

No. 261

AN ACT

SB 1516

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," changing benefits of members of Class T-C, further providing for payments, refunds, and contributions, and, changing the definition "statutory interest" for some purposes.

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

Section 1. Clause (22) of section 102, act of June 1, 1959 (P.L.350), known as the "Public School Employes' Retirement Code of 1959," is amended and the section is amended by adding four new clauses 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:

\* \* \*

(22) "Statutory interest" shall mean interest at four (4) percent per annum, compounded annually. *For the purpose of the annual actuarial valuations of the assets and liabilities of the system the term "statutory interest" shall mean interest at five (5) percent per annum compounded annually.*

\* \* \*

(30) "*Member*" shall mean a contributor, a former contributor with vesting, a former contributor who separated from school service after attaining superannuation retirement age and who has not withdrawn his accumulated deductions, or an annuitant.

(31) "*Superannuation retirement annuity*" shall mean the sum of the following amounts, before optional modification: The superannuation retirement allowance, any supplemental State annuity and/or any cost-of-living increases payable under the provisions of this act to a member who retired or retires at or after superannuation retirement age, or to a member with vesting who applied or applies at or after superannuation retirement age for a superannuation retirement allowance.

(32) "*Disability retirement annuity*" shall mean the sum of the following amounts, before optional modification: The withdrawal allowance, disability supplement, any supplemental State annuity and/or any cost-of-living increases payable under the provisions of this act to a member who retired or retires on account of disability.

(33) "*Withdrawal retirement annuity*" shall mean the sum of the following amounts, before optional modification: The withdrawal allowance, any supplemental State annuity and/or any cost-of-living

*increases payable under the provisions of this act to a member who retired or retires on a voluntary or involuntary withdrawal allowance and who has reached or reaches the age of sixty-two (62) years.*

Section 2. Clause (c) of subsection (1) of section 202 of the act added June 28, 1967 (P.L.129), is amended to read:

Section 202. Classes of Membership.—

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

\* \* \*

(c) Class T-C or [**one one-hundred-twentieth (1/120)**] *one one-hundredth (1/100)* 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. Clause (b) of subsection (5) of section 302 of the act, amended June 28, 1967 (P.L.129), 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 procure for him or her at superannuation retirement age an additional employe's annuity equal to [**one-sixtieth (1/60)**] *one-fiftieth (1/50)* 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 4. Clause (4) of section 303 of the act, added June 28, 1967 (P.L.129), is amended to read:

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

\* \* \*

(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] account** as a level percentage over a period of **[twenty (20)] thirty (30)** years from July 1, 1967.

Section 5. Subsection (2) of section 304 of the act is amended to read:

Section 304. Payments by Employers.—

\* \* \*

(2) To facilitate the payment of amounts due from the treasurer of any employer to the State Treasurer on account of the retirement system and to permit the exchange of credits between the State Treasurer and the treasurer of any employer, the Superintendent of Public Instruction and the State Treasurer **[are hereby authorized and empowered to]** *shall* cause to be deducted and paid into or retained in the State Treasury from the amount of any moneys due to any employer on account of any appropriation for schools or other purposes *such amount as remains unpaid of* the amount due *on the date prescribed in subsection (1)* to the State Treasury from such employer in accordance with the provisions of this act. Corresponding amounts which would be otherwise transferred to the State Treasurer from the treasurer of such employer may be credited to the accounts of the employer to which the moneys withheld by the Commonwealth were payable.

\* \* \*

Section 6. Clause (c) of subsection (1) of section 401 of the act, added June 28, 1967 (P.L.129), is amended to read:

Section 401. Superannuation Retirement Allowances.—

(1) Upon retirement at or after superannuation retirement age, a contributor who is a member of the single or dual coverage group whose entire service shall have been in one class of membership and who has made application in accordance with the provisions of article V. section 505 subsection (4) shall receive a superannuation retirement allowance in accordance with the following provisions:

\* \* \*

(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)] one one-hundredth (1/100)** 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)**] *one one-hundredth (1/100)* 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 7. Section 404 of the act is amended by adding, at the end thereof, a new subsection to read:

Section 404. Member's Options.—

\* \* \*

*(3) An annuitant under Options 2, 3, or 4 of this section whose beneficiary predeceases him shall have the right to select a new beneficiary within one (1) year of the death of the deceased beneficiary and to have his retirement allowance recomputed under Options 2, 3 or 4 of this section, to have a present value as of the time of recomputation equal to the present value at that time of a single life annuity in the amount of the reduced allowance which he was receiving immediately prior to the recomputation.*

Section 8. Clause (a) of subsection (1), clause (a) of subsection (2) and subclause (i) of clause (c) of subsection (2.1) of section 405 of the act, amended June 28, 1967 (P.L.129), are amended to read:

Section 405. Disability Supplements.—

(1) Upon qualifications 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-sixtieth (1/60)**]

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

*one-fiftieth (1/50)* of his final average salary multiplied by the number of his years of credited service, and

\* \* \*

(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-sixtieth (1/60)~~] *one-fiftieth (1/50)* of his final average salary multiplied by the number of his years of credited service, and

\* \* \*

(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:

\* \* \*

(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-sixtieth (1/60)~~] *one-fiftieth (1/50)* 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

\* \* \*

Section 9. Clause (f) of subsection (1) of section 501 of the act is amended to read:

Section 501. *Public School Employes' Retirement Board.*—

(1) A retirement board of eight (8) members, to be known as the "Public School Employes' Retirement Board," is hereby constituted, which shall consist of the following:

\* \* \*

(f) The executive secretary of the Pennsylvania [State] School [Directors'] *Boards'* Association.

A vacancy occurring during a term shall be filled for the unexpired term

by the appointment of a successor in the same manner as his predecessor.

\* \* \*

Section 10. This act shall take effect July 1, 1971.

APPROVED—The 27th day of November, A. D. 1970.

RAYMOND P. SHAFER

The foregoing is a true and correct copy of Act of the General Assembly  
No. 261.

  
*Secretary of the Commonwealth.*