

No. 179

AN ACT

To amend the act, approved the twenty-seventh day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred fifty-eight), 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," as amended, further defining State employes; providing for retirement allowances where all back deductions have not been paid; specifying when State employes shall join the system; imposing certain duties on the heads of agencies of the State government; fixing the liability of certain special operating funds; further regulating retirement rights, retirement allowances, withdrawals, and the computation of service allowances; imposing certain duties on the board; transferring the retirement board from the Department of State to the Treasury Department; and providing for contributions by members.

Section 1. Be it enacted, &c., That section one of the act, approved the twenty-seventh day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred fifty-eight), 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," as amended by the act, approved the twenty-sixth day of April, one thousand nine hundred and twenty-nine (Pamphlet Laws, eight hundred forty-four); the act, approved the fourteenth day of May, one thousand nine hundred and twenty-nine (Pamphlet Laws, one thousand seven hundred twenty-three); the act, approved the twelfth day of June, one thousand nine hundred and thirty-one (Pamphlet Laws, five hundred nineteen); the act, approved the fourth day of May, one thousand nine hundred and thirty-three (Pamphlet Laws, two hundred seventy-five); and the act, approved the twenty-first day of June, one thousand nine hundred and thirty-five (Pamphlet Laws, three hundred eighty-nine), is hereby further amended to read as follows:

Section 1. Be it enacted, &c., That the following

Section 1, act of
June 27, 1923
(P. L. 858), as
amended by acts
of April 26, 1929
(P. L. 844);
May 14, 1929
(P. L. 1723);
June 12, 1931
(P. L. 519);
May 4, 1933
(P. L. 275); and,
June 21, 1935
(P. L. 389),
further amended.

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

1. "Retirement System" shall mean the arrangement for the payment of retirement allowances under the provisions of this act.

2. "Retirement Association" shall mean the State employes' retirement association provided for in section three of this act.

3. "Retirement Board" shall mean the State employes' retirement board provided for in section four of this act.

4. "Secretary of the Commonwealth" shall mean the Secretary of the Commonwealth of Pennsylvania.

5. "State Treasurer" shall mean the Treasurer of the Commonwealth of Pennsylvania.

6. "State employe" shall mean any person holding a State office *or position* under the Commonwealth of Pennsylvania, [or] employed and paid on a yearly or monthly basis by the State Government of the Commonwealth of Pennsylvania, in any capacity whatsoever; and shall include also any attorney, solicitor, investigator, appraiser, and clerk employed by the year or by the month in the office of any register of wills, howsoever appointed, whose compensation is actually paid from Commonwealth moneys; and shall also include all judges of the several courts of this Commonwealth whose salaries are paid by the Commonwealth, and also all clerks and secretaries employed by judges and paid on a yearly or monthly basis by such judges from moneys appropriated by the Commonwealth for such purposes; and also all officers and employes of the Pennsylvania State College paid on a yearly or monthly basis, other than those paid wholly from Federal funds, *and also all officers and employes of the Delaware River Joint Commission paid on a yearly or monthly basis, if the Delaware River Joint Commission shall agree to contribute and contributes to the State Employes' Retirement Fund, from time to time, the moneys required to build up the reserves necessary for the payment of the State annuities of such officers and employes without any liability on the part of the Commonwealth to make appropriations for such purposes, and also, but only for the purposes of this act, all officers and employes of any separate independent public corporation created by act of Assembly (not including, however, any municipal or quasi-municipal corporation) who, immediately prior to their employment by such public corporation, were employes of the Commonwealth, so long as they remain officers or employes of such public corporation, if such public corporation shall agree to contribute and contributes to the State Employes' Retirement Fund, from time to time,*

the moneys required to build up the reserve necessary for the payment of the State annuities of such officers and employes without any liability on the part of the Commonwealth to make appropriations for such purposes. But the term "State employe" shall not include those persons defined as employes in section one, paragraph seven of the act, approved the eighteenth day of July, one thousand nine hundred and seventeen (Pamphlet Laws, one thousand forty-three), entitled "An act establishing a public school employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing 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 boards having the employment of public school employes; exempting annuities, allowances, returns, benefits and rights from taxation and judicial process; and providing penalties," as amended by section one, paragraph seven of the act, approved the twenty-first day of April, one thousand nine hundred and twenty-one (Pamphlet Laws, two hundred forty-five), excepting such officers and employes of the Department of Public Instruction as are not members of or who may withdraw from the public school employes' retirement association provided by said act; and no member shall be deprived of credit for prior service as a State employe because of the fact that such service was rendered while he or she was a member of the public school employes' retirement association.

The term "State employe" shall also include all State officers and employes regularly employed by the year or by the month at a fixed annual or monthly compensation when the General Assembly is not in session, but, who during a legislative session, instead of a fixed annual or monthly salary or compensation are paid upon a per diem basis or by a fixed salary or compensation from the legislative session.

In all cases of doubt the retirement board shall determine whether any person is a State employe as defined in this paragraph, and its decision shall be final.

7. "Head of the Department," as applied to State employes, shall mean the head of the department or branch of service not a department of the Commonwealth of Pennsylvania of which the State employe is a member, and shall include all judges of the several courts of this Commonwealth whose salaries are paid by the Commonwealth.

8. "Member" of the retirement association shall mean a State employe who shall be a member of the retirement association established by this act.

9. "Original member" of the retirement association shall mean a State employe who was at any time a State employe prior to January first, one thousand nine hundred twenty-five, whether or not such employment has been continuous, and who shall have become a member of the retirement association on or before December thirty-first, one thousand nine hundred thirty-five.

Any such State employe, who shall become an original member of the association after the approval of this amendment, including those who, having heretofore become a new member thereof, shall become an original member under the provisions hereof, shall pay to the retirement association a sum equal to all the back payments which such person would have made had he or she become a member of the retirement association when the retirement system was established. Such back payments may be spread over a period of years, by having such regular payroll deduction of such person increased by not less than one-third of the amount thereof, which deduction increase shall be credited to such back payments owing and shall be continued until the amount thereof shall be paid in full, unless such member is retired under the provisions of this act before such back payments have been completed. Any such deduction increase may be anticipated in full by the member at any time, *and shall be anticipated in full at the time of retirement before a retirement allowance is granted, and if not so anticipated, then the member's annuity shall be calculated on the total accumulated deductions standing to his credit, and his State annuity shall be reduced by an amount equivalent to the reduction which occurs in the member's annuity due to the amount of the back payments not so anticipated.*

Original member of the retirement association shall also mean any judge in service on the second Monday of January, one thousand nine hundred thirty, who shall elect to become a member of the retirement association at any time during the term for which he was then elected or appointed, and any person hereafter elected or appointed a judge who, at the time of his election or appointment, is an original member of the retirement association, or who was retired, voluntarily or involuntarily, as an original member, and is, at the time of his election or appointment as a judge, receiving a retirement allowance as an original member.

10. "New member" of the retirement association shall mean a State employe who shall have become a State employe and a member of the retirement association at a date subsequent to the thirty-first day of December, one thousand nine hundred twenty-four, or who, upon becoming a member subsequent to December thirty-first, one thousand nine hundred and twenty-four, elected or

hereafter elects not to make back payments, and, in the case of a judge, shall mean any judge who was not an original member and who is elected, reelected, or appointed to the office of judge subsequent to the second Monday of January, one thousand nine hundred and thirty. Any person who became a State employe, as herein defined, subsequent to December thirty-first, one thousand nine hundred and twenty-four, may become a "New member," as of the date when he or she became such "State employe" upon payment to the retirement association of a sum equal to all back payments which such person would have made had he or she become a member at the date of becoming a "State employe." Such back payments may be spread over a period of years by having the regular payroll deduction of such person increased for not less than one-third of the amount thereof, which deduction increase shall be credited to such back payments owing, which shall be continued until the amount thereof shall be paid in full, unless such member is retired under the provisions of this act before such back payments have been completed. Any such deduction increase may be anticipated in full by the member at any time, *and shall be anticipated in full at the time of retirement before a retirement allowance is granted, and if not so anticipated, then the member's annuity shall be calculated on the total accumulated deductions standing to his credit, and his State annuity shall be reduced by an amount equivalent to the reduction which occurs in the members's annuity due to the amount of the back payments not so anticipated.*

11. "Contributor" shall mean any person who has accumulated deductions in the fund created by this act to the credit of the annuity savings account.

12. "Beneficiary" shall mean any person in receipt of a retirement allowance or other benefit as provided in this act.

13. "Prior Service" shall mean all service as a State employe completed not later than the thirty-first day of December, nineteen hundred twenty-three; and, in the case of judges, shall mean all service completed prior to becoming a member of the retirement association.

14. "Disability Retirement" shall mean retirement as defined in section twelve of this act.

15. "Superannuation Retirement" shall mean retirement as defined in section thirteen of this act.

16. "Superannuation Retirement Age" shall mean, as applied to State employes, sixty years of age.

17. "Final Salary" shall mean the average annual salary earnable by a contributor as a State employe for the five years of service immediately preceding retire-

ment, except, that at the member's option, the salary earnable by a contributor as a State employe for the years beginning June first, one thousand nine hundred thirty-three, and June first, one thousand nine hundred thirty-four, shall not be included in determining such "final salary."

18. "Accumulated Deductions" shall mean the total of the amounts deducted from the salary of a contributor and paid into the fund created by this act to the credit of the annuity savings account, together with the regular interest thereon.

19. "Regular Interest" shall mean interest at four per cent per annum, compounded annually.

20. "State Annuity" shall mean payments for life derived from contributions made by the Commonwealth of Pennsylvania as provided in this act.

21. "Members Annuity" shall mean payments for life derived from contributions made by the contributor as provided in this act.

22. "Retirement Allowance" shall mean the State annuity plus the member's annuity.

23. "State Annuity Reserve" shall mean the present value, computed on the basis of such mortality tables as shall be adopted by the retirement board, with regular interest, of the future payments to be made on account of any State annuity granted, and based on contributions made by the Commonwealth of Pennsylvania.

24. "Member's Annuity Reserve" shall mean the present value, computed on the basis of such mortality tables as shall be adopted by the retirement board, with regular interest, of the future payments to be made on account of any member's annuity granted and based on the accumulated deductions of the contributor.

25. "State Employes' Retirement Fund" shall mean the fund provided for in paragraph number two in section eight of this act.

26. "Contingent Reserve Account" shall mean the account provided for in paragraph number three in section eight of this act.

27. "State Annuity Reserve Account" shall mean the account provided for in paragraph number four in section eight of this act.

28. "State Annuity Reserve Account Number Two" shall mean the account provided for in paragraph number five in section eight of this act.

29. "Member's Annuity Saving Account" shall mean the account provided for in paragraph number six in section eight of this act.

30. "Member's Annuity Reserve Account" shall mean the account provided for in paragraph number seven in section eight of this act.

Section 2. That section three of said act, as last amended by the act, approved the twenty-sixth day of April, one thousand nine hundred and twenty-nine (Pamphlet Laws, eight hundred forty-four), is hereby further amended to read as follows:

Section 3, as amended by act of April 26, 1929 (P. L. 844), further amended.

Section 3. A State employes' retirement association is hereby organized, the membership of which shall consist of all State employes, as defined in paragraph six of section one of this act, who, by written application to the Retirement Board, shall, either as an original member or a new member, elect to be covered by the retirement system. Any State employe who becomes a State employe subsequent to the thirty-first day of December, nineteen hundred twenty-four, except as provided in paragraphs nine and ten of section one of this act as to judges, shall during the first [twelve] *six* months of employment as a State employe have the option of membership, but, after the first [twelve] *six* months of such employment as a State employe, membership as a new member shall be compulsory: Provided, however, That neither the Governor nor the Lieutenant Governor, nor the head or deputy heads of any administrative department, nor the members of any independent administrative board or commission, or of any departmental administrative board or commission, or of any advisory board or commission, nor the secretary to the Governor, nor the budget secretary, nor any person over the age of fifty years shall be compelled to become members of said State employes' retirement association.

The head of each department, board, commission or other agency of the State government shall see to it that an application for membership is executed by each new State employe within said six months period, and that payroll deductions are not delayed beyond said period.

Section 3. That section four of said act, as amended by the act, approved the fourteenth day of May, one thousand nine hundred and twenty-nine (Pamphlet Laws, one thousand seven hundred twenty-three), is hereby further amended to read as follows:

Section 4, as amended by act of May 14, 1929 (P. L. 1723), further amended.

Section 4. (1) [Within sixty days following the enactment of this law, a retirement board, to be known as] *On the first day of June, one thousand nine hundred thirty-seven*, the "State Employes' Retirement Board," shall be [constituted within] *transferred from the Department of State [which] to the Treasury Department, and shall consist of the following:*

- (a) The Secretary of the Commonwealth. [who shall be chairman thereof]
- (b) The State Treasurer, *who shall be chairman thereof.*
- (c) One member who shall be appointed by the Gov-

ernor of the Commonwealth of Pennsylvania, who shall serve until his successor is appointed.

(d) Two members of the retirement association, elected from among their number in a manner to be approved by those persons named in paragraphs (a), (b), and (c) of this section,—one to serve for one year, one for two years, and whose successors shall be elected, for a term of three years, from among the members of the retirement association, in a manner to be approved by the retirement board.

A vacancy occurring during a term shall be filled for the unexpired term by the appointment of a successor in the same manner as his or her predecessor. Until the establishment of the retirement association, and the election of two representatives therefrom, the [person] *persons* named in paragraphs (a), (b), and (c) of this section are empowered to perform the duties of the retirement board.

(2) The expenses of the administration of this act by the retirement board, exclusive of the payment of retirement allowances and of the other benefits provided for in this act, shall be paid by the Commonwealth by biennial appropriations from the general fund made on the basis of estimates submitted by the retirement board. The members of the retirement board shall serve without compensation, but shall be reimbursed from the aforesaid appropriations for any necessary expenditures, and no contributor shall suffer loss of salary or wages through serving on the retirement board.

(3) The [Secretary of the Commonwealth] *State Treasurer* shall [with the approval of the Governor] appoint a secretary, an actuary, and such medical, clerical and other employes as may be necessary.

(4) The compensation of all persons so appointed shall be fixed by the [Secretary of the Commonwealth with the approval of the Governor] *State Treasurer*. [Provided, That after the Executive Board of this Commonwealth shall have established applicable standards, the compensation of the persons employed by the retirement board shall conform to such standards.]

(5) Subject to the limitations of this act and of law, the retirement board shall, from time to time, establish rules and regulations for the administration of the fund and ledger accounts created by this act and for the transaction of its business.

(6) The retirement board shall keep, in convenient form, such data as shall be necessary for actuarial valuation of the various accounts created by this act.

(7) In the years nineteen hundred twenty-seven and nineteen hundred thirty, and in every fifth year thereafter, the actuary of the retirement board shall make an actuarial investigation into the mortality and service

experience of the contributors and beneficiaries as defined in this act, and shall make a valuation of the various accounts created by this act; and on the basis of such investigation and valuation, the retirement board shall—

(a) Adopt for the retirement system one or more mortality tables, and such other tables as shall be deemed necessary.

(b) Certify the rates of deduction from salary necessary to pay the annuities authorized under the provisions of this act; and

(c) Certify *biennially* the [rates of contribution, expressed as a percentage of salary of new members at various ages] *amount of appropriation*, which shall be made by the Commonwealth *and other agencies* to the State Employes' Retirement Fund, [and credited to the contingent reserve account] *which amounts shall be based on estimates furnished by the actuary, and shall be credited to the proper accounts created by this act.*

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 the State annuities of contributors whose salary or compensation is payable from special operating funds or agreed to be paid by other agencies from moneys not in the State Treasury, but the appropriations or payments necessary for such purposes shall be paid into the retirement fund only from moneys in such special operating funds or by such agencies. In case any such special fund or agency shall fail to provide the moneys necessary for such purpose, then for such period as moneys are not so provided, the credits, on which the State annuity of such contributors is based, shall not be increased, but the rights of such contributors in the retirement system shall, nevertheless, be continued, and payroll deductions shall continue in the case of such contributors to be credited to their member's annuity savings accounts.

(8) Immediately after the passage of this act, the actuary of the retirement board shall make such investigation of the mortality service and salary experience of the State employes as he shall recommend and the retirement board shall authorize, for the purpose of determining upon the proper tables to be prepared and submitted to the retirement board for adoption. On the basis of such investigation and recommendation, the retirement board shall adopt such tables and certify such rates as are required in subsections (a), (b), and (c) of paragraph seven, immediately preceding. On the basis of such tables, the actuary of the retirement board shall, immediately after the first day of January, nineteen hundred twenty-four, make a valuation of the various accounts created by this act.

(9) The retirement board shall prepare and have published, annually, a financial statement showing the condition of the fund and the various accounts created by this act, and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning State employes' pensions and annuities, and said retirement board shall submit said financial statement to the Governor of the Commonwealth of Pennsylvania, and shall file copies in the offices of the Secretary of the Commonwealth, of the State Insurance Department, and of the head of each department, for use of the State employes and the public.

(10) Each member of the retirement board shall take an oath of office that he or she will, so far as it develops upon him, diligently and honestly administer the affairs of said retirement board, and that he or she will not knowingly violate or wilfully permit to be violated any of the provisions of law applicable to this act. Such oath shall be subscribed by the member making 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.

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

(12) The retirement board shall perform such other functions as are required for the execution of the provisions of this act.

Section 4. That section eight of said act, as amended by the act, approved the fourteenth day of May, one thousand nine hundred and twenty-nine (Pamphlet Laws, one thousand seven hundred twenty-three); the act, approved the twelfth day of June, one thousand nine hundred and thirty-one (Pamphlet Laws, five hundred nineteen); and the act, approved the twenty-first day of June, one thousand nine hundred and thirty-five (Pamphlet Laws, three hundred eighty-nine), is hereby further amended to read as follows:

State Employes' Retirement Fund and Accounts

Section 8. (1) The fund and accounts created hereby are,—the State Employes' Retirement Fund, the contingent reserve account, State annuity reserve account, State annuity reserve account number two, the members' annuity savings account and the members' annuity reserve account.

(2) The State Employes' Retirement Fund, on and after the first day of July, one thousand nine hundred twenty-nine, shall consist of all moneys in the several separate funds in the State Treasury, set apart to be used under the direction of the State Employes' Retirement Board for the retirement of members of the State Employes' Retirement Association, which, on the afore-

Section 8, as amended by acts of May 14, 1929 (P. L. 1723); June 12, 1931 (P. L. 519); and June 21, 1935 (P. L. 389), further amended.

said date, shall be consolidated into one special fund, to be known as the "State Employes' Retirement Fund," and thereafter the Treasury Department shall credit to the State Employes' Retirement Fund all moneys received by it from the Department of Revenue, arising from contributions [from] by the Commonwealth *from the General Fund, from the special operating funds, and from other agencies*, and members of the retirement association, as hereinafter provided, and all interest earned by the investments or moneys of said fund. Upon the consolidation of the separate funds, as aforesaid, there shall be established and maintained by the retirement board, for actuarial purposes, the several hereinafter named ledger accounts, equivalent to and which shall stand in lieu of the several separate funds hereby abolished, and all credits to each abolished fund shall be credited by the retirement board to the ledger account hereinafter created to stand in place of said fund.

(3) In the month of January, nineteen hundred and twenty-six, for a period covering the twelve months next preceding, and semi-annually thereafter, covering the six months next preceding, the Commonwealth of Pennsylvania shall, *from the General Fund, from special operating funds, and from other agencies*, pay into the fund created by this act, through the Department of Revenue, on account of each new member of the retirement association who was a contributor for one or more months of such respective periods, such amounts as shall be certified by the retirement board as necessary to provide by such method of payment, during the prospective service as State employe of such new member, the State annuity reserve required at the time of retirement for the disability or superannuation State annuity allowable by the said Commonwealth under the provisions of this act, or required at the time of discontinuance of service under paragraph four of section eleven of this act, which amount shall be credited by the retirement board to a ledger account to be known as the contingent reserve account. The amount so certified by the retirement board shall be computed to bear a ratio to the salary earnable by such new member during the period for which the amount is certified, which shall remain constant during his or her entire period of prospective active service, and shall be based on such mortality and other tables as shall be adopted by the retirement board, and on regular interest.

(4) Upon the retirement of a new member an amount equal to his or her State annuity reserve shall be transferred by the retirement board, from the contingent reserve account, to the credit of a ledger account to be known as State annuity reserve account. His or her

State annuity shall be charged to said State annuity reserve account, and paid from the fund created by this act. Should said new member be subsequently restored to active service, his or her State annuity reserve shall thereupon be transferred from State annuity reserve account to the contingent reserve account. Should the State annuity of any such new member be otherwise reduced or discontinued, in accordance with the provisions of this act, his or her State annuity reserve, or such proportionate part of his or her State annuity reserve as corresponds to the amount of the reduction of his or her State annuity, shall be transferred from State annuity reserve account to the contingent reserve account.

(5) The actuary, after making the first valuation required, shall determine the present value of the liability on account of all State annuities payable to original members, and the percentage of the total compensation paid to all members during the preceding year which is equivalent to one twenty-fifth of the said liability. The Commonwealth, *and other agencies designated by this act*, shall pay into the fund created by this act, through the Department of Revenue annually, beginning with the month of June, nineteen hundred and twenty-five, and until the accumulated reserve equals the present value of said liability, the amount as certified by the retirement board, which shall be equal to the per centum determined in accordance with this section of the total compensation paid to all members for service during the preceding year, which amount shall be credited by the retirement board to a ledger account to be known as State annuity reserve account number two. Each annual payment shall be sufficient when combined with that in the fund, to the credit of the aforesaid account to provide the [pensions] *State annuities* payable by the Commonwealth during the year then current, to original members then retired or to be retired as provided in this act. Upon the retirement of an original member his or her State annuity shall be charged to the State annuity reserve account number two, and paid from the fund created by this act.

(6) There shall be credited by the retirement board to a ledger account to be known as the members' annuity savings account the amounts of the accumulated deductions from the salaries of contributors, made under such rules and regulations as the retirement board shall prescribe, as follows:

From the salary of each member who is a contributor there shall be deducted and paid into the fund created by this act, through the Department of Revenue, such per centum of his or her earnable salary as shall be computed to be sufficient, with regular interest, to procure for him or her, on superannuation retirement, a mem-

ber's annuity equal to one one-hundred-sixtieth (1-160), [or] if the member [shall] *has so [elect] elected prior to the effective date of this amendment, or one one-hundredth (1-100), of his or her final salary for each year of service after the thirty-first day of December, nineteen hundred twenty-three, but after the effective date of this amendment every person becoming a member shall be required to contribute at the one one-hundredth (1-100) rate except that, if the deduction so computed shall exceed [five] seven per centum of his or her earnable salary, [and] the member [shall so elect] may request the board to be permitted to contribute at the lesser rate, and if the board finds that there are reasons which justify such reduction, then there shall be deducted [five] seven per centum of his or her earnable salary: Provided, That those members who have elected to contribute at a five per centum rate, prior to the effective date of this amendment, may continue such rate of contributions: And further provided, That a beneficiary restored to service shall not be required to contribute at a per centum rate of his or her earnable salary which is greater than the per centum thereof which he or she was required to contribute prior to his or her retirement. The rate per centum of said deductions from salary shall be based on such mortality and other tables as the retirement board shall adopt, together with regular interest, and shall be computed to remain constant during the prospective service of the contributor.*

(7) Upon the retirement of a contributor a credit equivalent to the amount of his or her accumulated deductions shall be transferred from the members' annuity savings account to a ledger account to be known as the members' annuity reserve account. His or her members' annuity shall be charged to said member's annuity reserve account, and paid from the fund created by this act. Should said contributor be subsequently restored to active service, his or her members' annuity reserve shall thereupon be transferred from the members' reserve account to the members' annuity savings account.

(8) No contributor *who, prior to the effective date of this amendment, ceased to make contributions* shall be required to continue to contribute to the State Employees' Retirement Fund after he or she shall have become eligible for superannuation retirement, if he or she shall have already completed ten years of service, [all contributions made thereafter to said Fund shall be voluntary] *but any such contributor may elect at any time before retirement to resume contributions to the fund, and shall also have the privilege to pay into the fund an amount equal to the total amount he or she would have contributed had he or she not elected to*

cease to make contributions. Every contributor who, after the effective date of these amendments, becomes eligible for superannuation retirement, shall be required to continue to make contributions so long as he or she shall remain in State service.

(9) A contributor, whether an original member or a new member, who is in active service on the date when this amendment becomes effective, may transfer from the one one-hundred-sixtieth (1-160) class to the one one-hundredth (1-100) class: Provided, That he completes the transfer on or before the thirty-first day of December, one thousand nine hundred and [thirty-one] *thirty-seven*: Provided also, That in the event of such transfer, the per centum of salary deductions applicable to such transferred member in the one one-hundredth (1-100) class shall be based upon the same age of the contributor as was used in determining the per centum of salary deduction applicable while in the one one-hundred-sixtieth (1-160) class.

Where a member has transferred from the one one-hundred-sixtieth (1-160) class to the one one-hundredth (1-100) class, as above provided, his State annuity upon retirement shall be calculated as follows:

(a) For service prior to the time of transfer, at the one one-hundred-sixtieth (1-160) rate.

(b) For service subsequent to the date of transfer to the date of retirement, at the one one-hundredth (1-100) rate.

(c) For all service prior to the time of commencing contribution, as the time he contributed at the one one-hundred-sixtieth (1-160) rate bears to the total time of contribution, and as the time he contributed at the one one-hundredth (1-100) rate bears to the total time of contribution.

Section 10,
amended.

Section 5. That section ten of said act is hereby amended to read as follows:

Service Allowance

Section 10. In computing the length of service of a contributor for retirement purposes, under the provisions of this act, full credit shall be given to each original member by the retirement board for each year of prior service as a State employe, as defined in section one, paragraphs six and thirteen of this act. As soon as practicable after each original member shall have joined the retirement association, the retirement board shall issue to him or her a certificate certifying to the aggregate length of his or her prior service. Such certificate shall be final and conclusive as to his or her prior service, unless thereafter modified by the retirement board, [within two years from its issue] either upon application by the member, or upon its own initia-

tive. The time during which a State employe is absent without pay shall not be counted in computing the [prior] service or the average salary of a contributor. [unless allowed by the head of the department in which said contributor served at the time said leave of absence was granted, and, further, unless said allowance shall be approved by the retirement board.]

Section 6. That section eleven of said act, as last amended by the act, approved the twenty-first day of June, one thousand nine-hundred and thirty-five (Pamphlet Laws, three hundred eighty-nine), is hereby further amended to read as follows:

Section 11, as amended by act of June 21, 1935 (P. L. 389), further amended.

Withdrawal

Section 11. (1) Should a contributor, before reaching superannuation retirement age, by resignation or dismissal, or for any other reason than death or retirement upon disability under section twelve, or for superannuation under section thirteen, cease to be a State employe, he or she shall be paid, on demand, from the fund created by this act, (a) the full amount of the accumulated deductions standing to his or her individual credit in the annuity savings account, or, in lieu thereof, should he or she so elect, (b) an annuity or a deferred annuity, beginning at superannuation retirement age, which shall be the actuarial equivalent of said accumulated deductions. His or her membership in the retirement association shall thereupon cease.

(2) Should a State employe, so separate from his or her service as State employe without retiring, return within [seven] *ten* years and restore to the State Employes' Retirement Fund, to the credit of the annuity savings account *in such manner as may be agreed upon by the State employe and the retirement board*, his or her accumulated deductions as they were at the time of his or her separation, the annuity rights forfeited by him or her at [that] *the time of separation from service* shall be restored and his obligations as a member of the retirement association shall begin again; but nothing contained in this clause shall limit the right of a State employe who has heretofore retired, or shall hereafter retire voluntarily or involuntarily to return to service as a State employe at any time, and to continue, from the time of reentry into State service, his rights as an original or new member as they existed at the time of retirement, and add to such rights by further service *and by further payroll deductions*. In any *such* case, his or her annuity or allowance shall cease upon reentry into State service until subsequent retirement.

(3) Should a member be discontinued from service, not voluntarily, after having completed ten years of total service *or voluntarily after having completed*

twenty-five years of total service, but before reaching superannuation retirement age, he or she shall be paid as he or she may elect as follows:

(a) The full amount of the accumulated deductions standing to the credit of his or her individual account in the annuity savings account; or

(b) An annuity of equivalent actuarial value to his or her accumulated [contributions] *deductions*, and in addition, a State annuity [beginning immediately] having a value equal to the present value of a State annuity beginning at superannuation retirement age, [of one one-hundred-sixtieth (1-160) or one one-hundredth (1-100) of his or her final salary for each year of total service, except in case of members who, upon becoming members subsequent to December thirty-first, one thousand nine hundred and twenty-four, elected or hereafter elect not to make back payments, in which case the State annuity shall be calculated only for each year of total service while a member, and, in addition thereto, if an original member of the retirement association, of a further State annuity beginning immediately, having a value equal to the present value of a State annuity beginning at superannuation retirement age of one one-hundred-sixtieth (1-160) or one one-hundredth (1-100) of his or her final salary for each year of prior service, as certified to said original member in the certificate issued to him or her by the retirement board under the provisions of section ten of this act] *calculated in accordance with the provisions and with the privileges of the same options provided for in sections thirteen and fourteen of this act with respect to State annuities for superannuation retirement.*

[(4) Should a judge discontinue service voluntarily or not voluntarily, after having completed twenty years of total service but before reaching superannuation retirement age, he or she may elect (in addition to the elections otherwise provided for by this act for State employes) to take, at the time of retirement, an annuity calculated in accordance with clause three (b) of this section, as provided for in the case of State employes retiring not voluntarily after having completed ten years of total service, or he or she may elect to take a deferred annuity beginning at superannuation retirement age, calculated in accordance with section thirteen (2) as provided for in the case of State employes retiring for superannuation, but in no event shall the total State annuity exceed fifty per centum of his or her final salary.]

[(5)] (4) Should a contributor die before retirement, his or her accumulated deductions shall be paid to his or her estate, or to such person as he or she shall have nominated by written designation duly executed and filed with the retirement board. In case any contributor, heretofore or hereafter dying, has failed to

nominate a beneficiary, or the beneficiary nominated *shall have* died prior to the death of the contributor, and in either event the amount of his or her accumulated deductions is less than one hundred dollars (\$100), the board may, if letters testamentary or of administration have not been taken out on the estate of such contributor within six months of death, pay such accumulated deductions on the claim of the undertaker, or any person or persons or political subdivision who or which shall have paid the claim of the undertaker.

Section 7. That sections twelve and thirteen of said act, as amended by the act, approved the twenty-first day of June, one thousand nine hundred and thirty-five (Pamphlet Laws, three hundred eighty-nine), is hereby further amended to read as follows:

Sections 12 and 13, as amended by act of June 21, 1935 (P. L. 389), further amended.

Disability Retirement

Section 12. Retirement upon disability shall be made and discontinued as follows:

(1) Upon the application of a contributor, or of one acting in his or her behalf, or upon the application of the head of his department, the retirement board shall retire said contributor on a disability allowance if he or she is under the superannuation retirement age, and on a superannuation allowance if he or she has attained or passed such age: Provided, The physician or physicians designated by the retirement board, after a medical examination of said contributor made at the place of residence of such contributor, or at a place mutually agreed upon, shall certify to the retirement board that said contributor is physically or mentally incapacitated for the performance of duty, and that said contributor ought to be retired: And provided further, That said contributor has had five or more years of service as a [State employe] *member*.

(2) Once each year the retirement board may require any disability annuitant, while still under the superannuation retirement age, to undergo medical examination by a physician or physicians designated by the retirement board; said examination to be made at the place of residence of said beneficiary, or other place mutually agreed upon. Should such physician or physicians thereupon report and certify to the retirement board that such disability beneficiary is no longer physically or mentally incapacitated for the performance of duty, or that such disability beneficiary is able to engage in a gainful occupation, and should the retirement board concur in such report, then the amount of the State annuity shall be discontinued, or reduced to an amount that shall not be in excess of the amount by which the amount of last year's salary of the beneficiary, as a State employe, exceeds his present earning capacity.

(3) Should any disability annuitant, while under the superannuation retirement age, refuse to submit to at least one medical examination in any year by a physician or physicians designated by the retirement board, his or her State annuity shall be discontinued until the withdrawal of such refusal; and, should such refusal continue for one year, all his or her rights in and to the State annuity constituted by this act shall be forfeited.

(4) Upon the application of any beneficiary under the superannuation retirement age, drawing a disability retirement allowance under the provisions of this act, said beneficiary may be restored to active service by the head of the department in which he or she served at the time of his or her retirement. Upon the restoration of a beneficiary to active service, his or her retirement allowance shall cease, and he or she shall resume membership in the retirement association.

(5) On retirement for disability, a contributor shall receive a retirement allowance which shall consist of—

(a) A member's annuity which shall be the actuarial equivalent of his or her accumulated deductions; and

(b) A State annuity which, together with the member's annuity, shall be sufficient to produce a retirement allowance of one-ninetieth ($1/90$) of his or her final salary multiplied by the number of his or her years of service, but in any case, not less than thirty per centum of said final salary, unless said thirty per centum shall exceed eight-ninths of the rate of retirement allowance to which the member might have been entitled had retirement been deferred until the superannuation retirement age, when the State annuity granted shall be such as to make the rate of the total retirement allowance equal to eight-ninths of the rate of allowance to which the member might have been entitled had retirement been deferred until the superannuation retirement age.

Where a member deferred taking membership and has not completed his back payments at the time of disability retirement, then the State annuity shall be the amount, to which the member would have been entitled, had the back payments been completed at the time of becoming a member.

Should a disability annuitant die before the total allowance received for disability shall be at least equal to the amount of his or her accumulated deductions at the time of disability retirement, then the board shall pay to the named beneficiary or to the annuitant's estate an amount equal to the difference between the allowance received and the annuitant's accumulated deductions, and if such amount is less than one hundred dollars (\$100), and no letters have been taken out on the estate within six months after death, then payment may be made to the undertaker, or to any person or political subdivision who or which shall have paid the claim of the undertaker.

Superannuation Retirement

Section 13. Retirement for superannuation shall be as follows:

(1) Any contributor who has reached the superannuation retirement age may retire for superannuation by filing with the retirement board a written statement, duly attested, setting forth [at what time, subsequent to the execution of said application] *on what date* he or she desires to be retired. Said application shall [retire said contributor at the time so specified, or, in the discretion of the retirement board, at the end of the year in which the time so specified occurs] *make the superannuation allowance effective on the date so specified if such application was filed in the offices of the board, or deposited in the United States mail, addressed to the board, before the date specified in the application and before the death of the contributor: Provided, however, That the date so specified in the application shall not be more than thirty days from the date of filing or depositing the application in the mail.*

(2) On retirement for superannuation, a contributor shall receive a retirement allowance which shall consist of—

(a) A member's annuity which shall be the actuarial equivalent of his or her accumulated deductions; and

(b) A State annuity of one one-hundred-sixtieth (1-160) or one one-hundredth (1-100) of his or her final salary for each year of total service, except in the case of members who, upon becoming members subsequent to December thirty-first, one thousand nine hundred and twenty-four, elected or hereafter elect not to make back payments, in which case the State annuity shall be calculated only for each year of total service while a member; and

(c) In addition thereto, if an original member of the retirement association, a further State annuity of one one-hundred-sixtieth (1-160) or one one-hundredth (1-100) of his or her final salary for each year of prior service, as certified to said original member in the certificate issued to him or her by the retirement board under the provisions of section ten of this act; but in no event shall the total State annuity exceed fifty per centum of his or her final salary.

Section 8. That section fourteen of said act, as last amended by the act, approved the twenty-first day of June, one thousand nine hundred and thirty-five (Pamphlet Laws, three hundred eighty-nine), is hereby further amended to read as follows:

Section 14. At the time of his or her superannuation retirement, any contributor may elect to receive his or her benefits in a retirement allowance, payable throughout life; or if such retirement allowance amounts to less

Section 14, as amended by act of June 21, 1935 (P. L. 339), further amended.

than [five] *ten* dollars [(\$5)] (\$10) per month, he or she may elect to receive the full amount of the accumulated deductions standing to his or her individual credit in the annuity savings account; or he or she may, on superannuation retirement, elect to receive the actuarial equivalent at that time of his or her member's annuity, State annuity, or retirement allowance, in a lesser member's annuity, or a lesser State annuity, or a less retirement allowance, payable throughout life, with the provisions that—

Option 1.—If he or she die before receiving in payments the present value of his or her member's annuity, State annuity, or retirement allowance as it was at the time of his or her retirement, the balance shall be paid to his or her legal representatives, or to such person, having an insurable interest in his or her life, as he or she shall nominate by written designation, duly acknowledged, and filed with the retirement board at the time of his or her retirement.

Option 2.—Upon his or her death, his or her member's annuity, State annuity, or retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his or her life, as he or she shall nominate by written designation, duly acknowledged, and filed with the retirement board at the time of his or her retirement.

Option 3.—Upon his or her death, one-half of his or her member's annuity, State annuity, or retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his or her life, as he or she shall nominate by written designation, duly acknowledged, and filed with the retirement board at the time of his or her retirement.

Option 4.—Some other benefit or benefits shall be paid to either the contributor or such other person or persons as he or she shall nominate; provided such other benefit or benefits shall, together with such lesser member's annuity, or lesser State annuity, or lesser retirement allowance, be certified by the actuary of the retirement board to be of equivalent actuarial value, and shall be approved by the retirement board.

Section 9. That section twenty-two of said act is hereby amended to read as follows:

Section 22. The retirement board created by this act [within] *and transferred from* the Department of State [and Finance] *to the Treasury Department* shall be, and be deemed, a departmental administrative board within the said department, and shall be subject in all respect to the laws of this Commonwealth limiting the powers of departmental administrative boards with regard to the expenditure of money, and prescribing the duties of departmental administrative boards with reference to

Section 22,
amended.

the making of financial reports, the furnishing of financial and budgetary information to the department with which it is connected, and the making of biennial reports.

Section 10. The members, officers, and employes of the State Employes' Retirement Board, which is transferred by this act from the Department of State to the Treasury Department, shall continue to be the members, officers, and employes of such board, and to perform their usual duties upon the same terms and conditions as heretofore, until removed or appointed to other positions: Provided, however, That, on and after the first day of June, one thousand nine hundred thirty-seven, the State Treasurer shall be the chairman of the board in lieu of the Secretary of the Commonwealth.

Section 11. This act shall become effective immediately upon final enactment: Provided, however, That the provisions of this act, transferring the State Employes' Retirement Board from the Department of State to the Treasury Department, shall not become effective until the first day of June, one thousand nine hundred thirty-seven.

When effective.

Proviso.

APPROVED—The 18th day of May, A. D. 1937.

GEORGE H. EARLE.

No. 180

AN ACT

Expressing assent of the General Assembly of the Commonwealth of Pennsylvania to the provisions and purposes of the Act of Congress, approved the twenty-ninth day of June, one thousand nine hundred thirty-five (Public No. 182, 74th Congress).

Whereas, There has been enacted by the Senate and House of Representatives of the United States of America in Congress assembled an act to provide for research into basic laws and principles relating to agriculture, and to provide for the further development of cooperative agricultural extension work, and the more complete endowment and support of land-grant colleges, approved the twenty-ninth day of June, one thousand nine hundred thirty-five (Public No. 182, 74th Congress*); and

Preamble.

Whereas, The provisions of the act, and the purpose of the grants of money authorized by the act, are made subject to the legislative assent of the several states and territories; therefore,

Section 1. Be it enacted, &c., That the assent of the General Assembly of the Commonwealth of Pennsylvania required by the said act be, and the same is hereby, given.

* "Congress" in the original.