAVE WITHOUT PAY WHO HAS CLASS A-3 [OR], CLASS A-4 OR CLASS
28 A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-
29 E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES'
30 RETIREMENT SYSTEM WHO TERMINATES STATE SERVICE HAVING TEN OR

1 MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION
2 5907(F), (G) OR (H), SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

3 (3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON
4 LEAVE WITHOUT PAY WHO HAS EITHER CLASS A-3 [OR], CLASS A-4 OR
5 CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER,
6 CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL
7 EMPLOYEES' RETIREMENT SYSTEM AND ALSO HAS SERVICE CREDITED IN
8 THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE WHO HAS
9 FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS, UPON
10 COMPLIANCE WITH SECTION 5907(F), (G) OR (H), SHALL BE
11 ELIGIBLE TO RECEIVE AN ANNUITY CALCULATED ON HIS SERVICE
12 CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5, PROVIDED THAT THE MEMBER HAS FIVE OR
13 MORE ELIGIBILITY POINTS RESULTING FROM SERVICE IN CLASSES
14 OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 OR CLASS T-
15 E OR CLASS T-F SERVICE IN THE PUBLIC SCHOOL EMPLOYEES'
16 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 § 5308.1. ELIGIBILITY FOR SPECIAL EARLY RETIREMENT.
30

1 NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE CONTRARY,
2 THE FOLLOWING SPECIAL EARLY RETIREMENT PROVISIONS SHALL BE
3 APPLICABLE TO SPECIFIED ELIGIBLE MEMBERS [AS FOLLOWS]:

4 (1) DURING THE PERIOD OF JULY 1, 1985, TO SEPTEMBER 30,
5 1991, AN ACTIVE MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST
6 53 YEARS AND HAS ACCRUED AT LEAST 30 ELIGIBILITY POINTS SHALL
7 BE ENTITLED, UPON TERMINATION OF STATE SERVICE AND COMPLIANCE
8 WITH SECTION 5907(F) (RELATING TO RIGHTS AND DUTIES OF STATE
9 EMPLOYEES [AND] MEMBERS AND PARTICIPANTS), TO RECEIVE A
10 MAXIMUM SINGLE LIFE ANNUITY CALCULATED UNDER SECTION 5702
11 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY) WITHOUT A REDUCTION
12 BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH IS UNDER
13 THE SUPERANNUATION AGE.

14 * * *

15 § 5309. ELIGIBILITY FOR VESTING.

16 ANY MEMBER WHO:

17 (1) DOES NOT HAVE CLASS A-3 [OR] CLASS A-4 OR CLASS A-5
18 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-E OR
19 CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES'
20 RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR IF A
21 MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC
22 SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL
23 SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS, OR ANY MEMBER
24 WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L,
25 CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY
26 POINTS, SHALL BE ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION
27 AGE TO VEST HIS RETIREMENT BENEFITS.

28 (2) HAS ONLY CLASS A-3 [OR] CLASS A-4 OR CLASS A-5
29 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE MEMBER, ONLY
30 CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL

1 EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR
2 IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE
3 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL
4 SERVICE, WITH TEN OR MORE ELIGIBILITY POINTS SHALL BE
5 ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS
6 RETIREMENT BENEFITS.

7 (3) HAS EITHER CLASS A-3 [OR] CLASS A-4 OR CLASS A-5
8 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE MEMBER, CLASS
9 T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL
10 EMPLOYEES' RETIREMENT SYSTEM, ALSO HAS SERVICE CREDITED IN
11 THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE AND HAS
12 FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS AND
13 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND
14 AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
15 SYSTEM TERMINATES SCHOOL SERVICE, SHALL BE ELIGIBLE UNTIL THE
16 ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS RETIREMENT
17 BENEFITS CALCULATED ON HIS SERVICE CREDITED IN CLASSES OF
18 SERVICE OTHER THAN CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 AND
19 TO BE CREDITED WITH STATUTORY INTEREST ON TOTAL ACCUMULATED
20 DEDUCTIONS, REGARDLESS OF WHETHER OR NOT ANY PART OF HIS
21 ACCUMULATED DEDUCTIONS ARE A RESULT OF CLASS A-3 [OR] CLASS
22 A-4 OR CLASS A-5 SERVICE CREDIT.

23 § 5311. ELIGIBILITY FOR REFUNDS.

24 (A) TOTAL ACCUMULATED DEDUCTIONS.--ANY ACTIVE MEMBER,
25 REGARDLESS OF ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS
26 TOTAL ACCUMULATED DEDUCTIONS UPON TERMINATION OF SERVICE IN LIEU
27 OF ANY BENEFIT FROM THE SYSTEM TO WHICH HE IS ENTITLED.

28 * * *

29 § 5501. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

30 REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO THE FUND ON

1 BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE EXCEPT FOR ANY
2 PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF SUCH
3 CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF SECTION 5502.1
4 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL
5 SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF
6 THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR
7 [415(B)] 415.

8 § 5501.1. SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND
9 CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO
10 REGULAR MEMBER CONTRIBUTIONS.

11 (A) GENERAL.--SHARED-RISK MEMBER CONTRIBUTIONS SHALL BE MADE
12 TO THE FUND ON BEHALF OF EACH MEMBER OF [CLASS A-3 OR CLASS A-4]
13 ALL CLASSES OF SERVICE FOR CURRENT SERVICE CREDITED [AS CLASS A-
14 3 OR CLASS A-4] IN ANY CLASS OF SERVICE AS PROVIDED UNDER THIS
15 SECTION, EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE
16 MAKING OF THE CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY
17 PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC §
18 401(A)(17) OR 415. SHARED-RISK MEMBER CONTRIBUTIONS SHALL BE
19 CREDITED TO THE MEMBERS' SAVINGS ACCOUNT. A SHARED-GAIN
20 ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS FOR ALL CLASSES OF
21 SERVICE SHALL BE MADE AS PROVIDED UNDER THIS SECTION.

22 (B) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE[.--] FOR
23 CLASS A-3, CLASS A-4 AND CLASS A-5 SERVICE.--THE SHARED-RISK
24 CONTRIBUTION FOR CLASS A-3, CLASS A-4 AND CLASS A-5 SERVICE
25 SHALL BE DETERMINED AS FOLLOWS:

26 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
27 SECTION UNTIL JUNE 30, 2014, THE SHARED-RISK CONTRIBUTION
28 RATE FOR CLASS A-3, CLASS A-4 AND CLASS A-5 SHALL BE ZERO.

29 (2) FOR THE PERIOD FROM JULY 1, 2014, TO JUNE 30, 2017,
30 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE

1 DURING THE PERIOD FROM JANUARY 1, 2011, TO DECEMBER 31, 2013,
2 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE
3 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,
4 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
5 PERIOD, THE SHARED-RISK CONTRIBUTION RATE SHALL BE .5%. IN
6 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL
7 BE ZERO.

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

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

1 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE
2 DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH
3 DECEMBER 31, 2019.

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

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

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

25 (8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY
26 CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL
27 COST METHOD PROVIDED IN SECTION 5508(B) (RELATING TO
28 ACTUARIAL COST METHOD), AS ADJUSTED BY THE EXPERIENCE
29 ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE SHARED-RISK
30 CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL BE ZERO AND

1 SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS OTHERWISE
2 PROVIDED IN THIS SECTION.

3 (C) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE FOR
4 CLASSES OF SERVICE OTHER THAN CLASS A-3, CLASS A-4 AND CLASS A-5
5 SERVICE.--THE SHARED-RISK CONTRIBUTION FOR ALL CLASSES OF
6 SERVICE OTHER THAN CLASS A-3, CLASS A-4 OR CLASS A-5 SERVICE
7 SHALL BE DETERMINED AS FOLLOWS:

8 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
9 SECTION UNTIL JUNE 30, 2020, THE SHARED-RISK CONTRIBUTION
10 RATE SHALL BE ZERO.

11 (2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023,
12 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE
13 DURING THE PERIOD FROM JANUARY 1, 2017, TO DECEMBER 31, 2019,
14 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE
15 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,
16 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
17 PERIOD, THE SHARED-RISK CONTRIBUTION RATE SHALL BE 0.5%. IN
18 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL
19 BE ZERO.

20 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED-
21 RISK CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE
22 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
23 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
24 CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL
25 RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND
26 BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED-RISK
27 CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL
28 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
29 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL
30 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF

1 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON
2 MARKET VALUE OVER THAT PERIOD.

3 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED-
4 RISK CONTRIBUTION RATE MAY NOT BE LESS THAN ZERO AND MAY NOT
5 BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM
6 INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN
7 EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED,
8 EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION, PROVIDED
9 THAT IN NO EVENT MAY THE SHARED-RISK CONTRIBUTION RATE BE
10 MORE THAN 2%. FOR THE DETERMINATION OF THE SHARED-RISK
11 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2023, THE
12 DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
13 DECEMBER 31, 2022. FOR THE DETERMINATION OF THE SHARED-RISK
14 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE
15 DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
16 DECEMBER 31, 2025.

17 (5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS
18 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE
19 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL
20 INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY
21 FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE
22 DUTIES OF THE BOARD).

23 (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED
24 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD
25 USED TO DETERMINE THE SHARED-RISK CONTRIBUTION RATE, THE
26 BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE
27 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN
28 ANNUAL RATE.

29 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL
30 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER

1 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)
2 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH
3 AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED-RISK
4 CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT
5 MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE
6 ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS
7 OTHERWISE PROVIDED IN THIS SECTION.

8 (8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY
9 CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL
10 COST METHOD PROVIDED IN SECTION 5508(B), AS ADJUSTED BY THE
11 EXPERIENCE ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE
12 SHARED-RISK CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL
13 BE ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS
14 OTHERWISE PROVIDED IN THIS SECTION.

15 (D) DETERMINATION OF SHARED-GAIN ADJUSTMENT TO REGULAR
16 MEMBER CONTRIBUTIONS FOR CLASS A-3, CLASS A-4 OR CLASS A-5
17 SERVICE.--THE REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-3, CLASS
18 A-4 OR CLASS A-5 SERVICE SHALL BE DETERMINED AS FOLLOWS:

19 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
20 SECTION UNTIL JUNE 30, 2017, THE REGULAR MEMBER CONTRIBUTIONS
21 FOR CLASS A-3, CLASS A-4 OR CLASS A-5 SERVICE SHALL BE
22 DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

23 (2) FOR THE PERIOD FROM JULY 1, 2017, TO JUNE 30, 2020,
24 IF THE SHARED-RISK CONTRIBUTION RATE FOR CLASS A-3, CLASS A-4
25 AND CLASS A-5 SERVICE IS ZERO AND ANNUAL INTEREST RATE
26 ADOPTED BY THE BOARD FOR USE DURING THE PERIOD FROM JANUARY
27 1, 2011, TO DECEMBER 31, 2016, FOR THE CALCULATION OF THE
28 NORMAL CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE
29 ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE
30 FUND BASED ON MARKET VALUE OVER THE PERIOD, THEN THE REGULAR

1 MEMBER CONTRIBUTION RATE OF EACH MEMBER FOR CLASS A-3, CLASS
2 A-4 OR CLASS A-5 SERVICE SHALL BE REDUCED BY .5%. IN ALL
3 OTHER SITUATIONS, THE REGULAR MEMBER CONTRIBUTIONS SHALL BE
4 DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

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

18 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR
19 MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT
20 OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE
21 MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER
22 REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE
23 REDUCTION IN THE ACTUARIALLY REQUIRED CONTRIBUTION RATE BY
24 THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT
25 GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON
26 THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED
27 AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE
28 ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE
29 THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER
30 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE

1 DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH
2 DECEMBER 31, 2019.

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

10 (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR
11 THE CALCULATION IS CHANGED DURING THE PERIOD USED TO
12 DETERMINE THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
13 CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,
14 SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,
15 EXPRESSED AS AN ANNUAL RATE.

16 (E) DETERMINATION OF SHARED-GAIN ADJUSTMENT TO REGULAR
17 MEMBER CONTRIBUTIONS FOR ALL CLASSES OF SERVICE OTHER THAN CLASS
18 A-3, CLASS A-4 OR CLASS A-5 SERVICE.--THE REGULAR MEMBER
19 CONTRIBUTIONS FOR ALL CLASSES OF SERVICE OTHER THAN CLASS A-3,
20 CLASS A-4 OR CLASS A-5 SERVICE SHALL BE DETERMINED AS FOLLOWS:

21 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS
22 SECTION UNTIL JUNE 30, 2020, THE REGULAR MEMBER CONTRIBUTIONS
23 SHALL BE DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

24 (2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023,
25 IF THE SHARED-RISK CONTRIBUTION RATE FOR SERVICE IN CLASSES
26 OTHER THAN CLASS A-3, CLASS A-4 OR CLASS A-5 IS ZERO AND
27 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE
28 PERIOD FROM JANUARY 1, 2017, TO DECEMBER 31, 2019, FOR THE
29 CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1%
30 LOWER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE

1 INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE
2 PERIOD, THEN THE REGULAR MEMBER CONTRIBUTION RATE OF EACH
3 MEMBER FOR ALL CLASSES OF SERVICE OTHER THAN CLASS A-3, CLASS
4 A-4 OR CLASS A-5 SERVICE SHALL BE REDUCED BY .5%. IN ALL
5 OTHER SITUATIONS, THE REGULAR MEMBER CONTRIBUTIONS SHALL BE
6 DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

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

20 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR
21 MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT
22 OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE
23 MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER
24 REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE
25 REDUCTION IN THE ACTUARIALY REQUIRED CONTRIBUTION RATE BY
26 THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT
27 GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON
28 THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED
29 AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE
30 ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE

1 THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER
2 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2023, THE
3 DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
4 DECEMBER 31, 2022. FOR THE DETERMINATION OF THE REGULAR
5 MEMBER CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE
6 DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH
7 DECEMBER 31, 2025.

8 (5) THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
9 CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS
10 CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE
11 ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND
12 EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER
13 SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE
14 BOARD).

15 (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR
16 THE CALCULATION IS CHANGED DURING THE PERIOD USED TO
17 DETERMINE THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER
18 CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,
19 SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,
20 EXPRESSED AS AN ANNUAL RATE.

21 (F) CALCULATION OF REGULAR MEMBER CONTRIBUTION RATE.--FOR
22 PURPOSES OF THIS SECTION, THE REGULAR MEMBER CONTRIBUTION RATE
23 FOR EACH MEMBER IS THE PRODUCT OF THE BASIC CONTRIBUTION RATE
24 AND THE CLASS OF SERVICE MULTIPLIER USED TO DETERMINE THE
25 REGULAR MEMBER CONTRIBUTIONS FOR EACH MEMBER.

26 § 5502.1. WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL
27 SECURITY INTEGRATION MEMBER CONTRIBUTIONS.

28 * * *

29 (B) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO ANY
30 MEMBER WHO HAS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE

1 CREDIT.

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 TOTAL
24 PREVIOUS STATE SERVICE OTHER THAN SERVICE IN CLASS G, CLASS
25 H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M AND CLASS N OR
26 TO BECOME A FULL COVERAGE MEMBER SHALL BE SUFFICIENT TO
27 PROVIDE AN AMOUNT EQUAL TO THE REGULAR ACCUMULATED
28 DEDUCTIONS, SHARED-RISK ACCUMULATED DEDUCTIONS AND ADDITIONAL
29 ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE
30 CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR ACCUMULATED

1 DEDUCTIONS, SHARED-RISK ACCUMULATED DEDUCTIONS AND ADDITIONAL
2 MEMBER CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE IN THE
3 CLASS OF SERVICE AND AT THE RATE OF CONTRIBUTION APPLICABLE
4 DURING SUCH PERIOD OF PREVIOUS SERVICE AND HAD HIS REGULAR
5 AND ADDITIONAL ACCUMULATED DEDUCTIONS BEEN CREDITED WITH
6 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND
7 SCHOOL SERVICE UP TO THE DATE OF PURCHASE.

8 (2) NOTWITHSTANDING PARAGRAPH (1), MEMBERS [WITH CLASS
9 A-3 STATE SERVICE] WHO ARE PERFORMING STATE SERVICE CREDITED
10 IN CLASS A-3, CLASS A-4 OR CLASS A-5 SHALL MAKE CONTRIBUTIONS
11 AND RECEIVE CREDIT AS IF [THE PREVIOUS] PREVIOUSLY UNCREDITED
12 STATE SERVICE WAS [CLASS A-3 SERVICE, AND MEMBERS WITH CLASS
13 A-4 STATE SERVICE SHALL MAKE CONTRIBUTIONS AND RECEIVE CREDIT
14 AS IF THE PREVIOUS STATE SERVICE WAS CLASS A-4 SERVICE,]
15 PERFORMED IN THE CLASS IN WHICH THEY ARE AN ACTIVE MEMBER AT
16 THE TIME THE SERVICE IS CREDITED EVEN IF IT WOULD HAVE BEEN
17 CREDITED AS A DIFFERENT CLASS OF SERVICE HAD THE STATE
18 EMPLOYEE BEEN A MEMBER OF THE SYSTEM AT THE TIME THE SERVICE
19 WAS PERFORMED UNLESS IT WAS MANDATORY THAT THE STATE EMPLOYEE
20 BE AN ACTIVE MEMBER OF THE SYSTEM AND THE PREVIOUS STATE
21 SERVICE IS BEING CREDITED AS THE RESULT OF A MANDATORY ACTIVE
22 MEMBERSHIP REQUIREMENT. NOTWITHSTANDING SECTION 5303(B)
23 (RELATING TO RETENTION AND REINSTATEMENT OF SERVICE CREDITS)
24 A STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE SYSTEM AS A
25 RESULT OF CONCURRENTLY PERFORMING SERVICE IN MORE THAN ONE
26 POSITION OR OFFICE AT THE TIME PREVIOUSLY UNCREDITED STATE
27 SERVICE IS CREDITED SHALL ELECT WHICH POSITION OR OFFICE IS
28 USED FOR THE DETERMINATION OF REQUIRED CONTRIBUTIONS AND
29 CREDITING AND CLASSIFICATION OF THE PREVIOUSLY UNCREDITED
30 SERVICE.

1 (A.1) CONVERTED COUNTY SERVICE.--NO CONTRIBUTIONS SHALL BE
2 REQUIRED TO RESTORE CREDIT FOR PREVIOUSLY CREDITED STATE SERVICE
3 IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M
4 AND CLASS N. SUCH SERVICE SHALL BE RESTORED UPON THE
5 COMMENCEMENT OF PAYMENT OF THE CONTRIBUTIONS REQUIRED TO RESTORE
6 CREDIT IN THE SYSTEM FOR ALL OTHER PREVIOUS STATE SERVICE.

7 (B) CERTIFICATION AND METHOD OF PAYMENT.--THE AMOUNT PAYABLE
8 SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH
9 METHODS APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM
10 WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE
11 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
12 EMPLOYEES' RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY
13 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS
14 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION
15 AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY
16 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST
17 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE
18 BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY
19 LIMIT THE SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS
20 THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF AN
21 ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC
22 SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
23 DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'
24 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD
25 THE AMOUNTS PAID.

26 SECTION 309. SECTION 5505(B), (C), (D) AND (I) (2) AND (4) OF
27 TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A
28 SUBSECTION TO READ:

29 § 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
30 NONSTATE SERVICE.

1 * * *

2 (B) NONINTERVENING MILITARY SERVICE.--

3 (1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR
4 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE
5 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC
6 CONTRIBUTION RATE, THE ADDITIONAL CONTRIBUTION RATE PLUS THE
7 COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT
8 THE TIME OF ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF
9 THE MEMBER INTO STATE SERVICE TO HIS AVERAGE ANNUAL RATE OF
10 COMPENSATION OVER THE FIRST THREE YEARS OF SUCH SUBSEQUENT
11 STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF
12 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE
13 NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH
14 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND
15 SCHOOL SERVICE TO DATE OF PURCHASE. UPON APPLICATION FOR
16 CREDIT FOR SUCH SERVICE, PAYMENT SHALL BE MADE IN A LUMP SUM
17 WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE
18 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
19 EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH
20 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN
21 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY
22 DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE
23 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY
24 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE
25 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.
26 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO
27 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
28 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE
29 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE
30 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC

1 SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND
2 TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION MAY BE
3 FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON COMPLETION OF
4 THREE YEARS OF SUBSEQUENT STATE SERVICE AND SHALL BE CREDITED
5 AS CLASS A SERVICE EXCEPT AS PROVIDED IN SECTION 5304(A).

6 (1.1) IN THE CASE OF AN ACTIVE MEMBER OF CLASS A-3 OR
7 CLASS A-4 WHO FIRST BECOMES A MEMBER OF THE SYSTEM BEFORE
8 JANUARY 1, 2018, FOR PURPOSES OF PARAGRAPH (1), THE
9 COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT
10 THE TIME OF ENTRY, SUBSEQUENT TO THE MILITARY SERVICE, SHALL
11 BE DETERMINED USING ONLY THE AVERAGE NEW CLASS A-3 MEMBER .

12 (1.2) IN THE CASE OF AN ACTIVE MEMBER WHO FIRST BECOMES
13 A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018, FOR
14 PURPOSES OF PARAGRAPH (1), THE COMMONWEALTH NORMAL
15 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY,
16 SUBSEQUENT TO THE MILITARY SERVICE, SHALL BE DETERMINED USING
17 ONLY THE AVERAGE NEW CLASS A-5 MEMBER, AND THE MEMBER'S BASIC
18 CONTRIBUTION RATE SHALL BE MULTIPLIED BY THE CLASS OF SERVICE
19 MULTIPLIER USED TO CALCULATED REGULAR MEMBER CONTRIBUTIONS
20 FOR CLASS A-5 SERVICE.

21 (2) APPLICANTS MAY PURCHASE CREDIT AS FOLLOWS:

22 (I) ONE PURCHASE OF THE TOTAL AMOUNT OF CREDITABLE
23 NONINTERVENING MILITARY SERVICE; OR

24 (II) ONE PURCHASE PER 12-MONTH PERIOD OF A PORTION
25 OF CREDITABLE NONINTERVENING MILITARY SERVICE.

26 THE AMOUNT OF EACH PURCHASE SHALL BE NOT LESS THAN ONE YEAR
27 OF CREDITABLE NONINTERVENING MILITARY SERVICE.

28 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT
29 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED
30 BY THE MEMBER'S REGULAR CONTRIBUTION RATE, SHARED-RISK

1 CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION
2 RATE, THE ADDITIONAL CONTRIBUTION RATE WHICH SHALL BE APPLIED
3 ONLY TO THOSE MEMBERS WHO BEGAN SERVICE ON OR AFTER THE
4 EFFECTIVE DATE OF THIS AMENDATORY ACT AND COMPENSATION AT THE
5 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,
6 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
7 SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF PURCHASE. UPON
8 APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN
9 THE CASE OF EACH MEMBER BY THE BOARD IN ACCORDANCE WITH METHODS
10 APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY:

11 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY
12 SERVICE; OR

13 (2) A LUMP SUM PAYMENT WITHIN 30 DAYS OF CERTIFICATION;
14 OR

15 (3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED
16 UPON BY THE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN
17 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
18 SYSTEM AND THE BOARD.

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

30 (D) NONMILITARY AND NONMAGISTERIAL SERVICE.--CONTRIBUTIONS

1 ON ACCOUNT OF CREDIT FOR CREDITABLE NONSTATE SERVICE OTHER THAN
2 MILITARY AND MAGISTERIAL SERVICE BY STATE EMPLOYEES WHO FIRST
3 BECOME MEMBERS OF THE SYSTEM BEFORE JANUARY 1, 2011, OR BEFORE
4 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY SHALL BE
5 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE, THE
6 ADDITIONAL CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL
7 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY
8 SUBSEQUENT TO SUCH CREDITABLE NONSTATE SERVICE OF THE MEMBER
9 INTO STATE SERVICE TO HIS COMPENSATION AT THE TIME OF ENTRY INTO
10 STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF YEARS
11 AND FRACTIONAL PART OF A YEAR OF CREDITABLE NONSTATE SERVICE
12 BEING PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL
13 PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE TO THE DATE OF
14 PURCHASE. UPON APPLICATION FOR CREDIT FOR SUCH SERVICE PAYMENT
15 SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN
16 ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE
17 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY
18 BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS
19 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE
20 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY
21 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS
22 AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE
23 OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO
24 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS
25 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN
26 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER
27 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
28 UPON SALARY DEDUCTION SHALL BE REMITTED TO THE PUBLIC SCHOOL
29 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO
30 THE BOARD THE AMOUNTS PAID.

1 * * *

2 (I) PURCHASES OF NONSTATE SERVICE CREDIT BY STATE EMPLOYEES
3 WHO FIRST BECAME MEMBERS OF THE SYSTEM ON OR AFTER DECEMBER 1,
4 2010.--

5 * * *

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

9 (I) THE PRESENT VALUE OF A STANDARD SINGLE LIFE
10 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE
11 SUPERANNUATION AGE ASSUMING CLASS A-3 SERVICE CREDIT FOR
12 THE NONSTATE SERVICE TO BE PURCHASED[; AND] BY A MEMBER
13 OF CLASS A-3 OR CLASS A-4 WHO FIRST BECOMES A MEMBER OF
14 THE SYSTEM BEFORE JANUARY 1, 2018, AND ASSUMING CLASS A-5
15 SERVICE CREDIT FOR THE NONSTATE SERVICE TO BE PURCHASED
16 BY A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE
17 SYSTEM ON OR AFTER JANUARY 1, 2018; AND

18 (II) THE PRESENT VALUE OF A STANDARD SINGLE LIFE
19 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE
20 SUPERANNUATION AGE, EXCLUDING THE NONSTATE SERVICE CREDIT
21 TO BE PURCHASED.

22 * * *

23 (4) THE PAYMENT FOR CREDIT PURCHASED UNDER THIS
24 SUBSECTION SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN
25 ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE
26 PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE
27 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF
28 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE
29 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS
30 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE

1 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY
2 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT
3 AMOUNTS AND INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE
4 OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES
5 TO ALLOW. THE BOARD MAY LIMIT THE SALARY DEDUCTION
6 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE
7 DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE SCHOOL
8 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
9 EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
10 DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'
11 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
12 BOARD THE AMOUNTS PAID.

13 (J) INAPPLICABILITY OF ELECTION AND ADJUSTMENTS.--IF A
14 MEMBER IS PURCHASING CREDITABLE NONSTATE SERVICE THAT IS FIRST
15 CREDITED ON OR AFTER JANUARY 1, 2017, THE REGULAR MEMBER
16 CONTRIBUTION RATE USED TO DETERMINE THE CONTRIBUTIONS NECESSARY
17 TO PURCHASE SUCH CREDIT SHALL BE DETERMINED WITHOUT REGARD TO
18 ANY ADJUSTMENTS APPLICABLE UNDER SECTIONS 5501.1(D) AND (E)
19 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS AND SHARED-GAIN
20 ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS).

21 SECTION 310. SECTIONS 5506.1(A), 5507 HEADING AND (B),
22 5508(A), (B), (C)(1), (F) AND (H) AND 5509 OF TITLE 71 ARE
23 AMENDED TO READ:

24 § 5506.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).

25 (A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE
26 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY
27 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION
28 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT, BOTH BEFORE AND
29 AFTER ANY ANNUALIZATION, TAKEN INTO ACCOUNT FOR BENEFIT PURPOSES
30 UNDER THIS PART SHALL NOT EXCEED THE LIMITATION UNDER IRC §

1 401(A)(17). ON AND AFTER JANUARY 1, 1996, ANY REFERENCE IN THIS
2 PART TO THE LIMITATION UNDER IRC § 401(A)(17) SHALL MEAN THE
3 OMNIBUS BUDGET RECONCILIATION ACT OF 1993 (OBRA '93) (PUBLIC LAW
4 103-66, 107 STAT. 312) ANNUAL COMPENSATION LIMIT SET FORTH IN
5 THIS SUBSECTION. THE OBRA '93 ANNUAL COMPENSATION LIMIT IS
6 \$150,000, AS ADJUSTED BY THE COMMISSIONER FOR INCREASES IN THE
7 COST OF LIVING IN ACCORDANCE WITH IRC § 401(A)(17)(B). THE COST-
8 OF-LIVING ADJUSTMENT IN EFFECT FOR A CALENDAR YEAR APPLIES TO
9 ANY DETERMINATION PERIOD WHICH IS A PERIOD, NOT EXCEEDING 12
10 MONTHS, OVER WHICH COMPENSATION IS DETERMINED, BEGINNING IN SUCH
11 CALENDAR YEAR. IF A DETERMINATION PERIOD CONSISTS OF FEWER THAN
12 12 MONTHS, THE OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY
13 A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN
14 THE DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.

15 * * *

16 § 5507. CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND
17 OTHER EMPLOYERS.

18 * * *

19 (B) CONTRIBUTIONS ON BEHALF OF ANNUITANTS.--THE COMMONWEALTH
20 AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM
21 SHALL MAKE CONTRIBUTIONS ON BEHALF OF ANNUITANTS IN SUCH AMOUNTS
22 AS SHALL BE CERTIFIED BY THE BOARD AS NECESSARY TO FUND THE
23 LIABILITIES FOR SUPPLEMENTAL ANNUITIES IN ACCORDANCE WITH THE
24 ACTUARIAL COST METHOD PROVIDED IN SECTION 5508(E) [(RELATING TO
25 ACTUARIAL COST METHOD)].

26 * * *

27 § 5508. ACTUARIAL COST METHOD.

28 (A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE
29 MEMBERS.--[THE] FOR EACH FISCAL YEAR, THE AMOUNT OF THE
30 COMMONWEALTH AND OTHER EMPLOYER CONTRIBUTIONS ON BEHALF OF ALL

1 ACTIVE MEMBERS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE
2 OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS DURING THE
3 PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO
4 CERTIFIED BY THE BOARD. THE ACTUARIALLY REQUIRED CONTRIBUTION
5 RATE ON BEHALF OF ALL ACTIVE MEMBERS SHALL CONSIST OF THE
6 EMPLOYER NORMAL CONTRIBUTION RATE, AS DEFINED IN SUBSECTION (B),
7 AND THE ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN
8 SUBSECTION (C). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE ON
9 BEHALF OF ALL ACTIVE MEMBERS SHALL BE MODIFIED BY THE EXPERIENCE
10 ADJUSTMENT FACTOR AS CALCULATED IN SUBSECTION (F).

11 (B) EMPLOYER NORMAL CONTRIBUTION RATE.--THE EMPLOYER NORMAL
12 CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH ACTUARIAL
13 VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE AND SUCH
14 MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED BY THE BOARD IN
15 ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. THE
16 EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AS A LEVEL
17 PERCENTAGE OF THE COMPENSATION OF [THE AVERAGE NEW ACTIVE
18 MEMBER] ALL ACTIVE MEMBERS, WHICH PERCENTAGE, IF CONTRIBUTED
19 FROM THE START OF THEIR EMPLOYMENT ON THE BASIS OF [HIS] THEIR
20 PROSPECTIVE COMPENSATION THROUGH [HIS] THEIR ENTIRE PERIOD OF
21 ACTIVE STATE SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY
22 FOR ANY PROSPECTIVE BENEFIT PAYABLE TO [HIM] THEM IN EXCESS OF
23 THAT PORTION FUNDED BY [HIS] THEIR PROSPECTIVE MEMBER
24 CONTRIBUTIONS, EXCLUDING SHARED-RISK MEMBER CONTRIBUTIONS[.] AND
25 SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS. IN NO
26 CASE SHALL THE EMPLOYER NORMAL CONTRIBUTION RATE BE LESS THAN
27 ZERO.

28 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

29 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND
30 JULY 1, 2003, THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL

1 BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL ACTIVE
2 MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT
3 TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1, 2002, THE
4 PRESENT VALUE OF THE LIABILITIES FOR ALL PROSPECTIVE
5 BENEFITS, EXCEPT FOR THE SUPPLEMENTAL BENEFITS AS PROVIDED IN
6 SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1
7 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2
8 (RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES),
9 5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994),
10 5708.4 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT
11 ADJUSTMENT), 5708.5 (RELATING TO SUPPLEMENTAL ANNUITIES
12 COMMENCING 1998), 5708.6 (RELATING TO SUPPLEMENTAL ANNUITIES
13 COMMENCING 2002), 5708.7 (RELATING TO SUPPLEMENTAL ANNUITIES
14 COMMENCING 2003) AND 5708.8 (RELATING TO SPECIAL SUPPLEMENTAL
15 POSTRETIREMENT ADJUSTMENT OF 2002), IN EXCESS OF THE TOTAL
16 ASSETS IN THE FUND (CALCULATED RECOGNIZING ALL INVESTMENT
17 GAINS AND LOSSES OVER A FIVE-YEAR PERIOD), EXCLUDING THE
18 BALANCE IN THE SUPPLEMENTAL ANNUITY ACCOUNT, AND THE PRESENT
19 VALUE OF EMPLOYER NORMAL CONTRIBUTIONS AND OF MEMBER
20 CONTRIBUTIONS PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS ON
21 DECEMBER 31, 2001, AND EXCLUDING CONTRIBUTIONS TO BE
22 TRANSFERRED BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS
23 PURSUANT TO SECTION 5507(C) (RELATING TO CONTRIBUTIONS TO THE
24 SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS). THE AMOUNT
25 OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION SHALL BE EQUAL
26 TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE FISCAL YEAR
27 BEGINNING JULY 1, 2002, EXCEPT THAT, IF THE ACCRUED LIABILITY
28 IS INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO JUNE 30,
29 2002, BUT BEFORE JULY 1, 2003, SUCH ADDITIONAL LIABILITY
30 SHALL BE FUNDED OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY

1 OF JULY, COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE
2 OF THE INCREASE. THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY
3 CONTRIBUTION FOR SUCH ADDITIONAL LEGISLATIVE LIABILITIES
4 SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE
5 FIRST ANNUAL PAYMENT.

6 * * *

7 (F) EXPERIENCE ADJUSTMENT FACTOR.--

8 (1) FOR EACH FISCAL YEAR AFTER THE ESTABLISHMENT OF THE
9 ACCRUED LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL
10 ANNUITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY
11 1, 2010, ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED
12 LIABILITY AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND
13 FUNDING FOR SUPPLEMENTAL ANNUITIES, DUE TO ACTUAL EXPERIENCE
14 DIFFERING FROM ASSUMED EXPERIENCE (RECOGNIZING ALL REALIZED
15 AND UNREALIZED INVESTMENT GAINS AND LOSSES OVER A FIVE-YEAR
16 PERIOD), CHANGES IN CONTRIBUTIONS CAUSED BY THE FINAL
17 CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY
18 REQUIRED CONTRIBUTION RATE, STATE EMPLOYEES MAKING SHARED-
19 RISK MEMBER CONTRIBUTIONS OR HAVING SHARED-GAIN ADJUSTMENTS
20 TO THEIR REGULAR MEMBER CONTRIBUTIONS, CHANGES IN ACTUARIAL
21 ASSUMPTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE
22 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE
23 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT
24 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART,
25 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS AS A
26 PERCENTAGE OF COMPENSATION OF ALL ACTIVE MEMBERS OVER A
27 PERIOD OF 30 YEARS BEGINNING WITH THE JULY 1 SUCCEEDING THE
28 ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES.

29 (2) THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL BE
30 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, JULY 1, 2013,
11 JULY 1, 2014, JULY 1, 2015, JULY 1, 2016, AND ON OR AFTER JULY
12 1, [2013] 2017, THE ACTUARIALLY REQUIRED CONTRIBUTION RATE
13 CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION IS MORE
14 THAN 3%, 3.5%, 4.5%, 4.5%, 4.5%, 2.25% AND 4.5%, RESPECTIVELY,
15 OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS GREATER THAN THE
16 PRIOR YEAR'S FINAL CONTRIBUTION RATE, THEN THE COLLARED
17 CONTRIBUTION RATE SHALL BE APPLIED AND BE EQUAL TO THE PRIOR
18 YEAR'S FINAL CONTRIBUTION RATE INCREASED BY THE RESPECTIVE
19 PERCENTAGE ABOVE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS.
20 OTHERWISE, AND FOR ALL SUBSEQUENT FISCAL YEARS, THE COLLARED
21 CONTRIBUTION RATE SHALL NOT [BE APPLICABLE] APPLY. IN NO CASE
22 SHALL THE COLLARED CONTRIBUTION RATE BE LESS THAN 4% OF TOTAL
23 COMPENSATION OF ALL ACTIVE MEMBERS.

24 * * *

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 311. 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 OF
18 SHALL HAVE A CONTRACTUAL RIGHT TO THE TIMELY PAYMENT OF THE
19 ANNUAL ACTUARIALLY REQUIRED CONTRIBUTIONS PURSUANT TO SECTION
20 5508 (RELATING TO ACTUARIAL COST METHOD) AND SECTION 5902(K)
21 (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD) BY SUCH
22 MEMBER'S EMPLOYER. 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 312. 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.

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 313. SECTIONS 5702(A)(1), (4) AND (6) AND 5704(A),
22 (C), (E) AND (F) OF TITLE 71 ARE AMENDED AND THE SECTIONS ARE
23 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. THE CLASS OF SERVICE
17 MULTIPLIER FOR ANY PERIOD OF CONCURRENT SERVICE SHALL BE
18 MULTIPLIED BY THE PROPORTION OF TOTAL STATE AND SCHOOL
19 COMPENSATION DURING SUCH PERIOD ATTRIBUTABLE TO STATE SERVICE
20 AS A MEMBER OF THE SYSTEM. IN THE EVENT A MEMBER HAS TWO
21 MULTIPLIERS FOR ONE CLASS OF SERVICE [THE CLASS OF SERVICE
22 MULTIPLIER TO BE USED FOR CALCULATING BENEFITS FOR THAT CLASS
23 SHALL BE THE AVERAGE OF THE TWO MULTIPLIERS WEIGHTED BY THE
24 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH MULTIPLIER
25 DURING THE THREE YEARS OF HIGHEST ANNUAL COMPENSATION IN THAT
26 CLASS OF SERVICE: PROVIDED, THAT IN THE CASE OF A MEMBER OF
27 CLASS E-1, A PORTION BUT NOT ALL OF WHOSE THREE YEARS OF
28 HIGHEST ANNUAL JUDICIAL COMPENSATION IS PRIOR TO JANUARY 1,
29 1973, TWO CLASS OF SERVICE MULTIPLIERS SHALL BE CALCULATED ON
30 THE BASIS OF HIS ENTIRE JUDICIAL SERVICE, THE ONE APPLYING

1 THE JUDICIAL CLASS OF SERVICE MULTIPLIERS EFFECTIVE PRIOR TO
2 JANUARY 1, 1973 AND THE SECOND APPLYING THE CLASS OF SERVICE
3 MULTIPLIERS EFFECTIVE SUBSEQUENT TO JANUARY 1, 1973. THE
4 AVERAGE CLASS OF SERVICE MULTIPLIER TO BE USED FOR
5 CALCULATING BENEFITS FOR HIS JUDICIAL SERVICE SHALL BE THE
6 AVERAGE OF THE TWO CALCULATED MULTIPLIERS WEIGHTED BY THE
7 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH OF THE
8 CALCULATED MULTIPLIERS DURING THE THREE YEARS OF HIGHEST
9 ANNUAL COMPENSATION IN THAT CLASS OF SERVICE.] SEPARATE
10 STANDARD SINGLE LIFE ANNUITIES SHALL BE CALCULATED FOR THE
11 PORTION OF SERVICE IN SUCH CLASS APPLICABLE TO EACH CLASS OF
12 SERVICE MULTIPLIER.

13 * * *

14 (4) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS
15 ACTUARIALLY EQUIVALENT TO THE AMOUNT BY WHICH HIS REGULAR AND
16 ADDITIONAL ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO ANY
17 CREDITED SERVICE OTHER THAN AS A MEMBER OF CLASS A-3, CLASS
18 A-4, CLASS A-5 AND CLASS C ARE GREATER THAN ONE-HALF OF THE
19 ACTUARIALLY EQUIVALENT VALUE ON THE EFFECTIVE DATE OF
20 RETIREMENT OF THE ANNUITY AS PROVIDED IN PARAGRAPH (1)
21 ATTRIBUTABLE TO SERVICE OTHER THAN CLASS A-3, CLASS A-4,
22 CLASS A-5 AND CLASS C FOR WHICH REGULAR OR JOINT COVERAGE
23 MEMBER CONTRIBUTIONS WERE MADE. [THIS PARAGRAPH SHALL NOT
24 APPLY TO ANY MEMBER WITH STATE SERVICE CREDITED AS CLASS A-3
25 OR CLASS A-4.]

26 * * *

27 (6) IF ELIGIBLE, A SINGLE LIFE ANNUITY SUFFICIENT
28 TOGETHER WITH THE ANNUITY PROVIDED FOR IN PARAGRAPH (1) AS A
29 CLASS A, CLASS AA, CLASS A-3 [AND] CLASS A-4 AND CLASS A-5
30 MEMBER AND THE HIGHEST ANNUITY PROVIDED FOR IN PARAGRAPH (2)

1 TO WHICH HE IS ENTITLED, OR AT HIS OPTION COULD HAVE BEEN
 2 ENTITLED, TO PRODUCE THAT PERCENTAGE OF [A] THE SUMS OF THE
 3 STANDARD SINGLE LIFE [ANNUITY] ANNUITIES ADJUSTED BY THE
 4 APPLICATION OF THE CLASS OF SERVICE MULTIPLIER FOR CLASS A,
 5 CLASS AA, CLASS A-3 [OR], CLASS A-4 AND CLASS A-5 AS SET
 6 FORTH IN PARAGRAPH (1) IN THE CASE WHERE ANY SERVICE IS
 7 CREDITED AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 [OR],
 8 CLASS A-4 AND CLASS A-5 ON THE EFFECTIVE DATE OF RETIREMENT
 9 AS DETERMINED BY HIS TOTAL YEARS OF CREDITED SERVICE AS A
 10 MEMBER OF CLASS A, CLASS AA, CLASS A-3 [AND], CLASS A-4 AND
 11 CLASS A-5 AND BY THE FOLLOWING TABLE:

12 TOTAL YEARS OF	13 PERCENTAGE OF <u>SUMS OF</u>
14 CREDITED SERVICE	15 STANDARD
16 AS A MEMBER OF	17 SINGLE LIFE
18 CLASS A,	19 [ANNUITY] <u>ANNUITIES</u> ADJUSTED FOR
20 CLASS AA, CLASS A-3	21 CLASS A, CLASS AA,
22 [AND], <u>CLASS A-4</u>	23 CLASS A-3 [AND], <u>CLASS A-4</u>
24 <u>AND CLASS A-5</u>	25 <u>AND CLASS A-5</u>
	26 CLASS OF
	27 SERVICE MULTIPLIERS
28 35-40	29 100%
30 41	102%
42	104%
43	106%
44	108%
45 OR MORE	110%

27 * * *

28 (E) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
 29 OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE
 30 IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,

1 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT
2 IN THE PLAN.

3 § 5704. DISABILITY ANNUITIES.

4 (A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION
5 FOR A DISABILITY ANNUITY AND HAS BEEN FOUND TO BE ELIGIBLE IN
6 ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C) (1) (RELATING
7 TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND ELECTIONS OF
8 MEMBERS AND PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY
9 PAYABLE FROM THE EFFECTIVE DATE OF DISABILITY AS DETERMINED BY
10 THE BOARD AND CONTINUED UNTIL A SUBSEQUENT DETERMINATION BY THE
11 BOARD THAT THE ANNUITANT IS NO LONGER ENTITLED TO A DISABILITY
12 ANNUITY. [THE] IF THE SUM OF THE PRODUCTS OF THE NUMBER OF YEARS
13 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE IN EACH CLASS
14 AND THE APPROPRIATE CLASS OF SERVICE MULTIPLIER IS GREATER THAN
15 16.667, THE DISABILITY ANNUITY SHALL BE A SINGLE LIFE ANNUITY
16 THAT IS EQUAL TO [A] THE SUM OF THE STANDARD SINGLE LIFE
17 [ANNUITY] ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF
18 SERVICE MULTIPLIED BY THE APPROPRIATE CLASS OF SERVICE
19 MULTIPLIER [APPLICABLE TO THE CLASS OF SERVICE AT THE TIME OF
20 DISABILITY IF THE PRODUCT OF SUCH CLASS OF SERVICE MULTIPLIER
21 AND THE TOTAL NUMBER OF YEARS OF CREDITED SERVICE IS GREATER
22 THAN 16.667, OTHERWISE THE], OTHERWISE EACH STANDARD SINGLE LIFE
23 ANNUITY SHALL BE MULTIPLIED BY THE LESSER OF THE FOLLOWING
24 RATIOS:

$$MY^*/Y \text{ OR } 16.667/Y$$

25
26 [WHERE] WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE[,];
27 Y* = TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO
28 CONTINUE AS A STATE EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE
29 AS APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF
30 DISABILITY, OR IF THE MEMBER HAS ATTAINED SUPERANNUATION AGE, AS

1 APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF DISABILITY,
2 THEN THE NUMBER OF YEARS OF CREDITED SERVICE AND M = THE CLASS
3 OF SERVICE MULTIPLIER AS APPLICABLE TO THAT CLASS OF SERVICE AT
4 THE EFFECTIVE DATE OF DISABILITY. A MEMBER OF CLASS C SHALL
5 RECEIVE, IN ADDITION, ANY ANNUITY TO WHICH HE MAY BE ELIGIBLE
6 UNDER SECTION 5702(A) (3) (RELATING TO MAXIMUM SINGLE LIFE
7 ANNUITY). THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A
8 JOINT AND SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY
9 ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION 5702.

10 * * *

11 (C) REDUCTION ON ACCOUNT OF EARNED INCOME.--SUBSEQUENT TO
12 JANUARY 1, 1972, PAYMENTS ON ACCOUNT OF DISABILITY SHALL BE
13 REDUCED BY THAT AMOUNT BY WHICH THE EARNED INCOME OF THE
14 ANNUITANT, AS REPORTED IN ACCORDANCE WITH SECTION 5908(B)
15 (RELATING TO RIGHTS AND DUTIES OF ANNUITANTS), FOR THE PRECEDING
16 CALENDAR YEAR TOGETHER WITH THE DISABILITY ANNUITY PAYMENTS
17 PROVIDED IN THIS SECTION OTHER THAN SUBSECTION (B), FOR THE
18 YEAR, EXCEEDS THE PRODUCT OF:

19 [(I)] (1) THE LAST YEAR'S SALARY OF THE ANNUITANT AS A
20 STATE EMPLOYEE; AND

21 [(II)] (2) THE RATIO OF THE CURRENT MONTHLY PAYMENT TO
22 THE MONTHLY PAYMENT AT THE EFFECTIVE DATE OF DISABILITY;
23 PROVIDED, THAT THE ANNUITANT SHALL NOT RECEIVE LESS THAN HIS
24 MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE MAY BE ENTITLED UNDER
25 SECTION 5702 WHICHEVER IS GREATER.

26 * * *

27 (E) TERMINATION OF STATE SERVICE.--UPON TERMINATION OF
28 DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED
29 IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO[:

30 (1) DOES NOT HAVE CLASS A-3 OR CLASS A-4 SERVICE CREDIT;

1 OR

2 (2) HAS CLASS A-3 OR CLASS A-4 SERVICE CREDIT AND FEWER
3 THAN TEN ELIGIBILITY POINTS;

4 AND WHO] DOES NOT RETURN TO STATE SERVICE MAY FILE AN
5 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE EXCESS, IF
6 ANY, OF THE SUM OF THE SHARED-RISK ACCUMULATED DEDUCTIONS PLUS
7 THE REGULAR AND ADDITIONAL ACCUMULATED DEDUCTIONS STANDING TO
8 HIS CREDIT AT THE EFFECTIVE DATE OF DISABILITY OVER ONE-THIRD OF
9 THE TOTAL DISABILITY ANNUITY PAYMENTS RECEIVED. IF THE ANNUITANT
10 ON THE DATE OF TERMINATION OF SERVICE WAS ELIGIBLE FOR AN
11 ANNUITY AS PROVIDED IN SECTION 5308(A) OR (B) (RELATING TO
12 ELIGIBILITY FOR ANNUITIES), HE MAY FILE AN APPLICATION WITH THE
13 BOARD FOR AN ELECTION OF AN OPTIONAL MODIFICATION OF HIS
14 ANNUITY.

15 (F) SUPPLEMENT FOR SERVICE CONNECTED DISABILITY.--

16 (1) IF A MEMBER HAS BEEN FOUND TO BE ELIGIBLE FOR A
17 DISABILITY ANNUITY AND IF THE DISABILITY HAS BEEN FOUND TO BE
18 A SERVICE CONNECTED DISABILITY AND IF THE MEMBER IS RECEIVING
19 WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN MEDICAL
20 BENEFITS, SUCH MEMBER SHALL RECEIVE A SUPPLEMENT EQUAL TO
21 [70% OF HIS FINAL AVERAGE SALARY] THE AMOUNT DETERMINED UNDER
22 PARAGRAPH (2) LESS THE SUM OF THE ANNUITY AS DETERMINED UNDER
23 SUBSECTION (A) AND ANY PAYMENTS PAID OR PAYABLE ON ACCOUNT OF
24 SUCH DISABILITY UNDER THE ACT OF JUNE 2, 1915 (P.L.736,
25 NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT, THE ACT OF
26 JUNE 21, 1939 (P.L.566, NO.284), KNOWN AS THE PENNSYLVANIA
27 OCCUPATIONAL DISEASE ACT, AND THE SOCIAL SECURITY ACT (49
28 STAT. 620, 42 U.S.C. § 301 ET SEQ.). SUCH SUPPLEMENT SHALL
29 CONTINUE AS LONG AS HE IS DETERMINED TO BE DISABLED AND IS
30 RECEIVING WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN

1 MEDICAL BENEFITS ON ACCOUNT OF HIS SERVICE CONNECTED
2 DISABILITY IN ACCORDANCE WITH THE WORKERS' COMPENSATION ACT
3 OR THE PENNSYLVANIA OCCUPATIONAL DISEASE ACT. IF THE MEMBER
4 HAS RECEIVED A LUMP SUM WORKERS' COMPENSATION PAYMENT IN LIEU
5 OF FUTURE WEEKLY COMPENSATION PAYMENTS, THE LENGTH IN WEEKS
6 AND CALCULATION OF THE SERVICE CONNECTED DISABILITY
7 SUPPLEMENT SHALL BE DETERMINED BY DIVIDING THE LUMP SUM
8 PAYMENT BY THE AVERAGE WEEKLY WAGE AS DETERMINED BY THE
9 WORKERS' COMPENSATION BOARD.

10 (2) FOR A MEMBER WHO DOES NOT HAVE POST-DECEMBER 2016
11 SERVICE OR CLASS A-5 SERVICE, THE AMOUNT TO BE USED TO
12 DETERMINE ELIGIBILITY FOR THE SUPPLEMENT UNDER PARAGRAPH (1)
13 SHALL BE 70% OF THE MEMBER'S FINAL AVERAGE SALARY. FOR A
14 MEMBER WHO HAS POST-DECEMBER 2016 SERVICE OR CLASS A-5
15 SERVICE, THE AMOUNT TO BE USED TO DETERMINE ELIGIBILITY FOR
16 THE SUPPLEMENT UNDER PARAGRAPH (1) SHALL BE CALCULATED
17 ACCORDING TO THE FOLLOWING FORMULA:

$$18 \quad A = .7 \left[\frac{Y^W}{Y^T} \text{ MULTIPLIED BY } FAS^W + \frac{Y^P}{Y^T} \text{ MULTIPLIED BY } FAS^P \right]$$

19 $\frac{Y^T}{Y^T}$

19 $\frac{Y^T}{Y^T}$

20 (3) THE FOLLOWING APPLY TO THE FORMULA IN PARAGRAPH (2):

21 (I) A EQUALS THE AMOUNT USED TO DETERMINE THE
22 SUPPLEMENT;

23 (II) Y^T EQUALS TOTAL YEARS OF CREDITED SERVICE;

24 (III) Y^W EQUALS YEARS OF CREDITED SERVICE THAT ARE
25 NOT POST-DECEMBER 2016 SERVICE OR CLASS A-5 SERVICE;

26 (IV) FAS^W EQUALS FINAL AVERAGE SALARY CALCULATED FOR
27 CREDITED SERVICE OTHER THAN POST-DECEMBER 2016 SERVICE OR
28 CLASS A-5 SERVICE;

29 (V) Y^P EQUALS YEARS OF SERVICE CREDITED AS POST-
30 DECEMBER 2016 SERVICE OR CLASS A-5 SERVICE; AND

1 (VI) FAS^P EQUALS FINAL AVERAGE SALARY CALCULATED FOR
2 SERVICE CREDITED AS POST-DECEMBER 2016 SERVICE OR CLASS
3 A-5 SERVICE.

4 * * *

5 (H) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT
6 OF A DISABILITY ANNUITY UNDER THIS SECTION IS IN ADDITION TO ANY
7 PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE, HAS RECEIVED OR IS
8 RECEIVING AS A RESULT OF BEING A PARTICIPANT IN THE PLAN.

9 § 5705. MEMBER'S OPTIONS.

10 (A) GENERAL RULE.--ANY SPECIAL VESTEE [WHO HAS ATTAINED
11 SUPERANNUATION AGE, ANY VESTEE WHO DOES NOT HAVE CLASS A-3 OR
12 CLASS A-4 SERVICE CREDIT HAVING FIVE OR MORE ELIGIBILITY POINTS
13 FOR SERVICE OTHER THAN CLASS T-E OR CLASS T-F SERVICE IN THE
14 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR VESTEE WHO HAS
15 CLASS A-3 OR CLASS A-4 SERVICE CREDIT HAVING TEN OR MORE
16 ELIGIBILITY POINTS, ANY MEMBER WITH CLASS G, CLASS H, CLASS I,
17 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING
18 FIVE OR MORE ELIGIBILITY POINTS OR ANY OTHER ELIGIBLE MEMBER
19 UPON TERMINATION OF STATE SERVICE WHO HAS NOT WITHDRAWN HIS
20 TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5701
21 (RELATING TO RETURN OF TOTAL ACCUMULATED DEDUCTIONS)], VESTEE OR
22 ANY OTHER MEMBER UPON TERMINATION OF STATE SERVICE WHO IS
23 ELIGIBLE TO RECEIVE AN ANNUITY AS PROVIDED IN SECTION 5308(A) OR
24 (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) MAY APPLY FOR AND
25 ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE ANNUITY, AS
26 CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5702
27 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY
28 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
29 MAXIMUM SINGLE LIFE ANNUITY PAYABLE AFTER REDUCTION UNDER
30 SUBSECTION (A.1) AND IN ACCORDANCE WITH ONE OF THE FOLLOWING

1 OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY PAYABLE TO
2 ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE OR
3 ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF
4 THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT
5 UNDER THIS SUBSECTION AND SUBSECTION (A.1) HE MAY HAVE ELECTED
6 TO RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM
7 SINGLE LIFE ANNUITY:

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 ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER;

1 AND

2 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
3 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
4 EXCEED AN AMOUNT EQUAL TO THE TOTAL ACCUMULATED
5 DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER THAT ARE
6 NOT THE RESULT OF CONTRIBUTIONS AND STATUTORY INTEREST
7 MADE OR CREDITED AS A RESULT OF CLASS A-3 [OR], CLASS A-4
8 OR CLASS A-5 SERVICE. THE BALANCE OF THE PRESENT VALUE OF
9 THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED IN ACCORDANCE
10 WITH SECTION 5702(B) SHALL BE PAID IN THE FORM OF AN
11 ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A SINGLE LIFE
12 ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR ANY
13 COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS OF
14 SUBPARAGRAPHS (I) AND (II) UNDER THIS OPTION. IF A
15 MEMBER'S EFFECTIVE DATE OF RETIREMENT IS ON OR AFTER JULY
16 1, 2016, THEN THE PORTION OF THE BENEFIT PAYABLE UNDER
17 THIS SUBPARAGRAPH SHALL BE FURTHER LIMITED TO THE TOTAL
18 ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE
19 MEMBER ON JUNE 30, 2016, THAT ARE NOT THE RESULT OF
20 CONTRIBUTIONS AND STATUTORY INTEREST MADE OR CREDITED AS
21 A RESULT OF CLASS A-3 OR CLASS A-4 SERVICE, PLUS ANY
22 STATUTORY INTEREST CREDITED ON THOSE ACCUMULATED
23 DEDUCTIONS BEFORE THE EFFECTIVE DATE OF RETIREMENT.

24 (A.1) ADDITIONAL LUMP SUM WITHDRAWAL.--THE FOLLOWING SHALL
25 APPLY:

26 (1) AFTER JUNE 30, 2016, IF A MEMBER HAS ELECTED TO HAVE
27 THE FULL AMOUNT ALLOWED UNDER SUBSECTION (A) (4) (III) PAID IN
28 LUMP SUM, OR IS NOT ELIGIBLE TO HAVE ANY MONEY PAID UNDER
29 SUBSECTION (A) (4) (III), THEN THE MEMBER MAY ELECT TO RECEIVE
30 AN ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM AT THE SAME TIME

1 AS THE PAYMENT ELECTED UNDER SUBSECTION (A) (4) (III), IF ANY.

2 (2) THE ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM MAY NOT
3 EXCEED AN AMOUNT EQUAL TO THE EXCESS OF THE TOTAL ACCUMULATED
4 DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER ON THE
5 EFFECTIVE DATE OF RETIREMENT OVER THE AMOUNT PAYABLE UNDER
6 SUBSECTION (A) (4) (III).

7 (3) IF A MEMBER ELECTS TO BE PAID AN ADDITIONAL LUMP SUM
8 AMOUNT UNDER THIS SUBSECTION, THEN THE MAXIMUM SINGLE LIFE
9 ANNUITY CALCULATED UNDER SECTION 5702 AND PAYABLE UNDER
10 SUBSECTION (A) SHALL BE REDUCED BY THE ADDITIONAL AMOUNT
11 WITHDRAWN DIVIDED BY THE COST OF A DOLLAR ANNUITY ON THE
12 EFFECTIVE DATE OF RETIREMENT COMPUTED ON THE BASIS OF THE
13 ANNUAL INTEREST RATE ADOPTED FOR THAT FISCAL YEAR BY THE
14 BOARD FOR THE CALCULATION OF THE EMPLOYER NORMAL CONTRIBUTION
15 RATE UNDER SECTION 5508(B) (RELATING TO ACTUARIAL COST
16 METHOD) AND THE MORTALITY TABLES ADOPTED BY THE BOARD FOR THE
17 DETERMINATION OF ACTUARIALLY EQUIVALENT BENEFITS UNDER THIS
18 PART. THE REDUCTION IN THE MAXIMUM SINGLE LIFE ANNUITY UNDER
19 THIS PARAGRAPH SHALL APPLY BEFORE THE ELECTION AND
20 CALCULATION OF ANY REDUCED ANNUITIES PAYABLE UNDER SUBSECTION
21 (A).

22 * * *

23 SECTION 314. SECTIONS 5705.1 AND 5706(A), (A.1), (A.2) AND
24 (C) (1) OF TITLE 71 ARE AMENDED TO READ:

25 § 5705.1. PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM
26 CLASS A-3 [AND], CLASS A-4 OR CLASS A-5 SERVICE.

27 ANY SUPERANNUATION OR WITHDRAWAL ANNUITANT WHO:

28 (1) HAS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE
29 CREDIT;

30 (2) HAS SERVICE CREDITED IN ONE OR MORE CLASSES OF

1 SERVICE; AND

2 (3) BECAUSE HE HAS FIVE OR MORE, BUT FEWER THAN TEN,
3 ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON
4 HIS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE
5 SHALL RECEIVE IN A LUMP SUM AT THE TIME OF HIS RETIREMENT, IN
6 ADDITION TO ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY
7 ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A-3
8 [OR], CLASS A-4 OR CLASS A-5 SERVICE CREDIT. PAYMENT OF THESE
9 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [OR], CLASS A-4
10 OR CLASS A-5 SERVICE CREDIT SHALL NOT BE ELIGIBLE FOR
11 INSTALLMENT PAYMENTS PURSUANT TO SECTION 5905.1 (RELATING TO
12 INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS) BUT SHALL BE
13 CONSIDERED A LUMP SUM PAYMENT FOR PURPOSES OF SECTION 5905.1(D).
14 § 5706. TERMINATION OF ANNUITIES.

15 (A) GENERAL RULE.--IF THE ANNUITANT RETURNS TO STATE SERVICE
16 OR ENTERS OR HAS ENTERED SCHOOL SERVICE AND ELECTS MULTIPLE
17 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART
18 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE
19 SERVICE OR ENTERING SCHOOL SERVICE WITHOUT REGARD TO WHETHER HE
20 IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
21 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,
22 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR
23 PARTICIPANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR
24 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF
25 AN ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF
26 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT
27 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR
28 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY
29 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF
30 CLASS A AND CLASS C SERVICE AS PROVIDED IN SECTION 5302(C)

1 (RELATING TO CREDITED STATE SERVICE) AND WHO RETURNS TO STATE
2 SERVICE SHALL FORFEIT SUCH CREDITED SERVICE AND SHALL HAVE HIS
3 FROZEN PRESENT VALUE ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE
4 HAD NOT BEEN APPLIED TO HIS ACCOUNT. IN THE EVENT THAT THE COST-
5 OF-LIVING INCREASE ENACTED DECEMBER 18, 1979 OCCURRED DURING THE
6 PERIOD OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT
7 VALUE SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS
8 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT
9 RETURNED TO SERVICE. THIS SUBSECTION SHALL NOT APPLY IN THE CASE
10 OF ANY ANNUITANT WHO MAY RENDER SERVICES TO THE COMMONWEALTH IN
11 THE CAPACITY OF AN INDEPENDENT CONTRACTOR OR AS A MEMBER OF AN
12 INDEPENDENT BOARD OR COMMISSION OR AS A MEMBER OF A DEPARTMENTAL
13 ADMINISTRATIVE OR ADVISORY BOARD OR COMMISSION WHEN SUCH MEMBERS
14 OF INDEPENDENT OR DEPARTMENTAL BOARDS OR COMMISSIONS ARE
15 COMPENSATED ON A PER DIEM BASIS FOR NOT MORE THAN 150 DAYS PER
16 CALENDAR YEAR OR AS A MEMBER OF AN INDEPENDENT BOARD OR
17 COMMISSION REQUIRING APPOINTMENT BY THE GOVERNOR, WITH ADVICE
18 AND CONSENT OF THE SENATE, WHERE THE ANNUAL SALARY PAYABLE TO
19 THE MEMBER DOES NOT EXCEED \$35,000 AND WHERE THE MEMBER HAS BEEN
20 AN ANNUITANT FOR AT LEAST SIX MONTHS IMMEDIATELY PRECEDING THE
21 APPOINTMENT. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER
22 CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE
23 STATE SERVICE[.] OR FOR PARTICIPATION IN THE PLAN, MANDATORY
24 PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR
25 EMPLOYER DEFINED CONTRIBUTIONS.

26 (A.1) RETURN TO STATE SERVICE DURING EMERGENCY.--WHEN, IN
27 THE JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE
28 IN THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF
29 SERVICE TO THE PUBLIC, AN ANNUITANT MAY BE RETURNED TO STATE
30 SERVICE FOR A PERIOD NOT TO EXCEED 95 DAYS IN ANY CALENDAR YEAR

1 WITHOUT LOSS OF HIS ANNUITY. IN COMPUTING THE NUMBER OF DAYS AN
2 ANNUITANT HAS RETURNED TO STATE SERVICE, ANY AMOUNT OF TIME LESS
3 THAN ONE-HALF OF A DAY SHALL BE COUNTED AS ONE-HALF OF A DAY.
4 FOR AGENCIES, BOARDS AND COMMISSIONS UNDER THE GOVERNOR'S
5 JURISDICTION, THE APPROVAL OF THE GOVERNOR THAT AN EMERGENCY
6 EXISTS SHALL BE REQUIRED BEFORE AN ANNUITANT MAY BE RETURNED TO
7 STATE SERVICE. THIS SERVICE SHALL NOT BE SUBJECT TO MEMBER
8 CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE
9 STATE SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY PICKUP
10 PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR EMPLOYER
11 DEFINED CONTRIBUTIONS.

12 (A.2) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE
13 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES
14 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO
15 SECTION 5705 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE
16 OF HIS RETURN TO STATE SERVICE OR ENTERING SCHOOL SERVICE, THE
17 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM
18 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE
19 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS
20 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN
21 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR SCHOOL EMPLOYEE
22 WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
23 RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST
24 THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON
25 BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION
26 PLANS AGREED TO BY THE MEMBER AND THE BOARD MAY INCLUDE A
27 DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE
28 TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN
29 ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY
30 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS

1 SOLE DISCRETION DETERMINES. IN THE CASE OF A SCHOOL EMPLOYEE WHO
2 IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
3 SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO
4 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL
5 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

6 * * *

7 (C) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

8 (1) AN ANNUITANT WHO RETURNS TO STATE SERVICE AS AN
9 ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY
10 POINTS BY PERFORMING CREDITED STATE SERVICE FOLLOWING THE
11 MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART,
12 OR AN ANNUITANT WHO ENTERS SCHOOL SERVICE AND:

13 (I) IS A MULTIPLE SERVICE MEMBER; OR

14 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND
15 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE
16 SERVICE OR CREDITED SCHOOL SERVICE FOLLOWING THE MOST RECENT
17 PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND WHO HAD
18 THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE WITH
19 SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE
20 FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF
21 RETIREMENT ELIMINATED, PROVIDED THAT ALL LUMP SUM PAYMENTS
22 UNDER OPTION 4 OR UNDER SECTION 5705(A.1) AND ANNUITY
23 PAYMENTS PAYABLE DURING PREVIOUS PERIODS OF RETIREMENT PLUS
24 INTEREST AS SET FORTH IN PARAGRAPH (3) SHALL BE RETURNED TO
25 THE FUND IN THE FORM OF AN ACTUARIAL ADJUSTMENT TO HIS
26 SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE BOARD MAY
27 OTHERWISE DIRECT.

28 * * *

29 SECTION 315. SECTION 5707(F) OF TITLE 71 IS AMENDED AND THE
30 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

1 § 5707. DEATH BENEFITS.

2 * * *

3 (B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF
4 SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE.--IN THE
5 EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY
6 BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND
7 INELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES
8 OF SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED
9 ON THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN
10 ADDITION TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED
11 DEDUCTIONS ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT
12 ELIGIBLE FOR AN ANNUITY.

13 * * *

14 (F) MEMBERS SUBJECT TO LIMITATIONS UNDER SECTION 5702(C).--
15 SUBJECT TO THE LIMITATIONS CONTAINED IN SECTION 401(A) (9) OF THE
16 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
17 401(A) (9)), THE PRESENT VALUE OF ANY ANNUITY IN EXCESS OF THAT
18 PAYABLE UNDER SECTION 5702 (RELATING TO MAXIMUM SINGLE LIFE
19 ANNUITY) THAT IS NOT SUBJECT TO THE LIMITATIONS UNDER SECTION
20 415(B) OF THE INTERNAL REVENUE CODE OF 1986 SHALL BE PAID IN A
21 LUMP SUM TO THE BENEFICIARY DESIGNATED BY THE MEMBER AFTER THE
22 DEATH OF THE MEMBER. A BENEFICIARY RECEIVING A BENEFIT UNDER
23 THIS SUBSECTION SHALL NOT BE ABLE TO ELECT A PAYMENT METHOD
24 OTHERWISE ALLOWED UNDER SECTION 5709(B) (2) AND (3) (RELATING TO
25 PAYMENT OF BENEFITS FROM THE SYSTEM).

26 SECTION 316. SECTION 5709 HEADING, (A) AND (B) OF TITLE 71
27 ARE AMENDED TO READ:

28 § 5709. PAYMENT OF BENEFITS FROM THE SYSTEM.

29 (A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF
30 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY

1 INSTALLMENTS.

2 (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT
3 PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION
4 5707 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF
5 OPTION 1 OF SECTION 5705(A) (1) (RELATING TO MEMBER'S OPTIONS) IS
6 \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT
7 ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

8 (1) A LUMP SUM PAYMENT;

9 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT
10 PAYABLE; OR

11 (3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE
12 ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS
13 THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

14 * * *

15 SECTION 317. TITLE 71 IS AMENDED BY ADDING A CHAPTER TO
16 READ:

17 CHAPTER 58

18 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN

19 SEC.

20 5801. ESTABLISHMENT.

21 5802. PLAN DOCUMENT.

22 5803. INDIVIDUAL INVESTMENT ACCOUNTS.

23 5804. PARTICIPANT CONTRIBUTIONS.

24 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

25 5806. EMPLOYER DEFINED CONTRIBUTIONS.

26 5807. ELIGIBILITY FOR BENEFITS.

27 5808. DEATH BENEFITS.

28 5809. VESTING.

29 5810. TERMINATION OF DISTRIBUTIONS.

30 5811. (RESERVED).

1 5812. POWERS AND DUTIES OF BOARD.

2 5813. RESPONSIBILITY FOR INVESTMENT LOSS.

3 5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION
4 CHOICES.

5 5815. EXPENSES.

6 5816. TAX QUALIFICATION.

7 § 5801. ESTABLISHMENT.

8 (A) STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE STATE
9 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD
10 SHALL ADMINISTER AND MANAGE THE PLAN WHICH SHALL BE A DEFINED
11 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE
12 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
13 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
14 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT
15 INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND
16 SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.

17 (B) STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE STATE
18 EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS PART OF
19 THE PLAN. THE TRUST SHALL BE COMPRISED OF THE INDIVIDUAL
20 INVESTMENT ACCOUNTS AND ALL ASSETS AND MONEYS IN THOSE ACCOUNTS,
21 AND ANY ASSETS AND MONEYS HELD BY THE BOARD AS PART OF THE PLAN
22 THAT ARE NOT ALLOCATED TO INDIVIDUAL INVESTMENT ACCOUNTS. THE
23 MEMBERS OF THE BOARD SHALL BE THE TRUSTEES OF THE TRUST, WHICH
24 SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE
25 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES
26 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE
27 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT
28 INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND
29 SHALL PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE
30 TRUST.

1 (C) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE PLAN
2 THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE
3 PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE
4 WITH THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE
5 PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE
6 EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES
7 UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS
8 OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN
9 DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE
10 BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED
11 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE
12 ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.

13 (D) NAME FOR TRANSACTING BUSINESS.--ALL OF THE BUSINESS OF
14 THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL
15 REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS
16 CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME
17 OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN."
18 NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY
19 ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF
20 REGISTERING SECURITIES TO FACILITATE THE PURCHASE, SALE OR OTHER
21 DISPOSITION OF SECURITIES UNDER THE PROVISIONS OF THIS PART.

22 § 5802. PLAN DOCUMENT.

23 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE
24 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS
25 OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED
26 IN THE PENNSYLVANIA BULLETIN. ANY AMENDMENTS TO THE PLAN AND
27 TRUST DECLARATION ALSO SHALL BE PUBLISHED. THE CREATION OF THE
28 DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE
29 TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND
30 PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY

1 REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE
2 ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE
3 COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER
4 LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE
5 CONTEXT CLEARLY INDICATES OTHERWISE.

6 § 5803. INDIVIDUAL INVESTMENT ACCOUNTS.

7 THE BOARD 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 BEHALF
10 OF A PARTICIPANT SHALL BE CREDITED TO THE PARTICIPANT'S
11 INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH ALL INTEREST AND
12 INVESTMENT EARNINGS AND LOSSES. INVESTMENT AND ADMINISTRATIVE
13 FEES, COSTS AND EXPENSES SHALL BE CHARGED TO THE PARTICIPANTS'
14 INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS OTHERWISE PROVIDED
15 UNDER THIS PART OR AS THE GENERAL ASSEMBLY OTHERWISE PROVIDES BY
16 APPROPRIATIONS FROM THE GENERAL FUND. EMPLOYER DEFINED
17 CONTRIBUTIONS SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY
18 FROM PARTICIPANT CONTRIBUTIONS, BUT ALL INTEREST, INVESTMENT
19 EARNINGS AND LOSSES, AND INVESTMENT AND ADMINISTRATIVE FEES,
20 COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.

21 § 5804. PARTICIPANT CONTRIBUTIONS.

22 (A) MANDATORY CONTRIBUTIONS.--A PARTICIPANT WHO IS NOT AN
23 ELECTED OFFICER WHO WAS ELIGIBLE TO MAKE THE ELECTION UNDER
24 SECTION 5306.4 (RELATING TO LIMITED ELECTION TO NOT BECOME A
25 CLASS A-5 MEMBER AND PLAN PARTICIPANT) AND DID NOT DO SO SHALL
26 MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL
27 DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
28 EQUAL TO 3.25% OF COMPENSATION FOR CURRENT STATE SERVICE. A
29 PARTICIPANT WHO IS AN ELECTED OFFICER WHO WAS ELIGIBLE TO MAKE
30 THE ELECTION UNDER SECTION 5306.4 AND DID NOT DO SO SHALL MAKE

1 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL
2 DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
3 EQUAL TO THE PERCENTAGE OF COMPENSATION SET FORTH IN SECTION
4 5306.4(E) FOR CURRENT STATE SERVICE. THE EMPLOYER SHALL CAUSE
5 THOSE CONTRIBUTIONS FOR CURRENT SERVICE TO BE MADE AND DEDUCTED
6 FROM EACH PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE
7 BOARD.

8 (B) VOLUNTARY CONTRIBUTIONS.--A PARTICIPANT MAY MAKE
9 VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH
10 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF
11 MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE
12 EXTENT ALLOWED BY IRC § 402. THE ROLLOVERS SHALL BE MADE IN A
13 FORM AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO
14 THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE
15 SEPARATELY ACCOUNTED FOR BY THE BOARD.

16 (C) PROHIBITED CONTRIBUTIONS.--NO CONTRIBUTIONS MAY 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 PARTICIPANT CONTRIBUTIONS
21 IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE
22 CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE
23 CHARGES, SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.

24 § 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

25 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--THE
26 CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION
27 5804(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO
28 STATE SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED
29 UP BY THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS
30 THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER

1 THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A
2 PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY
3 PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF
4 THE PARTICIPANT.

5 (B) TREATMENT FOR OTHER PURPOSES.--FOR ALL OTHER PURPOSES
6 UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT
7 CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A
8 PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE
9 CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT
10 PICKED UP.

11 § 5806. EMPLOYER DEFINED CONTRIBUTIONS.

12 (A) CONTRIBUTIONS FOR SERVICE.--THE COMMONWEALTH OR OTHER
13 EMPLOYER OF AN ACTIVE PARTICIPANT SHALL MAKE EMPLOYER DEFINED
14 CONTRIBUTIONS FOR SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE
15 CREDITED TO THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT
16 ACCOUNT. EMPLOYER DEFINED CONTRIBUTIONS SHALL BE RECORDED AND
17 ACCOUNTED FOR SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.

18 (B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED
19 FROM USERRA LEAVE.--WHEN A STATE EMPLOYEE REEMPLOYED FROM USERRA
20 LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
21 PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE COMMONWEALTH OR
22 OTHER EMPLOYER BY WHOM THE STATE EMPLOYEE IS EMPLOYED AT THE
23 TIME THE PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER
24 EMPLOYER DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS
25 SECTION HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS
26 CONTINUED TO BE EMPLOYED IN THE PARTICIPANT'S STATE OFFICE OR
27 POSITION INSTEAD OF PERFORMING USERRA LEAVE. THE EMPLOYER
28 DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE PARTICIPANT'S
29 INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE PROVIDED BY THIS
30 PART.

1 (C) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE
2 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED
3 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN
4 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY
5 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED
6 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT
7 EARNINGS ON THE CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND
8 ADMINISTRATIVE CHARGES, SHALL BE REFUNDED TO THE EMPLOYER BY THE
9 BOARD.

10 § 5807. ELIGIBILITY FOR BENEFITS.

11 (A) TERMINATION OF SERVICE.--A PARTICIPANT WHO TERMINATES
12 STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED
13 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE
14 PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT
15 ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.
16 PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS
17 ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A
18 PARTICIPANT WHO WITHDRAWS HIS VESTED ACCUMULATED TOTAL DEFINED
19 CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,
20 NOTWITHSTANDING THAT THE FORMER STATE EMPLOYEE MAY CONTINUE TO
21 BE A MEMBER OF THE SYSTEM OR MAY HAVE CONTRACTED TO RECEIVE AN
22 ANNUITY OR OTHER FORM OF PAYMENT FROM A PROVIDER RETAINED BY THE
23 BOARD FOR SUCH PURPOSES.

24 (B) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS SECTION
25 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
26 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
27 IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY
28 DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH
29 THOSE REQUIREMENTS.

30 (C) (RESERVED).

1 (D) PROHIBITED DISTRIBUTIONS.--A STATE EMPLOYEE MUST BE
2 TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP
3 IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO
4 RECEIVE A DISTRIBUTION.

5 (E) LOANS.--LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP
6 OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO STATE
7 EMPLOYEES WHO HAVE NOT TERMINATED STATE SERVICE ARE NOT
8 PERMITTED, EXCEPT AS REQUIRED BY LAW.

9 (F) SMALL INDIVIDUAL INVESTMENT ACCOUNTS.--A PARTICIPANT WHO
10 TERMINATES STATE SERVICE AND WHOSE VESTED ACCUMULATED TOTAL
11 DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW
12 AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED
13 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS
14 PROVIDED IN IRC § 401(A)(31).
15 § 5808. DEATH BENEFITS.

16 (A) GENERAL RULE.--IN THE EVENT OF THE DEATH OF AN ACTIVE
17 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE
18 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE
19 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN
20 SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN
21 DOCUMENT.

22 (B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS.--IN THE
23 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE
24 BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED
25 BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A
26 LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN
27 THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE
28 METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE
29 PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S
30 BENEFICIARY OR SUCCESSOR PAYEE, AS THE CASE MAY BE, AS PROVIDED

1 IN THE PLAN DOCUMENT.

2 (C) CONTRACTS.--THE BOARD MAY CONTRACT WITH FINANCIAL
3 INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY
4 PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM
5 DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM
6 AND MANNER AS PROVIDED BY THE CONTRACT.

7 § 5809. VESTING.

8 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT TO THE
9 FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 5953 (RELATING
10 TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS
11 PROVIDED BY LAW, A PARTICIPANT SHALL BE IMMEDIATELY VESTED WITH
12 RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
13 VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT
14 TO THE TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS OR
15 LOSSES ON THE PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT
16 FEES AND ADMINISTRATIVE CHARGES.

17 (B) EMPLOYER DEFINED CONTRIBUTIONS.--

18 (1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS
19 OF SECTION 5953 OR OTHERWISE AS PROVIDED BY LAW, A
20 PARTICIPANT SHALL BE VESTED WITH RESPECT TO ALL EMPLOYER
21 DEFINED CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL
22 INVESTMENT ACCOUNT IN THE TRUST IN ADDITION TO INTEREST AND
23 INVESTMENT GAINS AND LOSSES ON THE EMPLOYER DEFINED
24 CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE
25 CHARGES ACCORDING TO THE FOLLOWING SCHEDULE:

26 (I) UNTIL SUCH TIME AS A PARTICIPANT HAS EARNED
27 THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 0%;

28 (II) AT AND AFTER THE ATTAINMENT OF THREE
29 ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 100%.

30 (2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY

1 POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF
2 SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE
3 PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN
4 AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.

5 (3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS AND THE
6 INTEREST AND INVESTMENT GAINS AND LOSSES ON THE NONVESTED
7 EMPLOYER DEFINED CONTRIBUTIONS THAT ARE FORFEITED WHEN A
8 PARTICIPANT TERMINATES STATE SERVICE BEFORE ACCRUING THREE
9 ELIGIBILITY POINTS AS PROVIDED UNDER SECTION 5307(C) (3) ARE
10 CREDITED TO THE PARTICIPANT'S MOST RECENT EMPLOYER'S FUTURE
11 OBLIGATION ASSESSED UNDER SECTION 5509 (RELATING TO
12 APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH).

13 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN
14 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE
15 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER
16 THIS SECTION FOR THE STATE SERVICE THAT WOULD HAVE BEEN
17 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

18 § 5810. TERMINATION OF DISTRIBUTIONS.

19 (A) RETURN TO STATE SERVICE.--

20 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE
21 PARTICIPANT WHO RETURNS TO STATE SERVICE SHALL CEASE
22 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE
23 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES
24 STATE SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS A
25 MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR
26 PARTICIPANT IN THE PLAN.

27 (2) THIS SUBSECTION SHALL NOT APPLY TO DISTRIBUTIONS
28 THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN
29 ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.

30 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

1 (1) IF A FORMER STATE EMPLOYEE IS REEMPLOYED FROM USERRA
2 LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE PLAN
3 DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE
4 BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN THE
5 PLAN DOCUMENT.

6 (2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE
7 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE
8 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN
9 THE CASE OF AN ACTIVE PARTICIPANT MAY BE AMORTIZED WITH
10 INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY
11 DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE
12 PARTICIPANT AND THE BOARD, BUT FOR NOT LONGER THAN A PERIOD
13 THAT STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUES FOR
14 UP TO THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S
15 IMMEDIATE PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD
16 SHALL NOT EXCEED FIVE YEARS.

17 § 5811. (RESERVED).

18 § 5812. POWERS AND DUTIES OF BOARD.

19 THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN
20 CHAPTER 59 (RELATING TO ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL
21 PROVISIONS), SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO
22 ESTABLISH THE PLAN AND TRUST AND ADMINISTER THE PROVISIONS OF
23 THIS CHAPTER AND PART:

24 (1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE
25 ASSETS OF OTHER PERSONS OR ENTITIES.

26 (2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS
27 AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE
28 PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM
29 THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS
30 OTHERWISE PROVIDED UNDER THIS PART OR AS THE GENERAL ASSEMBLY

1 OTHERWISE PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.

2 (3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND
3 LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY
4 MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.

5 (4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS
6 OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED
7 STATUS OF THE PLAN.

8 (5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO
9 PARTICIPATE IN THE PLAN BY THOSE STATE EMPLOYEES ELIGIBLE TO
10 DO SO FOR WHOM PARTICIPATION IS NOT MANDATORY.

11 (6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT
12 REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF
13 ASSURING THAT THE FUND MANAGER CONTINUES TO MEET ALL
14 STANDARDS AND CRITERIA ESTABLISHED.

15 (7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND
16 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM
17 QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE
18 EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.

19 (8) THE BOARD MAY ALLOW AN INACTIVE PARTICIPANT TO
20 MAINTAIN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
21 WITHIN THE PLAN.

22 (9) THE BOARD SHALL ADMINISTER OR ENSURE THE
23 ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE
24 QUALIFICATIONS AND OTHER RULES OF THE IRC.

25 (10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR
26 THE LAWFUL PAYMENT OF BENEFITS, INCLUDING BUT NOT LIMITED TO
27 ALTERNATE PAYEES AS SET FORTH IN SECTIONS 5953 (RELATING TO
28 TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) THROUGH 5953.6
29 (RELATING TO IRREVOCABLE SUCCESSOR PAYEE).

30 (11) THE BOARD SHALL DETERMINE, AFTER REVIEWING

1 APPLICABLE LAW, WHAT CONSTITUTES A TERMINATION OF STATE
2 SERVICE.

3 (12) THE BOARD MAY ESTABLISH PROCEDURES FOR
4 DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY
5 THE IRC.

6 (13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
7 DOCUMENT OR PROMULGATE RULES AND REGULATIONS AS IT DEEMS
8 NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,
9 INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:

10 (I) PROCEDURES FOR ELIGIBLE PARTICIPANTS TO CHANGE
11 VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT
12 CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS
13 REGARDING THEIR PARTICIPATION IN THE PLAN.

14 (II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP
15 PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS
16 FROM A PARTICIPANT'S COMPENSATION.

17 (III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-
18 TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED AS
19 PART OF THE PLAN.

20 (IV) STANDARDS AND CRITERIA FOR PROVIDING OPTIONS TO
21 ELIGIBLE INDIVIDUALS REGARDING INVESTMENT OF AMOUNTS
22 DEFERRED UNDER THE PLAN. ONE OF THE AVAILABLE OPTIONS
23 MUST SERVE AS THE DEFAULT OPTION FOR PARTICIPANTS WHO DO
24 NOT MAKE A TIMELY ELECTION.

25 (V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE
26 PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME
27 ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL
28 FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS
29 DEFERRED TO COVER THE FEES, COSTS AND EXPENSES OF
30 ADMINISTERING AND MANAGING THE PLAN OR TRUST.

1 (VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE
2 MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION
3 FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES
4 CONSISTENT WITH THE PURPOSE OF THE PLAN.

5 (14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION
6 REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES
7 THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF
8 THE PLAN.

9 (15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN
10 LIEU OF STAFF, EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED
11 BY LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT
12 REQUIRED BY LAW TO BE PERFORMED BY THE BOARD CAN BE DELEGATED
13 TO A THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.

14 (16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE
15 EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE
16 EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.

17 (17) 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, BUT THE BOARD
21 MAY OFFER TO THE PLAN PARTICIPANTS INVESTMENT VEHICLES THAT
22 WOULD BE ALLOWED UNDER THE PROTECTING PENNSYLVANIA'S
23 INVESTMENTS ACT.

24 (18) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE
25 PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS
26 AND CHOICES.

27 (19) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN
28 DOCUMENT FOR AUTOMATIC INCREASES IN A PARTICIPANT'S VOLUNTARY
29 CONTRIBUTIONS, WHETHER OR NOT THE PARTICIPANT IS THEN MAKING
30 VOLUNTARY CONTRIBUTIONS, AND PROCEDURES FOR A PARTICIPANT TO

1 ELECT NOT TO HAVE INCREASED VOLUNTARY CONTRIBUTIONS.

2 § 5813. RESPONSIBILITY FOR INVESTMENT LOSS.

3 THE BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL
4 SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY INVESTMENT OR OTHER
5 LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF ANY
6 INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO EARN AS
7 MUCH AS ANY OTHER INVESTMENT OPPORTUNITY OR TO COST LESS THAN
8 ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT THE OTHER
9 OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.

10 § 5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT

11 ALLOCATION CHOICES.

12 (A) INVESTMENT BY PARTICIPANT.--ALL CONTRIBUTIONS, INTEREST
13 AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A
14 PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT
15 ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN
16 PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED CONTRIBUTIONS.
17 EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY WITH THE AMOUNT
18 OF CONTRIBUTIONS, INTEREST AND INVESTMENT EARNINGS.

19 (B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN
20 THE COMMONWEALTH.--INVESTMENT OF CONTRIBUTIONS BY ANY
21 CORPORATION, INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK OR
22 OTHER ENTITY THAT THE BOARD HAS APPROVED SHALL NOT BE
23 UNREASONABLY DELAYED, AND IN NO CASE MAY THE INVESTMENT OF
24 CONTRIBUTIONS BE DELAYED MORE THAN 30 DAYS FROM THE DATE OF
25 PAYROLL DEDUCTION OR THE DATE VOLUNTARY CONTRIBUTIONS ARE MADE
26 TO THE DATE THAT FUNDS ARE INVESTED. ANY INTEREST EARNED ON THE
27 FUNDS PENDING INVESTMENT SHALL BE USED TO PAY ADMINISTRATIVE
28 COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED TO BE BORNE BY
29 PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE PLAN OR PAID BY
30 APPROPRIATIONS FROM THE GENERAL FUND.

1 § 5815. EXPENSES.

2 ALL FEES, COSTS AND EXPENSES OF ESTABLISHING AND
3 ADMINISTERING THE PLAN AND THE TRUST AND INVESTING THE ASSETS OF
4 THE TRUST SHALL BE BORNE BY THE PARTICIPANTS AND PAID FROM
5 ASSESSMENTS AGAINST THE BALANCES OF THE INDIVIDUAL INVESTMENT
6 ACCOUNTS AS ESTABLISHED BY THE BOARD, EXCEPT THAT FOR FISCAL
7 YEARS 2015-2016, 2016-2017 AND 2017-2018, AND FOR ANY ADDITIONAL
8 FISCAL YEARS AS THE GENERAL ASSEMBLY MAY PROVIDE, THE FEES,
9 COSTS AND EXPENSES OF ESTABLISHING AND ADMINISTERING THE PLAN
10 AND THE TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH ANNUAL
11 APPROPRIATIONS, MADE ON THE BASIS OF ESTIMATES FROM THE BOARD.

12 § 5816. TAX QUALIFICATION.

13 (A) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS CHAPTER
14 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM
15 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF
16 IRC § 401(A).

17 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

18 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND
19 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION
20 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED ANY
21 LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL
22 PLAN WHICH IS IN EFFECT ON THE DATE THE CONTRIBUTION OR
23 BENEFIT PAYMENT TAKES EFFECT.

24 (II) AN INCREASE IN A LIMITATION UNDER IRC § 415
25 SHALL APPLY TO ALL PARTICIPANTS ON AND AFTER THE
26 EFFECTIVE DATE OF THIS SECTION.

27 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM
28 "GOVERNMENTAL PLAN" SHALL HAVE THE SAME MEANING AS THE
29 TERM HAS IN IRC § 414(D).

30 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN

1 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF
2 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR
3 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR
4 PARTICIPANTS RECEIVING DISTRIBUTIONS SHALL NOT BE DEEMED
5 TO PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF ANY
6 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF
7 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY
8 PROVIDED BY LEGISLATION.

9 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE
10 IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS
11 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED
12 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

13 SECTION 318. (RESERVED).

14 SECTION 319. SECTIONS 5901(A), (C), (D) AND (E), 5902(A.1),
15 (B), (C), (E), (H), (I), (J), (K), (L), (M) AND (N), 5903(A) AND
16 5905(C.1) AND (G) OF TITLE 71 ARE AMENDED AND THE SECTIONS ARE
17 AMENDED BY ADDING SUBSECTIONS TO READ:

18 § 5901. THE STATE EMPLOYEES' RETIREMENT BOARD.

19 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN
20 INDEPENDENT ADMINISTRATIVE BOARD AND CONSIST OF [11] 12 MEMBERS:
21 THE STATE TREASURER, EX OFFICIO, THE SECRETARY OF BANKING AND
22 SECURITIES, EX OFFICIO, TWO SENATORS, TWO MEMBERS OF THE HOUSE
23 OF REPRESENTATIVES AND SIX MEMBERS APPOINTED BY THE GOVERNOR,
24 ONE OF WHOM SHALL BE AN ANNUITANT OF THE SYSTEM OR A PARTICIPANT
25 IN THE PLAN WHO HAS TERMINATED STATE SERVICE AND IS RECEIVING OR
26 IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, FOR TERMS OF FOUR YEARS,
27 SUBJECT TO CONFIRMATION BY THE SENATE. AT LEAST FIVE BOARD
28 MEMBERS SHALL BE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE
29 PARTICIPANTS IN THE PLAN, AND AT LEAST TWO SHALL HAVE TEN OR
30 MORE YEARS OF CREDITED STATE SERVICE[.] OR SHALL HAVE BEEN

1 ACTIVE PARTICIPANTS IN THE PLAN FOR TEN CALENDAR YEARS OR HAVE A
2 COMBINATION OF YEARS OF CREDITED STATE SERVICE IN THE SYSTEM AND
3 CALENDAR YEARS AS ACTIVE PARTICIPANTS IN THE PLAN EQUAL TO TEN
4 OR MORE YEARS. THE CHAIRMAN OF THE BOARD SHALL BE DESIGNATED BY
5 THE GOVERNOR FROM AMONG THE MEMBERS OF THE BOARD. NO MEMBER OF
6 THE BOARD WHO REPRESENTS ACTIVE MEMBERS OR ANNUITANTS OR IS A
7 CURRENT MEMBER OF THE GENERAL ASSEMBLY CAN SERVE AS CHAIRMAN.
8 EACH MEMBER OF THE BOARD WHO IS A MEMBER OF THE GENERAL ASSEMBLY
9 MAY APPOINT A DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN
10 THE EVENT THAT A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE
11 PARTICIPANT OR AS A PARTICIPANT IN THE PLAN WHO IS RECEIVING OR
12 IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL
13 DISTRIBUTION OF HIS INTEREST IN THE PLAN, THAT BOARD MEMBER MAY
14 CONTINUE TO SERVE ON THE BOARD FOR THE REMAINDER OF HIS TERM.

15 * * *

16 (C) OATH OF OFFICE.--EACH MEMBER OF THE BOARD SHALL TAKE AN
17 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,
18 DILIGENTLY AND HONESTLY, ADMINISTER THE AFFAIRS OF SAID BOARD,
19 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE
20 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW
21 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE
22 MEMBER TAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS
23 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE
24 SECRETARY OF THE COMMONWEALTH.

25 (D) COMPENSATION AND EXPENSES.--THE MEMBERS OF THE BOARD WHO
26 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL
27 SERVE WITHOUT COMPENSATION BUT SHALL NOT SUFFER LOSS OF SALARY
28 OR WAGES THROUGH SERVING ON THE BOARD. THE MEMBERS OF THE BOARD
29 WHO ARE NOT MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN
30 SHALL RECEIVE \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD

1 MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER,
2 WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO
3 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS
4 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES
5 ARE NOT EXECUTED.

6 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF
7 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A
8 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE
9 THE LEGAL ADVISOR OF THE BOARD.] LEGAL COUNSEL TO THE BOARD
10 SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF CHIEF
11 COUNSEL, THE GENERAL ASSEMBLY AND THE ATTORNEY GENERAL.

12 (F) BOARD TRAINING.--EACH MEMBER OF THE BOARD WILL BE
13 REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN
14 INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT
15 PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS.

16 § 5902. ADMINISTRATIVE DUTIES OF THE BOARD.

17 * * *

18 (A.1) SECRETARY.--THE SECRETARY SHALL ACT AS CHIEF
19 ADMINISTRATIVE OFFICER FOR THE BOARD WITH RESPECT TO BOTH THE
20 SYSTEM AND THE PLAN. IN ADDITION TO OTHER POWERS AND DUTIES
21 CONFERRED UPON AND DELEGATED TO THE SECRETARY BY THE BOARD, THE
22 SECRETARY SHALL:

23 (1) SERVE AS THE ADMINISTRATIVE AGENT OF THE BOARD.

24 (2) SERVE AS LIAISON BETWEEN THE BOARD AND APPLICABLE
25 LEGISLATIVE COMMITTEES, THE TREASURY DEPARTMENT, THE
26 DEPARTMENT OF THE AUDITOR GENERAL, AND BETWEEN THE BOARD AND
27 THE INVESTMENT COUNSEL AND THE MORTGAGE SUPERVISOR IN
28 ARRANGING FOR INVESTMENTS TO SECURE MAXIMUM RETURNS TO THE
29 FUND.

30 (3) REVIEW AND ANALYZE PROPOSED LEGISLATION AND

1 LEGISLATIVE DEVELOPMENTS AFFECTING THE SYSTEM OR THE PLAN AND
2 PRESENT FINDINGS TO THE BOARD, LEGISLATIVE COMMITTEES, AND
3 OTHER INTERESTED GROUPS OR INDIVIDUALS.

4 (4) DIRECT THE MAINTENANCE OF FILES AND RECORDS AND
5 PREPARATION OF PERIODIC REPORTS REQUIRED FOR ACTUARIAL
6 EVALUATION STUDIES.

7 (5) RECEIVE INQUIRIES AND REQUESTS FOR INFORMATION
8 CONCERNING THE SYSTEM OR THE PLAN FROM THE PRESS,
9 COMMONWEALTH OFFICIALS, STATE EMPLOYEES, THE GENERAL PUBLIC,
10 RESEARCH ORGANIZATIONS, AND OFFICIALS AND ORGANIZATIONS FROM
11 OTHER STATES, AND PROVIDE INFORMATION AS AUTHORIZED BY THE
12 BOARD.

13 (6) (I) SUPERVISE A STAFF OF ADMINISTRATIVE, TECHNICAL,
14 AND CLERICAL EMPLOYEES ENGAGED IN RECORD-KEEPING AND
15 CLERICAL PROCESSING ACTIVITIES FOR BOTH THE SYSTEM AND
16 THE PLAN IN MAINTAINING FILES OF MEMBERS AND
17 PARTICIPANTS, ACCOUNTING FOR CONTRIBUTIONS, PROCESSING
18 PAYMENTS TO ANNUITANTS AND TERMINATED PARTICIPANTS,
19 PREPARING REQUIRED REPORTS, AND RETIREMENT COUNSELING.

20 (II) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES
21 PROVIDED FOR UNDER THIS PARAGRAPH FOR BOTH THE SYSTEM AND
22 THE PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES
23 INCURRED UNDER THIS PARAGRAPH BETWEEN THE SYSTEM AND THE
24 PLAN AS APPROPRIATE.

25 (B) PROFESSIONAL PERSONNEL.--

26 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF
27 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS AND
28 COUNSELORS, AND SUCH OTHER PROFESSIONAL PERSONNEL AS IT DEEMS
29 ADVISABLE. THE BOARD MAY, WITH THE APPROVAL OF THE ATTORNEY
30 GENERAL, CONTRACT FOR LEGAL SERVICES.

1 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS
2 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE
3 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED
4 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS
5 APPROPRIATE.

6 (C) EXPENSES.--

7 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE
8 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE
9 ADMINISTRATIVE EXPENSES OF [THIS PART.] THE SYSTEM AND A
10 SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE
11 PLAN. BUDGETS UNDER THIS PARAGRAPH SHALL INCLUDE THOSE
12 EXPENSES NECESSARY TO ESTABLISH THE PLAN AND TRUST.

13 (2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE
14 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
15 INVESTMENT EARNINGS OF THE FUND.

16 (3) FOR FISCAL YEARS ENDING ON OR BEFORE JUNE 30, 2018,
17 AND FOR ANY ADDITIONAL FISCAL YEARS AS THE GENERAL ASSEMBLY
18 MAY PROVIDE, SUCH EXPENSES OF THE PLAN AS APPROVED BY THE
19 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM
20 THE GENERAL FUND. FOR FISCAL YEARS BEGINNING ON OR AFTER JULY
21 1, 2018, SUCH EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL
22 ASSEMBLY SHALL BE PAID FROM INTEREST UNDER SECTION 5814(B)
23 (RELATING TO INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT
24 ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE
25 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR AS OTHERWISE
26 PROVIDED IN THIS PART EXCEPT AS THE GENERAL ASSEMBLY
27 OTHERWISE PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.

28 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE
29 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A
30 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY

1 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST
2 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID
3 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL
4 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE
5 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS
6 MEMBERS.

7 * * *

8 (E) RECORDS.--

9 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS
10 WHICH SHALL BE OPEN TO [INSPECTION] ACCESS BY THE PUBLIC,
11 EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER 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 AS THE RIGHT-TO-KNOW LAW] FEBRUARY 14, 2008
18 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW, IF, IN THE
19 REASONABLE JUDGMENT OF THE BOARD, THE [INSPECTION] ACCESS
20 WOULD:

21 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR
22 ALTERNATIVE INVESTMENT VEHICLE, INVOLVE THE RELEASE OF
23 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO
24 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT
25 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY
26 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

27 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE
28 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL
29 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

30 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE

1 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED
2 OF BY THE FUND OR TRUST OR WOULD CAUSE A BREACH OF THE
3 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS
4 PART.

5 (3) THE FOLLOWING APPLY:

6 (I) THE SENSITIVE INVESTMENT OR FINANCIAL
7 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
8 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED
9 FROM INSPECTION, SHALL CONSTITUTE A PUBLIC RECORD SUBJECT
10 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW
11 ONCE THE BOARD IS NO LONGER REQUIRED BY ITS AGREEMENT TO
12 MAINTAIN CONFIDENTIALITY.

13 (II) THE SENSITIVE INVESTMENT OR FINANCIAL
14 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
15 PARAGRAPH (2) (II), TO THE EXTENT NOT OTHERWISE EXCLUDED
16 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
17 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
18 RIGHT-TO-KNOW LAW ONCE:

19 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES
20 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM
21 THE INFORMATION WAS RECEIVED; OR

22 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
23 IS LIQUIDATED;
24 WHICHEVER IS LATER.

25 (III) THE SENSITIVE INVESTMENT OR FINANCIAL
26 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER
27 PARAGRAPH (2) (III), TO THE EXTENT NOT OTHERWISE EXCLUDED
28 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC
29 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE
30 RIGHT-TO-KNOW LAW ONCE:

1 (A) THE [INSPECTION] ACCESS NO LONGER HAS A
2 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN
3 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A
4 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET
5 FORTH IN THIS PART; OR

6 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE
7 IS LIQUIDATED;

8 WHICHEVER IS LATER.

9 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING
10 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY
11 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED
12 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR
13 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT
14 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

15 (5) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
16 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS
17 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
18 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT
19 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE
20 RIGHT-TO-KNOW LAW IF, IN THE REASONABLE JUDGMENT OF THE
21 BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:

22 (I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER
23 INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,
24 INCLUDING ROLLOVER CONTRIBUTIONS OR TRUSTEE-TO-TRUSTEE
25 TRANSFERS, OF ANY PARTICIPANT.

26 (II) THE INVESTMENT OPTION SELECTIONS OF ANY
27 PARTICIPANT.

28 (III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL
29 INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO
30 THE PARTICIPANT, INVESTMENT GAINS OR LOSSES OR RATES OF

1 RETURN.

2 (IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED
3 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.

4 (V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.

5 (6) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO
6 DESIGNATE ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,
7 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS
8 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS
9 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT AS A PUBLIC RECORD
10 SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT-TO-KNOW LAW.

11 (7) THE FOLLOWING APPLY:

12 (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN
13 THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR
14 DATA WHICH WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER
15 THIS SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S
16 FIDUCIARY DUTIES.

17 (II) THIS SUBSECTION SHALL APPLY TO A RECORD,
18 MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING
19 ANY OF THE FOLLOWING:

20 (A) WHETHER THE RECORD, MATERIAL OR DATA WAS
21 CREATED, GENERATED OR STORED BEFORE THE EFFECTIVE
22 DATE OF THIS PARAGRAPH.

23 (B) WHETHER THE RECORD, MATERIAL OR DATA WAS
24 PREVIOUSLY RELEASED OR MADE PUBLIC.

25 (C) WHETHER A REQUEST FOR THE RECORD, MATERIAL
26 OR DATA WAS MADE OR IS PENDING FINAL RESPONSE UNDER
27 THE RIGHT-TO-KNOW LAW.

28 * * *

29 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
30 ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND

1 PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION
2 OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL
3 COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF
4 CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE
5 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,
6 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS
7 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND
8 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS
9 ARE ADOPTED PURSUANT TO SUBSECTION (J) AS NECESSARY FOR THE
10 CALCULATION OF ANNUITIES AND OTHER BENEFITS, SHALL BE AS
11 EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY ACTUARIAL
12 ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, REGULATION
13 OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS FOR
14 DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM MANNER.

15 (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA
16 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL
17 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE
18 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH CALENDAR YEAR.

19 (J) ACTUARIAL INVESTIGATION AND VALUATION.--THE BOARD SHALL
20 HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS
21 ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH
22 CALENDAR YEAR. IN THE YEAR 1975 AND IN EVERY FIFTH YEAR
23 THEREAFTER THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN ACTUARIAL
24 INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON DATA
25 INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE
26 PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING FIVE YEARS
27 CONCERNING THE MEMBERS AND BENEFICIARIES OF THE SYSTEM. THE
28 BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE NECESSARY FOR
29 THE ACTUARIAL VALUATION OF THE FUND AND CALCULATION OF
30 CONTRIBUTIONS, ANNUITIES AND OTHER BENEFITS BASED ON THE REPORTS

1 AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR
2 ADOPTION, THE SECRETARY OF THE BOARD SHALL CAUSE THOSE TABLES
3 WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS
4 TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN IN ACCORDANCE WITH
5 THE PROVISIONS OF 45 PA.C.S. § 725(A) (RELATING TO ADDITIONAL
6 CONTENTS OF PENNSYLVANIA BULLETIN) AND, UNLESS THE BOARD
7 SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH TABLES SHALL
8 BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD SHALL INCLUDE A
9 REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS AND DATA
10 DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND
11 EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT
12 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (M) FOR THE
13 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE
14 CONCLUDED.

15 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND.--THE
16 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET
17 REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND
18 ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE OF
19 THE MEMBERS' PAYROLL, THE SHARED-RISK CONTRIBUTION RATE, THE
20 EMPLOYERS' CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508
21 (RELATING TO ACTUARIAL COST METHOD) NECESSARY FOR THE FUNDING OF
22 PROSPECTIVE ANNUITIES FOR ACTIVE MEMBERS AND THE ANNUITIES OF
23 ANNUITANTS AND CERTIFY THE RATES AND AMOUNTS OF THE EMPLOYERS'
24 NORMAL CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508(B),
25 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO
26 SECTION 5508(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS
27 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 AND OTHER
6 BENEFIT DIFFERENCES RESULTING FROM STATE SERVICE CREDITED FOR
7 INDIVIDUAL MEMBERS EVEN THOUGH SUCH ALLOCATED EMPLOYER
8 CONTRIBUTION RATE ON BEHALF OF ANY GIVEN MEMBER MAY BE MORE OR
9 LESS THAN 5% OF THE MEMBER'S COMPENSATION FOR THE PERIOD FROM
10 JULY 1, 2010, TO JUNE 30, 2011, OR MAY DIFFER FROM THE PRIOR
11 YEAR'S CONTRIBUTION FOR THAT MEMBER BY MORE OR LESS THAN THE
12 PERCENTAGES USED TO CALCULATE THE COLLARED CONTRIBUTION RATE FOR
13 THAT YEAR AND MAY BE BELOW ANY MINIMUM CONTRIBUTION RATE
14 ESTABLISHED FOR THE COLLARED CONTRIBUTION RATE OR FINAL
15 CONTRIBUTION RATE. THESE CERTIFICATIONS SHALL BE REGARDED AS
16 FINAL AND NOT SUBJECT TO MODIFICATION BY THE SECRETARY OF THE
17 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 § 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF
6 DEPARTMENTS [AND], MEMBERS AND PARTICIPANTS.

7 (A) MANUAL OF REGULATIONS.--THE BOARD SHALL, WITH THE ADVICE
8 OF THE ATTORNEY GENERAL AND THE ACTUARY, PREPARE AND PROVIDE,
9 WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THIS PART, A MANUAL
10 INCORPORATING RULES AND REGULATIONS CONSISTENT WITH THE
11 PROVISIONS OF THIS PART TO THE HEADS OF DEPARTMENTS WHO SHALL
12 MAKE THE INFORMATION CONTAINED THEREIN AVAILABLE TO THE GENERAL
13 MEMBERSHIP. THE BOARD SHALL THEREAFTER ADVISE THE HEADS OF
14 DEPARTMENTS WITHIN 90 DAYS OF ANY CHANGES IN SUCH RULES AND
15 REGULATIONS DUE TO CHANGES IN THE LAW OR DUE TO CHANGES IN
16 ADMINISTRATIVE POLICIES. AS SOON AS PRACTICABLE AFTER THE
17 COMMISSIONER'S ANNOUNCEMENT WITH RESPECT THERETO, THE BOARD
18 SHALL ALSO ADVISE THE HEADS OF DEPARTMENTS AS TO ANY COST-OF-
19 LIVING ADJUSTMENT FOR THE SUCCEEDING CALENDAR YEAR IN THE AMOUNT
20 OF THE LIMITATION UNDER IRC § 401(A)(17) AND THE DOLLAR AMOUNTS
21 OF THE LIMITATIONS UNDER IRC § [415(B)] 415. AS SOON AS
22 PRACTICABLE AFTER JANUARY 1 OF EACH YEAR, THE BOARD SHALL ALSO
23 ADVISE THE HEADS OF DEPARTMENTS OF THE EMPLOYEES FOR WHOM,
24 PURSUANT TO SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER
25 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER
26 CONTRIBUTIONS), PICKUP CONTRIBUTIONS ARE NOT TO BE MADE.

27 * * *

28 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL
29 FURNISH ANNUALLY TO EACH PARTICIPANT, ON OR BEFORE APRIL 1 AND
30 MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY LAW, A

1 STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS
2 CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, THE
3 NATURE AND TYPE OF INVESTMENTS AND THE INVESTMENT ALLOCATION OF
4 FUTURE CONTRIBUTIONS AS OF DECEMBER 31 OF THE PREVIOUS YEAR, AND
5 SHALL REQUEST THE PARTICIPANT TO MAKE ANY NECESSARY CORRECTION
6 OR REVISION REGARDING THE DESIGNATED BENEFICIARY.

7 * * *

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 THE SURVIVING SPOUSE OR NEXT OF KIN OF THE DECEASED MEMBER
19 CANNOT BE FOUND FOR THE PURPOSE OF PAYING THE BENEFITS FOR A
20 PERIOD OF SEVEN YEARS FROM THE DATE OF DEATH OF THE MEMBER, THEN
21 THE BENEFITS SHALL BE ESCHEATED TO THE COMMONWEALTH FOR THE
22 BENEFIT OF THE FUND. IF NO BENEFICIARY DESIGNATION IS IN EFFECT
23 AT THE DATE OF A PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED
24 WITH THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE
25 PARTICIPANT'S ESTATE, THE BOARD MAY PAY THE BENEFITS AS
26 ESTABLISHED IN THE PLAN DOCUMENT, AND PAYMENT PURSUANT TO THIS
27 SUBSECTION SHALL FULLY DISCHARGE THE TRUST FROM ANY FURTHER
28 LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON.

29 * * *

30 SECTION 320. SECTION 5905.1(A), (B) AND (D) OF TITLE 71 ARE

1 AMENDED TO READ:

2 § 5905.1. INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS.

3 (A) GENERAL RULE.--NOTWITHSTANDING ANY OTHER PROVISION OF
4 THIS PART, WHENEVER A MEMBER ELECTS TO WITHDRAW HIS TOTAL
5 ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311(A) (RELATING TO
6 ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF TOTAL
7 ACCUMULATED DEDUCTIONS) OR ELECTS TO RECEIVE A PORTION OF HIS
8 BENEFIT PAYABLE AS A LUMP SUM PURSUANT TO SECTION 5705(A) (4)
9 (III) OR (A.1) (RELATING TO MEMBER'S OPTIONS), THE MEMBER MAY
10 ELECT TO RECEIVE THE AMOUNT IN NOT MORE THAN FOUR INSTALLMENTS.

11 (B) PAYMENT OF FIRST INSTALLMENT.--THE PAYMENT OF THE FIRST
12 INSTALLMENT SHALL BE MADE IN THE AMOUNT AND WITHIN SEVEN DAYS OF
13 THE DATE SPECIFIED BY THE MEMBER, EXCEPT AS FOLLOWS:

14 (1) UPON RECEIPT OF A MEMBER'S APPLICATION TO WITHDRAW
15 HIS TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION
16 5311(A) OR 5701 AND UPON RECEIPT OF ALL REQUIRED DATA FROM
17 THE HEAD OF THE DEPARTMENT AND, IF THE MEMBER HAS CLASS G,
18 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS
19 N SERVICE, ANY DATA REQUIRED FROM THE COUNTY RETIREMENT
20 SYSTEM OR PENSION PLAN TO WHICH THE MEMBER WAS A CONTRIBUTOR
21 BEFORE BEING TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL
22 NOT BE REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS
23 AFTER THE FILING OF THE APPLICATION AND THE RECEIPT OF THE
24 DATA OR THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS
25 LATER.

26 (2) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION
27 5705(A) (4) (III) OR (A.1) BY A MEMBER TERMINATING SERVICE
28 WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON
29 RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT
30 AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J,

1 CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA
2 REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO
3 WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED
4 TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY
5 THE FIRST INSTALLMENT PRIOR TO 21 DAYS AFTER THE LATER OF THE
6 FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR THE
7 DATE OF TERMINATION OF SERVICE, BUT, UNLESS OTHERWISE
8 DIRECTED BY THE MEMBER, THE PAYMENT SHALL BE MADE NO LATER
9 THAN 45 DAYS AFTER THE FILING OF THE APPLICATION AND THE
10 RECEIPT OF THE DATA OR THE DATE OF TERMINATION OF SERVICE,
11 WHICHEVER IS LATER.

12 (3) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION
13 5705(A)(4)(III) OR (A.1) BY A MEMBER WHO IS NOT TERMINATING
14 SERVICE WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR
15 AND UPON RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE
16 DEPARTMENT AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I,
17 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY
18 DATA REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION
19 PLAN TO WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING
20 TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE
21 REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER
22 THE FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR
23 THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS LATER.

24 * * *

25 (D) STATUTORY INTEREST.--ANY LUMP SUM, INCLUDING A LUMP SUM
26 PAYABLE PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF
27 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [AND] CLASS A-4
28 AND CLASS A-5 SERVICE), OR INSTALLMENT PAYABLE SHALL INCLUDE
29 STATUTORY INTEREST CREDITED TO THE DATE OF PAYMENT, EXCEPT IN
30 THE CASE OF A MEMBER, OTHER THAN A VESTEE OR SPECIAL VESTEE, WHO

1 HAS NOT FILED HIS APPLICATION PRIOR TO 90 DAYS FOLLOWING HIS
2 TERMINATION OF SERVICE.

3 SECTION 321. SECTIONS 5906(A), (B), (D), (E), (I) AND (L)
4 AND 5907(A), (E), (F) AND (H) OF TITLE 71 ARE AMENDED AND THE
5 SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ:

6 § 5906. DUTIES OF HEADS OF DEPARTMENTS.

7 (A) STATUS OF MEMBERS AND PARTICIPANTS.--THE HEAD OF
8 DEPARTMENT SHALL, AT THE END OF EACH PAY PERIOD, NOTIFY THE
9 BOARD IN A MANNER PRESCRIBED BY THE BOARD OF SALARY CHANGES
10 EFFECTIVE DURING THAT PERIOD FOR ANY MEMBERS AND PARTICIPANTS OF
11 THE DEPARTMENT, THE DATE OF ALL REMOVALS FROM THE PAYROLL, AND
12 THE TYPE OF LEAVE OF ANY MEMBERS AND PARTICIPANTS OF THE
13 DEPARTMENT WHO HAVE BEEN REMOVED FROM THE PAYROLL FOR ANY TIME
14 DURING THAT PERIOD, AND:

15 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, HE SHALL
16 FURNISH THE BOARD WITH THE DATE OF BEGINNING LEAVE AND THE
17 DATE OF RETURN TO SERVICE, AND THE REASON FOR LEAVE; OR

18 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER
19 DEPARTMENT, HE SHALL FURNISH SUCH DEPARTMENT AND THE BOARD
20 WITH A COMPLETE STATE SERVICE RECORD, INCLUDING PAST STATE
21 SERVICE IN OTHER DEPARTMENTS OR AGENCIES, OR CREDITABLE
22 NONSTATE SERVICE; OR

23 (3) IF THE REMOVAL IS DUE TO TERMINATION OF STATE
24 SERVICE, HE SHALL FURNISH THE BOARD WITH A COMPLETE STATE
25 SERVICE RECORD, INCLUDING SERVICE IN OTHER DEPARTMENTS OR
26 AGENCIES, OR CREDITABLE NONSTATE SERVICE AND;

27 (I) IN THE CASE OF DEATH OF THE MEMBER OR
28 PARTICIPANT, THE HEAD OF THE DEPARTMENT SHALL SO NOTIFY
29 THE BOARD;

30 (II) IN THE CASE OF A SERVICE CONNECTED DISABILITY

1 OF A MEMBER, THE HEAD OF DEPARTMENT SHALL, TO THE BEST OF
2 HIS ABILITY, INVESTIGATE THE CIRCUMSTANCES SURROUNDING
3 THE DISABLEMENT OF THE MEMBER AND SUBMIT IN WRITING TO
4 THE BOARD INFORMATION WHICH SHALL INCLUDE BUT NOT
5 NECESSARILY BE LIMITED TO THE FOLLOWING: DATE, PLACE AND
6 TIME OF DISABLEMENT TO THE EXTENT ASCERTAINABLE; NATURE
7 OF DUTIES BEING PERFORMED AT SUCH TIME; AND WHETHER OR
8 NOT THE DUTIES BEING PERFORMED WERE AUTHORIZED AND
9 INCLUDED AMONG THE MEMBER'S REGULAR DUTIES. IN ADDITION,
10 THE HEAD OF DEPARTMENT SHALL FURNISH IN WRITING TO THE
11 BOARD ALL SUCH OTHER INFORMATION AS MAY BE RELATED TO THE
12 MEMBER'S DISABLEMENT;

13 (III) IN THE CASE OF A MEMBER TERMINATING FROM THE
14 PENNSYLVANIA STATE UNIVERSITY WHO IS A MEMBER OF THE
15 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY
16 POINTS AND WHO HAS TERMINATED STATE SERVICE ON JUNE 30,
17 1997, BECAUSE OF THE TRANSFER OF HIS JOB POSITION OR
18 DUTIES TO A CONTROLLED ORGANIZATION OF THE PENN STATE
19 GEISINGER HEALTH SYSTEM OR BECAUSE OF THE ELIMINATION OF
20 HIS JOB POSITION OR DUTIES DUE TO THE TRANSFER OF OTHER
21 JOB POSITIONS OR DUTIES TO A CONTROLLED ORGANIZATION OF
22 THE PENN STATE GEISINGER HEALTH SYSTEM, THE HEAD OF THE
23 DEPARTMENT SHALL SO CERTIFY TO THE BOARD.

24 (B) RECORDS AND INFORMATION.--AT ANY TIME AT THE REQUEST OF
25 THE BOARD AND AT TERMINATION OF SERVICE OF A MEMBER OR
26 PARTICIPANT, THE HEAD OF DEPARTMENT SHALL FURNISH SERVICE AND
27 COMPENSATION RECORDS AND SUCH OTHER INFORMATION AS THE BOARD MAY
28 REQUIRE AND SHALL MAINTAIN AND PRESERVE SUCH RECORDS AS THE
29 BOARD MAY DIRECT FOR THE EXPEDITIOUS DISCHARGE OF ITS DUTIES.

30 * * *

1 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE
2 HEAD OF DEPARTMENT SHALL:

3 (1) CAUSE TO BE MADE:

4 (I) THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS
5 ON BEHALF OF A PARTICIPANT;

6 (II) THE DEDUCTION OF ANY VOLUNTARY CONTRIBUTIONS
7 AUTHORIZED BY A PARTICIPANT; AND

8 (III) THE EMPLOYER DEFINED CONTRIBUTIONS ON BEHALF
9 OF A PARTICIPANT.

10 (2) NOTIFY THE BOARD AT TIMES AND IN A MANNER PRESCRIBED
11 BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT TO WHOM
12 THE LIMITATION UNDER IRC § 401(A) (17) EITHER APPLIES OR IS
13 EXPECTED TO APPLY AND CAUSE THE PARTICIPANT'S CONTRIBUTIONS
14 TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER
15 IRC § 401(A) (17) ON THE PAYROLL DATE IF AND WHEN SUCH LIMIT
16 SHALL BE REACHED.

17 (3) CERTIFY TO THE STATE TREASURER THE AMOUNTS PICKED UP
18 AND DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING
19 MADE AND SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND
20 CONTRIBUTED TOGETHER WITH A DUPLICATE OF THE VOUCHER TO THE
21 SECRETARY OF THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE
22 AS ESTABLISHED BY THE BOARD.

23 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR
24 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW STATE
25 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,
26 THE HEAD OF DEPARTMENT SHALL CAUSE AN APPLICATION FOR MEMBERSHIP
27 OR PARTICIPATION AND A NOMINATION OF BENEFICIARY TO BE MADE BY
28 SUCH EMPLOYEE AND FILED WITH THE BOARD AND SHALL MAKE PICKUP
29 CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FROM
30 THE EFFECTIVE DATE OF STATE EMPLOYMENT.

1 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR
2 PARTICIPATION.--THE HEAD OF DEPARTMENT SHALL, UPON THE
3 EMPLOYMENT OR ENTERING INTO OFFICE OF ANY STATE EMPLOYEE WHOSE
4 MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE PLAN IS NOT
5 MANDATORY, INFORM SUCH EMPLOYEE OF HIS OPPORTUNITY TO BECOME A
6 MEMBER OF THE SYSTEM OR A PARTICIPANT IN THE PLAN. IF SUCH
7 EMPLOYEE SO ELECTS, THE HEAD OF DEPARTMENT SHALL CAUSE AN
8 APPLICATION FOR MEMBERSHIP OR PARTICIPATION AND A NOMINATION OF
9 BENEFICIARY TO BE MADE BY HIM AND FILED WITH THE BOARD AND SHALL
10 CAUSE PROPER CONTRIBUTIONS TO BE MADE FROM THE EFFECTIVE DATE OF
11 MEMBERSHIP OR PARTICIPATION.

12 * * *

13 (I) ANNUAL STATEMENT TO MEMBERS.--ANNUALLY, UPON RECEIPT
14 FROM THE BOARD, THE HEAD OF DEPARTMENT SHALL FURNISH TO EACH
15 MEMBER THE STATEMENT SPECIFIED IN SECTION 5903(B) (RELATING TO
16 DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF DEPARTMENTS
17 [AND], MEMBERS AND PARTICIPANTS).

18 * * *

19 (L) STATE EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED
20 LEAVE OF ABSENCE.--THE HEAD OF DEPARTMENT SHALL REPORT TO THE
21 BOARD ANY STATE EMPLOYEE WHO CEASES TO BE AN ACTIVE MEMBER OR
22 ACTIVE PARTICIPANT TO PERFORM USERRA SERVICE, OR WHO IS GRANTED
23 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES
24 OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE
25 OF ABSENCE UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING
26 MILITARY LEAVES OF ABSENCE), THE DATE ON WHICH THE USERRA
27 SERVICE, LEAVE OF ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN,
28 THE DATE ON WHICH THE STATE EMPLOYEE IS REEMPLOYED FROM USERRA
29 LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR MILITARY LEAVE OF
30 ABSENCE, IF THE EVENT OCCURS, AND ANY OTHER INFORMATION THE

1 BOARD MAY REQUIRE OR DIRECT.

2 * * *

3 (N) EMPLOYEES RECEIVING PAYMENTS FOR OVERTIME SERVICE OR
4 DUTIES.--THE HEAD OF DEPARTMENT SHALL REPORT TO THE BOARD IN A
5 FORM AND MANNER ESTABLISHED BY THE BOARD ANY PAYMENTS MADE TO A
6 MEMBER FOR OVERTIME SERVICE OR DUTIES FOR POST-DECEMBER 2016
7 SERVICE.

8 § 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND
9 PARTICIPANTS.

10 (A) INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF
11 DUTIES EACH NEW STATE EMPLOYEE SHALL FURNISH THE HEAD OF
12 DEPARTMENT WITH A COMPLETE RECORD OF HIS PREVIOUS STATE SERVICE,
13 HIS SCHOOL SERVICE OR CREDITABLE NONSTATE SERVICE, AND PROOF OF
14 HIS DATE OF BIRTH AND CURRENT STATUS IN THE SYSTEM AND THE PLAN
15 AND IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE
16 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. WILLFUL FAILURE TO
17 PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE
18 EXTENT AVAILABLE UPON ENTRANCE INTO THE SYSTEM SHALL RESULT IN
19 THE FORFEITURE OF THE RIGHT OF THE MEMBER TO SUBSEQUENTLY ASSERT
20 ANY RIGHT TO BENEFITS BASED ON ANY OF THE REQUIRED INFORMATION
21 WHICH HE FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS
22 THAT A MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE
23 INFORMATION, THE TOTAL AMOUNT RECEIVED PREDICATED ON SUCH FALSE
24 INFORMATION TOGETHER WITH STATUTORY INTEREST DOUBLED AND
25 COMPOUNDED SHALL BE DEDUCTED FROM THE PRESENT VALUE OF ANY
26 REMAINING BENEFITS TO WHICH THE MEMBER IS LEGALLY ENTITLED.

27 * * *

28 (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JANUARY 1,
29 2018, 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 * * *

7 (D.2) CONTRIBUTIONS FOR USERRA LEAVE.--ANY ACTIVE
8 PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OR
9 FORMER PARTICIPANT WHO WAS REEMPLOYED FROM USERRA LEAVE WHO
10 DESIRES TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND
11 VOLUNTARY CONTRIBUTIONS FOR HIS USERRA LEAVE SHALL NOTIFY THE
12 BOARD WITHIN THE TIME PERIOD REQUIRED UNDER 38 U.S.C. CH. 43
13 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF
14 THE UNIFORMED SERVICES) AND IRC § 414(U) OF HIS DESIRE TO MAKE
15 SUCH CONTRIBUTIONS. UPON MAKING THE PERMITTED MANDATORY PICKUP
16 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED TIME PERIOD, THE
17 HEAD OF DEPARTMENT SHALL MAKE THE CORRESPONDING EMPLOYER DEFINED
18 CONTRIBUTIONS AT THE SAME TIME.

19 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY
20 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE
21 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE
22 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND
23 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY
24 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND
25 OTHER APPLICABLE LAW.

26 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY
27 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED
28 WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) (RELATING
29 TO DUTIES OF HEADS OF DEPARTMENTS) TO RECEIVE THE DEATH BENEFIT
30 PAYABLE UNDER SECTION 5707 (RELATING TO DEATH BENEFITS) OR THE

1 BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1 OF SECTION
2 5705(A) (1) (RELATING TO MEMBER'S OPTIONS). SUCH NOMINATION MAY
3 BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN DESIGNATION
4 FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A CONTINGENT
5 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT
6 PROVIDED UNDER SECTION 5707 OR THE BENEFIT PAYABLE UNDER THE
7 PROVISIONS OF OPTION 1 OF SECTION 5705(A) (1).

8 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM THE PLAN.--EVERY
9 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION
10 FILED WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) TO
11 RECEIVE THE DEATH BENEFIT PAYABLE UNDER SECTION 5808 (RELATING
12 TO DEATH BENEFITS). A PARTICIPANT MAY ALSO NOMINATE A CONTINGENT
13 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT
14 PROVIDED UNDER SECTION 5808. SUCH NOMINATIONS MAY BE CHANGED AT
15 ANY TIME BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH
16 THE BOARD.

17 (E.2) BENEFICIARIES FOR EMPLOYEES WHO ARE MEMBERS AND
18 PARTICIPANTS.--A STATE EMPLOYEE WHO IS BOTH A MEMBER OF THE
19 SYSTEM AND A PARTICIPANT IN THE PLAN MAY DESIGNATE OR NOMINATE
20 DIFFERENT PERSONS TO BE BENEFICIARIES, SURVIVOR ANNUITANTS AND
21 SUCCESSOR PAYEES FOR HIS BENEFITS FROM THE SYSTEM AND THE PLAN.

22 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO
23 TERMINATES STATE SERVICE AND WHO IS NOT THEN A DISABILITY
24 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF
25 SERVICE THE APPROPRIATE APPLICATION, DULY ATTESTED BY THE MEMBER
26 OR HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO:

- 27 (1) WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS; OR
28 (2) IF ELIGIBLE, VEST HIS RETIREMENT RIGHTS; AND IF HE
29 IS A JOINT COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A
30 FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE

1 DATE OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED; OR

2 (3) IF ELIGIBLE, RECEIVE AN IMMEDIATE ANNUITY AND MAY,

3 (I) IF ELIGIBLE, ELECT TO CONVERT HIS MEDICAL, MAJOR
4 MEDICAL, AND HOSPITALIZATION COVERAGE TO THE PLAN FOR
5 STATE ANNUITANTS; AND

6 (II) IF HE IS A JOINT COVERAGE MEMBER, ELECT TO
7 BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30
8 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP SUM
9 REQUIRED.

10 * * *

11 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT
12 TERMINATES STATE SERVICE AND DOES NOT COMMENCE RECEIVING A
13 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY, AND HE MAY
14 ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING
15 DATE, WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED
16 CONTRIBUTIONS STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM
17 OF DISTRIBUTION REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.

18 (H) VESTEES AND SPECIAL VESTEES ATTAINING SUPERANNUATION
19 AGE.--UPON ATTAINMENT OF SUPERANNUATION AGE A VESTEE OR SPECIAL
20 VESTEE SHALL EXECUTE AND FILE AN APPLICATION FOR AN ANNUITY. ANY
21 SUCH APPLICATION FILED WITHIN 90 DAYS AFTER ATTAINING
22 SUPERANNUATION AGE SHALL BE EFFECTIVE AS OF THE DATE OF
23 ATTAINMENT OF SUPERANNUATION AGE. ANY APPLICATION FILED AFTER
24 SUCH PERIOD SHALL BE EFFECTIVE AS OF THE DATE IT IS FILED WITH
25 THE BOARD, SUBJECT TO THE PROVISIONS OF SECTION 5905(F)
26 (RELATING TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND
27 ELECTIONS OF MEMBERS AND PARTICIPANTS). IF A VESTEE OR SPECIAL
28 VESTEE DOES NOT FILE AN APPLICATION WITHIN SEVEN YEARS AFTER
29 ATTAINING SUPERANNUATION AGE, HE SHALL BE DEEMED TO HAVE ELECTED
30 TO RECEIVE HIS TOTAL ACCUMULATED DEDUCTIONS UPON ATTAINMENT OF

1 SUPERANNUATION AGE.

2 * * *

3 SECTION 322. SECTIONS 5931(B), 5932, 5933(A), 5934, 5935,
4 5936, 5937, 5938, 5939, 5951, 5953, 5953.1, 5953.2, 5953.3 AND
5 5953.4(A) OF TITLE 71 ARE AMENDED TO READ:

6 § 5931. MANAGEMENT OF FUND AND ACCOUNTS.

7 * * *

8 (B) CREDITING OF INTEREST.--THE BOARD, ANNUALLY, SHALL ALLOW
9 THE REQUIRED INTEREST ON THE MEAN AMOUNT FOR THE PRECEDING YEAR
10 TO THE CREDIT OF EACH OF THE ACCOUNTS OTHER THAN THE INDIVIDUAL
11 INVESTMENT ACCOUNTS. THE AMOUNT SO ALLOWED SHALL BE CREDITED
12 THERETO BY THE BOARD AND TRANSFERRED FROM THE INTEREST RESERVE
13 ACCOUNT.

14 * * *

15 § 5932. STATE EMPLOYEES' RETIREMENT FUND.

16 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL BALANCES IN
17 THE SEVERAL SEPARATE ACCOUNTS SET APART TO BE USED UNDER THE
18 DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS OF THE SYSTEM;
19 AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE FUND ALL MONEYS
20 RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING FROM THE
21 CONTRIBUTIONS RELATING TO OR ON BEHALF OF MEMBERS OF THE SYSTEM
22 REQUIRED UNDER THE PROVISIONS OF CHAPTER 55 (RELATING TO
23 CONTRIBUTIONS), AND ANY INCOME EARNED BY THE INVESTMENTS OR
24 MONEYS OF SAID FUND. THERE SHALL BE ESTABLISHED AND MAINTAINED
25 BY THE BOARD THE SEVERAL LEDGER ACCOUNTS SPECIFIED IN SECTIONS
26 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO
27 STATE ACCUMULATION ACCOUNT), 5935 (RELATING TO ANNUITY RESERVE
28 ACCOUNT), 5936 (RELATING TO STATE POLICE BENEFIT ACCOUNT), 5937
29 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT ACCOUNT), 5938
30 (RELATING TO SUPPLEMENTAL ANNUITY ACCOUNT) AND 5939 (RELATING TO

1 INTEREST RESERVE ACCOUNT) .

2 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE
3 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL
4 NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT
5 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED
6 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE
7 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED
8 TO THE FUND BUT SHALL BE PAID TO THE TRUST AND CREDITED TO THE
9 INDIVIDUAL INVESTMENT ACCOUNTS.

10 § 5933. MEMBERS' SAVINGS ACCOUNT.

11 (A) CREDITS TO ACCOUNT.--THE MEMBERS' SAVINGS ACCOUNT SHALL
12 BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF
13 THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER
14 EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE
15 MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501
16 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE),
17 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS
18 A-3 AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO
19 REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO SOCIAL SECURITY
20 INTEGRATION MEMBER CONTRIBUTIONS), 5503 (RELATING TO JOINT
21 COVERAGE MEMBER CONTRIBUTIONS), 5504 (RELATING TO MEMBER
22 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE
23 SERVICE OR TO BECOME A FULL COVERAGE MEMBER), 5505.1 (RELATING
24 TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5505 (RELATING TO
25 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE
26 SERVICE) AND TRANSFERRED FROM THE MEMBERS' SAVINGS ACCOUNT OF
27 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE
28 WITH THE PROVISIONS OF SECTION 5303.2 (RELATING TO ELECTION TO
29 CONVERT SCHOOL SERVICE TO STATE SERVICE) .

30 * * *

1 § 5934. STATE ACCUMULATION ACCOUNT.

2 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
3 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH OR
4 OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM AND
5 MADE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5507(A) OR (D)
6 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND
7 OTHER EMPLOYERS) EXCEPT THAT THE AMOUNTS RECEIVED UNDER THE
8 PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), AND THE
9 AMOUNTS RECEIVED UNDER THE PROVISIONS OF THE LIQUOR CODE, ACT OF
10 APRIL 12, 1951 (P.L.90, NO.21), SHALL BE CREDITED TO THE STATE
11 POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT
12 ACCOUNT AS THE CASE MAY BE. ALL AMOUNTS TRANSFERRED TO THE FUND
13 BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS IN ACCORDANCE WITH
14 THE PROVISIONS OF SECTION 5507(C) ALSO SHALL BE CREDITED TO THE
15 STATE ACCUMULATION ACCOUNT. ALL AMOUNTS TRANSFERRED TO THE FUND
16 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE
17 WITH SECTION 5303.2(E) (RELATING TO ELECTION TO CONVERT SCHOOL
18 SERVICE TO STATE SERVICE), EXCEPT AMOUNTS CREDITED TO THE
19 MEMBERS' SAVINGS ACCOUNT, AND ALL AMOUNTS PAID BY THE DEPARTMENT
20 OF CORRECTIONS IN ACCORDANCE WITH SECTION 5303.2(F) ALSO SHALL
21 BE CREDITED TO THE STATE ACCUMULATION ACCOUNT. THE STATE
22 ACCUMULATION ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST.
23 THE RESERVES NECESSARY FOR THE PAYMENT OF ANNUITIES AND DEATH
24 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM AS APPROVED BY
25 THE BOARD AND AS PROVIDED IN CHAPTER 57 (RELATING TO BENEFITS)
26 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE
27 ANNUITY RESERVE ACCOUNT PROVIDED FOR IN SECTION 5935 (RELATING
28 TO ANNUITY RESERVE ACCOUNT), EXCEPT THAT THE RESERVES NECESSARY
29 ON ACCOUNT OF A MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA
30 STATE POLICE OR AN ENFORCEMENT OFFICER SHALL BE TRANSFERRED FROM

1 THE STATE ACCUMULATION ACCOUNT TO THE STATE POLICE BENEFIT
2 ACCOUNT PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE
3 BENEFIT ACCOUNT) OR TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT
4 AS PROVIDED FOR IN SECTION 5937 (RELATING TO ENFORCEMENT
5 OFFICERS' BENEFIT ACCOUNT) AS THE CASE MAY BE. THE RESERVES
6 NECESSARY FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES IN EXCESS OF
7 THOSE RESERVES CREDITED TO THE SUPPLEMENTAL ANNUITY ACCOUNT ON
8 JUNE 30, 2010, SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION
9 ACCOUNT TO THE SUPPLEMENTAL ANNUITY ACCOUNT. IN THE EVENT THAT
10 SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED
11 AFTER DECEMBER 31, 2009, THE NECESSARY RESERVES SHALL BE
12 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE
13 SUPPLEMENTAL ANNUITY ACCOUNT.

14 § 5935. ANNUITY RESERVE ACCOUNT.

15 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE
16 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED
17 THE RESERVES HELD FOR PAYMENT OF ANNUITIES AND DEATH BENEFITS ON
18 ACCOUNT OF ALL ANNUITANTS EXCEPT IN THE CASE OF MEMBERS WHO ARE
19 OFFICERS OF THE PENNSYLVANIA STATE POLICE OR ENFORCEMENT
20 OFFICERS. THE ANNUITY RESERVE ACCOUNT SHALL BE CREDITED WITH
21 VALUATION INTEREST. AFTER THE TRANSFERS PROVIDED IN SECTIONS
22 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO
23 STATE ACCUMULATION ACCOUNT) AND 5938 (RELATING TO SUPPLEMENTAL
24 ANNUITY ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS
25 RESULTING FROM MEMBERSHIP IN THE SYSTEM EXCEPT THOSE PAYABLE TO
26 ANY MEMBER WHO RETIRES AS AN OFFICER OF THE PENNSYLVANIA STATE
27 POLICE OR AN ENFORCEMENT OFFICER SHALL BE CHARGED TO THE ANNUITY
28 RESERVE ACCOUNT AND PAID FROM THE FUND.

29 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT OTHER THAN
30 A MEMBER WHO WAS RETIRED AS AN OFFICER OF THE PENNSYLVANIA STATE

1 POLICE OR AN ENFORCEMENT OFFICER BE SUBSEQUENTLY RESTORED TO
2 ACTIVE SERVICE AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN
3 THE PLAN, THE PRESENT VALUE OF HIS MEMBER'S ANNUITY AT THE TIME
4 OF REENTRY INTO STATE SERVICE SHALL BE TRANSFERRED FROM THE
5 ANNUITY RESERVE ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN
6 THE MEMBERS' SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE
7 FOR HIS ANNUITY LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'
8 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE
9 ACCOUNT TO THE STATE ACCUMULATION ACCOUNT.

10 § 5936. STATE POLICE BENEFIT ACCOUNT.

11 (A) CREDITS AND CHARGES TO ACCOUNT.--THE STATE POLICE
12 BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE
13 CREDITED ALL CONTRIBUTIONS RECEIVED UNDER THE PROVISIONS OF THE
14 ACT OF MAY 12, 1943 (P.L.259, NO.120), REFERRED TO AS THE
15 FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW, AND ANY
16 ADDITIONAL COMMONWEALTH OR OTHER EMPLOYER CONTRIBUTIONS PROVIDED
17 FOR IN SECTION 5507 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY
18 THE COMMONWEALTH AND OTHER EMPLOYERS) WHICH ARE CREDITABLE TO
19 THE STATE POLICE BENEFIT ACCOUNT. THE STATE POLICE BENEFIT
20 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN
21 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A
22 MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA STATE POLICE, THE
23 TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE
24 MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE NECESSARY
25 RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE
26 TRANSFERRED TO THE STATE POLICE BENEFIT ACCOUNT. THEREAFTER, THE
27 TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED TO THE STATE
28 POLICE BENEFIT ACCOUNT AND PAID FROM THE FUND.

29 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE
30 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE

1 SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE
2 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL
3 BE TRANSFERRED FROM THE STATE POLICE BENEFIT ACCOUNT AND PLACED
4 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN
5 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY CALCULATED AS IF
6 HE HAD BEEN A MEMBER OF CLASS A IF HE HAS CLASS A OR CLASS C
7 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF THE
8 ANNUITANT HAS CLASS A-3 STATE SERVICE CREDITED; [OR] AS IF HE
9 HAD BEEN A MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4
10 SERVICE CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A-5 IF
11 THE ANNUITANT HAS CLASS A-5 SERVICE CREDITED, LESS THE AMOUNT
12 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED
13 FROM THE STATE POLICE BENEFIT ACCOUNT TO THE STATE ACCUMULATION
14 ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS AN OFFICER OF
15 THE PENNSYLVANIA STATE POLICE THE ACTUARIAL RESERVE REMAINING IN
16 THE STATE POLICE BENEFIT ACCOUNT SHALL BE TRANSFERRED TO THE
17 APPROPRIATE RESERVE ACCOUNT.

18 § 5937. ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.

19 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ENFORCEMENT
20 OFFICERS' BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH
21 SHALL BE CREDITED MONEYS TRANSFERRED FROM THE ENFORCEMENT
22 OFFICERS' RETIREMENT ACCOUNT IN THE STATE STORES FUND ACCORDING
23 TO THE PROVISIONS OF THE ACT OF APRIL 12, 1951 (P.L.90, NO.21),
24 KNOWN AS THE LIQUOR CODE, AND ANY ADDITIONAL COMMONWEALTH OR
25 OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN SECTION 5507
26 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND
27 OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE ENFORCEMENT
28 OFFICERS' BENEFIT ACCOUNT. THE ENFORCEMENT OFFICERS' BENEFIT
29 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN
30 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A

1 MEMBER WHO IS AN ENFORCEMENT OFFICER OF THE PENNSYLVANIA LIQUOR
2 CONTROL BOARD, THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE
3 CREDIT OF THE MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE
4 NECESSARY RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE
5 TRANSFERRED TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.
6 THEREAFTER, THE TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED
7 TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT AND PAID FROM THE
8 FUND.

9 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE
10 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE, THE PRESENT VALUE OF
11 THE MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE
12 SHALL BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS' BENEFIT
13 ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS'
14 SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE FOR HIS
15 ANNUITY CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE
16 ANNUITANT DOES NOT HAVE ANY CLASS AA, CLASS A-3 [OR], CLASS A-4
17 OR CLASS A-5 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF
18 CLASS AA IF THE ANNUITANT DOES HAVE CLASS AA SERVICE CREDITED;
19 AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF THE ANNUITANT HAS
20 CLASS A-3 STATE SERVICE CREDITED; [OR] AS IF HE HAD BEEN A
21 MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4 SERVICE
22 CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A-5 IF THE
23 ANNUITANT HAS CLASS A-5 SERVICE CREDITED, LESS THE AMOUNT
24 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED
25 FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT TO THE STATE
26 ACCUMULATION ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS
27 AN ENFORCEMENT OFFICER THE ACTUARIAL RESERVE REMAINING IN THE
28 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT SHALL BE TRANSFERRED TO
29 THE APPROPRIATE RESERVE ACCOUNT.
30 § 5938. SUPPLEMENTAL ANNUITY ACCOUNT.

1 THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE THE LEDGER ACCOUNT
2 TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS FROM THE
3 COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE WITH SECTION
4 5507(B) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE
5 COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE
6 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO
7 SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL
8 SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL
9 SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL
10 ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO SPECIAL
11 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 (RELATING TO
12 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO
13 SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 (RELATING TO
14 SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 (RELATING TO
15 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 2002) MADE
16 BEFORE JULY 1, 2010, THE AMOUNT TRANSFERRED FROM THE STATE
17 ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES
18 NECESSARY AS OF JUNE 30, 2010, TO PAY SUCH SUPPLEMENTAL
19 ANNUITIES AND ADJUSTMENTS, AND THE AMOUNTS TRANSFERRED FROM THE
20 STATE ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES
21 NECESSARY AS A RESULT OF SUPPLEMENTAL ANNUITIES ENACTED AFTER
22 DECEMBER 31, 2009. THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE
23 CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE
24 PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM
25 THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT
26 AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE
27 ACCOUNT).

28 § 5939. INTEREST RESERVE ACCOUNT.

29 THE INTEREST RESERVE ACCOUNT SHALL BE THE LEDGER ACCOUNT TO
30 WHICH SHALL BE CREDITED ALL INCOME EARNED BY THE FUND AND TO

1 WHICH SHALL BE CHARGED ALL ADMINISTRATIVE AND INVESTMENT
2 EXPENSES INCURRED BY THE FUND. AT THE END OF EACH YEAR THE
3 REQUIRED INTEREST SHALL BE TRANSFERRED FROM THE INTEREST RESERVE
4 ACCOUNT TO THE CREDIT OF EACH OF THE ACCOUNTS OF THE FUND IN
5 ACCORDANCE WITH THE PROVISIONS OF THIS SUBCHAPTER. IN ADDITION,
6 AT THE END OF EACH ACCOUNTING PERIOD, THE INTEREST RESERVE
7 ACCOUNT SHALL BE CREDITED OR CHARGED WITH ALL RECOGNIZED CHANGES
8 IN THE MARKET VALUATION OF THE INVESTMENTS OF THE FUND. THE
9 ADMINISTRATIVE AND INVESTMENT EXPENSES OF THE BOARD RELATING TO
10 THE ADMINISTRATION OF THE SYSTEM AND INVESTMENTS OF THE FUND
11 SHALL BE PAID FROM THE FUND OUT OF EARNINGS. ANY SURPLUS OR
12 DEFICIT IN THE INTEREST RESERVE ACCOUNT AT THE END OF EACH YEAR
13 SHALL BE TRANSFERRED TO THE STATE ACCUMULATION ACCOUNT.
14 § 5951. STATE GUARANTEE REGARDING THE SYSTEM.

15 THE REQUIRED 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 OBLIGATION OF THE
24 PLAN OR TRUST.

25 § 5953. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

26 (A) GENERAL RULE.--

27 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4),
28 THE RIGHT OF A PERSON TO ANY BENEFIT OR RIGHT ACCRUED OR
29 ACCRUING UNDER THE PROVISIONS OF THIS PART AND THE MONEYS IN
30 THE FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR

1 MUNICIPAL TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT,
2 SPOUSE'S ELECTION, THE PROVISIONS OF ARTICLE XIII.1 OF THE
3 ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL
4 CODE, OR ANY OTHER PROCESS WHATSOEVER, AND NO PARTICIPANT OR
5 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE OF A
6 PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL, ASSIGN,
7 ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,
8 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR
9 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO
10 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER
11 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS PROVIDED IN
12 THIS PART, AND IN THE CASE OF EITHER A MEMBER OR A
13 PARTICIPANT EXCEPT FOR A SET-OFF BY THE COMMONWEALTH IN THE
14 CASE PROVIDED IN SUBPARAGRAPH (I), AND SHALL BE UNASSIGNABLE
15 EXCEPT:

16 (I) TO THE COMMONWEALTH IN THE CASE OF A MEMBER OR
17 PARTICIPANT WHO IS TERMINATING STATE SERVICE AND HAS BEEN
18 DETERMINED TO BE OBLIGATED TO THE COMMONWEALTH FOR THE
19 REPAYMENT OF MONEY OWED ON ACCOUNT OF HIS EMPLOYMENT OR
20 TO THE FUND ON ACCOUNT OF A LOAN FROM A CREDIT UNION TO A
21 MEMBER WHICH HAS BEEN SATISFIED BY THE BOARD FROM THE
22 FUND.

23 (II) TO A CREDIT UNION AS SECURITY FOR A LOAN TO A
24 MEMBER NOT TO EXCEED \$750 AND INTEREST NOT TO EXCEED 6%
25 PER ANNUM DISCOUNTED AND/OR FINES THEREON IF THE CREDIT
26 UNION IS NOW OR HEREAFTER ORGANIZED AND INCORPORATED
27 UNDER THE LAWS OF THIS COMMONWEALTH AND THE MEMBERSHIP OF
28 SUCH CREDIT UNION IS LIMITED SOLELY TO OFFICIALS AND
29 EMPLOYEES OF THE COMMONWEALTH AND IF SUCH CREDIT UNION
30 HAS PAID TO THE FUND \$3 FOR EACH SUCH ASSIGNMENT.

1 (2) (I) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
2 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978
3 (P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION
4 FORFEITURE ACT, AND BY OR PURSUANT TO SECTION 16(B) OF
5 ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA.
6 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
7 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE
8 BENEFITS THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER
9 THIS PART.

10 (II) IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V OF
11 THE CONSTITUTION OF PENNSYLVANIA AND NOT WITHSTANDING
12 THIS PARAGRAPH, THE ACT OF JULY 8, 1978 (P.L.752,
13 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE
14 ACT, OR 42 PA.C.S. § 3352 (RELATING TO PENSION RIGHTS),
15 THE ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS AND
16 ACCUMULATED VOLUNTARY CONTRIBUTIONS STANDING TO THE
17 CREDIT OF A PARTICIPANT SHALL NOT BE FORFEITED BUT SHALL
18 BE AVAILABLE FOR PAYMENT OF FINES AND RESTITUTION AS
19 PROVIDED BY LAW. IN ACCORDANCE WITH SECTION 16(B) OF
20 ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA, AMOUNTS IN
21 THE TRUST THAT HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN
22 ALTERNATE PAYEE AS THE RESULT OF AN EQUITABLE
23 DISTRIBUTION OF MARITAL PROPERTY AS PART OF AN APPROVED
24 DOMESTIC RELATIONS ORDER ENTERED BEFORE THE DATE OF THE
25 ORDER OR ACTION IN A COURT OR OTHER TRIBUNAL RESULTING IN
26 A FORFEITURE OF A PARTICIPANT'S INTEREST IN THE TRUST
27 SHALL NOT BE SUBJECT TO THE PROVISIONS OF THE PUBLIC
28 EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY
29 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A
30 RESULT OF THIS PARAGRAPH OR OTHER LAW SHALL BE RETAINED

1 BY THE BOARD AND NOTWITHSTANDING SECTIONS 5812(2)
2 (RELATING TO POWERS AND DUTIES OF BOARD), 5815 (RELATING
3 TO EXPENSES) AND 5902(C) (RELATING TO ADMINISTRATIVE
4 DUTIES OF THE BOARD) USED FOR THE PAYMENT OF EXPENSES OF
5 THE PLAN.

6 (3) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO
7 ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN AN
8 APPROVED DOMESTIC RELATIONS ORDER.

9 (4) EFFECTIVE WITH DISTRIBUTIONS MADE ON OR AFTER
10 JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF
11 THIS PART TO THE CONTRARY, A DISTRIBUTEE MAY ELECT, AT THE
12 TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE ANY
13 PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO
14 AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
15 PURPOSES OF THIS PARAGRAPH, A "DISTRIBUTE" INCLUDES A MEMBER
16 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A
17 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO
18 IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS
19 ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE
20 PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE
21 ELSE AUTHORIZED UNDER THE IRC AND THE PLAN TERMS APPROVED BY
22 THE BOARD TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID
23 DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT
24 ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE
25 ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC
26 § 402(F)(2)(A), AND "ELIGIBLE RETIREMENT PLAN" HAS THE
27 MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A
28 QUALIFIED TRUST SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT
29 PLAN ONLY IF IT ACCEPTS THE DISTRIBUTE'S ELIGIBLE ROLLOVER
30 DISTRIBUTION; HOWEVER, IN THE CASE OF AN ELIGIBLE ROLLOVER

1 DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE RETIREMENT
2 PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL
3 RETIREMENT ANNUITY" AS THOSE TERMS ARE DEFINED IN IRC §
4 408(A) AND (B).

5 (B) AUTHORIZED PAYMENTS FROM FUND AND TRUST.--THE BOARD
6 SHALL BE AUTHORIZED TO PAY FROM THE FUND AND THE TRUST:

7 (1) IN THE CASE OF A MEMBER OR PARTICIPANT WHO IS
8 TERMINATING SERVICE, THE AMOUNT DETERMINED AFTER
9 CERTIFICATION BY THE HEAD OF THE DEPARTMENT THAT THE MEMBER
10 OR PARTICIPANT IS SO OBLIGATED, AND AFTER REVIEW AND APPROVAL
11 BY THE DEPARTMENT OR AGENCY'S LEGAL REPRESENTATIVE OR UPON
12 RECEIPT OF AN ASSIGNMENT FROM THE MEMBER OR PARTICIPANT IN
13 THE AMOUNT SO CERTIFIED[.], EXCEPT THAT NO PAYMENT SHALL BE
14 MADE FROM THE INDIVIDUAL INVESTMENT ACCOUNT OF A PARTICIPANT
15 UNTIL THE PARTICIPANT OTHERWISE APPLIES FOR AND RECEIVES A
16 DISTRIBUTION AND SHALL NOT EXCEED THE AMOUNT OF THE
17 DISTRIBUTION.

18 (2) IN THE CASE OF A LOAN TO A MEMBER THE AMOUNT OF THE
19 LOAN AND ANY FINE OR INTEREST DUE THEREON TO THE CREDIT UNION
20 EXCEPT 5% OF THE TOTAL AMOUNT DUE WHICH IS TO BE RETAINED IN
21 THE FUND AS A COLLECTION FEE:

22 (I) IF THE MEMBER OBTAINING THE LOAN SHALL HAVE BEEN
23 IN DEFAULT IN REQUIRED PAYMENTS FOR A PERIOD OF NOT LESS
24 THAN TWO YEARS; OR

25 (II) AT SUCH TIME AS THE DEPARTMENT OF BANKING SHALL
26 REQUIRE THE CREDIT UNION TO CHARGE THE AMOUNT OF THE LOAN
27 AGAINST THE RESERVE FUND OF SUCH CREDIT UNION.

28 ANY MEMBER WHO SHALL HAVE PLEDGED SUCH RIGHTS AS SECURITY FOR
29 A LOAN FROM A CREDIT UNION AND, ON WHOSE BEHALF THE BOARD SHALL
30 HAVE MADE ANY PAYMENT BY REASON OF THAT MEMBER'S DEFAULT, MAY

1 NOT THEREAFTER PLEDGE OR ASSIGN SUCH RIGHTS TO A CREDIT UNION.

2 (3) IN THE CASE OF A PARTICIPANT WHOSE FORMER SPOUSE IS
3 AN ALTERNATE PAYEE OF AN EQUITABLE DISTRIBUTION OF MARITAL
4 ASSETS UNDER AN APPROVED DOMESTIC RELATIONS ORDER, A LUMP SUM
5 OF THE ALTERNATE PAYEE'S INTEREST IN THE PARTICIPANT'S
6 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS. THIS PARAGRAPH SHALL
7 APPLY WITHOUT REGARD TO WHETHER THE PARTICIPANT HAS NOT
8 TERMINATED, IS TERMINATING OR HAS TERMINATED STATE SERVICE.

9 § 5953.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

10 (A) CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS
11 ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS
12 AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
13 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER
14 MEETS ALL OF THE FOLLOWING:

15 (1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF
16 BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED
17 UNDER THIS PART.

18 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE
19 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE
20 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS
21 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE
22 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON
23 OTHER THAN ACTUARIAL VALUE.

24 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S
25 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE
26 PAYEE OR THE MANNER IN WHICH SUCH AMOUNT OR PERCENTAGE IS TO
27 BE DETERMINED.

28 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY
29 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY
30 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON

1 RETIREMENT.

2 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
3 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING
4 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND
5 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE
6 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

7 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,
8 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

9 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION
10 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S
11 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
12 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER
13 MAINTAINED BY THE SYSTEM. AN AUTHORIZATION GRANTED UNDER THIS
14 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
15 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
16 ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE
17 PAYEE'S SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART
18 AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED
19 TO MEMBERS OR OBTAIN INFORMATION WHICH IS NOT RELATED TO THE
20 ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S
21 SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART.

22 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC
23 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED
24 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE
25 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THE ORDER MEETS
26 ALL OF THE FOLLOWING:

27 (1) DOES NOT REQUIRE THE PLAN TO PROVIDE A TYPE OR FORM
28 OF BENEFIT OR AN OPTION APPLICABLE TO MEMBERS OF THE SYSTEM
29 OR PARTICIPANTS IN THE PLAN.

30 (2) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE

1 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT
2 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL
3 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

4 (3) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE
5 ANY FUNDS THAT WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE
6 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC
7 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS
8 DESIGNATED REPRESENTATIVE.

9 (4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO
10 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE
11 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE
12 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE
13 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF
14 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE
15 PAYEE.

16 (5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP
17 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S
18 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF
19 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION
20 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

21 (6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE
22 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE
23 ALTERNATE PAYEE AND THE DATE UPON WHICH THE VALUATION IS
24 BASED.

25 (7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,
26 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN
27 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER
28 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE
29 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE
30 PLAN.

1 (8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,
2 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.

3 (9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION
4 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S
5 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER
6 THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT
7 MAINTAINED BY THE PLAN. AN AUTHORIZATION GRANTED UNDER THIS
8 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE
9 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE
10 PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION
11 AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE
12 PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE
13 THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION
14 THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND
15 PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S
16 INDIVIDUAL INVESTMENT ACCOUNT.

17 (10) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE
18 ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL
19 INVESTMENT ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT,
20 ELIGIBLE ROLLOVER OR TRUSTEE-TO-TRUSTEE TRANSFER TO ANOTHER
21 ELIGIBLE PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE
22 PAYEE.

23 (11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY
24 RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE
25 DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE
26 BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE
27 BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE
28 AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT
29 AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT
30 DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH

1 OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S
2 INDIVIDUAL INVESTMENT ACCOUNT.

3 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD
4 AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE SECRETARY OF
5 THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE
6 WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS ORDER AND
7 NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE PAYEE OF
8 THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
9 THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE
10 PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE BOARD, OR
11 HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO AN
12 ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 SUBCH. A
13 (RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO
14 THE COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO
15 JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT
16 APPEALS FROM GOVERNMENT AGENCIES).

17 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED
18 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO
19 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS
20 THE TERM IS DEFINED AT 23 PA.C.S. § 4302 (RELATING TO
21 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS
22 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF
23 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT
24 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS
25 AS ESTABLISHED BY THE LAWS OF THE UNITED STATES AND THIS
26 COMMONWEALTH[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER
27 THAT WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER
28 STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS
29 FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST A PARTICIPANT
30 WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE

1 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING
2 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD REQUIRE
3 A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS IN
4 THE FORM OF AN ANNUITY OR TO REQUIRE THE PURCHASE OF AN ANNUITY.

5 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS
6 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO
7 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS
8 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS
9 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE
10 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN
11 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE
12 OBLIGATIONS OF THE SYSTEM OR THE PLAN WITH RESPECT TO SUCH
13 APPROVAL OR DISAPPROVAL SHALL BE DISCHARGED.

14 § 5953.2. IRREVOCABLE BENEFICIARY.

15 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC
16 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A
17 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN
18 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES
19 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A
20 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT
21 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT
22 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC
23 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC
24 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED
25 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH
26 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED
27 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT
28 WITHOUT APPROVAL BY THE COURT.

29 § 5953.3. IRREVOCABLE SURVIVOR ANNUITANT.

30 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC

1 RELATIONS ORDER PERTAINING TO A MEMBER MAY PROVIDE FOR AN
2 IRREVOCABLE SURVIVOR ANNUITANT. A DOMESTIC RELATIONS ORDER
3 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT
4 SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN
5 ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE
6 REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF
7 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.
8 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED
9 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS
10 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE
11 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY
12 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO
13 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AS
14 AN IRREVOCABLE SURVIVOR ANNUITANT.

15 § 5953.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

16 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE
17 ALTERNATE PAYEE PREDECEASES THE MEMBER OR THE PARTICIPANT AND
18 THERE ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE
19 COURT MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO
20 SUBSTITUTE A PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE
21 ANY BENEFITS PAYABLE TO THE DECEASED ALTERNATE PAYEE.

22 * * *

23 SECTION 323. TITLE 71 IS AMENDED BY ADDING A SECTION TO
24 READ:

25 § 5953.6. IRREVOCABLE SUCCESSOR PAYEE.

26 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISION OF THIS
27 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY
28 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE IF THE PARTICIPANT IS
29 RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION PROVIDED BY THE
30 BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.

1 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE
2 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE IS AN ORDER WHICH:

3 (1) REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS
4 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN
5 ALTERNATE PAYEE AS A SUCCESSOR PAYEE; AND

6 (2) EXCEPT BY OPERATION OF LAW, PROHIBITS THE REMOVAL OR
7 CHANGE OF THE SUCCESSOR PAYEE WITHOUT APPROVAL OF A COURT OF
8 COMPETENT JURISDICTION.

9 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER
10 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC
11 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS DESIGNATED
12 REPRESENTATIVE. IF A DOMESTIC RELATIONS ORDER IS CERTIFIED UNDER
13 THIS SUBSECTION, THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE
14 COURT SHALL NOT BE CHANGED BY THE PARTICIPANT WITHOUT APPROVAL
15 BY THE COURT.

16 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS
17 A SUCCESSOR PAYEE SHALL NOT BE DESIGNATED AS AN IRREVOCABLE
18 SUCCESSOR PAYEE. A COURT SHALL NOT NAME AN IRREVOCABLE SUCCESSOR
19 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM
20 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL
21 PORTION OF THE PENSION BENEFIT.

22 SECTION 324. SECTIONS 5954, 5955 AND 5957 OF TITLE 71 ARE
23 AMENDED TO READ:

24 § 5954. FRAUD AND ADJUSTMENT OF ERRORS.

25 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE
26 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED
27 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO
28 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE
29 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

30 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN

1 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY [OR],
2 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM
3 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE
4 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL
5 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF
6 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR
7 AFFECTED CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO
8 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE
9 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL
10 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED
11 SHALL BE PAID. IF THE ERROR AFFECTED CONTRIBUTIONS TO OR
12 PAYMENTS FROM THE PLAN, THE BOARD SHALL TAKE ACTION AS PROVIDED
13 FOR IN THE PLAN DOCUMENT.

14 § 5955. CONSTRUCTION OF PART.

15 (A) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF
16 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF STATE
17 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY
18 AMENDMENT THERETO[,] OR THE PLAN DOCUMENT ESTABLISHED BY THE
19 BOARD; AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY
20 ARBITRATION AWARD BETWEEN THE COMMONWEALTH AND [ITS] OTHER
21 EMPLOYERS AND THE COMMONWEALTH'S AND OTHER EMPLOYER'S EMPLOYEES
22 OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL BE
23 CONSTRUED TO CHANGE ANY OF THE PROVISIONS HEREIN, TO REQUIRE THE
24 BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH
25 IN THIS PART OR NOT ESTABLISHED BY THE BOARD IN THE PLAN
26 DOCUMENT, TO REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF
27 THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT, OR TO OTHERWISE
28 REQUIRE ACTION BY ANY OTHER GOVERNMENT BODY PERTAINING TO
29 PENSION OR RETIREMENT BENEFITS OR RIGHTS OF STATE EMPLOYEES.
30 NOTWITHSTANDING THE FOREGOING, ANY PENSION OR RETIREMENT

1 BENEFITS OR RIGHTS PREVIOUSLY SO ESTABLISHED BY OR AS A RESULT
2 OF AN ARBITRATION AWARD SHALL REMAIN IN EFFECT AFTER THE
3 EXPIRATION OF THE CURRENT COLLECTIVE BARGAINING AGREEMENT
4 BETWEEN THE STATE EMPLOYEES SO AFFECTED AND THE COMMONWEALTH
5 UNTIL THE EXPIRATION OF EACH OF THE COLLECTIVE BARGAINING
6 AGREEMENTS IN EFFECT ON JANUARY 1, 2011, AT WHICH TIME THE
7 CLASSES OF MEMBERSHIP AND RESULTING MEMBER CONTRIBUTION RATES
8 AND CONTRIBUTIONS FOR CREDITABLE NONSTATE SERVICE, ELIGIBILITY
9 FOR VESTING, WITHDRAWAL AND SUPERANNUATION ANNUITIES, OPTIONAL
10 MODIFICATION OF ANNUITIES AND OTHER TERMS AND CONDITIONS RELATED
11 TO CLASS OF MEMBERSHIP SHALL BE AS DETERMINED BY THIS PART FOR
12 EMPLOYEES COVERED BY THOSE AND SUCCESSOR COLLECTIVE BARGAINING
13 AGREEMENTS. FOR PURPOSES OF ADMINISTERING THIS PART, FOR THOSE
14 STATE EMPLOYEES WHO ARE MEMBERS OF EACH SUCH COLLECTIVE
15 BARGAINING UNIT, THE DATE JANUARY 1, 2011, CONTAINED IN THIS
16 PART, EXCEPT IN THIS SECTION, SHALL BE REPLACED WITH THE DATE OF
17 THE DAY IMMEDIATELY FOLLOWING THE EXPIRATION OF EACH SUCH
18 COLLECTIVE BARGAINING AGREEMENT. THE PROVISIONS OF THIS PART
19 INsofar AS THEY ARE THE SAME AS THOSE OF EXISTING LAW ARE
20 INTENDED AS A CONTINUATION OF SUCH LAWS AND NOT AS NEW
21 ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT ANY ACT
22 DONE, LIABILITY INCURRED, RIGHT ACCRUED OR VESTED, OR ANY SUIT
23 OR PROSECUTION PENDING OR TO BE INSTITUTED TO ENFORCE ANY RIGHT
24 OR PENALTY OR TO PUNISH ANY OFFENSE UNDER THE AUTHORITY OF ANY
25 REPEALED LAWS.

26 (B) REFERENCES.--REFERENCES IN THIS PART TO THE INTERNAL
27 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.)
28 OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT
29 OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), INCLUDING
30 ADMINISTRATIVE REGULATIONS PROMULGATED UNDER THE INTERNAL

1 REVENUE CODE OF 1986 OR THE UNIFORMED SERVICES EMPLOYMENT AND
2 REEMPLOYMENT RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS
3 AND REGULATIONS:

4 (1) IN EFFECT ON THE EFFECTIVE DATE OF THIS SUBSECTION.

5 (2) AMENDED, SUPPLEMENTED OR SUPPLANTED ON AND AFTER THE
6 EFFECTIVE DATE OF THIS SUBSECTION.

7 (C) OFFICER OR MEMBER OF THE PENNSYLVANIA STATE POLICE.--

8 (1) NOTWITHSTANDING A PROVISION OF SUBSECTION (A) OR
9 SECTION 12.1 OF THE ACT OF NOVEMBER 23, 2010 (P.L.1269,
10 NO.120), REGARDING THE CONTINUED EFFECTIVENESS OF PENSION OR
11 RETIREMENT BENEFITS OR RIGHTS PREVIOUSLY ESTABLISHED BY OR AS
12 A RESULT OF A BINDING ARBITRATION AWARD ISSUED BEFORE JULY 1,
13 1989, PURSUANT TO THE ACT OF JUNE 24, 1968 (P.L.237, NO.111),
14 REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE
15 BARGAINING ACT, AND IMPLEMENTED BY THE BOARD, THE PENSION OR
16 RETIREMENT BENEFITS OR RIGHTS OF A STATE EMPLOYEE WHO IS A
17 CURRENT OR FORMER STATE POLICE OFFICER OR WHO BECOMES A STATE
18 POLICE OFFICER AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
19 SHALL BE AS PROVIDED IN THIS PART AS IF THE BINDING
20 ARBITRATION AWARD WAS NOT ISSUED, EXCEPT AS PROVIDED UNDER
21 THIS SUBSECTION.

22 (2) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE
23 POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER
24 THE EFFECTIVE DATE OF THIS SUBSECTION WHO:

25 (I) TERMINATES STATE SERVICE BEFORE JANUARY 1, 2018;

26 OR

27 (II) TERMINATES STATE SERVICE ON OR AFTER JANUARY 1,
28 2018, AND DOES NOT HAVE SERVICE CREDITED IN CLASS A-5

29 SHALL BE ELIGIBLE TO RECEIVE THE MAXIMUM SINGLE LIFE
30 ANNUITY, BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705

1 (RELATING TO MEMBER'S OPTIONS), THAT THE STATE EMPLOYEE
2 WOULD HAVE BEEN ELIGIBLE TO RECEIVE IF PARAGRAPH (1) HAD
3 NOT BEEN ENACTED.

4 (3) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE
5 POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER
6 THE EFFECTIVE DATE OF THIS SUBSECTION WHO HAS SERVICE
7 CREDITED IN CLASS A-5, HAS 20 OR MORE QUALIFYING ELIGIBILITY
8 POINTS AND WHO TERMINATES STATE SERVICE ON OR AFTER JANUARY
9 1, 2018, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM SINGLE LIFE
10 ANNUITY BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705 EQUAL
11 TO THE SUM OF:

12 (I) THE MAXIMUM SINGLE LIFE ANNUITY THAT THE STATE
13 EMPLOYEE WOULD HAVE BEEN ELIGIBLE TO RECEIVE WITHOUT
14 REGARD TO ANY ELIGIBILITY POINTS, SERVICE CREDIT,
15 COMPENSATION OR CONTRIBUTIONS ATTRIBUTABLE TO CLASS A-5
16 SERVICE IF PARAGRAPH (1) HAD NOT BEEN ENACTED EXCEPT THAT
17 SERVICE CREDIT AND ELIGIBILITY POINTS FOR SERVICE OTHER
18 THAN AS A MEMBER OF CLASS A-5 SHALL BE ADJUSTED FOR ANY
19 CONCURRENT SERVICE AS A MEMBER OF CLASS A-5; AND

20 (II) IF ELIGIBLE, THE MAXIMUM SINGLE LIFE ANNUITY
21 THAT THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS
22 PART ATTRIBUTABLE TO CLASS A-5 SERVICE AND, IF A MULTIPLE
23 SERVICE MEMBER, SERVICE CREDITED IN THE PUBLIC SCHOOL
24 EMPLOYEES' RETIREMENT SYSTEM.

25 (4) 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 HAS SERVICE
28 CREDITED IN CLASS A-5, DOES NOT HAVE 20 OR MORE QUALIFYING
29 ELIGIBILITY POINTS AND WHO TERMINATES STATE SERVICE ON OR
30 AFTER JANUARY 1, 2018, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM

1 SINGLE LIFE ANNUITY BEFORE OPTIONAL MODIFICATION UNDER
2 SECTION 5705 EQUAL TO THE MAXIMUM SINGLE LIFE ANNUITY THAT
3 THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS PART
4 ATTRIBUTABLE TO ALL CREDITED SERVICE, COMPENSATION AND
5 ELIGIBILITY POINTS.

6 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS PART, SERVICE
7 AS A STATE POLICE OFFICER CREDITED IN THE SYSTEM SHALL NOT
8 OPERATE TO PREVENT ANY STATE EMPLOYEE FROM BEING A
9 PARTICIPANT IN THE PLAN FOR ANY STATE SERVICE THAT IS NOT
10 SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE THAT WOULD OTHERWISE
11 RESULT IN PARTICIPATION IN THE PLAN. ANY BENEFIT RESULTING
12 FROM PARTICIPATION IN THE PLAN SHALL BE IN ADDITION TO ANY
13 BENEFIT A STATE POLICE OFFICER MAY BE ELIGIBLE TO RECEIVE AS
14 A MEMBER OF THE SYSTEM.

15 (6) AS USED IN THIS SUBSECTION, THE FOLLOWING WORDS AND
16 PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
17 PARAGRAPH UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

18 "BINDING ARBITRATION AWARD." A BINDING ARBITRATION AWARD
19 ISSUED BEFORE JULY 1, 1989, UNDER THE ACT OF JUNE 24, 1968
20 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN
21 COLLECTIVE BARGAINING ACT, ACT OF JUNE 24, 1968 (P.L.237,
22 NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE
23 BARGAINING ACT, AND IMPLEMENTED BY THE BOARD.

24 "QUALIFYING ELIGIBILITY POINTS." ELIGIBILITY POINTS AS A
25 RESULT OF STATE SERVICE, NONSTATE SERVICE OR BEING REEMPLOYED
26 FROM USERRA LEAVE CREDITED IN CLASSES OF SERVICE OTHER THAN
27 CLASS A-5.

28 (D) ADVERSE INFERENCE.--NOTHING IN THIS PART SHALL BE
29 CONSTRUED TO MEAN THAT THE LIMITATIONS ON BENEFITS OR OTHER
30 REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE PROVISIONS

1 OF THE IRC WHICH ARE APPLICABLE TO PARTICIPANTS IN THE PLAN DO
2 NOT APPLY TO THE PARTICIPANTS OR TO MEMBERS OF THE SYSTEM AND
3 THE BENEFITS PAYABLE UNDER THIS PART.

4 (E) APPLICABILITY.--THE AMENDMENT OF THIS PART REGARDING THE
5 ESTABLISHMENT OF AND PARTICIPATION IN THE PLAN SHALL APPLY TO AN
6 ELECTED OFFICER WHO IS ELECTED OR REELECTED TO A TERM OF OFFICE
7 THAT BEGINS ON OR AFTER JANUARY 1, 2018, NOTWITHSTANDING THAT,
8 EITHER IMMEDIATELY OR AT ANY TIME PRIOR TO BEGINNING A TERM OF
9 OFFICE AFTER DECEMBER 31, 2017, THE ELECTED OFFICER WAS AN
10 ACTIVE MEMBER OF THE SYSTEM OR INACTIVE MEMBER ON LEAVE WITHOUT
11 PAY. AN INDIVIDUAL WHO IS ELECTED OR REELECTED TO A TERM OF
12 OFFICE AS MEMBER OF THE GENERAL ASSEMBLY, GOVERNOR, LIEUTENANT
13 GOVERNOR, ATTORNEY, AUDITOR GENERAL, STATE TREASURER OR MEMBER
14 OF THE JUDICIARY THAT BEGINS AFTER DECEMBER 31, 2017:

15 (1) DOES SO WITH THE KNOWLEDGE OF THE PROVISIONS, TERMS
16 AND CONDITIONS OF THIS PART, INCLUDING THOSE PROVISIONS,
17 TERMS AND CONDITIONS ESTABLISHING THE PLAN AND DETERMINING
18 PARTICIPATION IN THE PLAN AND MEMBERSHIP IN THE SYSTEM; AND

19 (2) EXPRESSLY CONSENTS TO THOSE PROVISIONS, TERMS AND
20 CONDITIONS AND THE RESULTING CONTRIBUTIONS, OBLIGATIONS,
21 BENEFITS AND RIGHTS, OR LACK OF CONTRIBUTIONS, OBLIGATIONS,
22 BENEFITS AND RIGHTS, IN THE SYSTEM AND THE PLAN.

23 § 5957. INDEPENDENT FISCAL OFFICE STUDY.

24 THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE
25 IMPLEMENTATION OF SHARED-RISK CONTRIBUTIONS UNDER SECTION 5501.1
26 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND
27 CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER
28 CONTRIBUTIONS) AND ITS IMPACT ON THE SYSTEM. THE STUDY SHALL BE
29 COMPLETED BY DECEMBER 31, 2015, AND SHALL BE TRANSMITTED TO THE
30 APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF THE

1 SENATE, THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE
2 OF THE HOUSE OF REPRESENTATIVES AND TO THE GOVERNOR.

3 SECTION 325. TITLE 71 IS AMENDED BY ADDING A SECTION TO
4 READ:

5 § 5958. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW
6 COMMISSION.

7 (A) ESTABLISHMENT.--A PUBLIC PENSION MANAGEMENT AND ASSET
8 INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL
9 BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE
10 FOLLOWING:

11 (1) GOVERNOR;

12 (2) PRESIDENT PRO TEMPORE OF THE SENATE;

13 (3) SENATE MINORITY LEADER;

14 (4) SPEAKER OF THE HOUSE OF REPRESENTATIVES;

15 (5) HOUSE MINORITY LEADER.

16 THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT
17 ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE
18 DATE OF THIS SECTION.

19 (B) DUTIES.--THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND
20 ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:

21 (1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT
22 STRATEGIES AND PROCEDURES OF THE SYSTEM, COMPARING REALIZED
23 RATES OF RETURN TO ESTABLISHED BENCHMARKS AND CONSIDERING
24 ASSOCIATED FEES PAID FOR ACTIVE AND PASSIVE MANAGEMENT.

25 (2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND
26 PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE
27 INVESTMENT ACTIVITIES OF THE STATE EMPLOYEES' RETIREMENT
28 SYSTEM.

29 (3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH
30 AVAILABLE ASSETS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM

1 THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.

2 (3.1) THE COMMISSION SHALL EVALUATE AND MAKE
3 RECOMMENDATIONS ON:

4 (I) IMPROVING INVESTMENT FEE TRANSPARENCY ON
5 ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED
6 REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED
7 PARTNERS ASSOCIATION.

8 (II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY
9 OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST
10 THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF
11 INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED
12 RETURN.

13 (4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ON-LINE,
14 INCLUDING FINDINGS ABOUT:

15 (I) ASSETS;

16 (II) RETURNS;

17 (III) FINANCIAL MANAGERS;

18 (IV) CONSULTANTS;

19 (V) REQUESTS FOR PROPOSALS; AND

20 (VI) INVESTMENT PERFORMANCE MEASURED AGAINST
21 BENCHMARKS.

22 (5) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE
23 GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS
24 FIRST ORGANIZATIONAL MEETING.

25 (C) QUORUM.--A MAJORITY OF APPOINTED MEMBERS SHALL
26 CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE
27 MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND
28 ANOTHER TO BE THE VICE-CHAIRPERSON.

29 (D) TRANSPARENCY AND ETHICS.--THE PUBLIC PENSION MANAGEMENT
30 AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE

1 FOLLOWING LAWS:

2 (1) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN
3 AS THE STATE ADVERSE INTEREST ACT.

4 (2) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN
5 AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS ACT.

6 (3) THE ACT OF JULY 3, 1986 (P.L.388, NO.84), KNOWN AS
7 THE SUNSHINE ACT.

8 (4) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS
9 THE RIGHT-TO-KNOW LAW.

10 (E) INFORMATION GATHERING.--THE PUBLIC PENSION MANAGEMENT
11 AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND
12 OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT
13 CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES.

14 (F) LOGISTICAL AND OTHER SUPPORT.--THE PUBLIC PENSION
15 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE
16 LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT
17 COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED.

18 (G) REIMBURSEMENT.--THE MEMBERS OF THE PUBLIC PENSION
19 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE
20 REIMBURSED FOR REASONABLE EXPENSES.

21 (H) EXPIRATION.--THE PUBLIC PENSION MANAGEMENT AND ASSET
22 INVESTMENT REVIEW COMMISSION SHALL EXPIRE 60 DAYS AFTER DELIVERY
23 OF ITS REPORT IN ACCORDANCE WITH SUBSECTION (B) (5). ANY UNSPENT
24 APPROPRIATION SHALL LAPSE BACK TO THE GENERAL FUND.

25 (I) ADMINISTRATIVE COSTS AND PAYMENT.--NONE OF THE
26 ADMINISTRATIVE COSTS AND EXPENSES OF THE PUBLIC PENSION
27 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION, INCLUDING,
28 BUT NOT LIMITED TO, MEMBER AND EMPLOYEE SALARY, WAGES, BENEFITS
29 AND OTHER FORMS OF COMPENSATION OR REMUNERATION SHALL BE PAID OR
30 APPROPRIATED FROM THE FUND OR THE TRUST.

ARTICLE IV

SECTION 401. THE FOLLOWING SHALL APPLY:

(1) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, A PARTICIPANT IN THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN OR ANOTHER PERSON CLAIMING AN INTEREST IN THE ACCOUNT OF A MEMBER OR PARTICIPANT AN EXPRESS OR IMPLIED CONTRACTUAL RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 24 PA.C.S. PT. IV, 51 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24 PA.C.S. PT. IV OR 51 PA.C.S.:

(I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S. OR 24 PA.C.S. PT. IV IN RELATION TO REQUIREMENTS FOR ANY OF THE FOLLOWING:

(A) (RESERVED).

(B) QUALIFICATION OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §§ 401(A) AND 415(B)), OR COMPLIANCE WITH THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149).

(C) CONTRIBUTIONS TO, PARTICIPATION IN OR BENEFITS FROM THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN OR SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST.

(D) DOMESTIC RELATIONS ORDERS REGARDING ALTERNATE PAYEES OF PARTICIPANTS IN THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN.

(II) A CONSTRUCTION OF 24 PA.C.S. PT. IV OR 51 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24 PA.C.S.

1 PT. IV OR 51 PA.C.S. OR A TERM OR PROVISION OF THE SCHOOL
2 EMPLOYEES' DEFINED CONTRIBUTION PLAN OR SCHOOL EMPLOYEES'
3 DEFINED CONTRIBUTION TRUST, ESTABLISHED BY STATUTE OR IN
4 THE PLAN DOCUMENT OR TRUST DECLARATION.

5 (2) THE PROVISIONS OF 24 PA.C.S. PT. IV SHALL REMAIN
6 SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE
7 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
8 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), AND REGULATIONS
9 UNDER THOSE STATUTES, AND THE GENERAL ASSEMBLY RESERVES TO
10 ITSELF THE FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND
11 OR SUPPLEMENT THE PROVISIONS AS MAY BE REQUIRED IN ORDER TO
12 MAINTAIN THE QUALIFICATION OF THE SYSTEM AS A QUALIFIED
13 PENSION PLAN UNDER SECTION 401(A) AND OTHER APPLICABLE
14 PROVISIONS OF 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).

17 (3) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A
18 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, A
19 PARTICIPANT IN THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN
20 OR ANOTHER PERSON CLAIMING AN INTEREST IN THE ACCOUNT OF A
21 MEMBER OR PARTICIPANT AN EXPRESSED OR IMPLIED CONTRACTUAL
22 RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 51 PA.C.S. §
23 7306, 71 PA.C.S. PART XXV, OR RULES OR REGULATIONS ADOPTED
24 UNDER 51 PA.C.S § 7306 OR 71 PA.C.S. PT. XXV:

25 (I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S.
26 § 7306 OR 71 PA.C.S. PT. XXV, IN RELATION TO REQUIREMENTS
27 FOR ANY OF THE FOLLOWING:

28 (A) QUALIFICATION OF THE STATE EMPLOYEES'
29 DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN
30 UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW

1 99-514, 26 U.S.C. § 401(A)).

2 (B) COMPLIANCE WITH THE UNIFORMED SERVICES
3 EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994
4 (PUBLIC LAW 103-353).

5 (C) DOMESTIC RELATIONS ORDERS REGARDING
6 ALTERNATE PAYEES OF PARTICIPANTS IN THE STATE
7 EMPLOYEES' DEFINED CONTRIBUTION PLAN.

8 (II) A CONSTRUCTION OF 51 PA.C.S. OR 71 PA.C.S. PT.
9 XXV, OR RULES OR REGULATION PROMULGATED UNDER 51 PA.C.S.
10 OR 71 PA.C.S. PT. XXV, OR A TERM OR PROVISION OF THE
11 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN OR STATE
12 EMPLOYEES' DEFINED CONTRIBUTION TRUST ESTABLISHED BY
13 STATUTE OR IN THE PLAN DOCUMENT OR TRUST DECLARATION OR
14 BY CONTRACT WITH PROVIDERS OF INVESTMENT AND
15 ADMINISTRATIVE SERVICES TO THE STATE EMPLOYEES' DEFINED
16 CONTRIBUTION PLAN OR STATE EMPLOYEES' DEFINED
17 CONTRIBUTION TRUST.

18 (4) THE PROVISIONS OF 71 PA.C.S. PT. XXV SHALL REMAIN
19 SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE
20 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
21 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), AND REGULATIONS
22 PROMULGATED UNDER THOSE STATUTES.

23 (5) THE GENERAL ASSEMBLY RESERVES TO ITSELF THE FURTHER
24 EXERCISE OF ITS LEGISLATIVE POWER TO AMEND OR SUPPLEMENT THE
25 PROVISIONS OF 71 PA.C.S. PT. XXV IN ORDER TO MAINTAIN THE
26 QUALIFICATION OF THE STATE EMPLOYEES' RETIREMENT SYSTEM AND
27 THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS QUALIFIED
28 PENSION PLANS UNDER SECTION 401(A) AND OTHER APPLICABLE
29 PROVISIONS OF 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).

2 SECTION 402. THE FOLLOWING SHALL APPLY:

3 (1) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
4 A CALCULATION OR ACTUARIAL METHOD USED BY THE PUBLIC SCHOOL
5 EMPLOYEES' RETIREMENT BOARD, ITS ACTUARIES OR THE PUBLIC
6 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE
7 WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR OTHER APPLICABLE
8 LAW PRIOR TO THE EFFECTIVE DATE OF THIS PARAGRAPH.

9 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
10 A CALCULATION OR ACTUARIAL METHOD USED BY THE STATE
11 EMPLOYEES' RETIREMENT BOARD, ITS ACTUARIES OR THE STATE
12 EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH THE
13 PROVISIONS OF 71 PA.C.S. PT. XXV OR OTHER APPLICABLE LAW
14 PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.

15 SECTION 403. THE FOLLOWING SHALL APPLY:

16 (1) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED
17 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO LIMITS
18 IMPOSED UNDER 24 PA.C.S. § 8328(G) ON EMPLOYER CONTRIBUTIONS
19 TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

20 (2) FOR PURPOSES OF 24 PA.C.S. §§ 8326, 8327, AND 8328,
21 CHANGES UNDER THIS SECTION SHALL NOT BE CONSIDERED TO BE
22 COSTS ADDED BY LEGISLATION.

23 SECTION 404. THE FOLLOWING SHALL APPLY:

24 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A CHANGE
25 IN ACCRUED LIABILITY OF THE STATE EMPLOYEES' RETIREMENT
26 SYSTEM CREATED UNDER THIS ACT SHALL BE FUNDED IN EQUAL DOLLAR
27 INSTALLMENTS OVER A PERIOD OF 30 YEARS BEGINNING JULY 1,
28 2016.

29 (2) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED
30 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO LIMITS

1 IMPOSED UNDER 71 PA.C.S. § 5508(H) ON EMPLOYER CONTRIBUTIONS
2 TO THE STATE EMPLOYEES' RETIREMENT SYSTEM.

3 (3) FOR PURPOSES OF 71 PA.C.S. §§ 5501.2, 5507 AND 5508,
4 CHANGES UNDER THIS ACT SHALL NOT BE CONSIDERED TO BE COSTS
5 ADDED BY LEGISLATION.

6 SECTION 405. THE FOLLOWING SHALL APPLY:

7 (1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN SUCH
8 A MANNER THAT THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
9 AND THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN SHALL
10 SATISFY THE REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED
11 PENSION PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE
12 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER
13 APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986
14 AND THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS
15 ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149). THE RULES,
16 REGULATIONS AND PROCEDURES ADOPTED AND PROMULGATED BY THE
17 PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AND THE TERMS AND
18 CONDITIONS OF THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED
19 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD MAY INCLUDE
20 PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS
21 SECTION.

22 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO
23 IMPLY THAT ANY MEMBER OF SHALL BE REQUIRED TO MAKE
24 CONTRIBUTIONS TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
25 SYSTEM IN EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N)
26 (3) (A) (III) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §
27 415(N) (3) (A) (III)). A CONTRIBUTION MADE BY A MEMBER THAT IS
28 DETERMINED TO BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED TO
29 THE MEMBER IN A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL
30 APPLICABLE TAXES AND PENALTIES AS SOON AS ADMINISTRATIVELY

1 POSSIBLE AFTER THE DETERMINATION IS MADE. A REFUND UNDER THIS
2 SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE
3 MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A
4 WITHDRAWAL OF THE MEMBER'S ACCUMULATED DEDUCTIONS.

5 (3) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
6 AN INTERPRETATION OR APPLICATION OF 24 PA.C.S. PT. IV OR
7 BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES'
8 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 24 PA.C.S. PT.
9 IV OR OTHER APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE
10 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.) AND
11 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT
12 OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149) BEFORE THE
13 EFFECTIVE DATE OF THIS SECTION.

14 SECTION 406. THE FOLLOWING SHALL APPLY TO CONSTRUCTION
15 RELATED TO FEDERAL LAW AS TO THE STATE EMPLOYEES' RETIREMENT
16 SYSTEM:

17 (1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN A
18 MANNER THAT THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE
19 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN SHALL SATISFY THE
20 REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED PENSION PLAN
21 UNDER SECTION 401(A) OF THE INTERNAL REVENUE CODE OF 1986
22 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER APPLICABLE
23 PROVISIONS OF 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). THE RULES,
26 REGULATIONS AND PROCEDURES PROMULGATED BY THE STATE
27 EMPLOYEES' RETIREMENT BOARD AND THE TERMS AND CONDITIONS OF
28 THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED BY THE STATE
29 EMPLOYEES' RETIREMENT BOARD MAY INCLUDE PROVISIONS NECESSARY
30 TO ACCOMPLISH THE PURPOSE OF THIS SECTION.

1 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO
2 IMPLY THAT ANY MEMBER OF CLASS A-5 SHALL BE REQUIRED TO MAKE
3 CONTRIBUTIONS TO THE STATE EMPLOYEES' RETIREMENT SYSTEM IN
4 EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N) (3) (A) (III)
5 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 415(N) (3)
6 (A) (III)). A CONTRIBUTION MADE BY A MEMBER OF CLASS A-5 THAT
7 IS DETERMINED TO BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED
8 TO THE MEMBER IN A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL
9 APPLICABLE TAXES AND PENALTIES AS SOON AS ADMINISTRATIVELY
10 POSSIBLE AFTER THE DETERMINATION IS MADE. A REFUND UNDER THIS
11 SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE
12 MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A
13 WITHDRAWAL OF THE MEMBER'S ACCUMULATED DEDUCTIONS.

14 (3) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT
15 AN INTERPRETATION OR APPLICATION OF 71 PA.C.S. PT. XXV OR
16 BENEFITS AVAILABLE TO MEMBERS OF THE STATE EMPLOYEES'
17 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 71 PA.C.S. PT.
18 XXV 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 407. THE FOLLOWING SHALL APPLY:

24 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
25 FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR
26 OTHER REQUIREMENT, THE MEMBERS OF THE PUBLIC SCHOOL
27 EMPLOYEES' RETIREMENT BOARD, THE ACTUARY AND EMPLOYEES AND
28 OFFICIALS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
29 MAY NOT BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR
30 STANDARD AS INDIVIDUALS, IN THEIR OFFICIAL CAPACITY OR AS A

1 GOVERNMENTAL OR CORPORATE ENTITY, FOR AN ACTION OR
2 CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL
3 CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS
4 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AS
5 APPROPRIATELY CALCULATED UNDER 24 PA.C.S. PT. IV.

6 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
7 FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR
8 OTHER REQUIREMENT, THE MEMBERS OF THE STATE EMPLOYEES'
9 RETIREMENT BOARD, THE ACTUARY AND OTHER EMPLOYEES AND
10 OFFICIALS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM MAY NOT
11 BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR STANDARD
12 AS INDIVIDUALS, IN AN OFFICIAL CAPACITY OR AS A GOVERNMENTAL
13 OR CORPORATE ENTITY, FOR AN ACTION OR CALCULATION RELATED TO
14 CALCULATING AND CERTIFYING A FINAL CONTRIBUTION RATE AS
15 PROVIDED UNDER THIS ACT THAT IS DIFFERENT FROM THE
16 ACTUARIALLY REQUIRED CONTRIBUTION RATE AS APPROPRIATELY
17 CALCULATED UNDER 71 PA.C.S. PT. XXV.

18 SECTION 408. NOTHING IN THIS ACT SHALL BE DEEMED TO PERMIT
19 THE RESTORATION OF SERVICE CREDIT OR RETIREMENT BENEFITS THAT:

20 (1) WERE OR IS SUBJECT TO SECTION 16 OF ARTICLE V OF THE
21 CONSTITUTION OF PENNSYLVANIA OR 42 PA.C.S. § 3352; OR

22 (2) WERE OR ARE THE SUBJECT OF AN ORDER OF FORFEITURE
23 UNDER THE ACT OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE
24 PUBLIC EMPLOYEE PENSION FORFEITURE ACT.

25 SECTION 409. (RESERVED).

26 SECTION 410. NO SCHOOL EMPLOYEE OTHERWISE A MEMBER OF,
27 ELIGIBLE TO BE A MEMBER OF, OR HAVING SCHOOL OR NONSCHOOL
28 SERVICE CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS T-G MAY
29 CANCEL, DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF
30 SERVICE IN ORDER TO OBTAIN CLASS T-G SERVICE CREDIT, BECOME A

1 MEMBER OF CLASS T-G OR ELECT CLASS T-G MEMBERSHIP.

2 SECTION 411. NO STATE EMPLOYEE OTHERWISE A MEMBER OF,
3 ELIGIBLE TO BE A MEMBER OF OR HAVING STATE OR NONSTATE SERVICE
4 CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS A-5 MAY CANCEL,
5 DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF SERVICE IN
6 ORDER TO OBTAIN CLASS A-5 SERVICE CREDIT, BECOME A MEMBER OF
7 CLASS A-5 OR ELECT CLASS A-5 MEMBERSHIP..

8 SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
9 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR
10 INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE
11 TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T-G
12 SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND
13 BENEFITS BASED UPON ATTAINING SUPERANNUATION AGE SHALL BE
14 DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY
15 ACCRUED.

16 SECTION 413. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
17 THE STATE EMPLOYEES' RETIREMENT BOARD, APPLICATION OR
18 INTERPRETATION OF 71 PA.C.S. PT. XXV, OR ADMINISTRATIVE PRACTICE
19 TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS A-5
20 SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND
21 BENEFITS BASED UPON ATTAINING A SUPERANNUATION SCORE OF 92 OR
22 THE ACCRUAL OF 35 ELIGIBILITY POINTS SHALL BE DETERMINED BY
23 INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY ACCRUED.

24 SECTION 414. IF A PROVISION OF THIS ACT OR ITS APPLICATION
25 TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY
26 SHALL NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS ACT
27 THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR
28 APPLICATION.

29 SECTION 415. 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 2015, AND DECEMBER 31, 2016, AND ANY OTHER STATEMENTS OR
3 ESTIMATES OF BENEFITS PREPARED BY THE BOARD PURSUANT TO THE
4 STATE EMPLOYEES' RETIREMENT CODE FROM THE EFFECTIVE DATE OF THIS
5 SECTION TO DECEMBER 31, 2016, NEED NOT REFLECT THE PROVISIONS OF
6 THIS ACT AND IN THE CASE OF THE STATEMENTS FOR EACH MEMBER FOR
7 THE PERIODS ENDING DECEMBER 31, 2015 AND DECEMBER 31, 2016, NEED
8 NOT INCLUDE A PROJECTION OF THE BENEFIT TO WHICH THE MEMBER IS
9 ENTITLED UPON ATTAINMENT OF SUPERANNUATION AGE.

10 SECTION 416. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S.
11 PT. XXV, THE OBLIGATION OF THE STATE EMPLOYEES' RETIREMENT BOARD
12 TO MAKE PAYMENTS WITHIN SPECIFIED TIME PERIODS OF THE RECEIPT OF
13 APPLICATIONS FOR BENEFITS OR OTHER INFORMATION SHALL NOT APPLY
14 FROM THE EFFECTIVE DATE OF THIS SECTION TO DECEMBER 31, 2016.

15 SECTION 417. THE PROVISIONS OF SECTION 7 OF THE ACT OF JULY
16 9, 1981 (P.L.208, NO.66), KNOWN AS THE PUBLIC EMPLOYEE
17 RETIREMENT COMMISSION ACT, ARE SUSPENDED FOR THE PURPOSE OF
18 CONSIDERING THIS BILL AND ALL AMENDMENTS TO IT.

19 SECTION 418. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

20 (1) THE AMENDMENT OF 24 PA.C.S. § 8501(E) AND 71 PA.C.S.
21 § 5901(E) SHALL TAKE EFFECT IN 365 DAYS.

22 (2) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT
23 IMMEDIATELY:

24 (I) THIS SECTION.

25 (II) THE REMAINDER OF THIS ACT.