

No. 1979-130

AN ACT

HB 601

Amending Titles 24 (Education) and 71 (State Government) of the Pennsylvania Consolidated Statutes, further providing for a cost-of-living increase to annuitants.

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

Section 1. Sections 8328(d), 8342(a) and 8348(a), (b) and (d) of Title 24, act of November 25, 1970 (P.L.707, No.230), known as the Pennsylvania Consolidated Statutes, are amended to read:

§ 8328. Actuarial cost method.

* * *

(d) Supplemental annuity contribution rate.—Contributions from the Commonwealth and other employers required to provide for the payment of supplemental annuities to annuitants as provided in section 8348 (relating to supplemental annuities) shall be determined as a percentage of the total compensation of all active members during the period for which the amount is certified as sufficient to fund the liabilities of the supplemental retirement allowance account as a level percentage over a period of 30 years from July 1, 1967. In the event that annuities are increased by legislation enacted subsequent to July 1, 1974, the additional liability for the increase in benefits to annuitants shall be funded similarly as a level percentage over a period of 20 years from the first day of July coincident with or next following the effective date of such legislation. ***Notwithstanding the foregoing, the additional liability on account of any increase in annuities which is effective July 1, 1979 shall be funded by level annual payments over a period of 20 years beginning July 1, 1980.***

§ 8342. Maximum single life annuity.

(a) General rule.—Upon termination of service, any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 8307(a) or (b) (relating to eligibility for annuities) and has made an application in accordance with the provisions of section 8507(f) (relating to rights and duties of school employees and members) shall be entitled to receive a maximum single life annuity attributable to his credited service and equal to the sum of the following single life annuities beginning at the effective date of retirement and, in case the member on the effective date of retirement is under superannuation age, multiplied by a reduction factor calculated to provide benefits actuarially equivalent to an annuity starting at superannuation age: Provided however, That on or after July 1, 1976, in the case of any member who has attained age 55 and has 25 or more eligibility points such sum of single life annuities shall be reduced by a percentage determined by multiplying the number of months, including a

fraction of a month as a full month, by which the effective date of retirement precedes superannuation age by ¼%:

(1) A standard single life annuity multiplied by the class of service multiplier and calculated on the basis of the number of years of credited school service other than concurrent service.

(2) A standard single life annuity multiplied by the class of service multiplier and calculated on the basis of the number of years of concurrent service and multiplied by the ratio of total compensation received in the school system during the period of concurrent service to the total compensation received during such period.

(3) A supplemental annuity such that the total annuity **[including any cost-of-living increases and]** prior to any optional modification or any reduction due to retirement prior to superannuation age shall be at least \$100 for each full year of credited service.

* * *

§ 8348. Supplemental annuities.

(a) General rule.—Every annuitant who is in receipt of a superannuation, withdrawal or disability annuity, shall continue to receive such annuity and beginning July 1, **[1974] 1979**, any annuitant who retired on or prior to July 1, **[1973] 1978**, shall receive a cost-of-living supplement determined as a percentage applied to the **[entire]** retirement annuity as of June 30, **[1974. Beginning July 1, 1974, any annuitant whose effective date of retirement is after July 1, 1973 and prior to March 1, 1974 shall receive a supplement determined as an adjustment of 5% applied to the entire retirement annuity on the effective date of retirement. All supplements provided in this subsection] 1979. Such cost-of-living supplement** shall be payable under the same terms and conditions as provided under the option plan in effect as of June 30, **[1974] 1979**.

(b) Cost-of-living adjustment factors.—The percentage which is to be applied in the determination of the cost-of-living supplements shall be determined on the basis of the effective date of retirement **[as follows:**

| Effective date of retirement | Percentage factor |
|---|-------------------|
| After July 1, 1971 through July 1, 1973 | 5% |
| After July 1, 1970 through July 1, 1971 | 10% |
| After July 1, 1969 through July 1, 1970 | 15% |
| After July 1, 1968 through July 1, 1969 | 20% |
| After July 1, 1967 through July 1, 1968 | 25% |
| On or prior to July 1, 1967 | 30%] |

payable on the first \$12,000 of annuity received per year. The applicable percentage factors are:

| <i>Effective date of retirement</i> | <i>Percentage factor</i> |
|--|--------------------------|
| <i>After July 1, 1977 through July 1, 1978</i> | <i>5%</i> |
| <i>After July 1, 1976 through July 1, 1977</i> | <i>10%</i> |
| <i>After July 1, 1975 through July 1, 1976</i> | <i>13%</i> |

| | |
|--|------------|
| <i>After July 1, 1974 through July 1, 1975</i> | <i>20%</i> |
| <i>After July 1, 1973 through July 1, 1974</i> | <i>27%</i> |
| <i>On or prior to July 1, 1973</i> | <i>31%</i> |

* * *

[(d) Disability annuitants.—Any disability annuitant whose effective date of retirement is prior to July 1, 1971 and whose annuity was increased by less than 20% of the annuity at the time of retirement under the amendatory act of November 27, 1970 (P.L.798, No.261) or September 9, 1971 (P.L.456, No.106), shall receive beginning July 1, 1974 an additional increase in his annuity equal to 20% of the annuity at the time of retirement less the increase he received under either amendatory act.]

* * *

Section 2. Section 5708(a) and (b) of Title 71 is amended to read:
 § 5708. Supplemental annuities.

(a) General rule.—Every annuitant who retired prior to **[March 1, 1974] July 1, 1978** and who is in receipt of a superannuation, withdrawal or disability annuity, shall continue to receive the annuity to which he was entitled prior to **[March 1, 1974] July 1, 1979** and beginning **[January 1, 1975] July 1, 1979**, any annuitant retiring on or prior to **[February 28, 1974] June 30, 1978** shall receive a cost-of-living supplement determined as a percentage applied to the **[entire]** retirement annuity to which he was entitled prior to **[March 1, 1974] July 1, 1979**. Such cost-of-living supplement shall be payable under the same terms and conditions as provided under the option plan in effect as of **[the effective date of this amendatory act] June 30, 1979**.

(b) Cost-of-living adjustment factors.—The percentage which is to be applied in the determination of the cost-of-living supplements, shall be determined on the basis of the effective date of retirement *payable on the first \$12,000 of annuity received per year*, as follows:

| [Effective date of retirement | Percentage factor |
|--|--------------------------|
| July 1, 1971 to February 28, 1974 | 5% |
| July 1, 1970 to June 30, 1971 | 10% |
| July 1, 1969 to June 30, 1970 | 15% |
| July 1, 1968 to June 30, 1969 | 20% |
| July 1, 1967 to June 30, 1968 | 25% |
| Prior to July 1, 1967 | 30%] |

| Effective date of retirement | Percentage factor |
|--|--------------------------|
| July 1, 1977 through June 30, 1978 | 5% |
| July 1, 1976 through June 30, 1977 | 10% |
| July 1, 1975 through June 30, 1976 | 13% |
| July 1, 1974 through June 30, 1975 | 20% |
| March 1, 1974 through June 30, 1974 | 27% |
| Prior to March 1, 1974 | 31% |

Provided, however, That such cost-of-living supplement as determined above shall not be payable to an annuitant receiving a withdrawal annuity prior to the first day of July coincident with or following his attainment of superannuation age: And further provided, That any member terminating legislative service subsequent to November 30, 1970, shall be entitled to receive on account of Class D-3 service a maximum single life annuity per year of service as a regular member of the General Assembly which shall not be less than the corresponding maximum single life annuity, including any cost-of-living supplements *enacted prior to October 1, 1979*, of a member retiring from legislative service November 30, 1970.

* * *

Section 3. Within 30 days after the convening of the General Assembly in an odd-numbered year, the General Assembly shall organize a joint committee, composed of members of the General Assembly to be selected as follows: the President pro tempore shall select three Senators, two from the Majority Party and one from the Minority Party and the Speaker of the House of Representatives shall select three members of the House of Representatives, two from the Majority Party and one from the Minority Party. The joint committee shall select a chairman and shall conduct a review of the cost-of-living supplements accruing pursuant to 24 Pa.C.S. § 8348 and 71 Pa.C.S. § 5708 during the previous two years, the changes in the Consumer Price Index and the earnings of the funds, for the purpose of determining the equitability of the increases in light of the then prevailing economic conditions. The joint committee shall have the power to call on any State department or agency for assistance and shall report its recommendations to the General Assembly prior to the end of the session.

Section 4. This act shall take effect immediately.

APPROVED—The 18th day of December, A. D. 1979.

DICK THORNBURGH