

No. 31

AN ACT

SB 472

Amending the act of November 25, 1970 (P.L.707, No.230), entitled "An act codifying and compiling a part of the law of the Commonwealth," adding provisions relating to retirement for State employees and officers and making repeals.

TABLE OF CONTENTS

TITLE 71

STATE GOVERNMENT

PART XXV. RETIREMENT FOR STATE EMPLOYEES
AND OFFICERS

Chapter 51. Preliminary Provisions

§ 5101. Short title.

§ 5102. Definitions.

Chapter 53. Membership, Credited Service, Classes of Service, and
Eligibility for Benefits

§ 5301. Mandatory and optional membership.

§ 5302. Credited State service.

§ 5303. Retention and reinstatement of service credits.

§ 5304. Creditable nonstate service.

§ 5305. Social security integration credits.

§ 5306. Classes of service.

§ 5307. Eligibility points.

§ 5308. Eligibility for annuities.

§ 5309. Eligibility for vesting.

§ 5310. Eligibility for death benefits.

§ 5311. Eligibility for refunds.

Chapter 55. Contributions

§ 5501. Regular member contributions for current service.

§ 5502. Social security integration members contributions.

§ 5503. Joint coverage member contributions.

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

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

§ 5506. Incomplete payments.

§ 5507. Contributions by the Commonwealth and other employers.

§ 5508. Actuarial cost method.

§ 5509. Appropriations and assessments by the Commonwealth.

Chapter 57. Benefits

- § 5701. Return of total accumulated deductions.
- § 5702. Maximum single life annuity.
- § 5703. Reduction of annuities on account of social security old-age insurance benefits.
- § 5704. Disability annuities.
- § 5705. Member's options.
- § 5706. Termination of annuities.
- § 5707. Death benefits.
- § 5708. Supplemental annuities.
- § 5709. Payment of benefits.
- § 5710. Payments under other laws.

Chapter 59. Administration, Funds, Accounts, General Provisions

Subchapter A. Administration

- § 5901. The State Employees' Retirement Board.
- § 5902. Administrative duties of the board.
- § 5903. Duties of the board to advise and report to heads of departments and members.
- § 5904. Duties of the board to report to the Public School Employees' Retirement Board.
- § 5905. Duties of the board regarding applications and elections of members.
- § 5906. Duties of heads of departments.
- § 5907. Rights and duties of State employees and members.
- § 5908. Rights and duties of annuitants.

Subchapter C. State Employees' Retirement Fund and Accounts

- § 5931. Management of fund and accounts.
- § 5932. State Employees' Retirement Fund.
- § 5933. Members' savings account.
- § 5934. State accumulation account.
- § 5935. Annuity reserve account.
- § 5936. State Police benefit account.
- § 5937. Enforcement officers' benefit account.
- § 5938. Supplemental annuity account.
- § 5939. Interest reserve account.

Subchapter E. General Provisions

- § 5951. State guarantee.
- § 5952. State supervision.
- § 5953. Exemption from execution; assignment of rights.
- § 5954. Fraud and adjustment of errors.
- § 5955. Construction of ¹ part.
- § 5956. Provisions severable.

¹ "code" in original.

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

Section 1. Title 71, act of November 25, 1970 (P.L.707, No.230), known as the "Consolidated Pennsylvania Statutes," is amended to read:

TITLE 71
STATE GOVERNMENT

Part

XXV. Retirement for State Employees and Officers.

PART XXV
RETIREMENT FOR STATE EMPLOYEES AND OFFICERS

Chapter

- 51. Preliminary Provisions
- 53. Membership, Credited Service, Classes of Service, and Eligibility for Benefits
- 55. Contributions
- 57. Benefits
- 59. Administration, Funds, Accounts, General Provisions

CHAPTER 51
PRELIMINARY PROVISIONS

Sec.

5101. Short title.

5102. Definitions.

§ 5101. Short title.

This ¹ part shall be known and may be cited as the "State Employees' Retirement Code."

§ 5102. Definitions.

The following words and phrases as used in this ² part, unless a different meaning is plainly required by the context, shall have the following meanings:

"Active member." A State employee who is contributing to the fund or a member on leave without pay for whom authorized contributions are being made to the fund.

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

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

- (1) a member of the American Academy of Actuaries; or
- (2) an individual who has demonstrated to the satisfaction of the Insurance Commissioner of Pennsylvania that he has the educational background necessary for the practice of actuarial science and has had at least seven years of actuarial experience; or

¹ "act" in original.

² "code" in original.

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

“Annuitant.” Any member on or after the effective date of retirement.

“Average noncovered salary.” The average of the amounts of compensation received each calendar year since January 1, 1956 exclusive of the amount which was or could have been covered by the Federal Social Security Act, 42 U.S.C. §§ 301 et seq., during that portion of the member’s service since January 1, 1956 for which he has received social security integration credit.

“Basic contribution rate.” Five per cent (5%), except that in no case shall any member be required to contribute, excluding contributions for social security integration credit, at a rate greater than his contribution rate on the effective date of this ¹ part so long as he does not elect additional coverage or membership in another class of service.

“Beneficiary.” The person or persons last designated by a member to receive his accumulated deductions or a lump sum benefit upon the death of such member.

“Board.” The State Employees’ Retirement Board.

“Class of service multiplier.”

Class of Service	Multiplier	
A	1	
B	.625	
C	1	
D	1.25	
D-1	prior to January 1, 1973	1.875
D-1	on and subsequent to January 1, 1973	1.731
D-2	prior to January 1, 1973	2.5
D-2	on and subsequent to January 1, 1973	1.731
D-3	prior to January 1, 1973	3.75
D-3	on and subsequent to January 1, 1973	1.731
		except prior to December 1, 1974 as applied to any additional legislative compensation as an officer of the General Assembly 3.75

¹ “act” in original.

E, E-1	prior to January 1, 1973	2	for each of the first ten years of judicial service, and
		1.5	for each subsequent year of judicial service
E, E-1	on and subsequent to January 1, 1973	1.50	for each of the first ten years of judicial service and
		1.125	for each subsequent year of judicial service
E-2	prior to September 1, 1973	1.5	
E-2	on and subsequent to September 1, 1973	1.125	
T-C	(Public School Employees' Retirement Code)	1	

“Compensation.” Remuneration actually received as a State employee excluding refunds for expenses, contingency and accountable expense allowances, and any severance payments for unused vacation or sick leave: Provided, however, That compensation received prior to January 1, 1973 shall be subject to the limitations for retirement purposes in effect December 31, 1972, if any.

“Concurrent service.” Service credited in more than one class of service during the same period of time.

“Correction officer.” Any employee whose principal duty is the care, custody and control of inmates of a penal or correctional institution or community treatment center operated by the Department of Justice.

“Creditable nonstate service.” Service other than service as a State employee for which an active member may obtain credit.

“Credited service.” State or creditable nonstate service for which the required contributions have been made or for which salary deductions or lump sum payments have been agreed upon in writing.

“Date of termination of service.” The last day of service for which an active member makes contributions, or in the case of an inactive member on leave without pay the date of his resignation or the date his employment is formally discontinued by his employer.

“Effective date of retirement.” The first day following the date of termination of service of a member if he has properly filed an

application for an annuity within ninety days of such date; in the case of a vestee or a member who does not apply for an annuity within ninety days after termination of service, the date of filing an application for an annuity or the date specified on the application, whichever is later. In the case of a finding of disability, the date certified by the board as the effective date of disability.

“Eligibility points.” Points which are accrued by an active member for credited service and are used in the determination of eligibility for benefits.

“Enforcement officer.” Any enforcement officer or investigator of the Pennsylvania Liquor Control Board who is a peace officer vested with police power and authority throughout the Commonwealth and any administrative or supervisory employee of the Pennsylvania Liquor Control Board vested with police power who is charged with the administration or enforcement of the liquor laws of the Commonwealth.

“Final average salary.” The highest average compensation received as a member during any three nonoverlapping periods of twelve consecutive months or of twenty-six consecutive biweekly pay periods, with the compensation for part-time service being annualized on the basis of the fractional portion of the year for which credit is received; except if the employee was not a member for three nonoverlapping periods of twelve consecutive months or of twenty-six consecutive biweekly pay periods, the total compensation received as a member, annualized in the case of part-time service, divided by the number of nonoverlapping periods of twelve consecutive months or of twenty-six consecutive biweekly pay periods of membership; and in the case of a member with multiple service, the final average salary shall be determined on the basis of the compensation received by him as a State employee or as a school employee, or both.

“Full coverage member.” Any member who has made or is making regular member contributions, or has paid or has agreed to pay to the fund the actuarial equivalent of regular member contributions over the entire period of his credited service.

“Fund.” The State Employees’ Retirement Fund.

“Head of department.” The chief administrative officer of the department, the chairman or executive director of the agency, authority, or independent board or commission, the Chief Justice or the President Judge of a court, any justice of the peace, and the Chief Clerk of the Senate, or the Chief Clerk of the House of Representatives.

“Inactive member.” A member who is not making member contributions, including a member on leave without pay for whom contributions are not authorized, but who has accumulated deductions standing to his credit in the fund and who is not eligible to become or has not elected to become a vestee or has not filed an application for an annuity.

“Intervening military service.” Active military service of a member who was a State employee immediately preceding his induction into the armed services or forces of the United States in order to meet a military obligation excluding any voluntary extension of such service and who becomes a State employee within ninety days of the expiration of such service.

“Joint coverage member.” Any member who agreed prior to January 1, 1966 to make joint coverage member contributions to the fund and has not elected to become a full coverage member.

“Joint coverage member contributions.” Regular member contributions reduced for a joint coverage member.

“Member.” Active member, inactive member, annuitant, or vestee.

“Member of the judiciary.” Any justice of the Supreme Court, any judge of the Superior Court, the Commonwealth Court, any court of common pleas, the Municipal Court and the Traffic Court of Philadelphia, or any community court.

“Member’s annuity.” The single life annuity which is actuarially equivalent, at the effective date of retirement, to the sum of the regular accumulated deductions and the social security integration accumulated deductions standing to the member’s credit in the members’ savings account.

“Military service.” All active military service for which a member has received a discharge other than an undesirable, bad conduct, or dishonorable discharge.

“Multiple service.” Credited service of a member who has elected to combine his credited service in both the State Employees’ Retirement System and the Public School Employees’ Retirement System.

“Previous State service.” Service rendered as a State employee prior to his most recent entrance in the system.

“Psychiatric security aide.” Any employee whose principal duty is the care, custody and control of the criminally insane, inmates of a maximum security institution for the criminally insane or detention facility operated by the Department of Public Welfare.

“Public School Employees’ Retirement System.” The retirement system established by the act of July 18, 1917 (P.L.1043, No. 343), and codified by the act of June 1, 1959 (P.L.350, No.77).

“Regular accumulated deductions.” The total of the regular or joint coverage member contributions paid into the fund on account of current service or previous State or creditable nonstate service, together with the statutory interest credited thereon until the date of termination of service. In the case of a vestee, statutory interest shall be credited until the effective date of retirement. A member’s account shall not be credited with statutory interest for more than two years during a leave without pay.

“Regular member contributions.” The product of the basic contribution rate, the class of service multiplier if greater than one and the compensation of the member.

“Retirement counselor.” The State employee whose duty it shall be to advise each employee of the department of his rights and duties as a member of the system. Such employee shall be designated by the head of each department with the approval of the board.

“Salary deductions.” The amounts certified by the board, deducted from the compensation of an active member and paid into the fund.

“School service.” Service rendered as a public school employee and credited as service in the Public School Employees’ Retirement System.

“Service connected disability.” A disability resulting from an injury arising in the course of State employment, and which is compensable under the applicable provisions of the act of June 2, 1915 (P.L.736, No.338), known as The Pennsylvania Workmen’s Compensation Act, or the act of June 21, 1939 (P.L.566, No.284), known as The Pennsylvania Occupational Disease Act.

“Social security integration accumulated deductions.” The total of the additional member contributions paid into the fund on account of social security integration credit, together with the statutory interest credited thereon until the date of termination of service. In the case of a vestee statutory interest shall be credited until the effective date of retirement. A member’s account shall not be credited with statutory interest for more than two years during a leave without pay.

“Standard single life annuity.” An annuity equal to two per cent (2%) of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member.

“State employee.” Any person holding a State office or position under the Commonwealth, employed by the State Government of the Commonwealth, in any capacity whatsoever, except an independent contractor or any person compensated on a fee basis, and shall include members of the General Assembly, and any officer or employee of the following:

- (1) the Department of Education, State-owned educational institutions, community colleges, and The Pennsylvania State University, except an employee paid wholly from Federal funds;

- (2) the Pennsylvania Turnpike Commission, the Delaware River Port Authority, the Port Authority Transit Corporation, the Delaware River Joint Toll Bridge Commission, the State Public School Building Authority, The General State Authority, the State Highway and Bridge Authority, the Delaware Valley Regional Planning Commission, the Interstate Commission of the Delaware River Basin, and the Susquehanna River Basin Commission any time subsequent to its creation, provided the commission or authority agrees to contribute and does contribute to the fund, from time to

time, the moneys required to build up the reserves necessary for the payment of the annuities of such officers and employees without any liability on the part of the Commonwealth to make appropriations for such purposes, and provided in the case of employees of the Interstate Commission of the Delaware River Basin, that the employee shall have been a member of the system for at least ten years prior to January 1, 1963;

(3) any separate independent public corporation created by statute, not including any municipal or quasi-municipal corporation, so long as he remains an officer or employee of such public corporation, and provided that such officer or employee of such public corporation was an employee of the Commonwealth immediately prior to his employment by such corporation, and further provided such public corporation shall agree to contribute and contributes to the fund, from time to time, the moneys required to build up the reserves necessary for the payment of the annuities of such officers and employees without any liability on the part of the Commonwealth to make appropriations for such purposes; or

(4) any single county department of health or any joint county department of health created under the Local Health Administration Law, act of August 24, 1951 (P.L.1304, No. 315).

“State service.” Service rendered as a State employee.

“Statutory interest.” Interest at four per cent (4%) per annum, compounded annually.

“Superannuation age.” Age sixty, except for a member of the General Assembly, an enforcement officer, a correction officer, a psychiatric security aide or an officer of the Pennsylvania State Police, age fifty.

“Superannuation annuitant.” An annuitant whose annuity becomes payable on or after the attainment of superannuation age.

“Survivor annuitant.” The person or persons last designated by a member under a joint and survivor annuity option to receive an annuity upon the death of such member.

“System.” The State Employees’ Retirement System of Pennsylvania as established by the act of June 27, 1923 (P.L.858, No.331), and codified by the act of June 1, 1959 (P.L.392, No.78).

“Total accumulated deductions.” The sum of the regular accumulated deductions, the social security integration accumulated deductions, and all other contributions paid into the fund for the purchase of credit for service or other coverage together with all statutory interest credited thereon until the date of termination of service. In the case of a vestee, statutory interest shall be credited until the effective date of retirement. A member’s account shall not be credited with statutory interest for more than two years during a leave without pay.

“Valuation interest.” Interest at five and one-half per cent (5 ½%) per annum compounded annually and applied to all accounts other than the members’ savings account.

“Vestee.” A member with ten or more eligibility points who has terminated State service and has elected to leave his total accumulated deductions in the fund and to defer receipt of an annuity.

CHAPTER 53
MEMBERSHIP, CREDITED SERVICE, CLASSES OF SERVICE,
AND ELIGIBILITY FOR BENEFITS

Sec.

- 5301. Mandatory and optional membership.
- 5302. Credited State service.
- 5303. Retention and reinstatement of service credits.
- 5304. Creditable nonstate service.
- 5305. Social security integration credits.
- 5306. Classes of service.
- 5307. Eligibility points.
- 5308. Eligibility for annuities.
- 5309. Eligibility for vesting.
- 5310. Eligibility for death benefits.
- 5311. Eligibility for refunds.

§ 5301. Mandatory and optional membership.

(a) Membership in the system shall be mandatory as of the effective date of employment for all State employees except the following:

- (1) Governor.
- (2) Lieutenant Governor.
- (3) Members of the General Assembly.
- (4) Heads or deputy heads of administrative departments.
- (5) Members of any independent administrative board or commission.
- (6) Members of any departmental board or commission.
- (7) Members of any advisory board or commission.
- (8) Secretary to the Governor.
- (9) Budget Secretary.
- (10) Legislative employees.
- (11) School employees who have elected membership in the Public School Employees’ Retirement System.
- (12) School employees who have elected membership in an approved independent retirement program, provided that in no case shall the employer contribute on account of such elected membership at a rate greater than the employer normal contribution rate as determined in section 5508(b).

(13) Persons who have elected to retain membership in the retirement system of the political subdivision by which they were

employed prior to becoming eligible for membership in the State Employees' Retirement System.

(14) Persons employed on a per diem or hourly basis for less than one hundred days or seven hundred fifty hours in a twelve-month period.

(b) The State employees listed in paragraphs (a)(1) through (11) of this section shall have the right to elect membership in the system; once such election is exercised, membership shall continue until the termination of State service.

(c) The State employees listed in paragraphs (a)(12), (13) and (14) of this section shall not have the right to elect membership in the system. § 5302. Credited State service.

(a) 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 he makes contributions as required but in no case shall he receive more than one year's credit for any twelve consecutive months or twenty-six consecutive biweekly pay periods. A per diem or hourly State employee shall receive one year of credited service for each nonoverlapping period of twelve consecutive months or twenty-six consecutive biweekly pay periods in which he is employed and for which he contributes for at least two hundred twenty days or one thousand six hundred fifty hours of employment. If the member was employed and contributed for less than two hundred twenty days or one thousand six hundred fifty hours, he shall be credited with a fractional portion of a year determined by the ratio of the number of days or hours of service actually rendered to two hundred twenty days or one thousand six hundred fifty hours, as the case may be. A part-time salaried employee shall be credited with the fractional portion of the year which corresponds to the number of hours or days of service actually rendered in relation to one thousand six hundred fifty hours or two hundred twenty days, as the case may be. In no case shall a member who has elected multiple service receive an aggregate in the two systems of more than one year of credited service for any twelve consecutive months.

(b) A member on leave without pay who is studying under a Federal grant approved by the head of his department or who is engaged up to a maximum of two years of temporary service with the United States Government, another state or a local government under the Intergovernmental Personnel Act of 1970, 5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772, shall be eligible for credit for such service: Provided, That contributions are made in accordance with sections 5501 and 5507, the member returns from leave without pay to active State service for a period of at least one year, and he is not entitled to retirement benefits for such service under a retirement system administered by any other governmental agency.

(c) All credited service shall be cancelled if a member withdraws his total accumulated deductions.

§ 5303. Retention and reinstatement of service credits.

(a) Eligibility points shall be computed in accordance with section 5307 with respect to all credited service accrued as of the effective date of this ¹ part.

(b) Every active member of the system or a multiple service member who is a school employee and a member of the Public School Employees' Retirement System on or after the effective date of this ² part shall receive eligibility points in accordance with section 5307 for current State service, previous State service, or creditable nonstate service upon compliance with sections 5501, 5504, 5505 or 5506. The class or classes of service in which the member may be credited for previous State service prior to the effective date of this ³ part shall be the class or classes in which he was or could have at any time elected to be credited for such service. The class of service in which a member shall be credited for service subsequent to the effective date of this ⁴ part shall be determined in accordance with section 5306.

§ 5304. Creditable nonstate service.

(a) An active member or a multiple service member who is a school employee and a member of the Public School Employees' Retirement System shall be eligible for Class A service credit for creditable nonstate service as set forth in subsections (b) and (c) of this section except that intervening military service shall be credited in the class of service for which the member was eligible at the time of entering into military service and for which he makes the required contributions.

(b) An active member or a multiple service member who is a school employee and a member of the Public School Employees' Retirement System shall be eligible to receive credit for nonstate service provided that he does not have credit for such service in the school system and is not entitled to retirement benefits for such service under a retirement system administered by any other governmental agency, and that such service is certified by the previous employer and contributions are agreed upon and made in accordance with section 5505.

(c) Creditable nonstate service credit shall be limited to:

- (1) intervening military service;
- (2) other military service not exceeding five years, provided that the member has three years of credited State service subsequent to such military service;
- (3) service as an administrator, teacher, or instructor in the field of education for any agency or department of the government of the United States, not exceeding the lesser of ten years or the number of years of active membership in the system, as an officer or employee of the Department of Education or as an administrator, teacher, or

¹ "act" in original.

² "act" in original.

³ "act" in original.

⁴ "act" in original.

instructor employed in any State-owned educational institution or The Pennsylvania State University; or

(4) previous service with a governmental agency other than the Commonwealth which employment with said agency was terminated because of the transfer of the administration of such service or of the entire agency to the Commonwealth.

§ 5305. Social security integration credits.

Any member shall be credited with the social security integration credits which he has accrued up to the effective date of this ¹ part, and shall accrue after the effective date of this ² part one social security integration credit for each year of service and a fractional credit for a corresponding fractional year of service for which he makes appropriate contributions in accordance with section 5502.

§ 5306. Classes of service.

(a) A State employee who is a member of Class A on the effective date of this ³ part or who becomes a member of the system subsequent to the effective date of this ⁴ part shall be classified as a Class A member and receive credit for Class A service upon payment of regular member contributions for Class A service.

(b) A State employee who is a member of a class of service other than Class A on the effective date of this ⁵ part shall retain his membership in that class until such service is discontinued; any service thereafter shall be credited as Class A service.

§ 5307. Eligibility points.

An active member of the system shall accrue one eligibility point for each year of credited service as a member of the State or the Public School Employees' Retirement System. A member shall accrue an additional two-thirds of an eligibility point for each year of Class D-3 credited service. In the case of a fractional part of a year of credited service, a member shall accrue the corresponding fractional portion of eligibility points to which the class of service entitles him.

§ 5308. Eligibility for annuities.

(a) Attainment of superannuation age by an active member or an inactive member on leave without pay shall entitle him to receive a superannuation annuity upon termination of State service and compliance with section 5907(f).

(b) Any vestee or any active member or inactive member on leave without pay who terminates State service having ten or more eligibility points, upon compliance with section 5907(f) or (h), shall be entitled to receive an annuity.

(c) An active member or inactive member on leave without pay who has credit for at least five years of service or any active member or inactive member on leave without pay who is an officer of the

¹ "act" in original.

² "act" in original.

³ "act" in original.

⁴ "act" in original.

⁵ "act" in original.

Pennsylvania State Police or an enforcement officer shall, upon compliance with section 5907(k), be entitled to a disability annuity if prior to attainment of superannuation age he becomes mentally or physically incapable of continuing to perform the duties for which he is employed and qualifies in accordance with the provisions of section 5905(c)(1).

§ 5309. Eligibility for vesting.

Any member who terminates State service with ten or more eligibility points shall be eligible until attainment of superannuation age to vest his retirement benefits.

§ 5310. Eligibility for death benefits.

In the event of the death of a member who is eligible for an annuity in accordance with section 5308(a) or (b), his beneficiary shall be entitled to a death benefit.

§ 5311. Eligibility for refunds.

Any active member, regardless of eligibility for benefits, may elect to receive his total accumulated deductions upon termination of service in lieu of any benefit to which he is entitled.

CHAPTER 55 CONTRIBUTIONS

Sec.

5501. Regular member contributions for current service.

5502. Social security integration member contributions.

5503. Joint coverage member contributions.

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

5505. Contributions for the purchase of credit for creditable nonstate service.

5506. Incomplete payments.

5507. Contributions by the Commonwealth and other employers.

5508. Actuarial cost method.

5509. Appropriations and assessments by the Commonwealth.

§ 5501. Regular member contributions for current service.

Every active member shall make regular member contributions to the fund for current service by salary deductions or some other agreed upon method.

§ 5502. Social security integration member contributions.

A member of any class who has elected social security integration coverage shall contribute five per cent (5%) of that portion of his compensation in excess of the maximum wages taxable under the provisions of the Federal Social Security Act, 42 U.S.C. §§ 301 et seq., in addition to the regular member contributions which, after such election, shall be determined on the basis of the basic contribution rate of five per

cent (5%): Provided, That on the first day of January following the time at which the maximum single life annuity to which a member is entitled is found to be equal to or greater than his highest compensation in any twelve consecutive months, the member's contributions toward social security integration credits shall cease and no further social security integration credits shall accrue to him.

§ 5503. Joint coverage member contributions.

The regular member contributions for current service of a joint coverage member in any class shall be reduced by forty per cent (40%) of the tax on taxable wages prescribed by the Federal Insurance Contributions Act, 26 U.S.C. §§ 3101-3125, exclusive of that portion of such tax attributable to coverage for disability and medical benefits.

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

(a) The contributions to be paid by an active member or eligible school employee for credit for total previous State service or to become a full coverage member shall be sufficient to provide an amount equal to the regular accumulated deductions which would have been standing to the credit of the member for such service had he made regular member contributions with full coverage in the class of service and at the rate of contribution applicable during such period of previous service and had his regular accumulated deductions been credited with statutory interest during all periods of subsequent State or school service up to the date of purchase.

(b) 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 thirty days or in the case of an active member may be amortized with statutory interest through salary deductions in amounts agreed upon by the member and the board.

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

(a) The total contributions to purchase credit for creditable nonstate service of an active member or eligible school employee shall be paid either by the member, the member's previous employer, or by some agreed upon combination of the member, his previous employer, and, if specifically provided, the Commonwealth.

(b) The amount due for the purchase of credit for military service other than intervening military service shall be determined by applying the member's basic contribution rate plus the Commonwealth normal contribution rate for active members at the time of entry, subsequent to such military service, of the member into State service to his average annual rate of compensation over the first three years of such subsequent State service and multiplying the result by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with statutory interest during all

periods of subsequent State or school service to date of purchase. Upon application for credit for such service, payment shall be made in a lump sum within thirty days or in the case of an active member it may be amortized with statutory interest through salary deductions in amounts agreed upon by the member and the board. Application may be filed for all such military service credit upon completion of three years of subsequent State service and shall be credited as Class A service.

(c) Contributions on account of credit for intervening military service shall be determined by the member's contribution rate and compensation at the time of entry of the member into active military service, together with statutory interest during all periods of subsequent State service to date of purchase. Upon application for such credit the amount due shall be certified in the case of each member by the board in accordance with methods approved by the actuary, and contributions may be made by:

- (1) regular monthly payments during active military service; or
- (2) a lump sum payment within thirty days of certification; or
- (3) salary deductions in amounts agreed upon by the member and the board.

(d) Contributions on account of credit for creditable nonstate service other than military and magisterial service shall be determined by applying the member's basic contribution rate plus the Commonwealth normal contribution rate for active members at the time of entry subsequent to such creditable nonstate service of the member into State service to his compensation at the time of entry into State service and multiplying the result by the number of years and fractional part of a year of creditable nonstate service being purchased together with statutory interest during all periods of subsequent State or school service to the date of purchase. Upon application for credit for such service payment shall be made in a lump sum within thirty days or in the case of an active member it may be amortized with statutory interest through salary deductions in amounts agreed upon by the member and the board.

(e) Contributions on account of credit for service as a magistrate of the City of Philadelphia shall be determined by the board to be equal to the amount he would have paid as employee contributions together with statutory interest to date of purchase had he been a State employee during his period of service as a magistrate of the City of Philadelphia. The amount so determined by the State Employees' Retirement Board to be paid into the State Employees' Retirement System shall be the obligation of the judge who requested credit for previous service as a magistrate of the City of Philadelphia; in no event shall such amount be an obligation of the City of Philadelphia or the City of Philadelphia retirement system.

§ 5506. Incomplete payments.

In the event that a member terminates State service before the agreed upon payments for credit for previous State service, creditable nonstate service, social security integration, or full coverage membership have been completed, or before any other amount due the fund has been paid, the member shall have the right to pay within thirty days of termination of State service the balance due, including interest, in a lump sum and the annuity shall be calculated including full credit for the previous State service, creditable nonstate service, social security integration, or full coverage membership. A disability annuitant who does not return to State service shall have the right to pay such amount within thirty days of termination of his disability annuity. In the event a member does not pay the balance due within thirty days of termination of State service or termination of disability payments or in the event a member dies in State service or within thirty days of termination of State service or termination of disability payments and before the agreed upon payments have been completed, the present value of the benefit otherwise payable shall be reduced by the balance due, including interest, and the benefit payable shall be calculated as the actuarial equivalent of such reduced present value.

§ 5507. Contributions by the Commonwealth and other employers.

(a) The Commonwealth and other employers whose employees are members of the system shall make contributions to the fund on behalf of all active members in such amounts as shall be certified by the board as necessary to provide, together with the members' total accumulated deductions, annuity reserves on account of prospective annuities other than those provided in section 5708 in accordance with the actuarial cost method provided in section 5508(a),(b),(c) and (d).

(b) The Commonwealth shall make contributions on behalf of annuitants in such amounts as shall be certified by the board as necessary to fund the liabilities for supplemental annuities in accordance with the actuarial cost method provided in section 5508(e).

§ 5508. Actuarial cost method.

(a) The amount of the Commonwealth and other employer contributions on behalf of all active members shall be computed by the actuary as a percentage of the total compensation of all active members during the period for which the amount is determined and shall be so certified by the board. The total employer contribution rate on behalf of all active members shall consist of the employer normal contribution rate and the accrued liability contribution rate.

(b) The employer normal contribution rate shall be determined after each actuarial valuation on the basis of an annual five and one-half per cent (5 ½%) interest rate and such mortality and other tables as shall be adopted by the board. Until all accrued liability contributions have been completed, the employer normal contribution rate shall be

determined as a level percentage of the compensation of the average new active member, which percentage, if contributed on the basis of his prospective compensation through his entire period of active State service, would be sufficient to fund the liability for any prospective benefit payable to him, except a supplemental benefit as provided in section 5708, in excess of that portion funded by his prospective member contributions. After all accrued liability contributions have been completed, the employer normal contribution rate shall be determined by deducting from the present value of the liabilities for all prospective benefits, except supplemental benefits as provided in section 5708, the sum of the total assets in the fund on the valuation date, excluding the balance in the supplemental annuity account, and the present value of prospective member contributions, and dividing the remainder by the present value of the future compensation of all active members.

(c) For the fiscal year beginning July 1, 1969, the accrued liability contribution rate shall be computed as the rate of total compensation of all active members which shall be certified by the actuary as sufficient to fund over a period of thirty years from such date the present value of the liabilities for all prospective benefits, except supplemental benefits as provided in section 5708, in excess of the total assets in the fund, excluding the balance in the supplemental annuity account, and the present value of employer normal contributions and of member contributions payable with respect to all active members on such date during the remainder of their active service, assuming that the total compensation of all active members will increase at the annual rate of four per cent (4%) compounded annually. Thereafter, the amount of each annual accrued liability contribution shall be at least four per cent (4%) greater than the amount of such contribution for the previous fiscal year, except that, if the accrued liability is increased by legislation enacted subsequent to July 1, 1969, such additional liability shall be funded over a period of thirty years from the first day of July, coincident with or next following the effective date of the increase assuming that the total compensation of all active members will increase at the annual rate of four per cent (4%) compounded annually. The accrued liability contributions under this section shall be discontinued as soon as the total assets in the fund, excluding the balance in the supplemental annuity account, equals the present value of the liability for all prospective benefits, except the supplemental benefits as provided in section 5708, less the present value of the prospective employer normal contributions and of member contributions payable with respect to all active members on such date during the remainder of their active service.

(d) In calculating the contributions required by subsections (a),(b) and (c) of this section, the active members of Class C shall be considered to be members of Class A. In addition, the actuary shall determine the

Commonwealth or other employer contributions required for active members of Class C and officers of the Pennsylvania State Police and enforcement officers and investigators of the Pennsylvania Liquor Control Board who are members of Class A to finance their benefits in excess of those to which other members of Class A are entitled. Such additional contributions shall be determined separately for officers and employees of the Pennsylvania State Police and for enforcement officers and investigators of the Pennsylvania Liquor Control Board. Such contributions payable on behalf of officers and employees of the Pennsylvania State Police shall include the amounts received by the system under the provisions of the act of May 12, 1943 (P.L.259, No.120), and on behalf of enforcement officers or investigators of the Pennsylvania Liquor Control Board, the amounts received by the system under the provisions of the Liquor Code, act of April 12, 1951 (P.L.90, No.21).

(e) Contributions from the Commonwealth required to provide for the payment of supplemental annuities as provided in section 5708 shall be determined as a percentage of the total compensation of all active members during the period for which the amount is certified as sufficient to fund the liabilities of the supplemental annuity account as of July 1, 1969, as a level percentage over a period of twenty years from such date. In the event that supplemental annuities are increased by legislation enacted subsequent to July 1, 1969, the additional liability for the increase in benefits shall be funded as a level percentage over a period of twenty years from the July first, coincident with or next following the effective date of such legislation.

§ 5509. Appropriations and assessments by the Commonwealth.

(a) The board shall prepare and submit annually an itemized budget consisting of the amounts necessary to be appropriated by the Commonwealth out of the General Fund and special operating funds and the amounts to be assessed the other employers required to meet the obligations accruing during the fiscal period beginning the first day of July of the following year.

(b) The General Assembly shall make an appropriation sufficient to provide for the obligations of the Commonwealth. Such amount shall be paid by the State Treasurer through the Department of Revenue into the fund in accordance with requisitions presented by the board. The contributions by the Commonwealth on behalf of active members who are officers of the Pennsylvania State Police shall be charged to the General Fund and to the Motor License Fund in the same ratios as used to apportion the appropriations for salaries of members of the Pennsylvania State Police. The contributions by the Commonwealth on behalf of active members who are enforcement officers and investigators of the Pennsylvania Liquor Control Board shall be charged to the General Fund and to the State Stores Fund.

(c) The amounts assessed other employers who are required to make the necessary contributions out of funds other than the General Fund shall be paid by such employers into the fund in accordance with requisitions presented by the board. The General Fund of the Commonwealth shall not be held liable to appropriate the moneys required to build up the reserves necessary for the payment of benefits to employees of such other employers. In case any such other employer shall fail to provide the moneys necessary for such purpose, then the service of such members for such period for which money is not so provided shall be credited and payroll deductions shall continue from such members to be credited to the members' savings account. The annuity to which such member is entitled shall be determined as actuarially equivalent to the present value of the maximum single life annuity of each such member reduced by the amount of employer contributions payable on account and attributable to his compensation during such service.

CHAPTER 57 BENEFITS

Sec.

- 5701. Return of total accumulated deductions.
- 5702. Maximum single life annuity.
- 5703. Reduction of annuities on account of social security old-age insurance benefits.
- 5704. Disability annuities.
- 5705. Member's options.
- 5706. Termination of annuities.
- 5707. Death benefits.
- 5708. Supplemental annuities.
- 5709. Payment of benefits.
- 5710. Payments under other laws.

§ 5701. Return of total accumulated deductions.

Any member upon termination of service may, in lieu of all benefits payable under this chapter to which he may be entitled, elect to receive his total accumulated deductions.

§ 5702. Maximum single life annuity.

(a) Any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 5308(a) or (b) shall be entitled to receive a maximum single life annuity equal to the sum of the following single life annuities beginning at the effective date of retirement:

(1) A standard single life annuity multiplied by the sum of the products, determined separately for each class of service, obtained by multiplying the appropriate class of service multiplier by the ratio of years of service credited in that class to the total credited service. In

case the member on the effective date of retirement is under superannuation age for any service, a reduction factor calculated to provide benefits actuarially equivalent to an annuity starting at superannuation age shall be applied to the product determined for that service. The class of service multiplier for any period of concurrent service shall be multiplied by the proportion of total State and school compensation during such period attributable to State service. In the event a member has two multipliers for one class of service the class of service multiplier to be used for calculating benefits for that class shall be the average of the two multipliers weighted by the proportion of compensation attributable to each multiplier during the three years of highest annual compensation in that class of service: Provided, That in the case of a member of Class E-1, a portion but not all of whose three years of highest annual judicial compensation is prior to January 1, 1973, two class of service multipliers shall be calculated on the basis of his entire judicial service, the one applying the judicial class of service multipliers effective prior to January 1, 1973 and the second applying the class of service multipliers effective subsequent to January 1, 1973. The average class of service multiplier to be used for calculating benefits for his judicial service shall be the average of the two calculated multipliers weighted by the proportion of compensation attributable to each of the calculated multipliers during the three years of highest annual compensation in that class of service.

(2) If eligible, a single life annuity of two per cent (2%) of his average noncovered salary for each year of social security integration credit as provided for in section 5305 multiplied, if on the effective date of retirement the member is under superannuation age for any service, by the actuarially determined reduction factor for that service.

(3) If eligible, a single life annuity which is actuarially equivalent to the regular accumulated deductions attributable to contributions as a member of Class C, but not less than such annuity determined as if the member were age sixty on the effective date of retirement, actuarially reduced in the event the member is under superannuation age on the effective date of retirement.

(4) If eligible, a single life annuity which is actuarially equivalent to the amount by which his regular accumulated deductions attributable to any credited service other than as a member of Class C are greater than one-half of the actuarially equivalent value on the effective date of retirement of the annuity as provided in paragraph(a)(1) of this section attributable to service other than Class C for which regular or joint coverage member contributions were made.

(5) If eligible, a single life annuity which is actuarially equivalent to the amount by which his social security integration accumulated deductions are greater than one-half of the actuarially equivalent value on the effective date of retirement of the annuity provided for under paragraph(a)(2) of this section.

(6) If eligible, a single life annuity sufficient together with the annuity provided for in paragraph(a)(1) of this section as a Class A member and the highest annuity provided for in paragraph(a)(2) of this section to which he is entitled, or at his option could have been entitled, to produce that percentage of a standard single life annuity on the effective date of retirement, as determined by his total years of credited service as a member of Class A and by the following table:

Total Years of Credited Service as a Member of Class A	Percentage of Standard Single Life Annuity
35-40	100%
41	102
42	104
43	106
44	108
45 or more	110

(b) The present value of the maximum single life annuity as calculated in accordance with subsection (a) of this section shall be determined by multiplying the maximum single life annuity by the cost of a dollar annuity on the effective date of retirement. Such present value shall be decreased only as required under the provisions of sections 5506, 5509(c), 5703, 5706(b) or 5953.

(c) The annuity paid to a member under subsection (a) of this section and reduced in accordance with the option elected under section 5705 shall not exceed the highest compensation received during any period of twelve consecutive months of credited service: Provided, That the portion of any annuity paid to a member on account of Class D-3 service under paragraph (a)(1) of this section and reduced in accordance with the option elected under section 5705 shall not exceed the greater of twelve thousand dollars (\$12,000) or his highest annual compensation as a member of the General Assembly. No limit shall be applied in the case of a member who served as a constitutional officer of the General Assembly prior to January 1, 1973.

§ 5703. Reduction of annuities on account of social security old-age insurance benefits.

(a) A joint coverage member who is eligible to receive an annuity under section 5308(a) or (b) shall be entitled to receive the annuity provided for in section 5702 which shall be reduced at the time at which

the member would be entitled to receive full social security old-age insurance benefits whether or not he has applied for such benefits. The reduction shall be an amount equal to forty per cent (40%) of the primary insurance amount paid or payable to him and subject to the following provisions:

(1) The eligibility of such member for the old-age insurance benefit and the amount of such benefit upon which the reduction in his annuity shall be based shall be determined by the board in accordance with the provisions of the Federal Social Security Act, 42 U.S.C. §§ 301 et seq., in effect on the effective date of retirement, except that in determining such eligibility and such amount only wages or compensation for services covered by the system shall be included.

(2) The reduction shall not be more than one-half of the standard single life annuity multiplied by the ratio of the sum of the three years of highest taxable wages to an amount equal to three times the final average salary and by the ratio of the years of credited service after December 31, 1955 to total years of credited service.

(3) Whenever the amount of the reduction from the annuity shall have been once determined, it shall remain fixed for the duration of the annuity except that any decrease in the old-age insurance benefit under the Federal Social Security Act, 42 U.S.C. §§ 301 et seq., shall result in a corresponding decrease in the amount of the reduction from the annuity.

(b) The reduction provided for in subsection (a) of this section shall not apply to annuities payable under the provisions of section 5704(a). § 5704. Disability annuities.

(a) A member who has made application for a disability annuity and has been found to be eligible in accordance with the provisions of section 5905(c)(1) shall receive a disability annuity payable from the effective date of disability as determined by the board and continued until a subsequent determination by the board that the annuitant is no longer entitled to a disability annuity. The disability annuity shall be equal to a standard single life annuity multiplied by the class of service multiplier applicable to the class of service at the time of disability if the product of such class of service multiplier and the total number of years of credited service is greater than 16.667, otherwise the standard single life annuity shall be multiplied by the lesser of the following ratios:

$$MY^*/Y \text{ or } 16.667/Y$$

where Y = number of years of credited service, Y^* = total years of credited service if the member were to continue as a State employee until attaining superannuation age as applicable at the time of disability, and M = the class of service multiplier as applicable at the time of disability. A member of Class C shall receive, in addition, any annuity to which he may be eligible under section 5702(a)(3).

(b) If the member has been found to be eligible for a disability annuity and has social security integration credits as provided in section 5305, he may elect to withdraw his social security integration accumulated deductions or if he has ten or more eligibility points to his credit and does not withdraw his social security integration accumulated deductions he may execute an application to be filed with the board to receive, in addition to his disability annuity, an annuity calculated in accordance with section 5702(a)(2).

(c) Subsequent to January 1, 1972, payments on account of disability shall be reduced by that amount by which the earned income of the annuitant, as reported in accordance with section 5908(b) for the preceding calendar quarter together with the disability annuity payments provided in this section other than subsection (b), for the quarter, exceeds the product of:

- (i) the greater of one thousand two hundred fifty dollars (\$1,250) or one-quarter of the last year's salary of the annuitant as a State employee;
- (ii) the ratio of the current monthly payment to the monthly payment at the effective date of disability; and
- (iii) the percentage factor determined by the following table for the calendar year of the member's effective date of disability:

Calendar Year of Effective Date of Disability	Percentage Factor
1966 or earlier	135%
1967	130
1968	125
1969	120
1970	115
1971	110
1972	105

Provided, That the annuitant shall not receive less than his member's annuity or the amount to which he may be entitled under section 5702 whichever is greater.

(d) Payment of that portion of the disability annuity in excess of the annuity to which the annuitant was entitled at the effective date of disability calculated in accordance with section 5702 shall cease if the annuitant is no longer eligible under the provisions of sections 5905(c)(2) or 5908(b) or (c).

(e) Upon termination of disability annuity payments in excess of an annuity calculated in accordance with section 5702, a disability annuitant who does not return to State service may file an application with the board for an amount equal to the excess, if any, of the regular accumulated deductions standing to his credit at the effective date of

disability over one-third of the total disability annuity payments received. If the annuitant on the date of termination of service was eligible for an annuity as provided in section 5308(b), he may file an application with the board for an election of an optional modification of his annuity.

(f) If a member has been found to be eligible for a disability annuity and if the disability has been found to be a service connected disability, such member shall receive a supplement equal to seventy per cent (70%) of his final average salary less the sum of the annuity as determined under subsection (a) of this section and any payments paid or payable on account of such disability under The Pennsylvania Workmen's Compensation Act, The Pennsylvania Occupational Disease Act and the Federal Social Security Act. Such supplement shall continue as long as he is determined to be disabled on account of his service connected disability.

§ 5705. Member's options.

(a) Any vestee having ten or more eligibility points or any other eligible member upon termination of State service who has not withdrawn his total accumulated deductions as provided in section 5701 may apply for and elect to receive either a maximum single life annuity, as calculated in accordance with the provisions of section 5702, or a reduced annuity certified by the actuary to be actuarially equivalent to the maximum single life annuity and in accordance with one of the following options:

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

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

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

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

(i) any annuity shall be payable without reduction during the lifetime of the member except as the result of the member's election to receive an annuity reduced upon attainment of age sixty-five, in anticipation of the receipt of a social security benefit;

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

(iii) a portion of the benefit may be payable as a lump sum, except that such lump sum payment shall be limited to one such payment and it shall not exceed an amount equal to the total accumulated deductions standing to the credit of the member. The balance of the present value of the maximum single life annuity adjusted in accordance with section 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 (i) and (ii) under this option.

(b) In calculating an annuity payable to a member of the joint coverage group, the present value of such adjusted annuity shall be determined by taking into account prospectively the reduction applicable upon the attainment of the age at which full social security benefits are payable.

§ 5706. Termination of annuities.

(a) Any annuity payable under this ¹ part shall cease if the annuitant returns to State service or enters school service and elects multiple service membership until subsequent discontinuance of service: Provided, however, That this provision shall not apply in the case of any annuitant who may render services to the Commonwealth in the capacity of an independent contractor: And, provided further, That when, in the judgment of the head of the department, an emergency creates an increase in the work load such that there is serious impairment of service to the public, an annuitant may, with the approval of the Governor, be returned to State service in a classification in which he had at least two years' experience and without loss of annuity shall receive the pay for such classification for a period not to exceed sixty days in any calendar year.

(b) Upon subsequent discontinuance of service, the annuity of an active member whose former annuity as provided by the system had been discontinued, shall be computed with respect to total credited service and reduced by an annuity actuarially equivalent to the benefit payments received as an annuitant prior to attainment of superannuation age.

§ 5707. Death benefits.

(a) Any active member, inactive member on leave without pay or vestee who dies and was eligible for an annuity in accordance with section 5308(a) or (b), shall be considered as having applied for an annuity to become effective the day before his death and in the event he has not elected an option or such election has not been approved prior to his death, it shall be assumed that he elected Option 1.

(b) In the event of the death of an active member or an inactive member on leave without pay who is not entitled to a death benefit as provided in subsection (a) of this section, his designated beneficiary shall be paid the full amount of his total accumulated deductions.

¹ "code" in original.

(c) In the event of the death of a disability annuitant before he has received in annuity payments an amount equal to the present value, on the effective date of disability, of the benefits to which he would have been entitled under subsection (a) of this section had he died while in State service, the balance of such amount shall be paid to his designated beneficiary.

(d) In the event of the death of a disability annuitant who was not entitled to receive benefits under subsection (a) of this section, his beneficiary shall be paid the excess of the regular accumulated deductions standing to his credit on the effective date of disability over one-third of the total disability payments received.

(e) In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in annuity payments the full amount of the total accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary.

§ 5708. Supplemental annuities.

(a) Every annuitant who is in receipt of a superannuation, withdrawal or disability annuity, shall continue to receive such annuity and beginning July 1, 1974, any annuitant retiring on or prior to June 30, 1972, shall receive a cost-of-living supplement determined as a percentage applied to the entire retirement annuity. Such cost-of-living supplement shall be payable under the same terms and conditions as provided under the option plan in effect as of July 1, 1974.

(b) The percentage which is to be applied in the determination of the cost-of-living supplements, shall be determined on the basis of the effective date of retirement as follows:

Effective Date of Retirement	Percentage Factor
July 1, 1971 to June 30, 1972	5%
July 1, 1970 to June 30, 1971	10%
July 1, 1969 to June 30, 1970	15%
July 1, 1968 to June 30, 1969	20%
July 1, 1967 to June 30, 1968	25%
Prior to July 1, 1967	30%

Provided, however, That such cost-of-living supplement as determined above shall not be payable to an annuitant receiving a withdrawal annuity prior to the first day of July coincident with or following his attainment of superannuation age: And further provided, That any member terminating legislative service subsequent to November 30, 1970, shall be entitled to receive on account of Class D-3 service a maximum single life annuity per year of service as a regular member of the General Assembly which shall not be less than the corresponding maximum single life annuity, including any cost-of-living supplements, of a member retiring from legislative service November 30, 1970.

(c) No cost-of-living supplement determined after the death of the member shall be payable to the beneficiary or survivor annuitant of such deceased former State employee.

(d) Any superannuation or disability annuitant shall be entitled to receive a supplement such that his total annuity including any cost-of-living supplement shall be actuarially equivalent to a maximum single life annuity of eighty-four dollars and fifty cents (\$84.50) for each full year of credited service.

§ 5709. Payment of benefits.

(a) Any annuity granted under the provisions of this ¹ part shall be paid in equal monthly installments.

(b) If the amount of a death benefit payable to a beneficiary under section 5707 or under the provisions of Option 1 of section 5705(a)(1) is five thousand dollars (\$5,000) or more, such beneficiary may elect to receive payment according to one of the following options:

(1) a lump sum payment;

(2) an annuity actuarially equivalent to the amount payable; or

(3) a lump sum payment and an annuity such that the annuity is actuarially equivalent to the amount payable less the lump sum payment specified by the beneficiary.

(c) If the beneficiary designated by a member should predecease him or die within thirty days of his death, or if a valid nomination of a beneficiary is not in effect at his death, any money payable to a beneficiary shall be payable to the estate of the member.

§ 5710. Payments under other laws.

No payment provided for in this ² part shall be reduced on account of any other benefits, now or hereafter provided for, under any workmen's compensation law or any other law, except as otherwise herein provided.

CHAPTER 59 ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS

Subchapter

A. Administration

C. State Employees' Retirement Fund and Accounts

E. General Provisions

SUBCHAPTER A ADMINISTRATION

Sec.

5901. The State Employees' Retirement Board.

5902. Administrative duties of the board.

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

¹ "code" in original.

² "code" in original.

5904. Duties of the board to report to the Public School Employees' Retirement Board.
5905. Duties of the board regarding applications and elections of members.
5906. Duties of heads of departments.
5907. Rights and duties of State employees and members.
5908. Rights and duties of annuitants.
- § 5901. The State Employees' Retirement Board.

(a) The board shall be an independent administrative board and consist of seven members: the State Treasurer, ex officio, and six members appointed by the Governor for terms of four years, subject to confirmation by the Senate. At least five board members shall be active members of the system, and at least two shall have ten or more years of credited State service. The chairman of the board shall be designated by the Governor from among the members of the board.

(b) The two members elected by the board and serving on the effective date of this act shall continue to serve until the expiration of their respective terms. Of the remaining four appointees, one shall be appointed for an initial term of two years, one for an initial term of three years, and two for an initial term of four years. A vacancy occurring during the term of an appointed member shall be filled for the unexpired term by the appointment and confirmation of a successor in the same manner as his predecessor. No appointed member shall serve more than two consecutive full terms.

(c) Each member of the board shall take an oath of office that he will, so far as it devolves upon him, diligently and honestly, administer the affairs of said board and that he will not knowingly violate or wilfully permit to be violated any of the provisions of law applicable to this ¹ part. Such oath shall be subscribed by the member taking it and certified by the officer before whom it is taken and shall be immediately filed in the Office of the Secretary of the Commonwealth.

(d) The members of the board who are members of the system shall serve without compensation but shall not suffer loss of salary or wages through serving on the board. The members of the board who are not members of the system shall receive one hundred dollars (\$100) per day when attending meetings and all board members shall be reimbursed for any necessary expenses. However, when the duties of the board as mandated are not executed, no compensation or reimbursement for expenses of board members shall be paid or payable during the period in which such duties are not executed.

(e) For the purposes of this ² part, the board shall possess the power and privileges of a corporation. The Attorney General of the Commonwealth shall be the legal advisor of the board.

¹ "code" in original.

² "code" in original.

§ 5902. Administrative duties of the board.

(a) The secretary, clerical, and other employees of the board and their successors whose positions on the effective date of this ¹ part are under the classified service provisions of the Civil Service Act of August 5, 1941 (P.L.752, No.286), shall continue under such provisions. The compensation of all other persons appointed shall be determined by the board and shall be consistent with the standards established by the Executive Board of this Commonwealth.

(b) The board shall contract for the services of a chief medical examiner, an actuary, an investment counselor, and such other professional personnel as it deems advisable.

(c) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of this ² part. Such expenses as approved by the General Assembly in an appropriation bill shall be paid from investment earnings of the fund in excess of the required interest, except that if in any year such earnings are not sufficient the balance required, after pro rata assessments payable by any other employer whose employees are members of the system, shall be appropriated from the General Fund and the special operating funds.

(d) The board shall hold at least six regular meetings annually and such other meetings as it may deem necessary.

(e) The board shall keep a record of all its proceedings which shall be open to inspection by the public.

(f) The board shall perform such other functions as are required for the execution of the provisions of this ³ part.

(g) In the event the head of the department fails to comply with the procedures as mandated in section 5906, the board shall perform such duties and bill the department for the cost of same.

(h) The board shall, with the advice of the Attorney General and the actuary, adopt and promulgate rules and regulations for the uniform administration of the system. The actuary shall approve in writing all computational procedures used in the calculation of contributions and benefits prior to their application by the board.

(i) The board shall keep in convenient form such data as are stipulated by the actuary in order that an annual actuarial valuation of the various accounts can be completed within six months of the close of each calendar year.

(j) The board shall have the actuary make an annual valuation of the various accounts within six months of the close of each calendar year. In the year 1975 and in every fifth year thereafter the board shall have the actuary conduct an actuarial investigation and evaluation of the system

¹ "act" in original.

² "code" in original.

³ "code" in original.

based on data including the mortality, service, and compensation experience provided by the board annually during the preceding five years concerning the members and beneficiaries. The board shall adopt such tables as are necessary for the actuarial valuation of the fund and calculation of contributions, annuities and benefits based on the reports and recommendations of the actuary.

(k) The board shall, each year in addition to the itemized budget required under section 5509, certify, as a percentage of the members' payroll, the employers' contributions necessary for the funding of prospective annuities for active members and certify the rates and amounts of the employers' normal contributions and accrued liability contributions which shall be paid to the fund and credited to the appropriate accounts. These certifications shall be regarded as final and not subject to modification by the Budget Secretary.

(l) The board shall cause each payroll deduction to be credited to the account of the member from whose compensation the deduction was made and shall pay all such amounts into the fund.

(m) The board shall prepare and have published, on or before July first of each year, a financial statement as of the calendar year ending December thirty-first of the previous year showing the condition of the fund and the various accounts and setting forth such other facts, recommendations, and data as may be of use in the advancement of knowledge concerning annuities and other benefits provided by this ¹ part. The board shall submit said financial statement to the Governor and shall file copies with the head of each department for the use of the State employees and the public.

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

(a) The board shall, with the advice of the Attorney General and the actuary, prepare and provide, within ninety days of the effective date of this ² part, a manual incorporating rules and regulations consistent with the provisions of this ³ part to the heads of departments and their respective retirement counselors who shall make the information contained therein available to the general membership. The board shall thereafter advise the heads of departments within ninety days of any changes in such rules and regulations due to changes in the law or due to changes in administrative policies.

(b) The board shall furnish annually to the head of each department on or before April first, a statement for each member employed in such department showing the total accumulated deductions standing to his credit as of December thirty-first of the previous year and requesting the member to make any necessary corrections or revisions regarding his designated beneficiary. In addition, for each member employed in any department and for whom the retirement counselor has furnished the

¹ "code" in original.

² "act" in original.

³ "code" in original.

necessary information, the board shall certify the number of years and fractional part of a year of credited service attributable to each class of service, the number of years and fractional part of a year attributable to social security integration credits in each class of service and, in the case of a member eligible to receive an annuity, the benefit to which he is entitled upon the attainment of superannuation age.

(c) Upon receipt of an application from an active member or eligible school employee to purchase credit for previous State or creditable nonstate service, or an election to become a full coverage member, the board shall determine and certify to the member the amount required to be paid by the member. When necessary, the board shall certify to the previous employer the amount due in accordance with sections 5504 and 5505.

(d) Upon receipt of an application from a joint coverage member who elects to become a full coverage member, the board shall certify to the member the effective date of such transfer and the prospective rate for regular member contributions.

§ 5904. Duties of the board to report to the Public School Employees' Retirement Board.

(a) Upon receipt of an application for membership in the system of a State employee who is a former public school employee and who has elected multiple service membership, the board shall advise the Public School Employees' Retirement Board accordingly.

(b) Upon receipt of notification from the Public School Employees' Retirement Board that a former State employee has become an active member in the Public School Employees' Retirement System and has elected to receive credit for multiple service, the board shall certify to the Public School Employees' Retirement Board and concurrently to the member:

(1) the total credited service in the system and the number of years and fractional part of a year of service credited in each class of service;

(2) the annual compensation received each calendar year by the member for credited State service; and

(3) the social security integration credited service to which the member is entitled and the average noncovered salary upon which the single life annuity attributable to such service will be computed.

(c) Upon receipt of notification and the required data from the Public School Employees' Retirement Board that a former State employee who elected multiple service has applied for a public school employees' retirement benefit or, in the event of his death, his legally constituted representative has applied for such benefit, the board shall:

(1) certify to the Public School Employees' Retirement Board;

(i) the salary history as a member of the State Employees' Retirement System and the final average salary as calculated on the basis of the compensation received as a State and school employee; and

(ii) the annuity or benefit to which the member or his beneficiary is entitled as modified according to the option selected; and

(2) transfer to the Public School Employees' Retirement Fund the total accumulated deductions standing to such member's credit and the actuarial reserve required on account of years of credited service in the State system, final average salary and the average noncovered salary to be charged to the State accumulation account, the State Police benefit account or the enforcement officers' benefit account, as each case may require.

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

(a) As soon as practicable after each member shall have become an active member in the system, the board shall issue to the member a statement certifying his class of service, his member contribution rate, and the aggregate length of total previous State service and creditable nonstate service for which he may receive credit.

(b) Upon receipt of notification from the Public School Employees' Retirement Board that a former State employee has become an active member in the Public School Employees' Retirement System and has elected to become a member with multiple service status the board shall:

(1) in case of a member receiving an annuity from the system, discontinue payments, transfer the present value, at that time, of the member's annuity from the annuity reserve account to the members' savings account and resume crediting of statutory interest on the amount restored to his credit and transfer the balance of the present value of the total annuity from the annuity reserve account to the State accumulation account; or

(2) in case of a member who is not receiving an annuity and has not withdrawn his total accumulated deductions, continue or resume the crediting of statutory interest on his total accumulated deductions during the period his total accumulated deductions remain in the fund; or

(3) in case of a former State employee who is not receiving an annuity from the system and his total accumulated deductions were withdrawn, certify to the former State employee the accumulated deductions as they would have been at the time of his separation had he been a full coverage member together with statutory interest for all periods of subsequent State and school service to the date of repayment. Such amount shall be restored by him and shall be credited with statutory interest as such payments are restored.

(c) In every case where the board has received an application for a disability annuity based upon physical or mental incapacity for the performance of the job for which the member is employed, taking into account relevant decisions by The Pennsylvania Workmen's Compensation Board, the board shall:

(1) through the chief medical examiner, have the applicant examined and on the basis of said examination, and the subsequent recommendation by the chief medical examiner regarding the applicant's medical qualification for a disability annuity along with such other recommendations which he may make with respect to the permanency of disability or the need for subsequent reexaminations, make a finding of disability and whether or not the disability is service connected or nondisability and in the case of disability establish an effective date of disability and the terms and conditions regarding subsequent reexaminations;

(2) upon the recommendation of the chief medical examiner on the basis of subsequent medical examinations, make a finding of continued disability and whether or not the disability continues to be service connected, or a finding of nondisability; and in the case of a finding that the disability is no longer service connected, discontinue any supplemental payments on account of such service connected disability as of the date of the finding; and in the case of a finding of nondisability establish the date of termination of disability and at that time discontinue any annuity payments in excess of an annuity calculated in accordance with section 5702; and

(3) upon receipt of a written statement from a disability annuitant of his earned income of the previous quarter, adjust the payments of the disability annuity for the following quarter in accordance with the provisions of section 5704(c).

(d) Upon receipt of a member's application to withdraw his total accumulated deductions and any data required from the head of the department, the board shall pay to such member within sixty days after filing the application or termination of State service whichever is later the total accumulated deductions standing to his credit.

(e) The board shall certify to a vestee within one year of termination of State service of such member:

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

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

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

(f) The board shall make the first monthly payment to a member who is eligible for an annuity within sixty days of the filing of his application for an annuity and receipt of the required data from the head of the department. Concurrently the board shall certify to such member:

(1) the total accumulated deductions standing to his credit showing separately the amount contributed and the interest credited to the date of termination of service;

(2) the number of years and fractional part of a year credited in each class of service;

(3) the final average salary on which his annuity is based as well as any applicable reduction factors due to age and/or election of an option; and

(4) the total annuity payable under the option elected and the amount and effective date of any future reduction under section 5703.

(g) Upon receipt of notification from the head of a department of the death of an active member or a member on leave without pay, the board shall advise the designated beneficiary of the benefits to which he is entitled, and shall make the first payment to the beneficiary within sixty days of receipt of certification of death.

(h) Upon receipt of the election by an eligible member to convert his medical, major medical, and hospitalization insurance coverage to the plan for State annuitants, the board shall notify the insurance carrier of such election and shall deduct the appropriate annual charges in equal monthly installments. Such deductions shall be transmitted to the designated fiscal officer of the Commonwealth having jurisdiction over the payment of such group charges on behalf of the annuitant.

(i) The board shall notify in writing each joint coverage annuitant who retired prior to July 1, 1962 that he may elect any time prior to July 1, 1974 to receive his annuity without reduction attributable to social security coverage upon payment in a lump sum of the amount which shall be certified by the board within sixty days of such election. Upon receipt of such payment the board shall recompute the annuity payable to such annuitant and the annuity and/or lump sum, if any, payable upon his death to his beneficiary or survivor annuitant as though he had been a full coverage member on the effective date of retirement. Such recomputed annuity shall be paid beginning with the second monthly payment next following the month in which the lump sum payment is received.

§ 5906. Duties of heads of departments.

(a) The head of department shall, at the end of each pay period, notify the board in a manner prescribed by the board of salary changes effective during that period for any members of the department, the date of all removals from the payroll, and the type of leave of any members of the department who have been removed from the payroll for any time during that period, and:

(1) if the removal is due to leave without pay, he shall furnish the board with the date of beginning leave and the date of return to service, and the reason for leave; or

(2) if the removal is due to a transfer to another department, he shall furnish such department and the board with a complete State service record, including past State service in other departments or agencies, or creditable nonstate service; or

(3) if the removal is due to termination of State service, he shall furnish the board with a complete State service record, including service in other departments or agencies, or creditable nonstate service and;

(i) in the case of death of the member the head of the department shall so notify the board;

(ii) in the case of a service connected disability the head of department shall, to the best of his ability, investigate the circumstances surrounding the disablement of the member and submit in writing to the board information which shall include but not necessarily be limited to the following: date, place and time of disablement to the extent ascertainable; nature of duties being performed at such time; and whether or not the duties being performed were authorized and included among the member's regular duties. In addition, the head of department shall furnish in writing to the board all such other information as may be related to the member's disablement.

(b) At any time at the request of the board and at termination of service of a member, the head of department shall furnish service and compensation records and such other information as the board may require and shall maintain and preserve such records as the board may direct for the expeditious discharge of its duties.

(c) The head of department shall cause to be deducted the required member contributions from each payroll. The head of department shall certify to the State Treasurer the amounts deducted and shall send the total amount deducted together with a duplicate of such voucher to the secretary of the board every pay period.

(d) Upon the assumption of duties of each new State employee whose membership in the system is mandatory, the head of department shall cause an application for membership and a nomination of beneficiary to be made by such employee and filed with the board and shall make payroll deductions from the effective date of State employment.

(e) The head of department shall, upon the employment or entering into office of any State employee whose membership in the system is not mandatory, inform such employee of his opportunity to become a member of the system. If such employee so elects, the head of department shall cause an application for membership and a nomination of beneficiary to be made by him and filed with the board and shall make payroll deductions from the effective date of membership.

(f) The head of department shall designate an employee of his department to serve as a retirement counselor subject to approval by the board. Such retirement counselor shall assist the head of department in advising the employees of the department of their rights and duties as members of the system.

(g) The head of department shall, upon the employment of a former contributor to the Public School Employees' Retirement System who is not an annuitant of the Public School Employees' Retirement System, advise such employee of his right to elect to become a multiple service member, and in the case of any such employee who has withdrawn his accumulated deductions, advise him of his right at any time prior to termination of service as a State employee to reinstate his credit in the Public School Employees' Retirement System by restoring his accumulated deductions. The head of the department shall advise the board of such election.

(h) The head of department shall, upon the employment of an annuitant of the Public School Employees' Retirement System who applies for membership in the system, advise such employee that he may elect multiple service membership and if he so elects his public school employee's annuity will be discontinued and, upon termination of State service and application for retirement, the annuity will be recomputed and paid on the basis of his total school and State service. The head of department shall advise the board of such election.

(i) Annually, upon receipt from the board, the head of department shall furnish to each member the statement specified in section 5903(b).

(j) The head of department shall, in the case of any member terminating State service, advise such member in writing of any benefits to which he may be entitled under the provisions of this ¹ part and shall have the member prepare, on or before the date of termination of State service one of the following three forms, a copy of which shall be given to the member and the original of which shall be filed with the board:

(1) an application for the return of total accumulated deductions;

or

(2) an election to vest his retirement rights, and if he is a joint coverage member and so desires, elect to become a full coverage member and agree to pay within thirty days of the date of termination of service the lump sum required; or

(3) an application for an immediate annuity; and if he desires,

(i) an election to convert his medical, major medical, and hospitalization insurance coverage to the plan for State annuitants; and

(ii) if he is a joint coverage member, an election to become a full coverage member and an agreement to pay within thirty days of date of termination of service the lump sum required.

(k) Any application properly executed and filed under subsection (j) with the department and not filed with the board within thirty days shall be deemed to have been filed with the board on the date filed with the department and in such case all required data shall be furnished to the board immediately.

¹ "code" in original.

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

(a) Upon his assumption of duties each new State employee shall furnish the head of department with a complete record of his previous State service, his school service or creditable nonstate service, and proof of his date of birth and current status in the system and in the Public School Employees' Retirement System. Wilful failure to provide the information required by this subsection to the extent available upon entrance into the system shall result in the forfeiture of the right of the member to subsequently assert any right to benefits based on any of the required information which he failed to provide. In any case in which the board finds that a member is receiving an annuity based on false information, the total amount received predicated on such false information together with statutory interest doubled and compounded shall be deducted from the present value of any remaining benefits to which the member is legally entitled.

(b) In the case of a new employee who is not currently a member of the system, and whose membership is mandatory or in the case of a new employee whose membership in the system is not mandatory but who desires to become a member of the system, the new employee shall execute an application for membership and a nomination of beneficiary and shall make the proper contributions.

(c) Any active member who was formerly an active member in the Public School Employees' Retirement System may elect to become a multiple service member.

(d) Any active member or eligible school employee who desires to receive credit for his total previous State service or creditable nonstate service to which he is entitled, or a joint coverage member who desires to become a full coverage member, shall so notify the board and upon written agreement by the member and the board as to the manner of payment of the amount due, the member shall receive credit for such service as of the date of such agreement.

(e) Every member shall nominate a beneficiary by written designation duly acknowledged and filed with the board as provided in section 5906(d) or (e) to receive the death benefit payable under section 5707 or the benefit payable under the provisions of Option 1 of section 5705(a)(1). Such nomination may be changed at any time by the member by written designation duly acknowledged and filed with the board. A member may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 5707 or the benefit payable under the provisions of Option 1 of section 5705(a)(1).

(f) Each member who terminates State service shall execute on or before the date of termination of service the appropriate application, duly attested by the member or his legally constituted representative, electing to:

- (1) withdraw his total accumulated deductions; or
- (2) vest his retirement rights; and if he is a joint coverage member, and so desires, elect to become a full coverage member and agree to pay within thirty days of the date of termination of service the lump sum required; or
- (3) receive an immediate annuity, and may,
 - (i) if eligible, elect to convert his medical, major medical, and hospitalization coverage to the plan for State annuitants; and
 - (ii) if he is a joint coverage member, elect to become a full coverage member and agree to pay within thirty days of date of termination of service the lump sum required.
- (g) If a member elects to vest his retirement rights he shall nominate a beneficiary by written designation duly acknowledged and filed with the board and he may anytime thereafter, withdraw the total accumulated deductions standing to his credit or apply for an annuity.
- (h) Upon attainment of superannuation age a vestee shall execute and file an application for an annuity. Any such application filed within ninety days after attaining superannuation age shall be effective as of the date of attainment of superannuation age. Any application filed after such period shall be effective as of the date it is filed with the board. If a vestee does not file an application within seven years after attaining superannuation age, he shall be deemed to have elected to receive his total accumulated deductions upon attainment of superannuation age.
 - (i) If a member is eligible to receive an annuity and does not file a proper application within ninety days of termination of service, his annuity will become effective as of the date the application is filed with the board or the date designated on the application whichever is later.
 - (j) A member who is eligible and elects to receive a reduced annuity under Option 1, 2, 3, or 4, shall nominate a beneficiary or a survivor annuitant, as the case may be, by written designation duly acknowledged and filed with the board at the time of his retirement. A member having designated a survivor annuitant at the time of retirement shall not be permitted to nominate a new survivor annuitant unless such survivor annuitant predeceases him. In such event, the annuitant shall have the right to reelect an option and to nominate a beneficiary or a new survivor annuitant and to have his annuity recomputed to be actuarially equivalent as of the date of recomputation to a single life annuity in the amount of the reduced annuity which he was receiving immediately prior to the recomputation.
- (k) If service of a member who is under superannuation age is terminated due to his physical or mental incapacity for the performance of duty, an application for a disability annuity with or without a supplement for a service connected disability may be executed by him or by a person legally authorized to act on his behalf.

§ 5908. Rights and duties of annuitants.

(a) Any annuitant who is a joint coverage member who was receiving an annuity prior to July 1, 1962, may elect to receive his annuity without reduction on account of social security old-age insurance benefits: Provided, That he shall file such election with the board prior to July 1, 1974 and shall make a lump sum payment within sixty days of receipt of the certification of the amount due.

(b) It shall be the duty of an annuitant receiving a disability annuity prior to the attainment of age fifty to furnish a written statement within thirty days of the close of each calendar quarter of all earned income during that quarter and information showing whether or not he is able to engage in a gainful occupation and such other information as may be required by the board. On failure, neglect, or refusal to furnish such information for the period of the preceding quarter, the board may refuse to make further payments due to disability to such annuitant until he has furnished such information to the satisfaction of the board. Should such refusal continue for six months, all of his rights to the disability annuity payments in excess of any annuity to which he is otherwise entitled shall be forfeited from the date of his last written statement to the board. Any moneys received in excess of those to which he was entitled shall be deducted from the present value of the annuity to which he is otherwise entitled.

(c) Should any annuitant receiving a disability annuity while still under superannuation age refuse to submit to a medical examination by a physician or physicians at the request of the board, his payments due to disability shall be discontinued until the withdrawal of such refusal. Should such refusal continue for a period of six months, all of his rights to the disability annuity payments in excess of any annuity to which he is otherwise entitled shall be forfeited.

SUBCHAPTER C

STATE EMPLOYEES' RETIREMENT FUND AND ACCOUNTS

Sec.

- 5931. Management of fund and accounts.
- 5932. State Employees' Retirement Fund.
- 5933. Members' savings account.
- 5934. State accumulation account.
- 5935. Annuity reserve account.
- 5936. State Police benefit account.
- 5937. Enforcement officers' benefit account.
- 5938. Supplemental annuity account.
- 5939. Interest reserve account.

§ 5931. Management of fund and accounts.

(a) The members of the board shall be the trustees of the fund and shall have exclusive control and management of the said fund and full

power to invest the same, subject, however, to all the terms, conditions, limitations and restrictions imposed by this ¹ part or other law upon the making of investments. Subject to like terms, conditions, limitations and restrictions, said trustees shall have the power to hold, purchase, sell, assign, transfer or dispose of any of the securities and investments in which any of the moneys in the fund shall have been invested as well as of the proceeds of said investments and of any moneys belonging to said fund.

(b) The board, annually, shall allow the required interest on the mean amount for the preceding year to the credit of each of the accounts. The amount so allowed shall be credited thereto by the board and transferred from the interest reserve account.

(c) The State Treasurer shall be the custodian of the fund.

(d) All payments from the fund shall be made by the State Treasurer in accordance with requisitions signed by the secretary of the board and ratified by resolution of the board.

(e) The members of the board, employees of the board and agents thereof shall stand in a fiduciary relationship to the members of the system regarding the investments and disbursements of any of the moneys of the fund and shall not profit either directly or indirectly with respect thereto.

(f) By the name of "The State Employees' Retirement System" all of the business of the system shall be transacted, its fund invested, all requisitions for money drawn and payments made, and all of its cash and securities and other property shall be held, except that, any other law to the contrary notwithstanding, the board may establish a nominee registration procedure for the purpose of registering securities in order to facilitate the purchase, sale or other disposition of securities pursuant to the provisions of this law.

(g) For the purpose of meeting disbursements for annuities and other payments in excess of the receipts, there shall be kept available by the State Treasurer an amount, not exceeding ten per cent (10%) of the total amount in the fund, on deposit in any bank or banks in this Commonwealth organized under the laws thereof or under the laws of the United States or with any trust company or companies incorporated by any law of this Commonwealth, provided any of such banks or trust companies shall furnish adequate security for said deposit, and provided that the sum so deposited in any one bank or trust company shall not exceed twenty-five per cent (25%) of the paid-up capital and surplus of said bank or trust company.

(h) Preferred and common stock as defined in subsection (i) of any corporation as defined in subsection (j) organized under the laws of the United States or of any commonwealth or state thereof or of the District of Columbia shall be an authorized investment of the fund, regardless of any other provision of law provided that:

¹ "code" in original.

(1) such stock be purchased with the exercise of that degree of judgment and care under the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation, but in regard to the permanent disposition of the funds, considering the probable income to be derived therefrom as well as the probable safety of their capital;

(2) in the case of any stock other than stock of a bank or insurance company, the stock be listed or traded (or if unlisted or not entitled to trading privileges shall be eligible for listing and application for such listing shall have been made) on the New York Stock Exchange or any other exchange approved by the Secretary of Banking;

(3) no investment in common stock be made which at that time would cause the book value of the investments in common stock to exceed twenty-five per cent (25%) of the total assets of the fund;

(4) no more than five per cent (5%) of the total assets of the fund be invested in common stocks in any one year, provided that any unused portion may be used in subsequent years, but in no event shall more than eight per cent (8%) of such assets be invested in common stocks in any one year;

(5) the amount invested in the common stock of any one company not exceed at cost two per cent (2%) of the book value of the assets of the fund at the time of purchase and shall not exceed five per cent (5%) of the issued and outstanding common stock of that company; and

(6) no sale or other liquidation of any investment be required solely because of any change in market values whereby the percentages of stocks hereinabove set forth are exceeded.

(i) "Common stock" as used in subsection (h) shall include the stock certificates, certificates of beneficial interests or trust participation certificates issued by any corporation or unincorporated association included under the definition of "corporation" in the following paragraph.

(j) "Corporation" as used in subsection (h) shall include a voluntary association, a joint-stock association or company, a business trust, a Massachusetts trust, a common-law trust and any other organization organized and existing for any lawful purpose and which like a corporation, continues to exist, notwithstanding changes in the personnel of its members or participants and conducts its affairs through a committee, a board or some other group acting in a representative capacity.

§ 5932. State Employees' Retirement Fund.

The fund shall consist of all moneys in the several separate funds in the State Treasury, set apart to be used under the direction of the board for the benefit of members of the system; and the Treasury Department shall credit to the fund all moneys received from the Department of

Revenue arising from the contributions required under the provisions of Chapter 55, and all interest earned by the investments or moneys of said fund. There shall be established and maintained by the board the several ledger accounts specified in sections 5933, 5934, 5935, 5936, 5937, 5938 and 5939.

§ 5933. Members' savings account.

(a) The members' savings account shall be the ledger account to which shall be credited the amounts of the contributions or lump sum payments made by active members in accordance with the provisions of sections 5501, 5502, 5503, 5504 and 5505.

(b) The members' savings account in total and the individual member accounts shall be credited with statutory interest. The total accumulated deductions credited to a member whose application for an annuity has been approved shall be transferred from the members' savings account to the annuity reserve account provided for in section 5935, except in the case of a member who is an officer of the Pennsylvania State Police or an enforcement officer the total accumulated deductions to his credit shall be transferred from the members' savings account to the State Police benefit account provided for in section 5936 or to the enforcement officers benefit account provided for in section 5937, as the case may be.

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

§ 5934. State accumulation account.

The State accumulation account shall be the ledger account to which shall be credited all contributions of the Commonwealth or other employers whose employees are members of the system and made in accordance with the provisions of section 5507(a) except that the amounts received under the provisions of the act of May 12, 1943 (P.L.259, No.120), and the amounts received under the provisions of the Liquor Code, act of April 12, 1951 (P.L.90, No.21), shall be credited to the State Police benefit account or the enforcement officers' benefit account as the case may be. The State accumulation account shall be credited with valuation interest. The reserves necessary for the payment of annuities and death benefits as approved by the board and as provided in Chapter 57 shall be transferred from the State accumulation account to the annuity reserve account provided for in section 5935, except that the reserves necessary on account of a member who is an officer of the Pennsylvania State Police or an enforcement officer shall be transferred from the State accumulation account to the State Police benefit account provided for in section 5936 or to the enforcement officers' benefit account as provided for in section 5937 as the case may be.

§ 5935. Annuity reserve account.

(a) The annuity reserve account shall be the ledger account to which shall be credited the reserves held for payment of annuities and death benefits on account of all annuitants except in the case of members who are officers of the Pennsylvania State Police or enforcement officers. The annuity reserve account shall be credited with valuation interest. After the transfers provided in sections 5933, 5934 and 5938, all annuity and death benefit payments except those payable to any member who retires as an officer of the Pennsylvania State Police or an enforcement officer shall be charged to the annuity reserve account and paid from the fund.

(b) Should an annuitant other than a member who was retired as an officer of the Pennsylvania State Police or an enforcement officer be subsequently restored to active service, the present value of his member's annuity at the time of reentry into State service shall be transferred from the annuity reserve account and placed to his individual credit in the members' savings account. In addition, the actuarial reserve for his annuity less the amount transferred to the members' savings account shall be transferred from the annuity reserve account to the State accumulation account.

§ 5936. State Police benefit account.

(a) The State Police benefit account shall be the ledger account to which shall be credited all contributions received under the provisions of the act of May 12, 1943 (P.L.259, No. 120), and any additional Commonwealth or other employer contributions provided for in section 5507 which are creditable to the State Police benefit account. The State Police benefit account shall be credited with the required interest. In addition, upon the filing of an application for an annuity by a member who is an officer of the Pennsylvania State Police, the total accumulated deductions standing to the credit of the member in the members' savings account and the necessary reserves from the State accumulation account shall be transferred to the State Police benefit account. Thereafter, the total annuity of such annuitant shall be charged to the State Police benefit account and paid from the fund.

(b) Should the said annuitant be subsequently restored to active service, the present value of the member's annuity at the time of reentry into State service shall be transferred from the State Police benefit account and placed to his individual credit in the members' savings account. In addition, the actuarial reserve for his annuity calculated as if he had been a member of Class A less the amount transferred to the members' savings account shall be transferred from the State Police benefit account to the State accumulation account. Upon subsequent retirement other than as an officer of the Pennsylvania State Police the actuarial reserve remaining in the State Police benefit account shall be transferred to the appropriate reserve account.

§ 5937. Enforcement officers' benefit account.

(a) The enforcement officers' benefit account shall be the ledger account to which shall be credited moneys transferred from the enforcement officers' retirement account in the State Stores Fund according to the provisions of the Liquor Code, act of April 12, 1951 (P.L.90, No.21), and any additional Commonwealth or other employer contributions provided for in section 5507 which are creditable to the enforcement officers' benefit account. The enforcement officers' benefit account shall be credited with the required interest. In addition, upon the filing of an application for an annuity by a member who is an enforcement officer of the Pennsylvania Liquor Control Board, the total accumulated deductions standing to the credit of the member in the members' savings account and the necessary reserves from the State accumulation account shall be transferred to the enforcement officers' benefit account. Thereafter, the total annuity of such annuitant shall be charged to the enforcement officers' benefit account and paid from the fund.

(b) Should the said annuitant be subsequently restored to active service, the present value of the member's annuity at the time of reentry into State service shall be transferred from the enforcement officers' benefit account and placed to his individual credit in the members' savings account. In addition, the actuarial reserve for his annuity calculated as if he had been a member of Class A less the amount transferred to the members' savings account shall be transferred from the enforcement officers' benefit account to the State accumulation account. Upon subsequent retirement other than as an enforcement officer the actuarial reserve remaining in the enforcement officers' benefit account shall be transferred to the appropriate reserve account.

§ 5938. Supplemental annuity account.

The supplemental annuity account shall be the ledger account to which shall be credited all contributions from the Commonwealth in accordance with section 5507(b) for the payment of the supplemental annuities provided in section 5708. The supplemental annuity account shall be credited with valuation interest. The reserves necessary for the payment of such supplemental annuities shall be transferred from the supplemental annuity account to the annuity reserve account as provided in section 5935.

§ 5939. Interest reserve account.

The interest reserve account shall be the ledger account to which shall be credited all moneys earned by the fund. At the end of each year the required interest shall be transferred from the interest reserve account to the credit of each of the accounts in accordance with the provisions of this subchapter. The administrative expenses of the board shall be charged to the interest reserve account and paid from the fund out of earnings in excess of the total interest required for all accounts. Any

balance remaining in the interest reserve account at the end of each year shall be transferred to the State accumulation account.

SUBCHAPTER E GENERAL PROVISIONS

Sec.

5951. State guarantee.

5952. State supervision.

5953. Exemption from execution; assignment of rights.

5954. Fraud and adjustment of errors.

5955. Construction of part.

5956. Provisions severable.

§ 5951. State guarantee.

The required interest charges payable, the maintenance of reserves in the fund, and the payment of all annuities and other benefits granted by the board under the provisions of this ¹ part are hereby made obligations of the Commonwealth. All income, interest, and dividends derived from deposits and investments authorized by this ² part shall be used for the payment of the said obligations of the Commonwealth.

§ 5952. State supervision.

The fund and ledger accounts provided for by this ³ part shall be subject to the supervision of the State Insurance Department.

§ 5953. Exemption from execution; assignment of rights.

(a) The right of a person to any benefit or right accrued or accruing under the provisions of this ⁴ part and the moneys in the fund are hereby exempt from any State or municipal tax, levy and sale, garnishment, attachment, spouse's election, or any other process whatsoever, and shall be unassignable except:

(1) To the Commonwealth in the case of a member who is terminating State service and has been determined to be obligated to the Commonwealth for the repayment of money.

(2) To a credit union as security for a loan not to exceed seven hundred fifty dollars (\$750) and interest not to exceed six per cent (6%) per annum discounted and/or fines thereon provided that the credit union is now or hereafter organized and incorporated under the laws of the Commonwealth and the membership of such credit union is limited solely to officials and employees of the Commonwealth.

(b) The board shall be authorized to pay from the fund:

(1) In the case of a member who is terminating service, the amount determined after certification by the head of the department that the member is so obligated, and after review and approval by the

¹ "code" in original.

² "code" in original.

³ "code" in original.

⁴ "code" in original.

department or agency's legal representative and upon receipt of an assignment from the member in the amount so certified.

(2) In the case of a loan the amount of the loan and any fine or interest due thereon to the credit union:

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

(ii) at such time as the Department of Banking shall require the credit union to charge the amount of the loan against the reserve fund of such credit union. Any member who shall have pledged such rights as security for a loan from a credit union and, on whose behalf the board shall have made any payment by reason of that member's default, may not thereafter pledge or assign such rights to a credit union.

§ 5954. Fraud and adjustment of errors.

Any person who shall knowingly make any false statement or shall falsify or permit to be falsified any record or records of this system in any attempt to defraud the system as a result of such act shall be guilty of a misdemeanor of the second degree. Should such change or mistake in records result in any member, beneficiary or survivor annuitant receiving from the system more or less than he would have been entitled to receive had the records been correct, then on the discovery of any such error, the board shall correct such error and so far as practicable shall adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

§ 5955. Construction of ¹ part.

Pension rights of State employees shall be determined solely by this ² part or any amendment thereto, and no collective bargaining agreement between the Commonwealth and its employees shall be construed to change any of the provisions herein.

The provisions of this ³ part insofar as they are the same as those of existing law are intended as a continuation of such laws and not as new enactments. The provisions of this ⁴ part shall not affect any act done, liability incurred, right accrued or vested, or any suit or prosecution pending or to be instituted to enforce any right or penalty or to punish any offense under the authority of any repealed laws.

§ 5956. Provisions severable.

The provisions of this ⁵ part are severable and if any of its provisions shall be held to be unconstitutional, the decision of the court shall not affect or impair any of the remaining provisions. It is hereby declared to be the legislative intent that this ⁶ part would have been adopted had such unconstitutional provisions not been included.

¹ "code" in original.

² "act" in original.

³ "code" in original.

⁴ "code" in original.

⁵ "code" in original.

⁶ "code" in original.

Section 2. Repeals.—(a) The following acts or parts of acts are repealed absolutely:

Act of May 24, 1923 (P.L.436, No.231), entitled “An act relating to the retirement of certain officers and employes of the State Government, and their compensation, including officers and employes heretofore retired.”

Act of June 27, 1923 (P.L.858, No.331), entitled “An act establishing a State employes’ retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties.”

Act of July 3, 1941 (P.L.244, No.116), entitled “A supplement to the act, approved the twenty-seventh day of June, one thousand nine hundred twenty-three (Pamphlet Laws, eight hundred fifty-eight), as amended, entitled ‘An act establishing a State employes’ retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties.’ ”

Act of May 23, 1945 (P.L.930, No.370), entitled “An act to amend sections three, four and five, and to repeal sections six, seven, eight, nine and ten, of a supplementary act, approved the third day of July, one thousand nine hundred forty-one (Pamphlet Laws, two hundred forty-four), entitled ‘A supplement to the act, approved the twenty-seventh day of June, one thousand nine hundred twenty-three (Pamphlet Laws, eight hundred fifty-eight), as amended, entitled, “An act establishing a State employes’ retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties,” ’ by extending the time of State employes to rejoin the State employes’ retirement association after completion of active military service; and removing the requirement for a physical examination in certain cases.”

Act of May 31, 1947 (P.L.377, No.172), entitled "A supplement to the act, approved the twenty-seventh day of June, one thousand nine hundred twenty-three (Pamphlet Laws 858), entitled 'An act establishing a State employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties,' permitting certain State employes, who during the war were loaned to the United States Government and who have now returned to State employment, to pay into the retirement fund the amount of the contributions they would have made during such period, with interest, and prescribing how the Commonwealth shall build up the necessary State annuity reserves."

Act of August 16, 1951 (P.L.1240, No.286), entitled "A supplement to the act, approved the twenty-seventh day of June, one thousand nine hundred twenty-three (Pamphlet Laws 858), entitled 'An act establishing a State employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties,' by permitting certain members to obtain credit for military service who were not eligible members at time of entry into military service."

Act of August 19, 1953 (P.L.1098, No.295), entitled "A supplement to the act, approved the twenty-seventh day of June, one thousand nine hundred twenty-three (Pamphlet Laws 858), entitled 'An act establishing a State employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties,' by permitting any State employe, as a contributor under the provisions of the State employes' retirement system, and who was an employe under the public school

system of the Commonwealth and made contributions to the Public School Employes' Retirement Fund on account of such public school service, to obtain credit for such service in State employes' retirement system under certain conditions."

Act of May 17, 1956 (P.L.1625, No.540), entitled "A supplement to the act, approved the twenty-seventh day of June, one thousand nine hundred twenty-three (Pamphlet Laws 858), entitled 'An act establishing a State employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties,' by permitting former contributors who have become public school employes and members of the Public School Employes' Retirement System to restore membership in the State Employes' Retirement Association, and authorizing the transfer of monetary credits in the State Employes' Retirement Association to the Public School Employes' Retirement Association under certain conditions."

Act of May 17, 1956 (P.L.1626, No.542), entitled "An act amending the act of May thirty-one, one thousand nine hundred forty-seven (Pamphlet Laws 377), entitled 'A supplement to the act, approved the twenty-seventh day of June, one thousand nine hundred twenty-three (Pamphlet Laws 858), entitled "An act establishing a State employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties," permitting certain State employes, who during the war were loaned to the United States Government and who have now returned to State employment, to pay into the retirement fund the amount of the contributions they would have made during such period, with interest, and prescribing how the Commonwealth shall build up the necessary State annuity reserves,' providing for credit for time spent by employes of the Bureau of Unemployment Security in the Department of Labor and Industry as employes of the United States Government."

Act of June 1, 1956 (P.L.2016, No.674), entitled "A supplement to the act approved the twenty-seventh day of June, one thousand nine

hundred twenty-three (Pamphlet Laws 858), entitled 'An act establishing a State employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties,' by permitting any State employe as a contributor under the provisions of the State employes' retirement system and who was an employe under the public school system of the Commonwealth and made contributions to the Public School Employes' Retirement Fund on account of such public school service to obtain credit for such service in the State employes' retirement system under certain conditions."

Act of June 14, 1957 (P.L.320, No.168), entitled "A supplement to the act of June 27, 1923 (P.L.858), entitled 'An act establishing a State employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing State employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon the heads of departments in which State employes serve; excepting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties,' authorizing the Public School Employes' Retirement Board to reallow credit for service of certain State and Pennsylvania State University employes."

Act of June 29, 1937 (P.L.2423, No.453), entitled, as amended, "An act establishing a Pennsylvania State Police Retirement System; providing for payments upon retirement, death, disability, involuntary retirement, and of certain medical expenses from the State Employes' Retirement Fund, under the Administration of the State Employes' Retirement Board; providing for contributions by members of the Pennsylvania State Police and the Commonwealth; providing for the guarantee by the Commonwealth of certain of said funds; providing for the subrogation of the Commonwealth to the rights of the member or dependents against certain third parties; exempting annuities, allowances, returns, benefits, and rights from taxation and judicial processes; and providing penalties."

Act of July 3, 1941 (P.L.249, No.117), entitled, as amended, "A supplement to the act, approved the twenty-ninth day of June, one thousand nine hundred thirty-seven (Pamphlet Laws, two thousand four hundred twenty-three), as amended, entitled 'An act establishing a

Pennsylvania State Police Retirement System; providing for payments upon retirement, death, disability, involuntary retirement, and of certain medical expenses from the State Employees' Retirement Fund, under the Administration of the State Employees' Retirement Board; providing for contributions by members of the Pennsylvania State Police and the Commonwealth; providing for the guarantee by the Commonwealth of certain of said funds; providing for the subrogation of the Commonwealth to the rights of the member or dependents against certain third parties; exempting annuities, allowances, returns, benefits, and rights from taxation and judicial processes; and providing penalties.' ”

Act of May 22, 1945 (P.L.834, No.336), entitled “An act to amend section three, and to further amend sections four and five of a supplementary act, approved the third day of July, one thousand nine hundred forty-one (Pamphlet Laws, two hundred forty-nine), entitled, as amended ‘A supplement to the act, approved the twenty-ninth day of June, one thousand nine hundred thirty seven (Pamphlet Laws, two thousand four hundred twenty-three), as amended, entitled “An act establishing a Pennsylvania State Police Retirement System; providing for payments upon retirement, death, disability, involuntary retirement, and of certain medical expenses from the State Employees' Retirement Fund under the Administration of the State Employees' Retirement Board; providing for contributions by members of the Pennsylvania State Police and the Commonwealth; providing for the guarantee by the Commonwealth of certain of said funds; providing for the subrogation of the Commonwealth to the rights of the member or dependents against certain third parties; exempting annuities, allowances, returns, benefits, and rights from taxation and judicial processes; and providing penalties,” ’ by extending the time for State employes to rejoin the State Employees' Retirement Association after completion of active military service; and removing the requirement for a physical examination in certain cases.”

Act of June 1, 1959 (P.L.392, No.78), known as the “State Employees' Retirement Code of 1959.”

As much of section 202 of the act of April 9, 1929 (P.L.177, No.175), known as “The Administrative Code of 1929,” as relates to the State Employees' Retirement Board in the Department of State.

Section 402 of the act of April 9, 1929 (P.L.177, No.175), known as “The Administrative Code of 1929.”

Section 808 of the act of April 9, 1929 (P.L.177, No.175), known as “The Administrative Code of 1929.”

(b) All other acts or parts of acts inconsistent with this act are hereby repealed to the extent of such inconsistency.

(c) In the case of any member terminating service on or after the effective date of this act any limitations on salaries as determined for retirement purposes pursuant to the act of June 16, 1971 (P.L.157, No.8), are repealed retroactive to January 1, 1973.

(d) The following acts are repealed in so far as inconsistent with the provisions of section 5955 (relating to ¹ construction of part):

Act of June 24, 1968 (P.L.237, No.111), entitled "An act specifically authorizing collective bargaining between policemen and firemen and their public employers; providing for arbitration in order to settle disputes, and requiring compliance with collective bargaining agreements and findings of arbitrators."

Act of July 23, 1970 (P.L.563, No.195), known as the "Public Employee Relations Act."

Section 3. Savings Clause.—In order to assure an orderly transition, the following provisions of repealed law shall be saved and applicable as specified:

(1) The rights provided in section 401(4) of the act of ² June 1, 1959 (P.L.392, No.78), relating to additional retirement benefits for certain judges, shall continue to apply to those members of Class E or E-1 who have exercised the option therein contained prior to the effective date of this act.

(2) The provisions of section 301 of the act of June 1, 1959 (P.L.392, No.78), relating to the contribution rate of a member shall be applicable until the first day of his first full pay period following the effective date of this act.

(3) Any member may elect to have his retirement benefits attributable to service prior to January 1, 1973 calculated on the basis of any limitations on salaries as determined for retirement purposes pursuant to the act of June 16, 1971 (P.L.157, No.8) and the benefit rates which are applicable to the appropriate class of service prior to January 1, 1973. All benefits attributable to service subsequent to January 1, 1973 shall be calculated on the compensation and benefit rates effective subsequent to January 1, 1973.

(4) The retirement benefits attributable to any additional compensation received as an officer of the General Assembly prior to December 1, 1974 by a member serving as an officer of the General Assembly subsequent to that date shall not be less than the benefits calculated on the basis of the highest three year average of additional compensation applied to the number of years of legislative service and class of service multiplier as of November 30, 1974.

Section 4. Effective Date.—This act shall take effect immediately, except that:

¹ "prohibition of collective bargaining on subject matter" in original.

² "June 1, 1959" omitted in original.

(1) Its provisions relating to the crediting of statutory interest to the accounts of members on leave without pay shall become effective on July 1, 1974.

(2) The provisions of section 5706(b), relating to the calculation of annuities of annuitants who return to State service and subsequently retire, shall not apply to former annuitants who are active members of the system on the effective date of this act.

(3) As applicable to officers of the Pennsylvania State Police the provisions of section 5102 relating to "final average salary" and section 5704(f) relating to service connected disability shall be effective July 1, 1973.

APPROVED—The 1st day of March, A. D. 1974.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly No. 31.

A handwritten signature in cursive script, reading "C. McLaughlin Tucker". The signature is written in dark ink and is positioned above the printed name of the Secretary.

Secretary of the Commonwealth.