

by him] to offset administrative and other expenses incurred in the administration of the insurance plan. [by the Department of Property and Supplies] The residue over and above the amount necessary to offset administrative and other expenses incurred in the administration of the plan shall be used to reduce the cost of such insurance.

[Section 7. Consulting Service.—The Secretary of Property and Supplies shall employ, within the Department of Property and Supplies, trained personnel for the purpose of consulting with and advising State employes concerning the insurance authorized by this act and related problems.]

Section [8.] 7. Applicability of Insurance Laws.—Except as otherwise specifically provided, all insurance contracted under the provisions of this act shall be subject to the laws of this Commonwealth relating to insurance.

Section [9.] 8. Effective Date.—This act shall take effect immediately.

Section 2. This act shall take effect immediately.

APPROVED—The 31st day of July, A. D. 1968.

RAYMOND P. SHAFER.

No. 230

AN ACT

SB 1295

Amending the act of June 1, 1959 (P. L. 392), entitled "An act relating to the retirement of State employes; amending, revising, consolidating and changing the laws relating thereto," changing and adding certain definitions, further providing for membership and credited service, contributions, benefits, duties of State employes and the retirement board, and adding and removing certain accounts; redefining civilian employes of the Army National Guard and the Air National Guard as State employes for the purposes of membership as members of Class A in the State Employes' Retirement System; requiring employe and employer contributions and authorizing the acceptance of employer contributions from the Secretary of the Army and the Secretary of the Air Force of the United States of America and imposing duties upon the State Employes' Retirement Board.

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

Section 1. Subclauses (d) and (f) of clause (6) of section 102, act of June 1, 1959 (P. L. 392), known as the "State Employes' Retirement Code of 1959," subclause (d) amended August 2, 1963 (P. L. 493) and subclause (f) amended July 29, 1965 (P. L. 264), are amended to read:

Section 102. Definitions.—The following words and phrases as

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

* * *

(6) "State employe" shall mean a person in one or more of the following categories:

* * *

(d) Any officer or employe, paid on a yearly or monthly basis, of the Pennsylvania Tunnel Commission, of the Pennsylvania Turnpike Commission, of the Delaware River Joint Commission, of the Delaware River Joint Toll Bridge Commission, of the State Public School Building Authority, of the General State Authority, of the State Highway and Bridge Authority, of the Delaware Valley Regional Planning Commission, and any employes of the Interstate

Commission on the Delaware River Basin who have been included in the Pennsylvania State Employes' Retirement System for at least ten (10) years prior to January 1, 1963, and who are or shall be employed by the Delaware River Basin Commission, provided such commission or authority 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 State annuities of such officers and employes without any liability on the part of the Commonwealth to make appropriations for such purposes.

* * *

(f) Any civilian employe of the Army National Guard and Air National Guard of the Commonwealth of Pennsylvania, who is employed pursuant to section 709 of title 32 of the United States Code and paid from Federal appropriated funds, provided the United States Government shall contribute to the fund, from time to time, the moneys authorized by section 709 of title 32 of the United States Code [without any liability on the part of the Commonwealth to make appropriations for such purposes.] to the extent that such funds are available for this purpose.

* * *

Section 2. Clause (15) of section 102 of the act, amended April 28, 1961 (P. L. 156), is amended to read:

Section 102. Definitions.—The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meanings:

* * *

(15) "Compensation" shall mean, (i) in the case of State employes other than [members of the General Assembly and] officers and employes of the Pennsylvania State Police, all compensation received, including all overtime or other extra compensation and maintenance allowances but excluding refunds for expenses incidental to employment, and in the case of members of the General Assembly,

excluding expense and contingency allowances, (ii) [in the case of members of the General Assembly, six thousand dollars (\$6,000), and in the case of a constitutional officer of the General Assembly, his salary as a member of the General Assembly and any additional compensation provided by law for regular, special and extraordinary sessions of the General Assembly exclusive of expense and contingency allowances, (iii)] in the case of officers and employes of the Pennsylvania State Police, all compensation received exclusive of maintenance allowances and expenses.

* * *

Section 3. Clause (17) of section 102 of the act, amended July 29, 1965 (P. L. 264), is amended to read and said section is amended by adding after said clause (17) a new clause to read:

Section 102. Definitions.—The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meanings:

* * *

(17) “Accumulated deductions” shall mean the total of the salary deductions paid into the fund to the credit of the members’ annuity savings account, together with the statutory interest credited thereon to the date of termination of the contributor’s service as a State employe [except that in the case of any member of Class F the term “accumulated deductions” is defined to include contributions made to the fund on his behalf by the United States Government together with a statutory interest credited thereon]. Where a contributor separates from State service with vesting, statutory interest shall be credited to all accumulated deductions credited to his account in the fund to the date on which he attains his superannuation retirement age.

(17.1) “Accumulated social security integration deductions” shall mean the total of the salary deductions paid into the fund to the credit of the social security integration members’ annuity savings account, together with the statutory interest credited thereon to the date of termination of the contributor’s service as a State employe. Where a contributor separates from State service with vesting, statutory interest shall be credited to all accumulated social security integration deductions credited to his account in the fund to the date on which he attains his superannuation retirement age.

* * *

Section 4. Clause (19) of section 102 of the act, amended August

27, 1963 (P. L. 1233), is amended and said section is also amended by adding after said clause (19), a new clause to read:

Section 102. Definitions.—The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meanings:

* * *

(19) "Final average salary" shall mean, except as provided in section 401 (1.1), (i) in the case of [State employes other than members of the General Assembly, and all other State employes other than officers and employes of the Pennsylvania State Police and contributors with credit for multiple service, the highest average annual compensation received by a contributor as a State employe during any five (5) nonoverlapping periods of twelve (12) consecutive months of contributory service, except that for any member who was a member of the General Assembly on July 1, 1968 and who is not a member or member-elect of the General Assembly on December 1, 1968, the final average salary of such member other than a member who has served as a constitutional officer of the General Assembly, shall mean seven thousand two hundred dollars (\$7,200), (ii) [in case of members of the General Assembly, who have not served as constitutional officers of the General Assembly, six thousand dollars (\$6,000), and in the case of members of the General Assembly, who have served as constitutional officers of the General Assembly, the highest annual average compensation received during any five (5) nonoverlapping periods of twelve (12) consecutive months of contributory service, (iii)] in the case of officers and employes of the Pennsylvania State Police, the average annual compensation earned by a contributor before any deductions have been made and exclusive of maintenance allowances and expenses for the highest five (5) years of service preceding retirement, or in the event a member has not served five (5) years, the total compensation earned divided by the number of years served.

In the case of any contributor with credit for multiple service, final average salary shall mean the highest average annual compensation received by a contributor as a State employe or a school employe during any five (5) nonoverlapping periods of twelve (12) consecutive months of contributory service.

(19.1) "Average non-covered salary" shall mean the annual amount of compensation received by a contributor, exclusive of any amount which was or could have been covered by Federal Social Security, averaged over that portion of the contributor's service

since January 1, 1956 for which the contributor has received social security integration credit.

* * *

Section 5. Clause (21) of section 102 of the act is amended and said section is amended by adding after clause (23) thereof, a new clause to read:

Section 102. Definitions.—The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meanings:

* * *

(21) “Member’s annuity” shall mean the [payments derived from contributions made by the contributor as provided in this act] actuarial equivalent of the accumulated deductions standing to the credit of the member at the time of application for retirement benefits.

* * *

(23.1) “Vesting” except in the case of a member of Class D-3 shall mean the right of a member who separates from service after having completed ten (10) or more years of credited service to leave accumulated deductions and accumulated social security integration deductions credited to his account in the fund and upon reaching superannuation retirement age receive a superannuation retirement allowance.

* * *

Section 6. Clauses (a) and (d.3) of subsection (1) of section 202 of the act, amended or added July 29, 1965 (P. L. 264), are amended to read:

Section 202. Classes of Membership.—

(1) Membership in the retirement system shall be comprised of the following classes:

(a) Class A which shall consist of all contributors who elected prior to May 18, 1937, to make contributions at a rate determined to provide a member’s annuity of one one-hundredth (1/100) of final average salary for each year of service and to have a State annuity calculated on the basis of one one-hundredth (1/100) of final average salary for each year of service, any member of Class E who elects to transfer to Class A according to the provisions of section 303.1 and section 506 (9), and all State employes becoming contributors on or after May 18, 1937, whose benefits are compulsorily on such basis, except for the provisions of paragraphs (c), (d), (d.1), (d.2), (d.3), (e) and (e.1) [and (f)] of this subsection.

* * *

(d.3) Class D-3 shall consist of all members of the General Assembly who have elected according to the provisions of section 506, subsection (13), prior to December 1, [1965] 1968, to become members of Class D-3 and for each of whom all legislative service shall be credited as service rendered as a member of Class D-3 and all members of the General Assembly who have elected according to the provisions of section 506, subsection (13), on or after December 1, [1965] 1968, to become members of Class D-3 for each of whom only legislative service rendered subsequent to the effective date of such election shall be credited as service rendered as a member of Class D-3.

* * *

Section 7. Clause (f) of subsection (1) of section 202 of the act is repealed.

Section 8. Subclause (vii) of clause (a) of subsection (2) of section 202 of the act, amended July 29, 1965 (P. L. 264), is amended to read:

Section 202. Classes of Membership.—

* * *

(2) The membership of each class defined in subsection (1) of this section shall be divided as follows:

(a) Original members who shall consist of the following:

* * *

(vii) Any person who has become a State employe by change of definition and who was not originally classed as such, and any person not classed as a State employe at the time of entering the service of the Commonwealth but who later became a State employe because of a change in employment or method of compensation, provided such person shall have become a contributor on or before December 31 next following the effective date of the act under the provisions of which he is enabled to become a contributor and he expressly elects to become an original member. This provision shall not apply to officers and employes of the Pennsylvania State Police [, nor to members of Class F].

* * *

Section 9. Section 204 of the act is amended by adding at the end thereof, a new subsection to read:

Section 204. Credited Service.—

* * *

(8) Any member who has elected prior to January 1, 1969, according to the provisions of section 506, subsection (14) to obtain retroactive social security integration credit, and who has made social security integration contributions as specified in section 301, subsection (6) retroactive to January 1, 1968, shall receive social

security integration credit for each year or fraction thereof¹ of credited State service. Any member who has elected according to the provisions of section 506, subsection (14) to obtain non-retroactive social security integration credit, and who has made non-retroactive social security integration contributions as specified in section 301, subsection (6), shall receive social security integration credit for each year or fraction thereof of credited State service rendered subsequent to the date of such election.

Section 10. Section 205 of the act, amended July 29, 1965 (P. L. 264), is amended to read:

Section 205. Prior Service.—Prior service shall consist of all service of an original member completed not later than December 31, 1923, and in the case of other persons [except members of Class F], who become State employes by amendments to State Employes' Retirement Statute shall consist of all service completed prior to the date of becoming eligible to be a contributor.

Prior legislative service, if not credited as service rendered as a member of Class D, D-1, D-2, or D-3, shall be credited as service rendered as a member of Class A.

Section 11. Section 208 of the act is amended by adding at the end thereof two new subsections to read:

Section 208. Restoration of Service Credits Cancelled at Separation from Service.—

* * *

(4) When a contributor ceases to be a State employe, his social security integration credit is cancelled if he withdraws his accumulated social security integration deductions, but if he returns to service as a State employe and a contributor or as a school employe and a contributor to the Public School Employes' Retirement System, the social security integration credit forfeited by him at the time of separation from service shall be restored in full to him as of the date he shall have restored to the fund to the credit of the social security integration members' annuity savings account in such manner as may be agreed upon by the employe and the retirement board, his accumulated social security integration deductions as they were at the time of his separation.

¹ "of" not in original.

(5) Upon application for a social security integration supplement under the provisions of article IV of this code, a contributor to the State Employees' Retirement System or to the Public School Employees' Retirement System who has not restored to the fund his accumulated social security integration deductions according to the provisions of subsection (4) of this section, shall receive credit for the portion of the social security integration credit forfeited by him at the time of separation from service computed by dividing the amount of accumulated social security integration deductions repaid as of the date of application by the accumulated social security integration deductions as they were at the time of separation.

Section 12. Clause (a) of subsection (1) of section 301 of the act, amended July 29, 1965 (P. L. 264), is amended to read:

Section 301. Members' Contributions on Account of Current Service.—

(1) From the salary of each member of the single or dual coverage group who is contributor, there shall be deducted and paid into the fund, by the State Treasurer through the Department of Revenue, such percent of his salary as shall be computed according to the class of his membership as follows:

(a) A member of Class A [or Class F] shall be required to contribute at a rate computed by the actuary to be sufficient with statutory interest to procure for him on superannuation retirement a member's annuity equal to one one-hundredth (1/100) of his final average salary for each year of service after December 31, 1923, [except that if the deduction so computed shall exceed seven (7) percent of his compensation, the member may request the retirement board to be permitted to contribute at the lesser rate, and if the retirement board finds that there are reasons which justify such reduction, then there shall be deducted seven (7) percent of his compensation.] or in the case of any member who has made an election under the provisions of section 506, subsection (14) at a rate of five (5) percent.

* * *

Section 13. Section 301 of the act is amended by adding at the end thereof, a new subsection to read:

Section 301. Members' Contributions on Account of Current Service.—

* * *

(6) Any contributor who has elected under the provisions of sec-

tion 506, subsection (14) to obtain social security integration credit, shall make social security integration contributions through salary deductions at the rate of five (5) percent of his compensation received exclusive of the amount of compensation defined as "wages" under the provisions of the Federal Social Security Act.

Section 14. Section 304 of the act, subsection (1) amended April 28, 1961 (P. L. 158) and the first paragraph of subsection (1) amended July 29, 1965 (P. L. 264), and subsection (2) amended September 28, 1961 (P. L. 1723), is amended to read:

Section 304. Contributions by Commonwealth or Other Employer.—

(1) Contributions on account of members of Class A, Class B, Class D, Class D-1, Class D-2, Class D-3, Class E and Class E-1 shall be as follows:

(a) On July 1 and January 1 of each year covering the preceding six (6) months, the Commonwealth shall pay, through the Department of Revenue into the retirement fund [on account of new members, such amount as shall be certified by the retirement board as necessary to provide by such method of payment during the prospective active service of such new members the State annuity reserves required at the time of retirement for their State annuities, which amount shall be credited by the retirement board to the ledger account known as the State annuity accumulation account. The amount so certified by the retirement board shall be computed as a percentage of the total salaries earnable by all contributors during the period for which the amount is certified. The percentage shall be computed as a level percentage of the prospective compensation of all contributors and shall be based on such mortality and other tables as shall be adopted by the retirement board, and on statutory interest. Such percentage shall be computed on the basis of each actuarial valuation and shall be determined by deducting from the present value of the liabilities of the State annuity accumulation account the sum of the assets credited to that account on the valuation date and dividing the remainder by the present value of the future salaries of all contributors.

(b) The Commonwealth shall, from the General Fund, from special operating funds and from other agencies and from other employers whose employes are covered as State employes under this act, pay into the fund, through the Department of Revenue, on account of each original member of the retirement system and until the accumulated reserve equals the present value of the liability with respect to all such original members, such amounts as shall be certified by the retirement board to be sufficient when combined with the total amount in the fund to the credit of the State annuity accumulation and reserve account for original members to provide the State annuities payable by the Commonwealth during the year then current to

the original members then retired or to be retired as provided in this act.

(c) To the credit of the ledger account known as the State annuity accumulation account such amount ¹ as shall be certified by the retirement board as necessary to provide by the method of payment hereinafter described the State annuity reserves on account of State annuities long-service supplements and social security integration State annuities payable to all employes then contributors. The amount so certified by the retirement board shall be computed as a percentage of the total compensation of all contributors during the period for which the amount is certified, to be known as the normal contribution, and an additional percentage of such total compensation to be known as the accrued liability contribution. The percentage normal contribution shall be determined after each actuarial valuation and, until all accrued liability contributions have been completed, the percentage normal contribution rate shall be determined on the basis of statutory interest and such mortality and other tables as shall be adopted by the retirement board as a level percentage of the compensation of the average new member contributor which, if contributed on the basis of his prospective compensation throughout his entire period of active service, would be sufficient to provide for the payment of any future State annuity or other benefit payable on his account. After all accrued liability contributions have been completed the normal contribution shall be determined by deducting from the present value of the liabilities of the State annuity accumulation account for all employes then contributors the sum of the assets credited to that account on the valuation date and dividing the remainder by one percent (1%) of the present value of the future compensation of all contributors. For the fiscal year, beginning July 1, 1969, the percentage accrued liability contribution rate shall be computed as the rate percent of the total compensation of all con-

¹ "as" not in original.

tributors which is equivalent to one-thirtieth (1/30) of the total liabilities of the State annuity accumulation account in excess of the funds in hand to the credit of such account which is not dischargeable by the normal contributions payable in respect of contributors on that date during the remainder of their active service. Thereafter, the amount of each annual accrued liability contribution shall be at least four percent (4%) greater than the amount of such contribution for the previous fiscal year. The accrued liability contribution shall be discontinued as soon as the amount of the funds standing to the credit of the State annuity accumulation account equals the present value of the total liability of such account less the present value of the normal contributions to be made at the normal contribution rate then in force in respect of all persons who are at that time contributors.

(b) The General Assembly shall, from time to time, appropriate moneys sufficient to make the payments to former State employes provided for in article IV, section 409.

(2) Contributions on account of members of Class C shall be as follows:

The Commonwealth shall, from the General Fund and from the Motor License Fund, contribute, from time to time, such amounts as shall be certified by the retirement board as necessary, in addition to the amounts received under the provisions of the act of May 12, 1943 (P. L. 259), as amended, to provide the State annuity reserve required at the time of superannuation retirement, disability retirement or withdrawal allowances are payable under the provisions of article IV. to officers and employes of the Pennsylvania State Police. The amounts sufficient to provide State annuities equivalent to the State annuities received by members of Class A or Class B, as the case may be, shall be credited to the State annuity accumulation account [in the case of new members or to the State annuity accumulation and reserve account for original members in the case of original members]. Any additional amounts shall be credited to the State Police benefit account. The amounts to be paid by the Commonwealth from the General Fund and the Motor License Fund into the fund shall be apportioned according to the same ratios as are used to apportion appropriations for salaries of members of the Pennsylvania State Police.

The Commonwealth shall, from the General Fund and from the State Stores Fund, contribute, from time to time, such amounts

as shall be certified by the retirement board as necessary in addition to moneys transferred from the Enforcement Officers' Retirement Account in the State Stores Fund according to the provisions of the act of April 12, 1951 (P. L. 90), as amended, to provide, the State annuity reserves required at the time superannuation retirement, disability retirement or withdrawal allowances are payable under the provisions of article IV. to enforcement officers or investigators of the Pennsylvania Liquor Control Board. The amounts sufficient to provide State annuities equivalent to the State annuities received by members of Class A or Class B, as the case may be, shall be credited to the State annuity accumulation account [in the case of new members or to the State annuity accumulation or reserve account for original members in the case of original members]. Any additional amounts shall be credited to the enforcement officers benefit account.

(3) In addition to the contributions to be credited to the State annuity accumulation account in accordance with clause (1) of this section, the Commonwealth shall pay through the Department of Revenue into the retirement fund to the credit of the ledger account known as the supplemental retirement allowance account, an amount determined as a percentage of the total compensation of all contributors during the period for which the amount is certified. Such percentage shall be computed as an accrued liability contribution sufficient to fund the liabilities of the supplemental retirement allowance fund as a level percentage over a period of twenty (20) years from July 1, 1969.

Section 15. Subsection (2) of section 306 of the act, the section heading amended August 13, 1963 (P. L. 675), is amended to read:

Section 306. Appropriation and Assessments by Commonwealth.—

* * *

(2) 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 other than contributors who are civilian employes of the Army National Guard or the Air National Guard of the Commonwealth of Pennsylvania employed and paid pursuant to section 709 of Title 32 of the United States Code 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 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 other than contributors who are civilian employes of the Army National Guard or the Air National Guard of the Commonwealth of Pennsylvania employed and paid pursuant to section 709 of Title 32 of the United States Code 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 members' annuity savings accounts.

Section 16. Subclause (iv) of clause (a) of subsection (1) of section 401 of the act, subsection (1) amended August 4, 1959 (P. L. 621) and the first paragraph of subsection (1) amended August 27, 1963 (P. L. 1233), is amended to read:

Section 401. Superannuation Retirement Allowances.—

(1) Upon retirement at or after superannuation retirement age, a contributor who is a member of the single or dual coverage group whose entire service shall have been in one class of membership and who has made application in accordance with the provisions of article V. section 506, subsection (1), shall receive a superannuation retirement allowance in accordance with the following provisions:

(a) The superannuation retirement allowance of a member of Class A shall consist of a member's annuity which shall be the actuarial equivalent of his accumulated deductions and a State annuity which shall consist of the following components:

* * *

(iv) In the event of superannuation retirement after April 18, 1952, a minimum allowance component equal to the amount, if any, by which the superannuation retirement allowance otherwise payable is less than [one thousand two hundred dollars (\$1,200)] one thousand eight hundred dollars (\$1,800), provided the contributor has [twenty-five (25)] thirty (30) years or more of credited service in the Commonwealth or if less than [twenty-five (25)] thirty (30) years of such service, then such proportional amount of [one thousand two hundred dollars (\$1,200)] one thousand eight hundred dollars (\$1,800) as the years of such credited service bear to [twenty-five (25)] thirty (30) years.

* * *

Section 17. Clause (f) of subsection (1) of section 401 of the act is repealed.

Section 18. Subsection (1.1) of section 401 of the act, amended July 29, 1965 (P. L. 264), is amended to read:

Section 401. Superannuation Retirement Allowances.—

* * *

(1.1) A contributor who is a member of the single or dual coverage group and becomes eligible for a superannuation retirement allowance while a member of any one class of membership [other than Class F] in either the State Employees' Retirement System or the Public School Employees' Retirement System and at that time or thereafter applies for a superannuation retirement allowance in accordance with the provisions of article V, section 506 subsection (1) and at the time of application has credit for multiple service, shall receive a superannuation retirement allowance which shall be the sum of the annuities computed separately with respect to service in each class of membership for which the contributor has received credit in accordance with the appropriate provisions of section 401 subsection (1) of this article or article IV, section 401 subsection (1) of the Public School Employees' Retirement Code: Provided, That (i) the final average salary used in the computation of the retirement allowance attributable to each class of membership shall be computed with reference to the contributor's total credited service, [excluding service as a member of Class F,] (ii) the State annuity or combined member's and State annuity, as the case may be, computed for service in any class of membership for which the superannuation retirement age is greater than the age of the contributor at the effective date of superannuation retirement shall have a value equal to the present value of such annuity beginning at the superannuation retirement age for such class of membership, (iii) in the case of a contributor who has transferred from Class B to Class A and who has not made back payments according to the provisions of article III, section 302 subsection (2) (g) of this code, the prior service component applicable to an original member shall equal one one-hundred-sixtieth (1/160) of his final average salary multiplied by total years of prior service multiplied by the ratio of years of contributory service at the one one-hundred-sixtieth (1/160) rate to total years of contributory service plus one one-hundredth (1/100) of his final average salary multiplied by total years of prior service multiplied by the ratio of years of contributory service at the one one-hundredth (1/100) rate to total years of contributory service, and (iv) in the case of any contributor who has credit for service rendered concurrently as a member of more than one class of service, all compensation for such concurrent service rendered during any month shall be combined for the purpose of determining such contributor's final average salary. In using such final average salary for the purpose of computing benefits, such contributor's service shall be divided into periods of nonconcurrent service and

periods of concurrent service. In computing the benefit attributable to any period of nonconcurrent service, such final average salary shall be applied in full. In computing the benefit attributable to any period involving concurrent service in more than one class of membership, such final average salary shall be prorated to the various classes of membership in proportion to the compensation received in each class of membership during such period of concurrent service.

* * *

Section 19. Subsection (4) of section 401 of the act, added October 5, 1967 (Act No. 155), is amended and said section is also amended by adding after said subsection (4), four new subsections to read:

Section 401. Superannuation Retirement Allowances.—

* * *

(4) Any member of Class E or E.1 who has retired, who has either actively served in such office by virtue of appointment or election for at least [thirty (30)] twenty-five (25) years continuously or otherwise regardless of age, or who has attained the age of seventy (70) years, who has served at least one full elected term or ten (10) years in the aggregate as a judge continuously or otherwise, and who shall hold himself in readiness to advise with his successor and his colleagues of the court of which he had been a member, and to perform such duties as may be imposed upon him as judge, special master, referee, auditor, or examiner, in such ways as he may reasonably be able to do, as assigned by the Chief Justice of the Supreme Court, may elect to receive during a period of time equal to the unexpired portion of his term or until death, whichever first occurs, a sum equal to the salary he was receiving immediately prior to his retirement. During the period that he is receiving such benefits such member shall not be permitted to practice as an attorney and shall receive no additional compensation for performing any judicial duties except retirement benefits as provided herein. Upon expiration of the aforesaid period of time, such member shall be entitled to receive the benefits, provided by the other provisions of this act, which he shall have earned by his service, including in the computation thereof the period of time during which he was receiving the benefits of this section 401 (4) and sections 301 (5) and 405 (5).

(5) In the case of a member who has vested his accumulated deductions, the retirement allowance shall consist of a member's annuity which shall be the actuarial equivalent of his accumulated deductions on the date at which benefits begin and a State annuity calculated in accordance with the applicable provisions of this section and based upon the final average salary of the member and

the years of credited service to the date of separation from service. In the case of such a member, the retirement allowance shall be paid upon his attaining superannuation retirement age.

(6) Upon retirement at or after superannuation retirement age, a member of either the State Employees' Retirement System or the Public School Employees' Retirement System who has social security integration credit shall receive a social security integration supplement consisting of a social security integration member's annuity which shall be the actuarial equivalent of his accumulated social security integration deductions, and a social security integration State annuity which shall consist of the following components:

(a) A basic component of one one-hundredth (1/100) of his average noncovered salary for each year of social security integration credit, and

(b) An equalizing component equal to the amount, if any, by which the social security integration member's annuity is less than the basic component of the social security integration State annuity.

(7) In the case of a member who has vested his accumulated social security integration deductions, the social security integration supplement shall consist of a social security integration member's annuity which shall be the actuarial equivalent of his accumulated social security integration deductions on the date at which benefits begin and a social security integration State annuity calculated in accordance with the provisions of subsection (6) clauses (a) and (b) of this section. In the case of such a member, the social security integration supplement shall be paid upon his attaining superannuation retirement age.

(8) Upon retirement at or after superannuation retirement age, any member with forty-one (41) or more years of credited service as a member of Class A shall receive a long-service supplement equal to the amount, if any, by which the largest social security integration supplement to which he is, or at his option could have

been, entitled, is less than a specified percentage of the superannuation retirement allowance to which such member is entitled. Such specified percentage shall be determined on the basis of the member's years of credited service as a member of Class A in accordance with the following table:

<u>Years of Credited Service</u> <u>as a Member of Class A</u>	<u>Percentage</u>
<u>41</u>	<u>2%</u>
<u>42</u>	<u>4%</u>
<u>43</u>	<u>6%</u>
<u>44</u>	<u>8%</u>
<u>45 or more</u>	<u>10%</u>

Section 20. Clause (a) of subsection (1) of section 402 of the act, amended July 29, 1965 (P. L. 264), is amended to read:

Section 402. Withdrawal benefits.—

(1) Upon discontinuance of service before reaching superannuation retirement age by resignation or dismissal or for any reason other than death or receipt of a disability supplement by a contributor with less than one hundred (100) involuntary withdrawal credits or leave of absence without pay, a contributor who ceases to be a State employe shall be paid on demand from the fund:

(a) In the case of a member of Class A, Class B, Class D, Class D-1, Class D-2, Class D-3, Class E or Class E-1 [or Class F].—

The full amount of the accumulated deductions standing to his individual credit in the 'members' annuity savings account as of the termination of such service, the full amount of the accumulated social security integration deductions standing to his individual credit in the social security integration members' annuity savings account and, in addition, in the case of a contributor who has made contributions on account of past service according to the provisions of article III. section 302 subsection (2) (1) the amounts paid by him as the equivalent of the contributions of the Commonwealth except in the case of a member who has ten (10) or more years of credited service and elects to vest his accumulated deductions and his accumulated social security integration deductions and continue as a non-contributing member.

* * *

¹ "member's" in original.

Section 21. Clause (e) of subsection (2) of section 402 of the act is repealed.

Section 22. Subsection (2.1) of section 402 of the act, amended July 29, 1965 (P. L. 264), is amended to read:

Section 402. Withdrawal Benefits.—

* * *

(2.1) A contributor [, other than a member of Class F,] who is a member of the single or dual coverage group, who has credit for multiple service, whose service is discontinued voluntarily ¹ or involuntarily before attaining eligibility for superannuation retirement and who applies for a withdrawal allowance, shall receive a voluntary or involuntary withdrawal allowance in accordance with the following provisions:

(a) A contributor shall be eligible for a voluntary or involuntary withdrawal allowance if he shall, upon the date of discontinuance of service, have accrued one hundred (100) voluntary withdrawal credits or one hundred (100) involuntary withdrawal credits.

(b) For each year of credited service a contributor shall be entitled according to class of membership to voluntary or involuntary withdrawal credits determined by reference to the following table:

Class of Membership (1)	Number of Withdrawal Credits for Each Year of Service	
	Voluntary Withdrawal Credits (2)	Involuntary Withdrawal Credits (3)
State Employees Retirement System		
A	4	10
B	4	10
C	4	10
D	10	10
D-1	10	10
D-2	10	10
D-3	[12.5] <u>16 2/3</u>	[12.5] <u>16 2/3</u>
E	5	10
E-1	5	10
[F]	[0]	[0]
Public School Employees' Retirement System		
T-A	4	10
T-B	0	0
<u>T-C</u>	<u>4</u>	<u>10</u>

¹ "or involuntarily" not in original.

In determining eligibility for a voluntary withdrawal allowance only accumulated voluntary withdrawal credits determined with reference to columns (1) and (2) shall be added and in determining eligibility for an involuntary withdrawal allowance only accumulated involuntary withdrawal credits determined with reference to columns (1) and (3) shall be added. In the case of a member of Class E or Class E-1 who serves on the Supreme or Superior Court, any service as a member of the General Assembly completed prior to January 1, 1947, shall be credited for the purpose of accumulating voluntary withdrawal credits as service as a member of Class D.

(c) The voluntary or involuntary withdrawal allowance shall be the sum of the annuities computed separately with respect to service in each class of membership for which the contributor has received credit in accordance with the appropriate provisions of section 402 subsection (2) of this article and article IV, section 402 subsection (2) of the Public School Employes' Retirement Code: Provided, That (i) the final average salary used in the computation of the withdrawal allowance attributable to each class of membership shall be computed with reference to the contributor's total credited service, [excluding service as a member of Class F,] (ii) in the case of a contributor who has transferred from Class B to Class A, the prior service component applicable to an original member shall have a value equal to an annuity beginning at superannuation retirement age of one one-hundred-sixtieth (1/160) of his final average salary multiplied by total years of prior service multiplied by the ratio of years of contributory service at the one one-hundred-sixtieth (1/160) rate to total years of contributory service plus one one-hundredth (1/100) of his final average salary multiplied by total years of prior service multiplied by the ratio of years of contributory service at the one one-hundredth (1/100) rate to total years of contributory service.

* * *

Section 23. Section 402 of the act is amended by adding, at the end thereof, two new subsections to read:

Section 402. Withdrawal Benefits.—

* * *

(5) Upon discontinuance of service before reaching superannuation retirement age, a contributor with social security integration credit who is qualified to receive a withdrawal allowance under the foregoing provisions of this section, and who elects to receive such withdrawal allowance, shall receive a social security integration supplement consisting of:

(a) A social security integration member's annuity which shall be the actuarial equivalent at the date of receipt of benefits of his

accumulated social security integration deductions, and

(b) A social security integration State annuity having a value equal to the present value of a social security integration State annuity beginning at superannuation retirement age calculated in accordance with the provisions of subsection (6) of section 401.

(6) Upon discontinuance of service before reaching superannuation age, any member with thirty-five (35) or more years of credited service as a member of Class A shall receive a long-service supplement equal to the amount, if any, by which the largest social security integration supplement to which he is, or at his option could have been, entitled, is less than the difference between (i) the withdrawal allowance to which he is entitled, and (ii) a specified percentage of the superannuation retirement allowance to which such member would be entitled if he had attained superannuation retirement age, based on his actual credited service and final average salary. Such specified percentage shall be determined on the basis of the member's years of credited service as a member of Class A in accordance with the following table:

<u>Years of Credited Service</u> <u>as a Member of Class A</u>	<u>Percentage</u>
<u>35-40</u>	<u>100%</u>
<u>41</u>	<u>102%</u>
<u>42</u>	<u>104%</u>
<u>43</u>	<u>106%</u>
<u>44</u>	<u>108%</u>
<u>45 or more</u>	<u>110%</u>

Section 24. Section 404 of the act, Option 1 of clause (c) of subsection (1), amended August 24, 1961 (P. L. 1125), and Option 4 of clause (c) of subsection (1), amended July 29, 1965 (P. L. 264), is amended to read:

Section 404. Member's Options.—

(1) At the time of his superannuation retirement under the provisions of section 401 of this article or upon withdrawal under the provisions of section 402 of this article or within sixty (60) days thereafter, a contributor may elect to receive his benefits in conformance with any one of the following plans:

(a) The allowances provided for in section 401 or section 402, as the case may be, payable throughout life dated from the time of his superannuation retirement or withdrawal, or

(b) The full amount of the accumulated deductions standing to his individual credit in the members' annuity savings account and the full amount of accumulated social security integration deductions standing to his individual credit in the social security integration members' annuity savings account, except in the case of a member of Class C retiring for superannuation, unless the allowance of such member of Class C is computed to be less than ten dollars (\$10.00) per month, in which case, it shall be mandatory for such member of Class C to receive his benefits in accordance with this paragraph, or

(c) The actuarial equivalent at the time of superannuation retirement or withdrawal of his member's annuity, State annuity or superannuation retirement allowance or withdrawal allowance and his social security integration supplement in a lesser superannuation retirement allowance or withdrawal allowance payable throughout life, according to any one of the following provisions:

Option 1. If he dies before receiving in payments the present value of his member's annuity, State annuity or superannuation retirement or withdrawn allowance and his social security integration supplement as it was at the time of his superannuation retirement or withdrawal, the balance if less than five thousand dollars (\$5,000) shall be paid in a lump sum to his legal representatives or to such person having an insurable interest in his life as he shall nominate by written designation, duly acknowledged and filed with the retirement board at the time of his superannuation retirement or withdrawal or before his death if subsequent to retirement. If the balance is five thousand dollars (\$5,000), or more, the beneficiary may elect by application duly acknowledged and filed with the retirement board to receive payment of such balance according to any one of the following provisions:

(i) A lump-sum payment.

(ii) An annuity having a present value equal to the balance payable.

(iii) A lump-sum payment and an annuity. Such annuity shall have a present value equal to the balance payable less the amount of the lump-sum payment specified by the beneficiary.

Option 2. Upon his death, his member's annuity, ¹ State annuity or superannuation retirement or withdrawal allowance and his social security integration supplement shall be continued throughout

¹ "State annuity" not in original.

the life of, and paid to such person having an insurable interest in his life as he shall nominate by written designation, duly acknowledged and filed with the retirement board at the time of his retirement.

Option 3. Upon his death one-half ($\frac{1}{2}$) of his member's annuity, State annuity or superannuation retirement or withdrawal allowance and his social security integration supplement shall be continued throughout the life of, and paid to such person having an insurable interest in his life as he shall nominate by written designation, duly acknowledged and filed with the retirement board at the time of his retirement.

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

(2) In calculating allowances payable to a member of the joint coverage group under an option enumerated in subsection (1) of this section, which is the actuarial equivalent of an allowance adjusted for the social security reduction under the provisions of section 403 of this article, the present value of such adjusted allowance shall be determined by taking into account the reduction applicable upon the attainment of the age at which social security benefits are payable.

Section 25. Subsection (1) of section 405 of the act, amended July 29, 1965 (P. L. 264), is amended to read:

Section 405. Disability Supplement.—

(1) Upon qualification for a disability supplement according to the provisions of article V. section 506, a contributor, other than a member of Class [F, who, except in the case of a member of Class C, has had at least five (5) years of service] C, who has accumulated at least one hundred (100) disability credits and who is under superannuation retirement age, and any contributor who is a member of Class C and who is under superannuation retirement age, shall receive a disability supplement equal to the amount by which the withdrawal allowance provided for in subsections (2), (2.1), (3.1) and 4 of section 402 is less than [an allowance consisting of a member's annuity which shall be the actuarial equivalent of his accumulated deductions and a State annuity which shall consist of the following components:

(a) A basic component which together with the member's annuity shall be sufficient to produce an allowance of one-ninetieth ($\frac{1}{90}$) of his final average salary multiplied by the number of his years of credited service, and

(b) A minimum allowance component equal to the amount, if any,

by which the sum of the member's annuity and the basic component of the State annuity is exceeded by the lesser of—] the larger of the following:

(a) An allowance calculated in accordance with the applicable provisions of section 401, subsection (1) or (1.1); or

(b) The lesser of—

(i) Thirty-three and one-third ($33\frac{1}{3}$) percent of his final average salary, or

(ii) Eight-ninths ($8/9$) of the superannuation retirement allowance to which he would have been entitled at superannuation retirement age, if he had remained in service as a State employe and had received the same annual compensation which he was receiving immediately preceding disability.

* * *

Section 26. Subsection (3) of section 405 of the act is repealed.

Section 27. Subsection (3.1) of section 405 of the act, amended July 29, 1965 (P. L. 624), is amended to read:

Section 405. Disability Supplement.—

* * *

(3.1) [A contributor, other than a member of Class F, who has credit for multiple service, who is not eligible for superannuation retirement and who applies for a disability supplement shall receive such supplement in accordance with the following provisions:

(a) A contributor shall be eligible for a disability supplement if he shall, upon date of application, have accrued one hundred (100) disability credits or if he shall, at date of application, be a member of Class C.

(b)] A contributor [who, upon date of application, is a member of any class other than Class C] shall be entitled to twenty (20) disability credits for each year of service as a member of Class A, Class B, Class C, Class D, Class D-1, Class D-2, Class D-3, Class E or Class E-1, and to ten (10) disability credits for each year of credited service as a member of Class T-A, [or] Class T-B or Class T-C.

[(c) The disability supplement shall equal the amount by which the withdrawal allowance provided for in section 402 attributable to credited service in all classes of membership other than Class C is less than an allowance consisting of a member's annuity which shall be the actuarial equivalent of his accumulated deductions with respect to total credited service attributable to all classes of membership other than Class C and a State annuity which shall consist of the following components:

(i) A basic component which, together with the member's annuity, shall be sufficient to produce an allowance of one-ninetieth ($1/90$) of his final average salary multiplied by the total number of years of

¹ "received" in original.

credited service in all classes of membership other than Class C, and

(ii) A minimum allowance component equal to the amount, if any, by which the sum of the member's annuity and the basic component of the State annuity is exceeded by the lesser of thirty-three and one-third ($33\frac{1}{3}$) percent of his final average salary or eight-ninths ($\frac{8}{9}$) of the superannuation retirement allowance to which he would have been entitled at superannuation retirement age if he had remained in service and had continued to receive the same annual compensation which he was receiving immediately preceding disability.

A contributor with credited service as a member of Class C shall receive in addition a disability supplement equal to the amount by which the withdrawal allowance provided for in section 402 attributable to service as a member of Class C is less than an allowance consisting of a member's annuity which shall be the actuarial equivalent with his accumulated deductions attributable to service as a member of Class C and a State annuity with respect to such service equal to two one-hundredths ($\frac{2}{100}$) of his final average salary multiplied by the number of years of his credited service as a member of Class C: Provided, That the combined withdrawal allowance and disability supplements for such contributor attributable to total credited service in all classes of membership shall not be less than thirty-three and one-third ($33\frac{1}{3}$) percent of his final average salary. The final average salary used in the computation of a disability supplement for a contributor who has credit for multiple service shall be computed with reference to the contributor's total credited service.]

* * *

Section 28. Section 405 of the act is amended by adding, at the end thereof, a new subsection to read:

Section 405. Disability Supplement.—

* * *

(6) Upon qualification for a disability supplement by a member with social security integration credit who is not eligible for a withdrawal allowance, such member shall be paid on demand from the fund the full amount of the accumulated social security integration deductions standing to his individual credit in the social security integration members' annuity savings account as of the termination of his State service.

Section 29. Section 407 of the act, amended July 29, 1965 (P. L. 264), is amended to read:

Section 407. Death Benefits.—

(1) Any contributor who is entitled to a superannuation retirement allowance by reason of having reached superannuation retirement age or any member of Class A, Class B or Class C who has to his credit twenty-five (25) years of service as a member of such class or any member of Class D, Class D-1, Class D-2 or Class D-3

who has to his credit ten (10) years of qualified legislative service or any member of Class E or Class E-1 who has to his credit twenty (20) years of judicial service or any contributor with credit for multiple service who has accumulated one hundred (100) voluntary withdrawal credits [, or any member of Class F regardless of length of service,] may file with the retirement board a written application for retirement in the form required for such application but requesting that such retirement shall become effective as of the time of his death, electing one of the options provided in article IV. section 404 and nominating a beneficiary under said option as required in said section. In all such cases, the application shall be held by the retirement board until the contributor shall file a later application in the usual manner for a superannuation retirement allowance or until the death of the contributor occurring while in State service, at which time his retirement shall become effective with the same benefits to the designated beneficiary as if the contributor had retired on the day immediately preceding his death.

(2) Any contributor who is entitled to a superannuation retirement allowance by reason of having reached superannuation retirement age or any member of Class A, Class B, or Class C who has to his credit twenty-five (25) years of service as a member of such class or any member of Class D, Class D-1, Class D-2 or Class D-3 who has to his credit ten (10) years of qualified legislative service or any member of Class E or Class E-1 who has to his credit twenty (20) years of judicial service or any contributor with credit for multiple service who has accumulated one hundred (100) voluntary withdrawal credits [or any member of Class F regardless of length of service], and who has died while in State service before filing with the retirement board a written application for a retirement allowance as provided in subsection (1) of this section, shall be considered as having retired and elected Option 1 as provided in article IV. section 404 as of the day immediately preceding his death. In such event, payment under Option 1 shall be made to the beneficiary designated in the nomination of beneficiary form on file with the retirement board, or if said beneficiary has predeceased the contributor, to the legal representative of said contributor.

(3) [The provisions of subsections (1) and (2) of this section shall apply to all contributors who become eligible for retirement before July 29, 1953, and who have died since January 1, 1950, without having filed a written application as required in paragraph (1) of this section: Provided, however, That application for payment of benefits shall be made on or before December 13, 1956.

(3.1)] Should a contributor die before becoming eligible for retirement according to the provisions of subsection (1) or (2) of this section, after having completed ten (10) years of total credited service or having accumulated one hundred (100) involuntary withdrawal credits, there shall be paid to his estate, or to such person as he shall have nominated by written designation duly executed and filed with the retirement board, his accumulated deductions, his accumulated

social security integration deductions, and in addition, the present value of a State annuity beginning at superannuation retirement age and calculated in accordance with the applicable provisions of section 401 of this article and based upon the final average salary [and], years of credited service, average non-covered salary, and social security integration credit of the deceased contributor, and reduced as follows:

(a) In the case of a member of Class A, Class B or Class C, whose entire service shall have been in one class of membership, the present value of the State annuity shall be multiplied by the ratio determined by dividing the number of years of credited service prior to death by twenty-five (25), unless the number of years of service which he would have to his credit had he continued in service until superannuation retirement age is less than twenty-five (25), in which case such lesser number of years of service shall be substituted for twenty-five (25) in the denominator of the ratio.

(b) In the case of a member of Class E or Class E-1 whose entire service shall have been in one class of membership, the present value of the State annuity shall be multiplied by the ratio determined by dividing the number of years of credited service prior to death by twenty (20), unless the number of years of service which he would have to his credit had he continued in service until superannuation retirement age is less than twenty (20), in which case such lesser number of years of service shall be substituted for twenty (20) in the denominator of the ratio.

(c) In the case of a contributor with credit for multiple service, the present value of the State annuity shall be multiplied by the ratio determined by dividing the number of voluntary withdrawal credits to his credit at date of death by one hundred (100), unless the number of voluntary withdrawal credits which he would have to his credit had he continued in service until superannuation retirement age is less than one hundred (100), in which case such lesser number of withdrawal credits shall be substituted for one hundred (100) in the denominator of the ratio.

(4) Should a contributor, who is not eligible for retirement in accordance with the provisions of subsections (1), (2) and [(3.1)] (3) of this section, a former contributor who has vested his accumulated deductions and/or his accumulated social security integration deductions, die before retirement, his accumulated deductions and/or his accumulated social security integration deductions shall be paid

to such person as he shall have nominated by written designation duly executed and filed with the retirement board. In case any contributor 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 accumulated deductions is less than one hundred dollars (\$100.00), the retirement board may, if letters testamentary or of administration have not been taken out on the estate of such contributor within six (6) 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.

(4.1) Should an annuitant who has elected to receive his retirement allowance without optional modification die before he has received in retirement allowance the present value of his member's annuity as it was at the time of his retirement, the balance shall be paid to his legal representative or to such person as he shall have nominated by written designation, duly executed and filed with the retirement board.

(5) Should an annuitant with less than ten (10) years of total credited service or not having accumulated one hundred (100) involuntary withdrawal credits receiving a disability allowance or a disability supplement die before the total allowance or supplement received shall be at least equal to the amount of his accumulated deductions at the time of receiving such disability allowance or disability supplement, then the retirement board shall pay to the designated beneficiary or to the estate of the deceased annuitant an amount equal to the difference between the allowance actually received and the accumulated deductions at time of receiving the disability allowance. Should an annuitant who has completed ten (10) years of total credited service or has accumulated one hundred (100) involuntary withdrawal credits receiving a disability allowance die, there shall be paid to his estate or to such person as he shall have nominated by written designation duly executed and filed with the retirement board any balance of his accumulated deductions not already received as a disability allowance and the present value of a State annuity beginning at superannuation age and calculated in accordance with the applicable provisions of section 401 of this article and based upon the final average salary and years of credited service of the deceased annuitant and as prescribed in subsection [3.1] 3 or other appropriate subsections of this section. If such amount due to a designated beneficiary or to the deceased annuitant's estate is less than one hundred dollars (\$100.00) and no letters have been taken out on the estate within six (6) 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.

(6) In the case of a member of Class C, if the retirement board shall find that a contributor died as a direct and proximate result

of injuries received in the course of his employment or while receiving a disability allowance or supplement resulting from such injuries, an allowance shall be paid to his widow so long as she remains his widow, and if and when such widow dies or remarries, then to his children under eighteen (18) years of age, and if and when there are no children under eighteen (18) years of age, then to the parent or parents of the deceased member if they are dependent. The allowance payable in such case shall consist of—

(a) A member's annuity which shall be the actuarial equivalent of the accumulated deductions to the credit of the deceased contributor.

(b) A State annuity equal to fifty (50) percent of the final average salary of the deceased contributor less the amount which is paid to any such widow, children or dependent parent or parents under the workmen's compensation laws of the Commonwealth during the period such compensation is paid or payable.

(7) In the event of the death prior to application for an allowance of a former member of the General Assembly who has made an election under the provisions of section 506 subsection (1), he shall be presumed to have been entitled to a withdrawal allowance under the provisions of section 402 subsection (2) or (2.1) at the time he made such election, and to have retired under Option 1 as of the date immediately preceding his death.

Section 30. Section 409 of the act is amended by amending the section heading and by adding, at the end thereof, two new subsections to read:

Section 409. Minimum and Supplemental Benefits for Former State Employees.—

* * *

(4) Every annuitant who is in receipt of a superannuation or disability allowance shall be entitled to receive a supplemental State annuity which shall be equivalent to the amount by which his retirement allowance prior to any optional modification is less than sixty-five dollars (\$65) for each year of credited service not in excess of forty (40) years: Provided, however, That the sum of (a) the retirement allowance prior to optional modification, (b) any social security old age or disability insurance benefit (primary insurance amount) attributable to service as a ¹State employe, and (c) the supplemental State annuity, shall not exceed two thousand six hundred dollars (\$2,600) per year.

¹ "School" in original.

(5) Every annuitant who is in receipt of a superannuation or disability allowance which became effective prior to January 1, 1967 shall receive, beginning July 1, 1968 and annually thereafter a cost-of-living increase which shall be the product of the retirement allowance determined at the time of retirement and prior to optional modification and the following percentages as determined by the calendar year in which retirement became effective:

<u>Year of Retirement</u>	<u>Per-cent- age Factor</u>	<u>Year of Retirement</u>	<u>Per-cent- age Factor</u>	<u>Year of Retirement</u>	<u>Per-cent- age Factor</u>
<u>1933 and Earlier</u>	<u>150%</u>	<u>1943</u>	<u>89%</u>	<u>1954</u>	<u>23%</u>
<u>1934</u>	<u>145%</u>	<u>1944</u>	<u>86%</u>	<u>1955</u>	<u>22%</u>
<u>1935</u>	<u>139%</u>	<u>1945</u>	<u>82%</u>	<u>1956</u>	<u>20%</u>
<u>1936</u>	<u>138%</u>	<u>1946</u>	<u>68%</u>	<u>1957</u>	<u>16%</u>
<u>1937</u>	<u>137%</u>	<u>1947</u>	<u>47%</u>	<u>1958</u>	<u>14%</u>
<u>1938</u>	<u>136%</u>	<u>1948</u>	<u>37%</u>	<u>1959</u>	<u>12%</u>
<u>1939</u>	<u>135%</u>	<u>1949</u>	<u>37%</u>	<u>1960</u>	<u>10%</u>
<u>1940</u>	<u>134%</u>	<u>1950</u>	<u>36%</u>	<u>1961</u>	<u>9%</u>
<u>1941</u>	<u>122%</u>	<u>1951</u>	<u>26%</u>	<u>1962</u>	<u>8%</u>
<u>1942</u>	<u>100%</u>	<u>1952</u>	<u>24%</u>	<u>1963</u>	<u>7%</u>
		<u>1953</u>	<u>23%</u>	<u>1964</u>	<u>6%</u>
				<u>1965</u>	<u>4%</u>
				<u>1966</u>	<u>1%</u>

Provided, however, That the cost-of-living increase determined above shall include, and shall not be in addition to, the amount of any supplemental State annuity payable to the annuitant under the provisions of subsection (4) of this section.

Section 31. Section 411 of the act is amended to read:

Section 411. Nomination of Beneficiary.—Every contributor shall have the authority to change the person nominated by him as the beneficiary by written designation, duly acknowledged and filed with the retirement board up until but not after the time of re-

irement, except as provided in section 404 for annuitants who have elected Option 1 and except in the case of a beneficiary who predeceases an annuitant. In such case, the annuitant shall have the right to select a new beneficiary and to have his retirement allowance recomputed, under Options 2, 3 or 4 of section 404, to have a present value as of the time of recomputation equal to the present value at that time of a single life annuity in the amount of the reduced allowance which he was receiving immediately prior to the recomputation.

Section 32. Section 503 of the act is amended by adding after subsection (9.6), two new subsections to read:

Section 503. Duties of the Retirement Board.—

* * *

(9.7) It shall be the duty of the board in the case of members of Class A who are civilian employees of the Army National Guard or the Air National Guard of the Commonwealth of Pennsylvania employed and paid pursuant to section 709 of Title 32 of the United States Code, to certify to the Secretary of the Army and the Secretary of the Air Force of the United States of America the aggregate amounts of the required employer contributions and the individual employe contributions required to be withheld from the compensation of such members of Class A. Upon receipt of the withheld employe contributions and employer contributions transmitted by the Secretary of the Army and the Secretary of the Air Force, the board shall pay into the fund such amounts and shall credit to the individual member's annuity savings account the amounts of employe contributions withheld and shall credit to the State annuity reserve account all amounts received from the Secretary of the Army and the Secretary of the Air Force as employer contributions on behalf of said civilian employes.

(9.8) The retirement board shall prepare a list of eligible annuitants and the monthly supplements or cost-of-living increases thereto which shall show the amount of the supplemental State annuity or the

cost-of-living increase payable to each annuitant as provided in section 409 subsections (4) and (5) of this act.

* * *

Section 33. Subsections (2) and (13) of section 506 of the act, amended July 29, 1965 (P. L. 264), are amended, and said section is also amended by adding after subsection (13), a new subsection to read:

Section 506. Duties of State Employees.—

* * *

(2) Each ¹ member of Class A, Class B, Class D, Class D-1, Class D-2, Class D-3, Class E or Class E-1 [or Class F] who has had at least five (5) years of service and each member of Class C, regardless of length of service, who is under superannuation retirement age and who desires to receive a disability supplement or withdrawal allowance based upon discontinuance of service due to physical or mental incapacity for the performance of duty, shall file a written application with the retirement board or such application may be made by a person acting in his behalf or by the head of his department. For a member of Class C, disability shall include disability incurred while engaged in the enforcement of law in his capacity as a Pennsylvania State Policeman or employe of the Pennsylvania State Police Force.

* * *

(13) Any member or member-elect of the General Assembly as of [December 1, 1964] July 1, 1968, who desires to become a member of Class D-3, shall so elect by written notice filed with the retirement board prior to December 1, [1965] 1968, and shall agree in such notice to make contributions at the rate specified in section 301 subsection (1) paragraph (d.3) retroactive to December 1, [1964] 1966. Any member of the General Assembly elected subsequent to [December 1, 1964] July 1, 1968, who was not a member or member-elect of the General Assembly on [December 1, 1964] July 1, 1968, and who desires to become a member of Class D-3, shall so elect by written notice prior to December 1 of the year following his election to the General Assembly, and shall agree in such notice to make contributions at the rate specified in section 301 subsection (1) paragraph (d.3) retroactive to December 1, of the year of his most recent election to the General Assembly.

(14) Any contributor on or after January 1, 1968 who desires to obtain retroactive social security integration credit and receive a

¹ "members" in original.

social security integration supplement as provided for in subsection (6) or (7) of section 401, or subsection (5) of section 402, shall so elect by written notice filed with the retirement board prior to January 1, 1969, and shall agree in such notice to make contributions as specified in subsection (6) of section 301, retroactive to January 1, 1968. Any contributor who desires to obtain non-retroactive social security integration credit and receive a social security integration supplement as provided for in subsection (6) ¹ or (7) ² of section 401, or subsection (5) of section 402, shall so elect by written notice filed with the retirement board, and shall agree in such notice to make non-retroactive social security integration contributions as specified in subsection (6) of section 301.

Section 34. Section 601 of the act, amended August 4, 1959 (P. L. 621), is amended to read:

Section 601. Fund and Accounts.—The fund and accounts are the State Employees' Retirement Fund, the State annuity accumulation account, the State annuity reserve account, [State annuity accumulation and reserve account for original members,] the members' annuity savings account, the members' annuity reserve account, The State Police benefit account [and], the State Police members' annuity reserve account, the supplemental retirement allowance account and the social security integration members' annuity savings account.

Section 35. Section 602 of the act is amended to read:

Section 602. State Employees' Retirement Fund.—The State Employees' Retirement 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 retirement board for the benefit of members of the retirement system, and the Treasury Department shall credit to the State ³ Employees' Retirement Fund all moneys received by it from the Department of Revenue, arising from the contributions ⁴ required under the provisions of article III. by the Commonwealth from the General Fund, from the special operating funds, from other agencies and from members of the retirement system, and all interest earned by the investments or moneys of said fund. There shall be established and maintained by the retirement board for actuarial

¹ "of" in original.

² "or" in original.

³ "Emplyoes'" in original.

⁴ "require" in original.

purposes the several ledger accounts specified in ¹ sections 603, 604, [605,] 606, 606.1, 607, 608, [and] 609, 610 and 611 of this article.

Section 36. Sections 603 and 604 of the act, amended July 29, 1965 (P. L. 264), are amended to read:

Section 603. State Annuity Accumulation Account.—The State annuity accumulation account shall be the ledger account to which shall be credited all contributions with respect to the State annuities long-service supplement and social security integration State annuities payable on account of new members and original members of Class A, Class B, Class D, Class D-1, Class D-2, Class D-3, Class E and Class E-1 made in accordance with the provisions of article III. section 304 subsection (1) and all contributions with respect to State annuities long-service supplement and social security integration State annuities payable on account of new members and original members of Class C made in accordance with the provisions of article III. section 304 subsection (2), except the amounts received under the provisions of the act of May 12, 1943 (P. L. 259), as amended, and the additional amounts credited to the State Police benefit account. Upon the entitlement of a contributor to an allowance under the provisions of article IV. with respect to a new member or an original member, the necessary reserves on account of members of Class A, Class B, Class D, Class D-1, Class D-2, Class D-3, Class E and Class E-1 shall be transferred from the State annuity accumulation account to the State annuity reserve account provided for in section 604 of this article and the necessary reserves on account of members of Class C shall be transferred from the State annuity accumulation account to the State Police benefit account provided for in section 606 of this article. The State annuity accumulation and reserve account for original members shall be discontinued and the assets held to the credit of such account and moneys otherwise payable to such account shall be credited to the State annuity accumulation account. Credit for reserves required for the payment of State annuities heretofore chargeable to the State annuity accumulation and reserve account for original members on account of retired original members shall be transferred from the State annuity accumulation account to the State annuity reserve account.

Section 604. State Annuity Reserve Account.—Upon transfer of

¹ "section" in original.

reserves on account of ¹ a member of Class A, Class B, Class D, Class D-1, Class D-2, Class D-3, Class E or Class E-1, who is entitled to an allowance under the provisions of article IV., the state annuity long-service supplement and social security integration State annuity of such ² annuitant shall be charged to the State annuity reserve account and paid from the fund. Should the said [new] member be subsequently restored to active service, his State annuity long-service supplement and social security integration State annuity re-serve calculated on the basis of his attained age shall be transferred from the State annuity reserve account to the State annuity accumulation account. Should the State annuity long-service supplement or social security integration State annuity of any such [new] member be otherwise reduced or discontinued in accordance with the provisions of this act, his State annuity long-service supplement or social security integration State annuity reserve, or such proportionate part of his State annuity long-service supplement or social security integration State annuity reserve as corresponds to the amount of the reduction of his State annuity long-service supplement or social security integration State annuity, shall be transferred from the State annuity reserve account to the State annuity accumulation account.

Section 37. Section 605 of the act is repealed.

Section 38. Sections 606 and 606.1 of the act, amended or added September 28, 1961 (P. L. 1723), are amended to read:

Section 606. State Police Benefit Account.—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), as amended, and any additional contributions provided for in article III. section 304 subsection (2) which are creditable to the State Police benefit account. In addition upon the entitlement of a member of Class C who is an officer or employe of the Pennsylvania State Police to an allowance under the provisions of article IV., the reserves for the State annuity and social security integration State annuity in the State annuity accumulation account [or in the State annuity accumulation and reserve account for original members, as the case may be,] shall be transferred to the State Police benefit account. Thereafter, the State annuity of such annuitant shall be charged to the State Police benefit account and paid from the fund.

¹ "members" in original.

² "annuity" in original.

Section 606.1. Enforcement Officers Benefit Account.—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 act of April 12, 1951 (P. L. 90), as amended, and any additional contributions provided for in article III. section 304 subsection (2) which are creditable to the enforcement officers benefit account. In addition upon the entitlement of a member of Class C, who is an enforcement officer, to an allowance under the provisions of article IV., the reserves for the State annuity and social security integration State annuity in the State annuity accumulation account [or in the State annuity accumulation and reserve account for original members, as the case may be,] shall be transferred to the enforcement officers benefit account. Thereafter, the State annuity and social security integration State annuity of such annuitant shall be charged to the enforcement officers benefit account and paid from the fund.

Section 39. Sections 607 and 608 of the act, amended July 29, 1965 (P. L. 264), are amended to read:

Section 607. Members' Annuity Savings Account.—The members' annuity savings account shall be the ledger account to which shall be credited the amounts of the salary deduction made from the compensation of contributors in accordance with the provisions of article III. section 301 [and the amounts contributed by the United States Government on behalf of members of Class F] subsections (1), (2), (3), (4) and (5). During the continued active membership of a contributor such amount shall be credited with statutory interest. Upon the entitlement of a member of Class A, Class B, Class C who is an enforcement officer, Class D, Class D-1, Class D-2, Class D-3, Class E or Class E-1, to an allowance under the provisions of article IV., the total accumulated deductions to his credit shall be transferred from the members' annuity savings account to the members' annuity reserve account provided for in section 608 of this article. Upon entitlement of a member of Class C who is an officer or employe of the Pennsylvania State Police to an allowance under the provisions of article IV., the total accumulated deductions to his credit shall be transferred from the members' annuity savings account to the State Police members' annuity reserve account provided for in section 609 of this article.

Section 608. Members' Annuity Reserve Account.—The members' annuity reserve account shall be the ledger account to which shall be credited the reserves held for the payment of all members' annuities and social security integration members' annuities on account of members of Class A, Class B, Class C who is an enforcement officer, Class D, Class D-1, Class D-2, Class D-3, Class E and Class E-1.

Upon the entitlement of such member to an allowance under the provisions of article IV., an amount equivalent to the amount of his accumulated deductions shall be transferred from the members' annuity savings account to the members' annuity reserve account and, thereafter, his members' annuity shall be charged to said account and paid from the fund. Should the said contributor be subsequently restored to active service, his member's annuity reserve, calculated on the basis of his attained age, shall be transferred from the members' annuity reserve account to the members' annuity savings account and placed to his individual credit. Upon the entitlement of such member to an allowance under the provisions of article IV., an amount equivalent to the amount of his accumulated social security integration deductions shall be transferred from the social security integration members' annuity savings account to the members' annuity reserve account and, thereafter, his social security integration members' annuity shall be charged to said account and paid from the fund. Should the said contributor be subsequently restored to active service, his social security integration member's annuity reserve, calculated on the basis of his attained age, shall be transferred from the members' annuity reserve account to the social security integration members' annuity savings account and placed to his individual credit.

Section 40. Section 609 of the act, amended September 28, 1961 (P. L. 1723), is amended to read:

Section 609. State Police Members' Annuity Reserve Account.—The State Police members' annuity reserve account shall be the ledger account to which shall be credited the reserves held for the payment of all members' annuities and social security integration members' annuities on account of members of Class C who are officers or employes of the Pennsylvania State Police. Upon the entitlement of such member to an allowance under the provisions of article IV., an amount equivalent to the amount of his accumulated¹ deductions shall be transferred from the members' annuity savings account to the State Police members' annuity reserve account and, thereafter, his member's annuity and social security integration members' annuity shall be charged to said account and paid from the fund. Upon the entitlement of such member to an allowance under

¹ "deduction" in original.

the provisions of article IV., an amount equivalent to the amount of his accumulated social security integration deductions shall be transferred from the social security integration members' annuity savings account to the State Police members' annuity reserve account and, thereafter, his social security integration members' annuity shall be charged to said account and paid from the fund. Should the said contributor be subsequently restored to active service, his social security integration members' annuity reserve, calculated on the basis of his attained age, shall be transferred from the State Police members' annuity reserve account to the social security integration members' annuity savings account and placed to his individual credit.

Section 41. The act is amended by adding after section 609, two new sections to read:

Section 610. Supplemental Retirement Allowance Account.—The supplemental retirement allowance account shall be the account to which shall be credited all contributions from the Commonwealth for the payment of the supplemental retirement allowances and the cost-of-living increases provided in subsections (4) and (5) of section 409 of this act. To this account shall be transferred the assets held to the credit of the temporary supplemental retirement allowance account for State employes established by the act of November 21, 1959 (P. L. 1590), as amended, and the moneys otherwise creditable to such account shall be credited to this account.

Section 611. Social Security Integration Members' Annuity Savings Account.—The social security integration members' annuity savings account shall be the ledger account to which shall be credited the amounts of the salary deduction made from the compensation of contributors in accordance with the provisions of section 301 subsection (6). During the continued active membership of a contributor such amount shall be credited with statutory interest. Upon the entitlement of a member of Class A, Class B, Class C who is an enforcement officer, Class D, Class D-1, Class D-2, Class D-3, Class E

or Class E-1, to an allowance under the provisions of article IV., the total accumulated social security integration deductions to his credit shall be transferred from the social security integration members' annuity savings account to the members' annuity reserve account provided for in section 608 of this article. Upon entitlement of a member of Class C who is an officer or employe of the Pennsylvania State Police to an allowance under the provisions of article IV., the total accumulated social security integration deductions to his credit shall be transferred from the social security integration members' annuity savings account to the State Police members' annuity reserve account provided for in section 609 of this article.

Section 42. Sections 703 and 801 of the act, amended August 4, 1959 (P. L. 621), are amended to read:

Section 703. Transfer of Credits from the State Employees' Retirement System to the Public School Employees' Retirement System.—Any person who has been a contributor and has ceased to be a State employe and has become a public school employe and a member of the Public School Employees' Retirement System, may request, in writing, the retirement board to certify to the Public School Employees' Retirement Board the period of service for which credit has been allowed and to transfer to the Public School Employees' Retirement Fund an amount equal to the accumulated deductions standing to his credit in the members' annuity savings account and such amount of reserve as may be carried on account of his membership in the State annuity accumulation account [or the State annuity accumulation and reserve account for original members, as the case may be,] as determined by the retirement board. Upon such transfer of funds, such person shall establish credit in the Public School Employees' Retirement System as a public school employe for service previously credited to him in the State Employees' Retirement System. Upon receipt of such request, the retirement board shall make such certification and transfer of funds.

Section 801. State Guarantee.—Statutory interest charges payable, the maintenance of reserves in the State Employees' Retirement Fund to the credit of the State annuity accumulation account [, the State annuity accumulation and reserve account for original members] and the State Police benefit account and the maintenance of members' annuity reserves and State annuity reserves as provided for in this act and the payment of all retirement allowances and other benefits granted by the retirement board under the provisions of this act are hereby made obligations of the Commonwealth. All income, interest and dividends derived from deposits and investments

authorized by this act shall be used for the payment of the said obligations of the Commonwealth.

Section 43. The act of November 21, 1959 (P. L. 1590), entitled, as amended, "An act to provide temporary supplemental retirement benefits for certain annuitants of the State Employees' Retirement System; creating a special account in the custody of the State Treasurer; imposing duties on the State Employees' Retirement Board; and making an appropriation," is repealed.

Section 44. This act shall take effect immediately and the provisions defining compensation shall apply retroactively to all compensation constitutionally paid and received after July 1, 1965.

APPROVED—The 31st day of July, A. D. 1968.

RAYMOND P. SHAFER.

No. 231

AN ACT

HB 2370

Amending the act of November 29, 1967 (P. L. 636), entitled "An act granting a tax credit to certain business firms who contribute to neighborhood organizations or who engage in activities which tend to upgrade impoverished areas," further defining business firm, assigning duties to the Secretary of Community Affairs, relieving the Secretaries of Public Welfare and Revenue of certain duties, further providing for the amount of the tax credit and making editorial changes.

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

Section 1. Clauses (2), (5) and (7) of section 2 and sections 3, 4 and 5, act of November 29, 1967 (P. L. 636), known as the "Neighborhood Assistance Act," are amended to read:

Section 2. As used in this act:

* * *

(2) "Impoverished area" means any area in Pennsylvania which is certified as such by the Department of [Public Welfare and approved by the Department of Revenue] Community Affairs and the certification is approved by the Governor. Such certification shall be made on the basis of Federal census studies and current indices of social and economic conditions.

* * *

(5) "Business firm" means any business entity authorized to do business in the Commonwealth of Pennsylvania and subject to the Corporate Net Income Tax Act or a bank, bank and trust company,