

No. 660

AN ACT

Amending the act of July eighteen, one thousand nine hundred seventeen (Pamphlet Laws 1043), entitled "An act establishing a public school employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon boards having the employment of public school employes; exempting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties," changing and clarifying benefit contribution and credit provisions when employes are placed under social security, providing for payments by the Commonwealth and for reimbursements from appropriations.

Public school employes' retirement system.

Subsection 6, section 8, act of July 18, 1917, P. L. 1043, amended December 27, 1951, P. L. 1739, amended by adding a new paragraph.

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

Section 1. Subsection six of section eight, act of July eighteen, one thousand nine hundred seventeen (Pamphlet Laws 1043), entitled "An act establishing a public school employes' retirement system, and creating a retirement board for the administration thereof; establishing certain funds from contributions by the Commonwealth and contributing employes, defining the uses and purposes thereof and the manner of payments therefrom, and providing for the guaranty by the Commonwealth of certain of said funds; imposing powers and duties upon boards having the employment of public school employes; exempting annuities, allowances, returns, benefits, and rights from taxation and judicial process; and providing penalties," amended December twenty-seven, one thousand nine hundred fifty-one (Pamphlet Laws 1739), is amended by adding, at the end thereof, a new paragraph to read:

Section 8. * * *

6. * * *

Where the Commonwealth has entered into an agreement with the Federal Secretary of Health, Education and Welfare to place services covered by the retirement system created by this act under the Federal Social Security Act, the board shall rule that, as of the effective date of the agreement, the rate of benefits payable to a member after the age at which social security benefits are payable shall be adjusted so that the retirement allowance then 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, whether received or not, the board shall reduce the rate of member contributions to the extent permitted by the rate of benefits provided for in this subsection.

Section 2. The act is amended by adding, after section nine, a new section to read:

Act of July 18,
1917, P. L. 1043,
amended by adding
a new section
9.1.

Payments on Account of Social Security Deductions from Appropriations.

Section 9.1. Where the Superintendent of Public Instruction enters into an agreement with the Commonwealth to place under the Federal Social Security Act all employes of all school districts and joint schools, and departments in the Commonwealth, and other employes eligible for coverage thereunder, the Commonwealth shall pay on account of the school districts and joint schools and departments and on account of the employes thereof into the contribution fund created under the provisions of the act of January five, one thousand nine hundred fifty-two (Pamphlet Laws 1833), entitled "An act to provide for the coverage of certain officers and employes of the Commonwealth and its political subdivisions under the old-age and survivor insurance provisions of Title II of the Federal Social Security Act, as amended; creating the State Agency and conferring powers and imposing duties upon the State Agency; authorizing the State Agency to enter into agreements with the Federal Security Administrator and with political subdivisions under certain terms and conditions; providing for the Commonwealth's contribution under agreements with the Federal Security Administrator and for the collection and payment of employer and employe contributions; authorizing interstate cooperation in certain cases; creating a Contribution Fund; and making appropriations," such amounts and at such times as are required to be paid on account of such coverage.

The Commonwealth shall be reimbursed to the extent of the total amounts contributable by the employes and to one-half the amounts contributable by the school district, joint schools and departments.

The Superintendent of Public Instruction and the State Treasurer are hereby authorized to cause to be deducted, and paid into or retained in the State Treasury from any moneys due to any employer on account of appropriation for schools or other purposes, the amounts reimbursable under the provisions of this section.

* "(40)" omitted in original.

Section 14, act of July 18, 1917, P. L. 1043, amended May 26, 1949, P. L. 1818, amended by adding a new clause 5.

Section 3. Section fourteen of the act, amended May twenty-six, one thousand nine hundred forty-nine (Pamphlet Laws 1818), is amended by adding, at the end thereof, a new clause to read:

Section 14. Retirement for superannuation shall be as follows:

* * * * *

5. *Where the board has ruled that the rate of the benefits payable to a member after the age at which social security benefits are payable shall be adjusted so that the retirement allowance then 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 limitations:*

(a) *Upon attainment of the age at which social security benefits are payable by a beneficiary receiving a retirement allowance for superannuation, or upon retirement of a contributor after attaining that age, his eligibility to the old age insurance benefit and the primary insurance amount of social security upon which the reduction in the retirement allowance shall be based, shall be computed by the board in the manner specified in the Federal Social Security Act, except that in determining such amount only wages or compensation for services covered by the retirement system created by this act shall be included.*

(b) *His credits accrued for service to the date of such change shall remain to his credit without adjustment, and credits for service subsequent to the date of such change to the time of retirement shall be at the adjusted rate as provided in section 8 (6).*

(c) *That portion of a member's retirement allowance based on credits for service subsequent to the date of the change shall not be less than the amount of his member's annuity based on contributions for the same period.*

(d) *The reduction shall not apply to allowances for total disability payable under section 13 of this act.*

(e) *In determining the need for any further state annuity payable under subsection 3 II (B) (d) of this section, the primary insurance amount of social security paid or payable to a member shall be included with the superannuation retirement allowance as the basis for computing such need.*

(f) *Whenever the amount of the reduction from the retirement allowance shall have been once determined, it shall remain fixed for the duration of the allowance, except that any decrease in the primary insurance*

*“(40)” omitted in original.

amount under the social security act shall result in a corresponding decrease in the amount of the reduction from the allowance.

(g) The total sum including social security benefits to be received upon retirement by an employe who is a member of the system at the time of the change shall not be less than the allowance that would be paid by the retirement system in the absence of such change.

APPROVED—The 1st day of June, A. D. 1956.

GEORGE M. LEADER

No. 661

AN ACT

Amending the act of May twenty-three, one thousand nine hundred forty-five (Pamphlet Laws 903), entitled "An act authorizing cities of the third class to establish an optional retirement system for officers and employes independently of any pension system or systems existing in such cities," imposing duties on pension boards, changing contributions, and changing and clarifying benefits and allowances when employes are placed under social security.

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

Section 1. Subsection (a) of section four, act of May twenty-three, one thousand nine hundred forty-five (Pamphlet Laws 903), entitled "An act authorizing cities of the third class to establish an optional retirement system for officers and employes independently of any pension system or systems existing in such cities," is amended by adding, at the end thereof, a new paragraph to read:

Section 4. (a) * * *

Where a city has entered into an agreement with the Commonwealth to place its employes under the Federal Social Security Act, the pension to be paid according to the provisions of this section payable after the age and upon that portion of annual compensation on which social security benefits are payable, shall be reduced by an amount equal to forty (40) per centum of the primary insurance amount of social security paid or payable to the member, such reduction shall be subject to the following provisions:

(1) Upon attainment of the age at which social security benefits are payable by a beneficiary receiving a

Third class cities, optional retirement system independent of any pension system.

Subsection (a), section 4, act of May 23, 1945, P. L. 903, amended by adding a new paragraph.