

No. 33  
AN ACT

HB 448

Providing for the debt limits of cities of the second class A.

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

Section 1. Every city of the second class A, in its corporate capacity, is authorized and empowered to enact ordinances to borrow money on the credit of the city, and to pledge the credit and revenue thereof for the payment of the same, to an amount not exceeding five percent upon the assessed value of the taxable property in said city, and with the consent of the people of the said city, obtained at an election held under the provisions of the Constitution and the general laws of this Commonwealth, to increase the indebtedness of such city to an amount not exceeding, in the aggregate, fifteen percent upon the assessed valuation of the taxable property therein.

Section 2. All acts and parts of acts inconsistent herewith are repealed.

Section 3. This act shall take effect immediately.

APPROVED—The 28th day of June, A. D. 1967.

RAYMOND P. SHAFER

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No. 34  
AN ACT

SB 433

Amending the act of June 1, 1959 (P. L. 350), entitled "An act relating to the retirement of public school employes; amending, revising, consolidating and changing the laws relating thereto," creating a new class of membership, changing benefits and qualifications; prescribing additional powers of the board and further providing for payments, refunds and contributions and creating the Supplemental Retirement Allowance Account.

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

Section 1. Clauses (19), (21) and (25) of section 102, act of June 1, 1959 (P. L. 350), known as the "Public School Employes' Retirement Code of 1959," are amended and the section is amended by adding at the end 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:

\* \* \*

(19) "Superannuation retirement age" shall mean (i) age sixty-two (62) or the age at which the contributor completes thirty-five (35) years of credited service, whichever is earlier in the case of a member of Class T-A as defined in article II. section 202, or (ii) age sixty-two (62) in the case of a member of Class T-B as defined in article II. section 202, or (iii) age sixty-two (62) or age sixty (60) with thirty (30) or more years of credited service or the age at which the contributor completes thirty-five (35) years of credited service in the case of a member of Class T-C as defined in article II. section 202.

\* \* \*

(21) "Accumulated deductions" shall mean the total of the amounts deducted from the compensation of a contributor and paid into the retirement fund to the credit of the members' annuity savings account, together with the statutory interest credited thereon to the date on which the contributor separates from school service. Where a contributor separates from school 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.

\* \* \*

(25) "Member's annuity" shall mean [payments derived from contributions made by the contributor as provided in this act.] the actuarial equivalent of the accumulated deductions standing to the credit of the member at the time of retirement.

\* \* \*

(29) "Vesting" 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 credited to his account in the fund and upon reaching superannuation retirement age receive a retirement allowance.

Section 2. Clause (b) of subsection (1) of section 202 of the act is amended and a new clause is added at the end of subsection (1) to read:

Section 202. Classes of Membership.—

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

\* \* \*

(b) Class T-B, or one one-hundred-sixtieth (1/160) class, consisting of employes who became members prior to July 1, 1950, and who did not elect to become members of class T-A, or Class T-C.

(c) Class T-C or one one-hundred-twentieth (1/120) class, consisting of all employes entering or reentering school service on or after July 1, 1967, and any contributor in Class T-A who files with the retirement board an election to transfer to Class T-C, and any contributor in Class T-B who makes back contributions according to the provisions of article III, section 302 subsection (2) and files with the retirement board an election to transfer to Class T-C. Class T-C shall also include any disability annuitant of Class T-A or Class T-B, who, upon restoration to school service, heretofore or hereafter elects to transfer to Class T-C.

\* \* \*

Section 3. Section 301 of the act is amended by adding after subsection (1), a new subsection to read:

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

\* \* \*

(1.1) From the compensation of each member of the single or dual coverage group who is a contributor and member of Class T-C, there shall be deducted and paid into the fund to the credit of the employes' annuity savings account, by the State Treasurer through the Department of Revenue, five and one-half (5½) percent of his compensation.

\* \* \*

Section 4. The first paragraph of subsection (2) of section 301 of the act is amended and the subsection is amended by adding two new clauses to read:

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

\* \* \*

(2) The deductions from compensation in accordance with [subsection (1)] subsections (1) and (1.1) of this section shall be subject to the following conditions:

\* \* \*

(e.1) The rate of deduction from compensation of a contributor who was a member of Class T-A or Class T-B and who became a

member of Class T-C and made any necessary back payments according to the provisions of section 302, subsections (2.2) or (2.3) respectively of this article, shall be the rate which such transferred contributor would have paid had he become a new entrant and a member of Class T-C on July 1, 1967.

\* \* \*

(f.1) The rate of deduction from compensation of a disability annuitant who retired as a member of Class T-A or Class T-B and who heretofore or hereafter is restored to school service and transfers to Class T-C, shall be the rate which such transferred contributor would have paid had he become a new entrant and member of Class T-C as of the date of transfer.

\* \* \*

Section 5. Section 302 of the act is amended by adding after subsection (2.1), two new subsections to read:

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

\* \* \*

(2.2) Any school employe who is a member of Class T-A and who applies to transfer to Class T-C, shall pay in a lump sum at the time of transfer the additional contributions, if any, which he would have made had he been a member of Class T-C on July 1, 1967.

(2.3) Any school employe who is a member of Class T-B and who applies to transfer to Class T-C shall pay in a lump sum at the time of transfer the additional contributions, if any, which he would have made had he been a member of Class T-A on July 1, 1950 and elected to become a member of Class T-C on July 1, 1967.

\* \* \*

Section 6. Clause (b) of subsection (5) of section 302 of the act is amended to read:

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

\* \* \*

(5) \* \* \*

(b) Any school employe entitled to credit under the provisions of article II. section 207 subsection (1) may, in addition, make a lump sum payment computed to be sufficient with statutory interest to pro-

cure for him or her [on] at superannuation retirement [at age sixty-two (62) or at the end of thirty-five (35) years of credited service in this Commonwealth, whichever is the earlier,] age an additional employe's annuity equal to [one-seventieth (1/70)] one-sixtieth (1/60) of his or her earnable salary during the first year of service in this Commonwealth for each of the years of such aforesaid proved service for which he or she shall elect to contribute. Such additional contributions shall become a part of his or her accumulated deductions and shall be so treated, except in case of disability retirement, superannuation retirement or the receipt of an annuity upon resignation or dismissal when they shall be used to produce an additional annuity on the basis of such annuity tables as the retirement board shall approve: Provided, however, That the State annuity part of the retirement allowance of any such contributor shall not be increased or affected by reason of said out-of-state service or of such contribution.

\* \* \*

Section 7. Clause (1) of section 303 of the act, amended August 4, 1959 (P. L. 599), is amended and the section is amended by adding at the end thereof, a new clause to read:

Section 303. Contributions by the Commonwealth.—The Commonwealth's contribution shall be determined as follows:

(1) 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 to the credit of the ledger account known as the contingent reserve account such amount 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 payable to all employes then contributors and to present employes then retired. 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, [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 contingent reserve account for all employes then contributors and for present employes then retired 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.] 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 entrant 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 contingent reserve 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. Immediately following the valuation as of June 30, 1967, the percentage accrued liability contribution rate shall be computed as the rate percent of the total compensation of all contributors which is equivalent to one-thirtieth (1/30) of the total liabilities of the contingent reserve 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 contingent reserve account equals the present value of the total liability of such account less the present value of the normal contribution to be made at the normal contribution rate then in force in respect of all persons who are at that time contributors. To facilitate the collection of such amounts, the retirement board may use the

payroll reported for the last valuation as the basis for contributions for a twelve (12) month period.

\* \* \*

(4) In addition to the contributions to be credited to the contingent reserve 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, 1967.

Section 8. Subclause (iv) of clause (a) of subsection (1) of section 401, amended August 14, 1959 (P. L. 599), is amended and subsection (1) is amended by adding at the end 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 505 subsection (4) shall receive a superannuation retirement allowance in accordance with the following provisions:

(a) The superannuation retirement allowance of a member of Class T-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) 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)] eighteen hundred dollars (\$1,800): Provided, That the contributor has [forty (40)] thirty (30) years or more credited service or if less than [forty (40)] thirty (30) years of such service then such proportional amount of [one thousand two hundred dollars (\$1,200)] eighteen hundred dollars (\$1,800) as the years of such credited service bear to [forty (40)] thirty (30) years.

\* \* \*

(c) The superannuation retirement allowance of a member of Class T-C 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:

(i) A basic component of one one-hundred-twentieth (1/120) of his final average salary for each year of total credited service.

(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 applicable to present employes of one one-hundred-twentieth (1/120) of his final average salary for each year of prior service.

(iv) A minimum allowance component equal to the amount, if any, by which the superannuation retirement allowance otherwise payable is less than one thousand eight hundred dollars (\$1,800): Provided, That the contributor has thirty (30) years or more credited service or if less than thirty (30) years of such service then such proportional amount of one thousand eight hundred dollars (\$1,800) as the years of such credited service bear to thirty (30) years.

\* \* \*

Section 9. Section 401 of the act is amended by adding after subsection (3), a new subsection to read:

Section 401. Superannuation Retirement Allowances.—

\* \* \*

(4) In the case of a member of Class T-C who had 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 provisions of subsection (1), clause (c) of this section and based upon the final average salary of the contributor and the years of credited service to the date of separation from service. In the case of such a member who had ten (10) or more but less than thirty (30) years of credited service, the



retirement allowance shall be paid upon his attaining age sixty-two (62). In the case of such a member who had thirty (30) or more years of credited service, the retirement allowance shall be paid upon his attaining age sixty (60).

Section 10. Subsections (1) and (2), clause (b) of subsection (2.1) and subsection (3) of section 402 of the act, amended August 4, 1959 (P. L. 599) and July 9, 1965 (P. L. 198), are amended to read:

Section 402. Withdrawal Benefits.—

(1) Upon discontinuance of service before reaching superannuation retirement age, by resignation or dismissal, or in any other way than by death or retirement, the membership of a contributor in the retirement system shall thereupon cease and he shall be paid on demand from the fund:

The full amount of the accumulated deductions standing to his individual credit in the employes' annuity savings account as of the date of such separation from school 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 (4), (4.1), (5) (a) or (6), the amounts paid by him as the equivalent of the contributions of the school district and the Commonwealth except in the case of a member of Class T-C who has ten (10) or more years of credited service and elects to vest his accumulated deductions and continue as a noncontributing member.

(2) Upon discontinuance of service before reaching superannuation retirement age a contributor who has completed twenty-five (25) years of credited service as a member of Class T-A or Class T-C and who is a member of the single or dual coverage group or upon discontinuance of service due to physical or mental incapacity for the performance of duty before reaching superannuation retirement age, a contributor who has completed ten (10) years of credited service as a member of Class T-A, [or] Class T-B or Class T-C and who is a member of the single or dual coverage group, shall be paid as he shall elect as follows:

(a) The full amount of the accumulated deductions standing to his individual credit in the employes' annuity savings account as of the date of separation from school 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 (4), (5) (a) or (6), the amounts paid by him as the equivalent of the contributions of the school district and the Commonwealth, or in lieu thereof, should he so elect.

(b) A withdrawal allowance, beginning immediately, which shall consist of—

(i) A member's annuity which shall be the actuarial equivalent at the date at which benefits begin 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 and calculated in accordance with the provisions of section 401 subsection (1) [paragraph (a)] paragraphs (a) and (c) of this article and based upon the final average salary of the withdrawing contributor and the years of credited service to the date of withdrawal.

(2.1) A contributor who is a member of the single or dual coverage group, who has credit for multiple service and whose service is discontinued voluntarily 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:

\* \* \*

(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 (2)	Involuntary Withdrawal Credits (3)
(1) Public School Employes' Retirement System		
T-A	4	10
T-B	0	0
<u>T-C</u>	<u>4</u>	<u>10</u>
State Employes' Retirement System		
A	4	10
B	4	10
C	4	10
D	10	10
D-1	10	10
D-2	10	10
D-3	10	10
E	5	10
E-1	5	10
F	0	0

In determining eligibility for a voluntary withdrawal allowance only accumulated voluntary withdrawal credits determined with ref-

erence to columns (1) and (2) shall be added, and in determining eligibility for an involuntary withdrawal allowance only accumulated involuntary credits determined with reference to columns (1) and (3) shall be added.

\* \* \*

(3) Upon discontinuance of service before reaching superannuation retirement age, a contributor who is a member of Class T-A [or], Class T-B or Class T-C and who is a member of the joint coverage group shall be entitled to receive a withdrawal allowance computed in accordance with the applicable provisions of subsection (2) of this section but reduced in accordance with the provisions of section 403 of this article.

\* \* \*

Section 11. Subsections (1), (2), (2.1) and (3) of section 405 and section 406 of the act, amended July 9, 1965 (P. L. 198), are amended to read:

Section 405. Disability Supplements.—

(1) Upon qualification for a disability supplement according to the provisions of article V. section 505 subsection (6), a contributor who is a member of Class T-A or Class T-C, who has at least ten (10) years of credited service and who is under superannuation retirement age, shall receive a disability 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 an allowance of [one-ninetieth (1/90)] one-sixtieth (1/60) 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 member's annuity and the basic component of the State annuity is exceeded by the lesser of—

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

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

(2) Upon qualification for a disability supplement according to the provisions of article V. section 505 subsection (6), a contributor who is a member of Class T-B, who has at least ten (10) years of credited service and who is under superannuation retirement age, shall receive

a disability 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 an allowance of [one-ninetieth (1/90)] one-sixtieth (1/60) 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 member's annuity and the basic component of the State annuity is exceeded by the lesser of—

(i) Thirty (30) percent of his final average salary, or

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

(2.1) A contributor 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.

(b) A contributor shall be entitled 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 and to twenty (20) disability credits for each year of service as a member of any class of membership in the State Employes' Retirement System.

(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)] one-sixtieth (1/60) 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 ( $33 \frac{1}{3}$ ) 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 of 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.

(3) At or before the time of his disability retirement, any contributor may elect, by written election, duly executed and filed with the retirement board, to receive his benefits in a single life annuity [or he may, upon disability retirement, elect to receive the actuarial equivalent at that time of his benefits in a lesser annuity payable throughout life]: Provided, That if he dies before he has received in combined withdrawal allowance and disability supplement payments the present value of his member's annuity as it was at the time of his disability retirement, the balance shall be paid to his legal representative or to such person as he shall nominate by written designation, duly executed and filed with the retirement board.

\* \* \*

#### Section 406. 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 T-A or Class T-C who has to his credit twenty-five (25) years of service as a member of such class or any contributor with credit for multiple service who has accumulated one hundred (100) voluntary withdrawal credits, may file with the retirement board a written application for retirement, in the form required for such application, but requesting that such retirement shall be

come effective as of the time of his death, electing one of the options provided in section 404 of this article and nominating a beneficiary under said option as required in such section. In all such cases, the application shall be held by the retirement board until the contributor shall file a later application for retirement or until the death of the contributor occurring while in school 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 T-A or Class T-C who has to his credit twenty-five (25) years of service as a member of such class or any contributor with credit for multiple service who has accumulated one hundred (100) voluntary withdrawal credits and who shall die while in school service before filing with the retirement board a written application for retirement as heretofore provided, or who, within ninety (90) days after the termination of his school service and prior to the date of his death, had not entered upon withdrawal or superannuation retirement allowance or withdrawn his accumulated deductions, shall be considered as having retired and elected to receive the actuarial equivalent of his full withdrawal allowance or superannuation allowance under Option 1, as the case may be, as provided in section 404 of this article, 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 by the member and filed with the retirement board. If said beneficiary has pre-deceased the contributor, payment under Option 1 shall be made to the legal representative of such contributor.

(2.1) Should a contributor who is a member of Class T-A or Class T-C 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 T-A or Class T-C whose 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 had 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 contributor who is a member of Class T-A or Class T-C 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 the 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.

(3) Should a contributor who is not eligible for retirement in accordance with the provisions of subsections (1), (2) and (2.1) of this section or a former contributor who had vested his accumulated deductions die before retirement, his accumulated deductions 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.

(4) 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.

Section 12. The section heading of section 407 of the act is amended and the section is amended by adding at the end thereof, two new subsections to read:

Section 407. Minimum and Supplemental Benefits to Former School Employes.—

\* \* \*

(5) 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 retire-

ment 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 school employe, and (c) the supplemental State annuity, shall not exceed two thousand six hundred dollars (\$2,600) per year.

(6) Every annuitant who is in receipt of a superannuation or disability allowance which became effective prior to January 1, 1965 shall receive, beginning July 1, 1967, 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>Percentage Factor</u>	<u>Year of Retirement</u>	<u>Percentage Factor</u>	<u>Year of Retirement</u>	<u>Percentage 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>145%</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>134%</u>	<u>1951</u>	<u>26%</u>	<u>1962</u>	<u>8%</u>
<u>1942</u>	<u>122%</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>

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 (5) of this section.



Section 13. Section 503 of the act is amended by adding at the end thereof, a new subsection to read:

Section 503. Duties of the Retirement Board.—

\* \* \*

(15) 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 407, subsections (5) and (6) of this act.

Section 14. Section 601 of the act, amended August 4, 1959 (P. L. 599), is amended to read:

Section 601. Fund and Accounts.—The fund and accounts are the Public School Employes' Retirement Fund, the contingent reserve account, the State annuity reserve account, the employes' annuity savings account, the employes' annuity reserve account [and] the administration expense account, and the supplemental retirement allowance account.

Section 15. The act is amended by adding after section 608, a new section to read:

Section 609. 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 (5) and (6) of section 407 of this act. To this account shall be transferred the assets held on July 1, 1967 to the credit of the temporary supplemental retirement allowance fund for former school employes established by the act of November 19, 1959 (P. L. 1548) and the moneys otherwise payable to such fund shall be credited to this account.

Section 16. This act shall take effect on July 1, 1967 and shall apply to all persons who are contributors to the Public School Employes' Retirement Fund on January 1, 1967.

APPROVED—The 28th day of June, A. D. 1967.

RAYMOND P. SHAFER