

in establishing joint schools which conform to approved county plans, and (6) second, third and fourth class school districts established as the result of reorganization of school districts pursuant to Article II, subdivision (i) of this act, shall be entitled to all services provided through the office of the county superintendent, subject to all conditions and requirements imposed on school districts under the supervision of the county superintendent.

APPROVED—The 29th day of July, A. D. 1965.

WILLIAM W. SCRANTON

No. 153

AN ACT

HB 1530

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," providing for two new classes of membership; authorizing the rescission of prior elections of membership in the dual coverage group and for the continuing right to make an election to become a member of the dual coverage group at any time during membership; providing for membership for certain members of the National Guard and community colleges, vocational technical schools, and technical institutes; providing for deferred annuities for certain members; defining disability as an involuntary separation and providing disability supplements therefor; providing for reemployment of annuitants for limited periods without cessation of annuities; increasing the amount subject to assignment to a credit union; further providing for the computation of benefits; imposing duties on the members, heads of departments and the retirement board.

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

Section 1. Subclause (f) of clause (6) of section 102, act of June 1, 1959 (P. L. 392), known as the "State Employes' Retirement Code of 1959," added August 4, 1961 (P. L. 925), 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:

\* \* \*

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

\* \* \*

(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 [agree to] contribute 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 employes] 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.

\* \* \*

Section 2. Clause (17) of section 102 of the act 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:

\* \* \*

(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 the statutory interest credited thereon.

\* \* \*

Section 3. Clause (a) of subsection (1) of section 202 of the act, amended August 27, 1963 (P. L. 1233), is 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 <sup>1</sup>compulsorily on such basis, except for the provisions of paragraphs (c), (d), [and] (d.1), (d.2), (d.3), (e), (e.1) and (f) of this subsection.

\* \* \*

<sup>1</sup> “compulsory” in original.

Section 4. Subsection (1) of section 202 of the act, is amended by adding after clause (d.2), a new clause to read:

Section 202. Classes of Membership.—

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

\* \* \*

(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, 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, 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 5. Subsection (1) of section 202 of the act is amended by adding after clause (e.1), a new clause to read:

Section 202. Classes of Membership.—

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

\* \* \*

(f) Class F which shall consist of all civilian employes of the Army National Guard and Air National Guard of the Commonwealth of Pennsylvania who are employed and paid from Federal appropriated funds pursuant to section 709 of title 32 of the United States Code, and for whom contributions are made to the fund by the United States Government in accordance with said section 709.

\* \* \*

Section 6. Subclause (vii) of clause (a) of subsection (2) of section 202 of the act, 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 7. Section 203 of the act, amended August 27, 1963 (P. L. 1233), is amended to read :

Section 203. Joint and Dual Coverage of Contributors Under Retirement System and Social Security.—The membership of each class defined in section 202 subsection (1) shall belong to one of the following groups :

(1) Joint Coverage Group, consisting of any State employe who shall become a member of the retirement system on a date subsequent to May 28, 1957, and prior to January 1, 1966, or who having become a member on or before May 28, 1957, shall have filed with the retirement board a written statement that he elects social security coverage under agreement with the Federal Secretary of Health, Education and Welfare entered into by the Commonwealth for State employes except any State employe who is excluded from social security coverage under the provisions of the Federal Social Security Act and except any such employe who [elects after July 1, 1964, and prior to January 1, 1966,] has filed with the board an effective election to become a member of the dual coverage group.

(2) Single Coverage Group, consisting of any State employe who is excluded from social security coverage under the provisions of the Federal Social Security Act and any State employe who became a member of the retirement system on or before May 28, 1957, and who has either filed with the retirement board a written statement that he does not elect social security coverage under any agreement with the Federal Secretary of Health, Education and Welfare entered into by the Commonwealth for State employes or who has not filed with the retirement board any written statement electing such coverage.

(3) Dual Coverage Group consisting of :

(a) Any State employe who [is] while a member of the joint coverage group [and who after July 1, 1964, and prior to January 1, 1966, files an] filed an effective election with the retirement board to make contributions without the reduction provided for in section 301 subsection (4) and whose superannuation retirement allowance or withdrawal allowance shall be computed without the reduction provided by section 403 subsection (1), provided that he makes the back contributions required under section 302 subsection (h.2).

(b) Any State employe who shall become a contributor subsequent to December 31, 1965, regardless of previous membership in the system.

Section 8. Section 205 of the act 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 9. Clause (a) of subsection (1) of section 301 of the act, 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 a 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.

\* \* \*

Section 10. Subsection (1) of section 301 of the act is amended by adding after clause (d.2) thereof a new clause 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 a 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:

\* \* \*

(d.3) A member of Class D-3 shall be required to contribute at three and three-quarters (3 3/4) times the rate of contribution required of a member of Class A.

\* \* \*

Section 11. Clause (h.2) of subsection (2) of section 302 of the act, added August 27, 1963 (P. L. 1233), is amended to read:

Section 302. Members' Contributions on Account of Past Service.—

\* \* \*

(2) The following members are entitled to make contributions on account of past service according to the provisions of subsection (1) of this section:

\* \* \*

(h.2) Any State employe who [is] while a member of the joint coverage group [and who after July 1, 1964, and prior to January 1, 1966, elects] filed an effective election to become a member of the dual coverage group, shall pay to the fund within [one (1) year] three (3) years of such election and any former member of the joint coverage group who returns to service after December 31, 1965, and who did not withdraw his accumulated deductions, shall pay to the fund within [one (1) year] three (3) years of return to service, an amount equal to the difference between his accumulated deductions as of the date of his election or return to service and the accumulated deductions which would have been to his credit if contributions had been made without the reduction provided for in section 301 subsection (4), provided that all such payments shall be completed prior to receipt of a superannuation retirement allowance or withdrawal allowance.

\* \* \*

Section 12. The first paragraph of subsection (1) of section 304 of the act, amended August 27, 1963 (P. L. 1233), 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:

\* \* \*

Section 13. Subsection (1) of section 401 of the act, amended August 27, 1963 (P. L. 1233), is amended by adding after clause (d.2) thereof, a new clause 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:

\* \* \*

(d.3) The superannuation retirement allowance of a member of Class D-3 shall consist of a member's annuity which shall be equal to the actuarial equivalent of his accumulated deductions and a State annuity which shall consist of:

(i) A basic component of three and three-quarters one hundredths (3 ¾/100) of final average salary for each year of credited service as a member of the General Assembly.

(ii) An equalizing component equal to the amount, if any, by which the member's annuity is less than the State annuity attributable to contributory service.

(iii) A prior service component of three and three-quarters one hundredths (3 ¾/100) of final average salary for each year of prior service as a member of the General Assembly.

Except in the case of any member who has served as a constitutional officer of the General Assembly, the total superannuation retirement allowance payable to a member of Class D-3, after election of an option as provided in section 404, shall not exceed twelve thousand dollars

(\$12,000) per year.

\* \* \*

Section 14. Subsection (1) of section 401 of the act, amended August 27, 1963 (P. L. 1233), is amended by adding after clause (e.1) a new clause 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:

\* \* \*

(f) The superannuation retirement allowance of a member of Class F shall consist of an annuity having a present value equal to the amount of the accumulated deductions standing to his individual credit in the members' annuity savings account.

\* \* \*

Section 15. Subsection (1.1) of section 401 of the act, amended August 27, 1963 (P. L. 1233), 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 16. Section 402 of the act, amended August 4, 1959 (P. L. 621), December 16, 1959 (P. L. 1852), and August 27, 1963 (P. L. 1233), 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 [allowance] 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 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.

(b) In the case of a member of Class C, the amount standing to his credit in the members' annuity savings account shall be paid to him if no application for return of accumulated deductions shall have been made within six (6) months after resignation.

(c) In the case of members of classes other than Class C, the accumulated deductions left by a former State employe or contributor whose State employment is terminated shall no longer be credited with any interest after September 1, 1945, even though such accumulated deductions are not withdrawn in accordance with the provisions of this subsection nor shall interest be credited on accumulated deductions of any contributor who is on leave of absence without pay other than military leave of absence or in the case of civil service employes on furlough.

(2) Upon discontinuance of service before reaching superannuation retirement age, a contributor who is a member of the single or dual coverage group and whose entire service shall have been in one class of membership, if qualified in accordance with the following provisions, may elect to receive a withdrawal allowance computed for his class of membership as follows:

(a) The withdrawal allowance of a member of Class A, Class B or Class C, who is discontinued from service not voluntarily after having completed ten (10) years of total service or voluntarily after having completed twenty-five (25) years of total service, shall consist of—

(i) A member's annuity which shall be the actuarial equivalent at the date of receipt of benefits of his accumulated deductions, and

(ii) A State annuity having a value equal to the present value of a State annuity beginning at superannuation retirement age calculated in accordance with the provisions of subsection (1) paragraph (a), (b) or (c) of section 401, as the case may be.

(b) Except as provided in paragraph (b.3) of this subsection, the withdrawal allowance of a member of Class D, who discontinues his qualified legislative service voluntarily or involuntarily after having

completed ten (10) years of such service, shall consist of a combined member's annuity and State annuity having a value equal to the present value of such annuity beginning at superannuation retirement age calculated in accordance with the provisions of section 401 subsection (1) paragraph (d).

(b.1) Except as provided in paragraph (b.3) of this subsection, the withdrawal allowance of a member of Class D-1, who discontinues his legislative service, voluntarily or involuntarily, after having completed ten (10) years of such service, shall consist of a combined member's annuity and State annuity having a value equal to the present value of such annuity beginning at superannuation retirement age calculated in accordance with the provisions of section 401 subsection (1) paragraph (d.1).

(b.2) Except as provided in paragraph (b.3) of this subsection, the withdrawal allowance of a member of Class D-2, who discontinued his legislative service, voluntarily or involuntarily, after having completed ten (10) years of such service, shall consist of a combined member's annuity and State annuity having a value equal to the present value of such annuity beginning at superannuation retirement age calculated in accordance with the provisions of section 401 subsection (1) paragraph (d.2).

(b.3) Any member of Class D, Class D-1 [or], Class D-2 or Class D-3, who has filed an election under the provisions of section 506 subsection (1), shall, upon attaining superannuation retirement age and upon application, receive an allowance computed according to the provisions of section 401.

(b.4) Except as provided in paragraph (b.3) of this subsection, the withdrawal allowance of a member of Class D-3, who discontinued his legislative service, voluntarily or involuntarily, after having completed eight (8) years of such service, shall consist of:

(i) A member's annuity which shall be the actuarial equivalent at the date of receipt of benefits of his accumulated deductions, and

(ii) A State annuity having a value equal to the present value of a State annuity beginning at superannuation retirement age calculated in accordance with the provisions of section 401 subsection (1) paragraph (d.3).

(c) The withdrawal allowance of a member of Class E, who discon-

tinues his judicial service not voluntarily after having completed ten (10) years of judicial service or voluntarily after having completed twenty (20) years of judicial service, shall consist of a combined member's annuity and State annuity having a value equal to the present value of such annuity beginning at superannuation retirement age calculated in accordance with the provisions of section 401 subsection (1) paragraph (e).

(d) The withdrawal allowance of a member of Class E-1 who discontinues his judicial service not voluntarily after ten (10) years, or voluntarily after twenty (20) years shall consist of—

(i) A member's annuity which shall be the actuarial equivalent at the date of receipt of benefits of his accumulated deductions, and

(ii) A State annuity having a value equal to the present value of a State annuity beginning at superannuation retirement age calculated in accordance with the provisions of section 401 subsection (1) paragraph (e.1).

(e) The withdrawal allowance of a member of Class F who is discontinued from service voluntarily or involuntarily regardless of length of service shall consist of an annuity having a present value equal to the amount of the accumulated deductions standing to his individual credit in the members' annuity savings account.

(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 or involuntarily [before reaching the superannuation retirement age for any of such classes] 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	Number of Withdrawal Credits for Each Year of Service	
	Voluntary Withdrawal Credits	Involuntary Withdrawal Credits
(1)	(2)	(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	12.5
<u>E</u>	<u>5</u>	<u>10</u>
E-1	5	10
<u>F</u>	<u>0</u>	<u>0</u>
Public School Employes' Retirement System		
T-A	4	10
T-B	0	0

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 Pub-

lic 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.

(3.1) Discontinuance of service due to physical or mental incapacity for the performance of duty shall be deemed to be involuntary discontinuance of service.

(4) Upon discontinuance of service before reaching superannuation retirement age, a contributor who is a member of the joint coverage group and who is qualified to receive a withdrawal allowance shall be entitled to receive a withdrawal allowance computed in accordance with the applicable provisions of subsections (2) and (2.1) of this section but reduced in accordance with the provisions of section 403 of this article.

Section 17. Clause (c) of subsection (1) of section 403 of the act, amended April 28, 1961 (P. L. 158), is amended to read:

Section 403. Reduction of Superannuation Retirement Allowances and Withdrawal Allowances on Account of Social Security Old Age Insurance Benefits (Primary Insurance Amount).—

(1) The superannuation retirement allowance or the withdrawal allowance provided for in section 401 or section 402, as the case may be, of this article payable to a member of the joint coverage group after the age at which social security old age insurance benefits become payable shall be reduced by an amount equal to forty (40) percent of the primary insurance amount of social security paid or payable to him. Such reduction shall be subject to the following provisions:

\* \* \*

(c) The reduction of benefits in accordance with this subsection shall be limited to the basic component of the State annuity calculated according to the provisions of section 401 subsection (1) paragraph (a)

(i) in the case of members of Class A, Class C, Class D, Class D-1 [or], Class D-2, Class D-3, Class E or Class E-1 or section 401 subsection (1) paragraph (b) (i) in the case of members of Class B.

\* \* \*

Section 18. Subsection (2) of section 403 of the act is amended to read:

Section 403. Reduction of Superannuation Retirement Allowances and Withdrawal Allowances on Account of Social Security Old Age Insurance Benefits (Primary Insurance Amount).—

\* \* \*

(2) The reduction provided for in subsection (1) of this section shall not apply to disability [allowances] supplements payable under the provisions of section 405 of this article nor to the withdrawal allowance payable to an annuitant who discontinued service due to physical or mental incapacity for the performance of duty.

\* \* \*

Section 19. Option 4 of clause (c) of subsection (1) of section 404 of the act, 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:

\* \* \*

(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 in a lesser superannuation retirement allowance or withdrawal allowance payable throughout life, according to any one of the following provisions:

\* \* \*

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, be certified by the actuary of the retirement board to be of equivalent actuarial value [and shall be approved by the retirement board].

\* \* \*

Section 20. Section 405 of the act, amended August 4, 1959 (P. L. 621), December 1, 1959 (P. L. 1640) and August 27, 1963 (P. L. 1233), is amended to read:

Section 405. Disability [Allowances] Supplement.—

(1) Upon qualification for a disability [allowance] supplement according to the provisions of article V. section 506, a contributor, [if not] other than a member of Class F, who, except in the case of a member of Class C, [who] has had at least five (5) years of service and who is under superannuation retirement age, shall receive a disability [allowance which shall consist] supplement equal to the amount by which the withdrawal allowance provided for in 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 [a disability] an allowance of one-ninetieth (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—

(i) [Thirty (30)] Thirty-three and one-third (33 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.

(1.1) Upon qualification for a disability supplement according to the provisions of article V. section 506, a contributor who is a member of Class F who has had at least five (5) years of service and who is under superannuation retirement age, shall receive a disability supplement having a present value equal to the amount of the accumulated deductions standing to his individual credit in the members' annuity savings account.

(2) Where a contributor deferred taking membership and has not completed the payment of back contributions required in accordance with



the provisions of article III. section 302 at the time of receiving a disability benefit, then the State annuity shall be the amount to which the member would have been entitled had the back contributions been completed at the time of becoming a member.

(3) Upon qualification for a disability [allowance] supplement according to the provisions of article V. section 506 a contributor who is a member of Class C and who is under retirement age, shall receive a disability [allowance which shall consist] supplement equal to the amount by which the withdrawal allowance provided for in 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 [the State annuity] which shall consist of the following components: [the sum of which shall not exceed fifty (50) percent of his final average salary:]

(a) A basic component equal to two one-hundredths ( $2/100$ ) of his final average salary multiplied by the number of years of credited service, and

(b) A minimum allowance component equal to the amount, if any, by which the basic component is less than [thirty (30)] thirty-three and one-third ( $33 \frac{1}{3}$ ) percent of his final average salary.

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

(a) A contributor shall be eligible for a disability [allowance] supplement if <sup>1</sup> 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.

<sup>1</sup> "be" in original.

(c) The disability [allowance shall consist] 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 [a disability] an allowance of one-ninetieth (1/90) of his final average salary multiplied by the total number of years of 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 1/3) percent of his final average salary or 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 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 [not to exceed fifty (50) percent of final average salary] equal to two one-hundredths (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 [disability allowance] 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 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.

(4) [Should a physician or physicians, designated by the retirement board, report and certify to the retirement board that a disability annuitant is no longer physically or mentally incapacitated for the performance of duty, and should the retirement board concur in such report, then the disability allowance shall be discontinued, or should such physician or physicians thereupon report and certify to the retirement board that such disability annuitant is able to engage in a gainful occupation, and should the retirement board concur in such report, then the disability annuitant's present salary or wages shall be ascertained and he shall continue to receive a disability allowance, but the sum of the disability allowance and the disability annuitants present salary or wages shall in no event exceed the last year's salary of the annuitant as a State employe or five thousand dollars (\$5,000), whichever is greater.] Should a physician or physicians, designated by the retirement board, report and certify to the retirement board that a disability annuitant is no longer physically or mentally incapacitated for the performance of duty, or that such disability annuitant is able to engage in a gainful occupation, and should the retirement board concur in such report, then the amount of the State annuity portion of the disability supplement shall be discontinued or reduced to an amount that shall be not in excess of the amount by which the last year's salary of the annuitant as a State employe, or five thousand dollars (\$5,000), whichever is greater, exceeds the sum of his present salary or wages and his withdrawal allowance.

Section 21. Subsection (1) of section 405.1, added August 24, 1959 (P. L. 621), is amended to read:

Section 405.1. Annuitant's Allowance Upon Return to Service and Subsequent Retirement.—

(1) The superannuation retirement allowance or the withdrawal allowance of any annuitant who shall later return to State service or to school service shall cease upon reentry into service until subsequent discontinuance of service: Provided, however, That this provision shall not apply in the case of any annuitant who may render services to the Commonwealth in the capacity of an independent contractor: And provided further, That when, in the judgment of the head of the department, an emergency creates an increase in the work load such that there is serious impairment of service to the public, a contributor who has retired volun-

tarily or for superannuation may with the approval of the Governor, be returned to State service in a classification in which he had at least two (2) years experience and without loss of annuity shall receive the pay for such classification for a period not to exceed sixty (60) days in any calendar year.

\* \* \*

Section 22. Section 407 of the act, amended December 1, 1959 (P. L. 1640), September 15, 1961 (P. L. 1339) and August 27, 1963 (P. L. 1233), 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 [or], 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 [or], 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 [date of] 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 <sup>1</sup> 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, 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 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 di-

<sup>1</sup> "became" in original.

viding 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 <sup>1</sup> subsections (1), (2) and (3.1) of this section, die before retirement, his accumulated 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.

(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 [for disability] 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

<sup>1</sup> "subsection" in original.

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 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 <sup>1</sup> 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 preced-

<sup>1</sup> "not" in original.

ing his death.

Section 23. Subsection (2) of section 410 of the act is hereby repealed.

Section 24. Subsections (7), (8), (8.2) and (8.3) of section 503 of the act, sections (8.2) and (8.3) added August 4, 1959 (P. L. 621), are amended to read:

Section 503. Duties of the Retirement Board.—

\* \* \*

(7) In every case where the retirement board has received an application for a disability [allowance] supplement or a withdrawal allowance based upon discontinuance of service due to physical or mental incapacity for the performance of duty, the retirement board shall designate a physician or physicians to examine such contributor at his place of residence or at a place mutually agreed upon. A disability [allowance] supplement or a withdrawal allowance based upon discontinuance of service due to physical or mental incapacity for the performance of duty, shall not be approved, unless—

(a) Such physician or physicians shall certify to the retirement board that said contributor is physically or mentally incapacitated for the performance of duty and that said contributor ought to be retired.

(b) The retirement board shall concur in such report.

(8) Once each six (6) months and at such other times as may be deemed necessary, the retirement board shall require any annuitant receiving a disability allowance, or a disability supplement, while still under the retirement age, to undergo medical examination by a physician or physicians designated by the retirement board, said examination to be made at the place of residence of said annuitant or other place mutually agreed upon.

\* \* \*

(8.2) Upon notification by the Public School Employees' Retirement Board that a former contributor has applied for a superannuation retirement allowance, withdrawal allowance or disability [allowance,] supplement, or has made application for a death benefit according to provisions of article IV. section 406 subsection (1) of the Public School Employees' Retirement Code, the retirement board shall certify to the Public School Employees' Retirement Board the total credited service in the State Employees' Retirement System of such former contributor and the number of years and fractional parts thereof of service attributable to each class



of membership.

(8.3) Upon notification from the Public School Employes' Retirement Board that the application<sup>1</sup> of a former contributor for a superannuation retirement allowance, withdrawal allowance or disability [allowance] supplement, or the application of a beneficiary of a former contributor for a death benefit according to the provisions of article IV. section 406 subsection (2) of the Public School Employes' Retirement Code has been approved, the retirement board shall transfer to the Public School Employes' Retirement Board the accumulated deductions standing to his credit in the members' annuity savings account and the State annuity reserve computed with reference to years of service as a contributor in the State Employes' Retirement System and a final average salary for such service standing to his credit in the State annuity accumulation account, the State annuity accumulation and reserve account for original members or the State Police benefit account, as the case may be.

\* \* \*

Section 25. Section 503 of the act is amended by adding after subsection (9.4) a new subsection to read:

Section 503. Duties of the Retirement Board.—

\* \* \*

(9.5) In the case of any contributor who elected dual coverage under the provisions of the act of August 27, 1963 (P. L. 1233) and who has not completed the payments agreed upon, the board, at such contributor's request, shall extend the payment period to accord with the period provided by section 302 (2) (h.2).

\* \* \*

Section 26. Subsection (8) of section 504 of the act, added August 27, 1963 (P. L. 1233), is amended to read:

Section 504. Duties of Heads of Departments.—

\* \* \*

(8) The head of each department shall advise each employe who is eligible of his right to make an election to become a member of the dual coverage group, regardless of any prior election not to become a member of the dual coverage group.

\* \* \*

Section 27. Subsections (2), (3), (4) and (12) of section 506 of the act, subsection (2) amended and subsection (12) added August 27, 1963

<sup>1</sup> "for" in original.

(P. L. 1233), are amended to read:

Section 506. Duties of State Employees.—

\* \* \*

(2) Each 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 [allowance] 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.

(3) Each three (3) months, it shall be the duty of any annuitant receiving a disability [allowance] supplement, while still under superannuation retirement age, to furnish a written statement of all earnings from his business, occupation or profession from whatever source derived and information showing whether or not he is able to engage in a gainful occupation and such other information as may be required by the retirement board. On failure, neglect or refusal, to furnish such information for the period of the preceding three (3) months, the retirement board may refuse to make further disability [allowance] supplement payments to such disability annuitant until he has furnished such information to the satisfaction of the retirement board, and should such refusal continue for six (6) months all his rights in or to the disability [allowance] supplement shall be forfeited.

(4) Should any annuitant receiving a disability allowance while still under superannuation retirement age refuse to submit to at least one (1) medical examination in any six (6) month period by a physician or physicians designated by the retirement board, [his State annuity] the State annuity portion of his disability supplement shall be discontinued until the withdrawal of such refusal, and should such refusal continue for a period of six (6) months all his rights in and to the State annuity portion of the disability supplement constituted by this act shall be forfeited.

\* \* \*

(12) Each State employe who is or becomes eligible for membership in the dual coverage group and who desires such membership shall file an election with the retirement board in accordance with the provisions of section 203 subsection (3). The filing of an election not to become a member of <sup>1</sup> the dual coverage group shall not preclude the subsequent filing of an election to become a member of the dual coverage group.

Section 28. Section 506 of the act is amended by adding after subsection (12), a new subsection to read:

Section 506. Duties of State Employes.—

\* \* \*

(13) Any member or member-elect of the General Assembly as of December 1, 1964, 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, 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. Any member of the General Assembly elected subsequent to December 1, 1964, who was not a member or member-elect of the General Assembly on December 1, 1964, 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.

Section 29. The act is amended by adding after section 506, a new section to read:

Section 507. Duties of Annuitants.—

<sup>2</sup> Once each six (6) months while under superannuation retirement age, any annuitant receiving a disability supplement shall file with the board a physician's certification that he is physically or mentally incapacitated for the performance of duty.

Section 30. Sections 603, 604, 605, 607 and 608 of the act, amended

<sup>1</sup> "the" not in original.

<sup>2</sup> "(1)" in original.

August 27, 1963 (P. L. 1233), 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 payable on account of new 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 payable on account of new 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, 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.

Section 604. State Annuity Reserve Account.—Upon transfer of reserves on account 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, who is entitled to an allowance under the provisions of article IV., the State annuity of such 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 reserve 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 of any such new member be otherwise reduced or discontinued in accordance with the provisions of this act, his State annuity reserve, or such proportionate part of his State annuity reserve as corresponds to the amount of the reduction of his State annuity, shall be transferred from the State annuity reserve account to the State annuity accumulation account.

Section 605. State Annuity Accumulation and Reserve Account for Original Members.—The State annuity accumulation and reserve account for original members shall be the ledger account to which shall be credited all contributions with respect to the State annuities payable on account of 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 payable on account of 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 amount credited to the State Police benefit account. Upon the entitlement 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, to an allowance under the provisions of article IV. with respect to an original member, his State annuity shall be charged to the State annuity accumulation and reserve account for original members and shall be paid from the fund. Upon entitlement of a member of Class C to an allowance under the provisions of article IV. with respect to an original member, the necessary reserve on account of such member shall be transferred from the State annuity accumulation and reserve account for original members to the State Police benefit account.

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. 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 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.

Section 31. Section 803 of the act, amended June 6, 1963 (P. L. 77), is amended to read:

Section 803. Exemption from Execution.—The right of a person to a member's annuity, a State annuity, or retirement allowance, to the return of contributions, any benefit or right accrued or accruing to any person under the provisions of this act, and the moneys in the fund, are hereby exempt from any State or municipal tax, and exempt from levy and sale, garnishment, attachment or any other process whatsoever, and shall be unassignable, except as in this act specifically otherwise provided, and with the further exception that the assignment of any or all such rights as security for a loan and interest and/or fines thereon the principal of such loan not to exceed [six hundred dollars (\$600.00),] seven hundred and fifty dollars (\$750.00), the interest on which loan shall not exceed six (6) percent per annum discounted by a person to a credit union now or hereafter organized and incorporated under the laws of the Commonwealth, the membership of which credit union is limited solely to officers and employes of the Commonwealth, shall be valid.

If any or all such rights of a person have been assigned as security for a loan from a credit union as herein authorized, the amount of the loan and any fine or interest due thereon shall be paid by the retirement board to the credit union, (1) if the person obtaining the loan shall have been in default in required payments for a period of not less than two years, or (2) at such time as the Department of Banking shall require the credit union to charge the amount of the loan against the reserve fund of such credit union. Any person who shall have pledged such rights as security for a loan from a credit union and, on whose behalf the retirement board shall have made any payment by reason of that person's default, may not thereafter pledge or assign such rights to a credit union.

Section 32. This act shall take effect immediately.

APPROVED—The 29th day of July, A. D. 1965.

WILLIAM W. SCRANTON