

by rapid intermittent red flashes shall require the operators of all vehicles and street cars and trackless trolleys to observe the same regulations as for [through traffic stop] "STOP" signs [and signs at stop intersections, as provided in this act].

Penalty.—Any person violating any of the provisions of subsection (a) of this section, shall upon summary conviction before a magistrate, be sentenced to pay a fine of five dollars (\$5.00) and costs of prosecution and, in default of payment thereof, shall undergo imprisonment for not more than three (3) days.

Section 2. This act shall become effective July 1, 1959. Effective date.

APPROVED—The 4th day of August, A. D. 1959.

DAVID L. LAWRENCE

No. 202

AN ACT

Amending the act of June 1, 1959 (Act No. 77), entitled "An act relating to the retirement of public school employes; amending, revising, consolidating and changing the laws relating thereto," providing for transfer among classes of membership and between retirement systems, and for crediting of service and computation of benefits in cases of contributors making such transfers; changing eligibility and service requirements for certain members; eliminating State annuity reserve account number two; and providing procedures for collection of employer contributions.

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

Public School  
Employes' Retirement  
Code of 1959.

Section 1. Section 102 of the act of June 1, 1959 (Act No. 77), known as the "Public School Employes' Retirement Code of 1959," is amended by adding, after paragraph (15), a new paragraph to read:

Section 102, act  
of June 1, 1959,  
amended by adding  
a new paragraph  
(15.1).

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

• • • • •

(15.1) "Multiple service" shall mean nonconcurrent service of a contributor in more than one class of membership in either the Public School Employes' Retirement System or the State Employes' Retirement System, or both, for which credit is allowed under the provisions of

*this code or the State Employes' Retirement Code, or both.*

• • • • •

Paragraph (23),  
section 102 of  
the act amended.

Section 2. Paragraph (23) 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:

• • • • •

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

• • • • •

Paragraph (a),  
subsection (1),  
section 202, of  
the act amended.

Section 3. Paragraph (a) subsection (1) section 202 of the act is amended to read:

Section 202. Classes of Membership.—

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

(a) Class T-A or one one-hundred-fortieth (1/140) class, which shall consist of all employes entering or reentering school service on or after July 1, 1950, and any contributor [previously] in Class T-B, who [prior to July 1, 1957, shall have filed] *files* with the retirement board an election to transfer to Class T-A and [shall have made up from July 1, 1950, the contributions which he would have made had he become a member of Class T-A on July 1, 1950,] *makes back contributions according to the provisions of article III. section 302 subsection (2).* Class T-A shall also include any disability annuitant of Class T-B, who, upon restoration to school service, heretofore or hereafter elects to transfer to Class T-A.

• • • • •

Subsection (4),  
section 206 of  
the act amended.

Section 4. Subsection (4) section 206 of the act is amended to read:

Section 206. Credit for Military Service.—

• • • • •

(4) Any school employe of any school district who shall have been elected or regularly employed by one or

more school districts or vocational school districts within this Commonwealth for any period prior to the time when such employe volunteered or was called up for service in the armed forces of the United States of America and who upon discharge from military service, is employed at any time by any school district or vocational school district within this Commonwealth but who has not heretofore been credited with such years of service for retirement purposes shall, upon compliance with the provisions of article V. section 505 subsection (2), be entitled to have full credit for each year or fraction thereof he spent in the armed forces of the United States upon his payment to the fund of back contributions according to the provisions of article III. section 302 subsection [(3)] (4).

The provisions of this subsection shall apply whether (i) the employe was on leave of absence from school service during his service in the armed forces, or (ii) had resigned therefrom before or at the time of entering service in the armed forces or during such service.

Section 5. Section 206 of the act is amended by adding, at the end thereof, a new subsection to read:

Section 206 of the act amended by adding a new subsection (5).

Section 206. Credit for Military Service.—

\* \* \* \* \*

(5) *Any contributor who shall have been a State employe and a contributor in the State Employes' Retirement System for any period prior to the time when such employe volunteered or was called up for service in the armed forces of the United States of America and who has not heretofore been credited with such years for retirement purposes, shall, upon compliance with the provisions of article V. section 505 subsection (2), be entitled to have full credit for each year or fraction thereof he spent in the armed forces of the United States upon his payment to the fund of back contributions according to the provisions of article III. section 302 subsection (4.1).*

Section 6. Subsection (1) section 210 of the act is amended to read:

Subsection (1), section 210 of the act amended.

Section 210. Restoration of Service Credits Forfeited Upon Separation from Service.—

(1) Each contributor who separates or has separated from the school service at any time and returns or has returned to [school] service as a school employe shall have [annuity rights] *the credited service* forfeited by him at the time of separation from service restored [and shall, at retirement for superannuation, be entitled to have full credit for each year of school service, if—

(a) He shall have rendered not less than fifteen (15)

years of school service prior to superannuation retirement.

(b) *in full to him as of the date* he shall have restored to the retirement fund to the credit of the employes' annuity savings account his accumulated deductions as they were at the time of his separation [within three (3) years after his return to service] in accordance with the provisions of article III. section 302 subsection (7).

[(c) he shall have rendered not less than three (3) years of service immediately prior to retirement.]

• • • • •

Section 210 of the act amended by adding a new subsection (3).

Section 7. Section 210 of the act is amended by adding, at the end thereof, a new subsection to read:

Section 210. Restoration of Service Credits Forfeited Upon Separation from Service.—

• • • • •

(3) *Each contributor who separates or has separated from the school service at any time and subsequently is employed or has been employed as a State employe and a contributor to the State Employes' Retirement System shall have the credited service forfeited by him at the time of separation from service restored in full to him as of the date he shall have restored to the retirement fund to the credit of the employes' annuity savings account his accumulated deductions as they were at the time of his separation in accordance with the provisions of article III. section 302 subsection (7).*

Subsection (2), section 301 of the act amended by adding a new paragraph (b.1).

Section 8. Subsection (2) section 301 of the act is amended by adding, after paragraph (b), a new paragraph to read:

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

• • • • •

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

• • • • •

(b.1) *In the case of a former contributor to the State Employes' Retirement System who becomes a school employe and a contributor and who has accumulated deductions to the credit of the members' annuity savings account in the State Employes' Retirement Fund or who shall have agreed as of the date of becoming a contributor to restore his accumulated deductions to the members' annuity savings account in a manner agreed upon by the employe and the State Employes' Retirement Board, the rate of deduction from compensation shall be deter-*

*mined on the basis of the age which was used to determine the rate of contribution to the State Employees' Retirement Fund prior to separation from the State Employees' Retirement System.*

• • • • •

Section 9. Subsections (2) and (5) (a) section 302 of the act are amended to read:

Subsections (2) and (5) (a), section 302 of the act amended.

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

• • • • •

(2) Any school employe who [was] is a member of Class T-B and who [applied prior to July 1, 1957,] applies to transfer to Class T-A, shall pay in a lump sum at the time of transfer the additional contributions which he would have made had he been a member of Class T-A on July 1, 1950.

• • • • •

(5) (a) Any school employe entitled to credit under the provisions of article II. section 207 shall pay into the retirement fund an amount equal to the contributions which would have been collected from such contributor for the period of out-of-state service had such service been rendered in this Commonwealth at his compensation for the school year in which application for credit for such service is made, figured at the contributor's current percentage of salary deductions, together with an additional amount as the equivalent of the contributions of the school district and the Commonwealth on account of such service. The contributions required to be paid for such service credit may be paid in a lump sum or by installments agreed upon by the contributor and the retirement board. Installment payments shall begin on or before October 1, 1960, or before the contributor has completed three (3) years of service in this Commonwealth. All such contributions shall be credited in equal amounts to the employes' annuity savings account and the contingent reserve account [if a new entrant, or the State annuity reserve account number two if a present employe].

• • • • •

Section 10. Section 302 of the act is amended by adding, after subsection (4), a new subsection to read:

Section 302 of the act amended by adding a new subsection (4.1).

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

• • • • •

(4.1) Any school employe entitled to credit under the provisions of article II. section 206 subsection (5) shall pay into the retirement fund, (a) an amount equal to

*the contributions which would have been collected from such contributor had he been in the service of a school district during the period he served in the armed forces of the United States computed with reference to his compensation for the school year during which he entered school service and his current percentage of salary deductions, and (b) an additional amount as the equivalent of the contributions of the school district and the Commonwealth on account of such military service. Such back payments may be paid in a lump sum or by such installments as may be approved by the retirement board.*

\* \* \* \* \*

Subsection (1),  
section 303 of  
the act amended.

Section 11. Subsection (1) section 303 of the act is amended 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 [on account of new entrants] *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 [such] *the method of payment [during the prospective active service of such new entrants] hereinafter described* the State annuity reserves [required at the time of retirement for their State annuities, which amount shall be credited by the retirement board to the ledger account known as the contingent reserve account] *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 [salaries earnable by] *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 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.

• • • • •

Section 12. Subsection (2) section 303 of the act is repealed.

Subsection (2),  
section 303 of  
the act repealed.

Section 13. Subsections (1) and (3) section 304 of the act are amended to read:

Subsections (1)  
and (3), section  
304 of the act  
amended.

Section 304. Payments by Employers.—

(1) The Commonwealth shall be reimbursed to the extent of one-half ( $\frac{1}{2}$ ) of the amount paid by the Commonwealth into the retirement fund to the credit of the contingent reserve account [and the State annuity reserve account number two] on account of employes of each employer by payments into its treasury made directly by such employer or indirectly from moneys otherwise belonging to such employer. *On July 1, 1959, and on January 1 and July 1 of each year thereafter, the amount payable by each employer for the preceding six (6) months shall be determined by applying one-half ( $\frac{1}{2}$ ) of the percentage contribution rate on which the contributions of the Commonwealth are based to the compensation of his employes who were contributors during the six (6) month period.*

• • • • •

(3) The Commonwealth as employer of employes of the Department of Public Instruction, State teachers' colleges, Thaddeus Stevens Trade School, Pennsylvania State Oral School for the Deaf, Scotland School for Veterans' Children and the Pennsylvania State University, shall contribute periodically such sums as shall be required to reimburse the Commonwealth to the extent of one-half ( $\frac{1}{2}$ ) of the amount paid by the Commonwealth into the fund to the credit of the contingent reserve account [and the State annuity reserve account number two] on account of such employes.

• • • • •

Section 14. Subsection (1) section 401 of the act is amended to read:

Subsection (1),  
section 401 of  
the act amended.

Section 401. Superannuation Retirement Allowances.—

(1) Upon retirement at or after superannuation retirement age, a contributor who is a member of a single 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:

(i) A basic component of one one-hundred-fortieth (1/140) 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-fortieth (1/140) 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 two hundred dollars (\$1,200): Provided, That the contributor has forty (40) years or more credited service or if less than forty (40) years of such service then such proportional amount of one thousand two hundred dollars (\$1,200) as the years of [much] *such* credited service bear to forty (40) years.

(b) The superannuation retirement allowance of a member of Class T-B 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-sixtieth (1/160) of his final average salary for each year of total credited service.

(ii) A prior service component applicable to present employes of one one-hundred-sixtieth (1/160) of his final average salary for each year of prior service.

\* \* \* \* \*

Section 401 of the act amended by adding a new subsection (1.1).

Section 15. Section 401 of the act is amended by adding, after subsection (1), a new subsection to read:

Section 401. Superannuation Retirement Allowances.—

\* \* \* \* \*

(1.1) *A contributor who is a member of the single coverage group and becomes eligible for a superannuation retirement allowance while a member of any one class of membership in either the Public School Employes' Retirement System or the State Employes' Retirement System and at that time or thereafter applies for a super-*



*annuation retirement allowance in accordance with the provisions of article V. section 505 subsection (4) 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 State 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, (ii) the State annuity or combined members' 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, and (iii) in the case of a contributor who has transferred from Class B to Class A in the State Employees' Retirement System and who has not made back payments according to the provisions of article III. section 302 subsection (2) (g) of the State Employees' Retirement 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.*

• • • • •

Section 16. Subsections (1) and (2) section 402 of the act are amended to read:

Subsections (1) and (2), section 402 of the act amended.

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:

[(a)] The full amount of the accumulated deductions standing to his individual credit in the employees' 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 [or in lieu thereof should he so elect—

(b) A member's annuity beginning at time of withdrawal, or a deferred member's annuity beginning at superannuation retirement age, which shall be the actuarial equivalent of his accumulated deductions and such additional contributions as were made in accordance with the provisions of article III. section 302 subsection (4), (5) (a) or (6)].

(2) Upon discontinuance of service before reaching superannuation retirement age [after having] *a contributor who has* completed twenty-five (25) years of credited service [a contributor who is] *as a member of Class T-A and who is a member of the single 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) 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.

\* \* \* \* \*

Section 17. Section 402 of the act is amended by adding, after subsection (2), a new subsection to read:

Section 402. Withdrawal Benefits.—

\* \* \* \* \*

(2.1) *A contributor who is a member of the single coverage group, who has credit for multiple service and*

Section 402 of the act amended by adding a new subsection (2.1).

whose service is discontinued voluntarily or involuntarily before reaching the superannuation retirement age specified for any class of membership for which he has credited service, and who applies for a withdrawal allowance, shall receive a voluntary or involuntary withdrawal allowance in accordance with the following provisions:

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

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

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

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 credits determined with reference to columns (1) and (3) shall be added.

(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 State 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, (ii) in the case of a contributor who has transferred from Class B to Class A in the State Employes' Retirement System, the prior service component applicable to an original member shall have a value equal to an annuity beginning at superannuation retirement age of one one-hundred-sixtieth ( $1/160$ ) of his final average salary multiplied by total years of prior service multiplied by the ratio of years of contributory service at the one one-hundred-sixtieth ( $1/160$ ) rate to total years of contributory service plus one one-hundredth ( $1/100$ ) of his final average salary multiplied by total years of prior service multiplied by the ratio of years of contributory service at the one one-hundredth ( $1/100$ ) rate to total years of contributory service.

\* \* \* \* \*

Section 18. Section 405 of the act is amended by adding, after subsection (2), a new subsection to read:

Section 405 of the act amended by adding a new subsection (2.1).

Section 405. Disability Allowances.—

\* \* \* \* \*

(2.1) A contributor who has credit for multiple service, who is under the superannuation retirement age specified for any class of membership for which he has credited service, who applies for a disability allowance, shall receive such allowance in accordance with the following provisions:

(a) A contributor shall be eligible for a disability allowance 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 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 allowance shall consist 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 allowance of one-ninetieth ( $1/90$ ) of his final average salary multiplied by the total number of years of cred-

ited 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 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 not to exceed fifty (50) percent of final average salary 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 disability allowance 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.

\* \* \* \* \*

Section 19. The act is amended by adding, after section 405, a new section 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 service as a school employe or as a State employe shall cease upon reentry into service until subsequent discontinuance of service.

(2) Upon subsequent discontinuance of service, the allowance of a contributor who was formerly receiving a superannuation retirement allowance or a withdrawal allowance according to the provisions of the Public School Employes' Retirement System or the State Employes' Retirement System shall be computed according to the following provisions:

(a) A contributor who is a member of the single coverage group and whose entire service shall have been in one class of membership shall receive an allowance computed with respect to total credited service according to the provisions of section 401 subsection (1) or section 402 subsection (2) of this article, as the case may be.

Act of June 1, 1959, Act No. 77, amended by adding a new section 405.1.

(b) *A contributor who is a member of the single coverage group and who has credit for multiple service shall receive an allowance with respect to total credited service according to the provisions of section 401 subsection (2) or section 402 subsection (3) of this article, as the case may be.*

(c) *A contributor who is a member of the joint coverage group and who has credit for multiple service shall receive an allowance with respect to total credited service according to the provisions of section 401 subsection (2) or section 402 subsection (3) but reduced according to the provisions of section 403 of this article.*

Subsections (1)  
and (2), section  
406 of the  
act amended.

Section 20. Subsections (1) and (2) section 406 of the act are amended to read:

Section 406. Death Benefits.—

(1) Any contributor who is entitled to a superannuation retirement allowance by reason of having reached superannuation retirement age or [who is entitled to a withdrawal allowance by reason of having completed twenty-five (25) years of total school service] *any member of Class T-A 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 become 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 [who is entitled to a withdrawal allowance by reason of having completed twenty-five (25) years of total school service] *any member of Class T-A 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 elected to receive the actuarial equivalent of his full superannuation allowance under Option 1, as provided in section 404 of this article, as of the date of 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 predeceased the contributor, payment under Option 1 shall be made to the legal representative of such contributor.

\* \* \* \* \*

Section 21. Subsection (3) section 501 of the act is amended to read:

Subsection (3),  
section 501 of  
the act amended.

Section 501. Public School Employees' Retirement Board.—

\* \* \* \* \*

(3) The expenses of the administration of this act by the retirement board, exclusive of the payment of retirement allowances and of the other benefits provided for in this act, shall be paid from interest earnings on the funds in excess of four (4) percent, except that if in any year such earnings are not sufficient, the balance required shall be paid by the Commonwealth by biennial appropriations from the General Fund, made on the basis of estimates submitted by the retirement board. Under the direction of the retirement board, there shall be paid from such excess earnings and charged to the administration expense account salaries, wages or other compensation of the officers and employes of the retirement board, contingent expenses, traveling expenses, postage, incidental and other expenses, including telegram and telephone toll charges necessary for the proper conduct of the work of the retirement board. So much of such interest earnings on the investments of the retirement fund in excess of four (4) percent as shall be credited to the administration expense account in the manner provided in this act, from time to time, are hereby specifically appropriated to the retirement board and may be expended for the purposes hereinbefore enumerated. Estimates of the amounts to be expended under this act, from time to time, by the retirement board shall be submitted to the Department of Public Instruction and after approval thereof by the Department of Public Instruction, shall be submitted to the Governor for his approval or disapproval as in the case of other appropriations made to administrative departments,

boards and commissions, and it shall be unlawful for the Auditor General to honor any requisition for the expenditure of any moneys out of this appropriation by the retirement board in excess of the estimates approved by the Governor. Subject to the foregoing provisions, the Auditor General shall, from time to time, upon requisition of the retirement board, draw his warrant on the State Treasurer for the amount specified in such requisition not exceeding, however, the amount in such fund at the time of making such requisition. All amounts credited to the administration expense account which remain unexpended and uncommitted at the end of the biennium shall be credited to the [State annuity reserve account number two] *contingent reserve account*. The members of the retirement board shall serve without compensation, but shall be reimbursed from the aforesaid appropriation for any necessary expenditures, and no contributor shall suffer loss of salary or wages through serving on the retirement board.

\* \* \* \* \*

Subsection (2),  
section 502 of  
the act amended.

Section 22. Subsection (2) section 502 of the act is amended to read:

Section 502. Management of Fund and Accounts.—

\* \* \* \* \*

(2) The retirement board shall, annually, allow statutory interest on the mean amount of the preceding year to the credit of each of the accounts created in accordance with the provisions of this act. The amounts so allowed shall be, annually, credited thereto by the retirement board.

The retirement board shall, annually, credit to the [State annuity reserve account number two] *contingent reserve account*, all interest on the investments of the fund in excess of four (4) percent and the expenses of administration as determined in the manner provided in this act.

\* \* \* \* \*

Section 503 of  
the act amended  
by adding three  
new subsections  
(9.1), (9.2) and  
(9.3).

Section 23. Section 503 of the act is amended by adding, after subsection (9), three new subsections to read:

Section 503. Duties of the Retirement Board.—

\* \* \* \* \*

(9.1) Upon receipt of notification from the State Employes' Retirement Board that a former school employe who has not withdrawn his accumulated deductions has become a contributor in the State Employes' Retirement System, the retirement board shall resume crediting of statutory interest on his accumulated deductions as of



*the date that such former school employe becomes a contributor in the State Employes' Retirement System.*

*(9.2) Upon notification by the State Employes' Retirement Board that a former contributor has applied for a superannuation retirement allowance, withdrawal allowance or disability allowance or has made application for a death benefit according to provisions of article IV. section 407 subsection (1) of the State Employes' Retirement Code, the retirement board shall certify to the State Employes' Retirement Board the total credited service in the Public School Employes' Retirement System of such former contributor and the class of membership to which such service is attributable.*

*(9.3) Upon notification from the State Employes' Retirement Board that the application of a former contributor for a superannuation retirement allowance, withdrawal allowance or disability allowance or the application of a beneficiary of a former contributor for a death benefit according to the provisions of article IV. section 407 subsection (2) of the State Employes' Retirement Code has been approved, the retirement board shall transfer to the State Employes' Retirement Board the accumulated deductions standing to his credit in the employes' annuity savings account and the State annuity reserve standing to his credit in the contingent reserve account.*

\* \* \* \* \*

Section 24. Subsection (10) section 503 of the act is amended to read:

Subsection (10), section 503 of the act amended.

Section 503. Duties of the Retirement Board.—

\* \* \* \* \*

*(10) The retirement board shall beginning on July 1, 1956, submit, once every four (4) years, to each contributor a statement indicating the amount credited to such contributor in the fund and the number of years and fractional parts thereof of service to his credit.*

\* \* \* \* \*

Section 25. Section 503 of the act is amended by adding, after subsection (10), a new subsection to read:

Section 503 of the act amended by adding a new subsection (10.1).

Section 503. Duties of the Retirement Board.—

\* \* \* \* \*

*(10.1) Upon application of a contributor whose employment as a school employe shall have terminated upon transfer to the State Employes' Retirement System or upon application of a former contributor who is presently a State employe and who shall have restored his accumulated deductions in the fund according to the provisions of article II. section 210, the retirement board shall furnish him with a statement of the accumulated deduc-*

*tions standing to his credit in the employes' annuity savings account and the number of years and fractional parts thereof of service to his credit.*

\* \* \* \* \*

Section 504 of the act amended by adding a new subsection (9).

Section 26. Section 504 of the act is amended by adding, at the end thereof, a new subsection to read:

Section 504. Duties of Employers.—

\* \* \* \* \*

*(9) Each employer shall, upon the employment of a former contributor to the State Employes' Retirement System, notify such employe of his right to restore his accumulated deductions in accordance with the provisions of article II. section 208 of the State Employes' Retirement Code.*

Subsection (2), section 505 of the act amended.

Section 27. Subsection (2) section 505 of the act is amended to read:

Section 505. Duties of School Employes.—

\* \* \* \* \*

*(2) Any school employe who desires to receive credit for military service as provided by article II. section 206 subsection [(3)] (4) or (5), shall make application in writing for such credit to the retirement board [within two (2) years after July 27, 1953, or in the case of persons returning to school service after that date within two (2) years after returning to school service].*

\* \* \* \* \*

Section 505 of the act amended by adding a new subsection (8).

Section 28. Section 505 of the act is amended by adding, at the end thereof, a new subsection to read:

Section 505. Duties of School Employes.—

\* \* \* \* \*

*(8) Upon application for membership any school employe who was a former contributor in the State Employes' Retirement System and who desires to receive credit for multiple service and to have his contribution rate determined according to the provisions of article III. section 301 subsection (2), shall notify the retirement board of such former membership in that system.*

Sections 601, 603 and 604 of the act amended.

Section 29. Sections 601, 603 and 604 of the act are amended to read:

Section 601. [Creation of] Fund and Accounts.— The fund and accounts [hereby created] are the Public School Employes' Retirement Fund, the contingent reserve account, the State annuity reserve account, [the State annuity reserve account number two,] the em-

ployes' annuity savings account, the employes' annuity reserve account and the administration expense account.

\* \* \* \* \*

Section 603. Contingent Reserve Account.—The contingent reserve account shall be the account to which shall be credited all contributions for the State annuities payable to new entrants *and present employes* as described in article III. section 303 subsection (1). *The State annuity reserve account number two for present employes, the account to which heretofore have been credited all contributions for the State annuities of present employes shall be discontinued as of June 1, 1959, and the assets held to the credit of such account and moneys otherwise payable to such account shall be credited to the contingent reserve account.*

Section 604. State Annuity Reserve Account.—The State annuity reserve account shall be the account to which shall be credited the reserves held for the payment of State annuities payable on account of retired new entrants *and retired present employes*. Upon the retirement of a new entrant *or a present employe*, an amount equal to his State annuity reserve shall be transferred by the retirement board from the contingent reserve account to the credit of the ledger account, known as the State annuity reserve account. His State annuity shall be charged to the State annuity reserve account and paid from the fund. Should a new entrant *or present employe* be subsequently restored to active service, his State annuity reserve shall thereupon be transferred from the State annuity reserve account to the contingent reserve account. Should the State annuity of any such new entrant *or present employe* 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 in his State annuity shall be transferred from the State annuity reserve account to the contingent reserve account.

Section 30. Section 605 of the act is repealed.

Section 605 of the act repealed.

Section 31. Section 701 of the act is repealed.

Section 701 of the act repealed.

Section 32. Section 702 of the act is amended to read :

Section 702 of the act amended.

Section 702. Transfer of Service Credit from the State Employes' Retirement System to the Public School Employes' Retirement System.—Any school employe who [was] *is* a contributor [on May 17, 1956], who as a State employe made contributions under the State Employes' Retirement System and on account of whose service contributions were made by the State to

the State Employees' Retirement Fund on account of the service credited to him under the State Employees' Retirement System and for which he has not [heretofore] been credited under the Public School Employees' Retirement System, may request the State Employees' Retirement Board to transfer his credit for such previous service to this retirement system. The retirement board shall credit the contributor with such period of service upon the fulfillment of the following conditions:

(1) There shall be furnished to the retirement board by the State Employees' Retirement Board a statement certifying all such service heretofore credited as a member of the State Employees' Retirement System, which hereafter is to be considered as having been rendered as a school employe.

(2) The transfer to the fund from the State Employees' Retirement Fund of an amount equal to all contingent and State annuity reserves and the accumulated deductions to the credit of such contributor in the State Employees' Retirement System as determined by the State Employees' Retirement Board.

(3) The payment into the fund of a sum equal to the amount of back payments that would have been made by such contributor under the rules of the retirement board fixing the entry age and the percentage of salary deductions required of such contributor because of such previous service toward which sum the amount of transferred accumulated deductions shall be applied, but any unpaid balance of such back payments may be paid in a lump sum or by future increased deductions from the salary of the contributor in such amounts as may be agreed upon by the contributor and the retirement board, but in no event shall such increased salary deductions be in amounts less than sufficient to pay such balance of back payments by the time the member reaches superannuation retirement age, and

(4) A further sum shall be paid into the fund by the contributor sufficient to provide the cost of the additional State annuity related to such previous service for which credit may have been allowed under this act less the sum and the accrued interest thereon transferred from the State Employees' Retirement Fund as the amount equal to all contingent and State annuity reserves to the credit of such contributor. Until such further sum is applied toward providing such additional State annuity it shall be separately credited to the account of the contributor in the members' annuity savings account, subject to the rules governing members' accumulated deductions. Such further sum may be paid in a lump sum or by future increased deductions from the salary of the contributor in such amounts as may be

agreed upon by the contributor and the retirement board: Provided, however, That in the event the entire amount so paid does not equal the total sum required to provide such additional State annuity related to such previous service, such additional State annuity shall be reduced proportionately.

Section 33. Section 703 of the act is amended to read: Section 703 of  
the act amended.

Section 703. Transfer of Pennsylvania State University Employees' to the Public School Employees' Retirement System.—Any officer or employe of the Pennsylvania State University may make written request to the retirement board to grant him membership in the retirement system and to give him credit for previous service for which credit was allowed in the State Employees' Retirement System, provided such employe was formerly a school employe and had made contributions and on account of whose service contributions had been made by the State and by any school district to the fund on account of the service credited to him under the retirement system. The retirement board shall grant such membership and credit the member with such period of service upon the fulfillment of the following conditions:

(1) There shall be furnished to the retirement board by the State Employees' Retirement Board a statement certifying (a) that provisions of the act under which the State Employees' Retirement System is administered have been complied with, and (b) all service heretofore credited as a member of the State Employees' Retirement System which is to be considered thereafter as having been rendered as a member of the retirement system.

(2) The transfer to the fund from the State Employees' Retirement Fund of an amount equal to (a) the accumulated deductions to the credit of such contributor, and (b) [the contingent reserve account or State annuity reserve account number two] *State annuity accumulation account and State annuity accumulation and reserve account for original members* carried on account of such member in the State Employees' Retirement Fund as determined by the State Employees' Retirement Board.

(3) The payment into the fund of a sum equal to the amount of back payments that would have been made by such contributor together with the interest which would have been credited on such back payments under the rules of the retirement board on the basis of the entry age and the percentage of salary deductions required of such contributor because of the crediting of such previous service. The amount of transferred accumulated deductions shall be applied towards the back

payments with interest, but any unpaid balance of such back payments may be paid in a lump sum or by future increased deductions from the salary of the contributor in such amounts as may be agreed upon by the contributor and the retirement board, but in no event shall such increased salary deductions be in amounts less than sufficient to pay such balance of back payments by the time the member reaches superannuation retirement age. In the event that the transferred accumulated deductions exceed the amount of the back payments with interest, the excess would be applicable towards future salary deductions of the contributor.

(4) The reserve which is transferred from the [contingent reserve account or State annuity reserve account number two] *State annuity accumulation account or the State annuity accumulation and reserve account for original members* shall be applied towards providing the required reserve in the fund. If such transferred reserve is greater than the required reserve, the excess shall be applicable towards future contributions toward the cost of the State annuity related to the future credits. If such transferred reserve is less than the required reserve, the deficiency shall be paid by the Commonwealth to complete the funding of the State annuity related to the transferred credits.

Sections 801, 802  
and 803 of the  
act amended.

Section 34. Sections 801, 802 and 803 of the act \*are amended to read :

Section 801. State Guarantee.—Statutory interest charges payable, the [creation and] maintenance of reserves in the fund [created by this act] to the credit of the contingent reserve account [and the State annuity reserve account number two] and the maintenance of members' annuity reserves and State annuity reserves as provided for in this act and the payment of all retirement allowances and other benefits granted by the retirement board under the provisions of this act are hereby made obligations of the Commonwealth. All income, interest and dividends derived from deposits and investments authorized by this act shall be used for the payment of the said obligations of the Commonwealth.

Section 802. State Supervision.—The fund and ledger accounts [created by this act] shall be subject to the supervision of the State Insurance Department.

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

\* "is" in original.

[created under this act], 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 except that the assignment of any or all rights as security for a loan not in excess of three hundred dollars (\$300.00) made by a member with an organization or credit union whose officers are certified as teachers shall be valid: Provided, however, That the interest rate shall not exceed that permitted by law for such organization or credit union.

Section 35. This act shall become effective immediately.

Act effective immediately.

APPROVED—The 4th day of August, A. D. 1959.

DAVID L. LAWRENCE

No. 203

AN ACT

Amending the act of June 1, 1959 (Act No. 78), entitled "An act relating to the retirement of State employes; amending, revising, consolidating and changing the laws relating thereto," providing for transfer among classes of membership and between retirement systems and for crediting of service and computation of benefits in cases of contributors making such transfers, deleting the limitation on size of State annuities changing service and eligibility requirements for certain members and changing the provisions relating to the effective date of superannuation retirement.

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

State Employees' Retirement Code of 1959.

Section 1. Clause (v) of subparagraph (a) paragraph (6) of section 102, act of June 1, 1959 (Act No. 78), known as the "State Employees' Retirement Code of 1959," is amended to read:

Clause (v) subparagraph (a) paragraph (6) section 102, act of June 1, 1959, Act No. 78, amended.

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:

(a) Any person holding a State office or position under the Commonwealth, employed on a yearly or monthly basis by the State government of the Commonwealth, in any capacity whatsoever except any officer or employe employed on a per diem or hourly basis for less than one hundred (100) days or seven hundred fifty